

**UNFCCC Workshop on Reporting Methodologies on
Article 3, Paragraph 14 of the Kyoto Protocol**

**Abu Dhabi, United Arab Emirates
September 5, 2006**

**3.14 Reporting
Approach and Elements**

**Aysar A. Tayeb
Saudi Arabia**

Article 3, Paragraph 14

Each Party included in Annex I shall strive to implement the commitments mentioned in paragraph 1 above in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention. In line with relevant decisions of the Conference of the Parties on the implementation of those paragraphs, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, consider what actions are necessary to minimize the adverse effects of climate change and/or the impacts of response measures on Parties referred to in those paragraphs. Among the issues to be considered shall be the establishment of funding, insurance and transfer of technology.

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Article 3, Paragraph 14



The Process

- **Reporting Requirement**
- **Qualitative and Quantitative Methodologies for Policy Impact Assessment**
- **Examination of Implemented Policies and Measures**
- **Assessment of Future Policies and Measures**
- **Status of Implementation of Agreed Priority Actions**
- **Funding, Insurance, Transfer of Technology**
- **Further Actions**
- **Guidelines (determine if Parties included in Annex I are striving to minimize adverse effects)**
- **Compliance**

Decision 31/CMP.1 (Para 3)

Requests each Party included in Annex I to provide information, as part of the necessary supplementary information to its annual inventory report, in accordance with the guidelines under Article 7, paragraph 1, of the Kyoto Protocol, relating to how it is striving, under Article 3, paragraph 14, of the Kyoto Protocol, to implement the commitments mentioned in Article 3, paragraph 1, of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention; and further requests those Parties to incorporate, in this respect, information on action identified in paragraph 8 below, based on methodologies identified at the workshop referred to in paragraph 11 below;

Decision 31/CMP.1 (Para 8)

Agrees that Parties included in Annex II to the Convention, and other Parties included in Annex I in a position to do so, should give priority, in implementing their commitments under Article 3, paragraph 14, of the Kyoto Protocol, to the following actions:

- a) The progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors, taking into account the need for energy price reforms to reflