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**AD HOC WORKING GROUP ON FURTHER COMMITMENTS  
FOR ANNEX I PARTIES UNDER THE KYOTO PROTOCOL**

**Tenth session**

**Copenhagen, 7–15 December 2009**

**Item 3 of the provisional agenda**

**Consideration of further commitments for Annex I Parties under the Kyoto Protocol**

**Consideration of information on potential environmental, economic and  
social consequences, including spillover effects, of tools, policies, measures  
and methodologies available to Annex I Parties**

**Revised note by the Chair\***

*Summary*

The Chair of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) has revised document FCCC/KP/AWG/2009/12/Rev.1 in order to reflect the discussions among Parties at the resumed ninth session of the AWG-KP. This revised document will facilitate the consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties at the tenth session. Furthermore, in accordance with its work programme, the AWG-KP will forward the results of its work on this matter at its tenth session for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifth session.

\* This document was submitted after the due date owing to the short interval between the first part of the ninth session of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol and its resumed session.

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## **Introduction**

### **A. Mandate**

1. At its eighth session,<sup>1</sup> the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) requested its Chair to further revise annex I to its report on that session.
2. At the same session,<sup>2</sup> the AWG-KP requested its Chair to revise documentation for each of its sessions and resumed sessions, drawing on the discussions among Parties at these sessions. The inputs from the informal meeting in August 2009 and from the first part the ninth session are contained in documents FCCC/KP/AWG/2009/12 and FCCC/KP/AWG/2009/12/Rev.1.

### **B. Scope of the note**

3. This document is a revised version of document FCCC/KP/AWG/2009/12/Rev.1, reflecting the discussions among Parties at the second part of AWG-KP 9.

### **C. Possible action by the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol**

4. The AWG-KP will be invited to consider this revised note at its tenth session, with a view to forwarding the results of its work to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifth session, in accordance with its work programme.

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<sup>1</sup> FCCC/KP/AWG/2009/9, paragraph 30.

<sup>2</sup> FCCC/KP/AWG/2009/9, paragraph 23.

Annex**Text on potential consequences for further consideration by the  
Ad Hoc Working Group on Further Commitments for Annex I Parties  
under the Kyoto Protocol at its resumed ninth session****A. Basis<sup>1</sup>**

1. The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) reiterated that its work on the consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties (hereinafter referred to as potential consequences) should be guided and informed by Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol, the relevant provisions and principles of the Convention and the best available relevant scientific, social, environmental and economic information. In particular, the AWG-KP underlined that its work should be guided by the ultimate objective of the Convention, as established in its Article 2.
2. The AWG-KP noted that a framework for this process has been established through decisions 15/CMP.1, 27/CMP.1 and 31/CMP.1.

**B. Framing of the work**

3. The AWG-KP also noted that further work on this issue should, in accordance with the provisions, principles and relevant Articles of the Convention and its Kyoto Protocol, build on relevant decisions of the Conference of the Parties and of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and work under way by other bodies and in other processes under the Convention and its Kyoto Protocol, with the aim of maintaining an approach that is coherent with other work under the UNFCCC process.
4. The AWG-KP further noted that [striving to minimize] [minimizing] the adverse impacts of mitigation actions is a common concern of both developing and developed countries. It reiterated that there could be both positive and negative consequences of mitigation actions and agreed that [its work on this issue should focus on minimizing negative potential consequences for Parties, especially developing country Parties] [[attention] [a core aspect of the work] should be paid to [minimizing] [how to minimize] potential negative consequences for developing countries]. The AWG-KP further noted that the work on potential consequences will need:
  - (a) To support and complement efforts to mitigate climate change;
  - (b) To benefit from experiences of Parties and lessons learned;
  - (c) [To take into consideration the role of national [climate] policies and measures in terms of potential adverse social, environmental and economic impacts on other Parties, especially on developing country Parties;]
  - (d) [To [balance the consideration of] [consider both] negative and positive potential consequences.]

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<sup>1</sup> Headings have been inserted by the co-chairs for information purposes only and to facilitate the structuring of the text.

### **C. Vulnerability and ability to respond to the impacts of potential consequences**

5.

Option 1: The AWG-KP recognized that although potential negative consequences present challenges for all Parties, they will be most severe for developing country Parties, in particular those identified in Article 4, paragraphs 8 and 9, and Article 4, paragraph 10, of the Convention.

Option 2: The AWG-KP recognized that although potential negative consequences present challenges for all Parties, they will be most severe for [developing country Parties, in particular for] the poorest and most vulnerable [developing country] Parties [that are least capable to address them].

### **D. Deepening understanding**

6. The AWG-KP noted that there is a need to deepen the understanding of potential consequences and any observed impacts. The AWG-KP noted the complexity of this issue, including in the assessment of the consequences of [[tools, policies, measures and methodologies] available to Annex I Parties] [mitigation actions taken by Parties]. It further noted that there are challenges in anticipating, attributing and quantifying potential consequences owing, inter alia, to the many economic and social factors and diverse policy objectives involved. It also noted that the impacts of potential consequences may be influenced by the institutional capacity and regulatory framework in non-Annex I Parties.

7. Deepening understanding could be achieved through various means, including:

- (a) The regular and systematic provision by all Parties of information that is as complete as possible, in particular through national communications, and the regular review of this information;
- (b) Assessment of potential consequences and observed impacts carried out, inter alia, by relevant national institutions and international organizations;
- (c) Information from [existing] work under the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA), [the results of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA)] and work of the Expert Group on Technology Transfer (EGTT) and other UNFCCC bodies which may have relevance in considering potential consequences.
- (d) The regular and systematic provision by all Parties of information that is as complete as possible, of potential and observed impacts of policies and measures through national communications, and the regular review of this information and the development of guidelines by the CMP for non-Annex I Parties to improve reporting on those impacts.

### **E. Designing policies and measures**

8. The AWG-KP underlined

Option 1: [the obligation of Annex I Parties] [the need for Annex I Parties] [to strive] [that Annex I Parties shall strive] to design policies and measures under Article 2 of the Kyoto Protocol [carefully], consistent with the provisions and principles of the Convention, [in particular its Article 3.5,] in order to [strive to] minimize [the] [negative potential consequences] [adverse effects] [of those policies and measures].

Option 2: that the careful design by Annex I Parties of policies and measures under Article 2 of the Kyoto Protocol could assist them in implementing such policies and measures consistently with Article 2,

paragraph 3 of the Kyoto Protocol, in such a way as to minimize [the] negative potential consequences. [Particular attention should be paid to Article 3, paragraph 5 of the Convention.] [In this context the AWG-KP underlined the importance of Article 3, paragraph 5 of the Convention.] [The [design and] implementation of such policies and measures [should take into account] [shall be guided by] the principles of the Convention, [in particular] [including] [inter alia] its Article 3, paragraph 5.]

9.

Option 1: [The AWG-KP emphasized that [Annex I Parties] [Annex I Parties which are in a position to do so] should support non-Annex I Parties to minimize the negative potential consequences and maximize the positive potential consequences of policies and measures under Article 2 through, inter alia, strengthening their institutional capacities and regulatory frameworks.]

Option 2: The AWG-KP emphasized that [non-Annex I Parties should strive] to strengthen their institutional capacity and regulatory frameworks in order to minimize [the] negative potential consequences and maximize positive potential consequences of [policies and measures under Article 2][mitigation actions] [by Parties]. [[In this respect, Parties should share information and good practice in order to address these issues and where necessary Annex I Parties [which are in a position to do so] should support non-Annex I Parties] in this endeavour.]

10.

Option 1: The AWG-KP agreed *that the existing guidelines contained in decision 15/CMP.1 could be used. During their review gaps should be identified in order to [develop guidelines] [review the existing guidelines contained in decision 15/CMP.1] for the second commitment period<sup>2</sup>* to assist Annex I Parties in their assessment of potential consequences [and agreed to further examine possible elements of these guidelines at its xx session].

Option 2: The AWG-KP agreed to review existing guidelines contained in decision 15/CMP.1 on the preparation of the information required under Article 7 of the Kyoto Protocol.

11. [The AWG-KP noted that [one way] [for Parties] to facilitate the design and selection of [policies and measures] [mitigation actions] [by Annex I Parties] is to identify potential consequences [, including by the use of impact assessments,] associated with specific tools, policies and measures that are considered or implemented by Annex I Parties and [then] to [take them into account in [finalizing] [implementing] these policies and measures] [develop ways and means to minimize these consequences [on non-Annex I Parties] [on all Parties]].]<sup>3</sup>

## **F. Implementation**

12. [The AWG-KP underlined that in the implementation of Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol, Annex I Parties shall not resort to unilateral measures against imports from developing countries on the grounds of protection and stabilization of the climate. Such measures would violate the provisions and principles of the Convention, in particular the principles established by Article 3, paragraphs 1 and 5.]

13. Option 1 The AWG-KP noted the need for a permanent forum under the COP through which Parties report impacts and consequences from policies and measures, establishing a common space where Parties may provide information on their specific needs and concerns relating to those consequences, and identify ways to minimize negative consequences of these policies and measures adopted by Annex I Parties on non-Annex I Parties.

<sup>2</sup> A party indicated that it will provide further clarification on the text in italics.

<sup>3</sup> A number of Parties indicated that this could be moved before paragraph 9.

[According to decision 27/CMP.1, the Compliance Committee shall address questions of implementation of Article 3, paragraph 14, of the Kyoto Protocol regarding potential consequences.

[The AWG-KP further noted that according to decision 27/CMP.1, the facilitative branch of the Compliance Committee is responsible for promoting compliance by Parties with their commitments under the Kyoto Protocol, taking into account their common but differentiated responsibilities and respective capacities.

The AWG-KP noted that one way to facilitate compliance by Annex I Parties with their commitments under Article 2, paragraph 3, of the Kyoto Protocol is to enable affected Parties to submit questions of implementation of response measures to the facilitative branch of the Compliance Committee.]]<sup>4</sup>

Option 2 The AWG-KP noted that national communications and their review in the SBI provide a channel through which Parties can report impacts and consequences from the policies and measures of Annex I Parties. Parties shall provide solid information on their specific needs and concerns relating to the adverse and beneficial social, environmental and economic impacts arising from mitigation actions taken by Parties. All Parties shall report on observed impacts of response measures in their national communications. The AWG-KP agreed to further consider how existing channels could also serve as a platform for discussions on the information provided by Parties.

14. The AWG-KP recognized that [cooperation among Parties] [the improvement of regulatory frameworks, the strengthening of institutions and the enhancement of capacities in developing countries as well as technology cooperation among Parties could assist developing countries in assessing and dealing with potential consequences] on the further development and application of technologies could assist in minimizing negative consequences. It noted [that] [the need for] technology cooperation [and transfer to developing countries for][and] the enhancement of capacities of developing countries and [for] finance and risk management tools[, including economic diversification,][could] [to] assist developing countries in assessing and dealing with potential consequences.

#### **G. Considerations on any further work**

15. [Parties noted that work on this issue should be consolidated into a single stream with a view to avoiding duplication and maintaining a coherent and consistent approach with other work being carried out under the UNFCCC process, including through the possible use of joint groups.]

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<sup>4</sup> A number of Parties noted that this duplicated wording contained in section B.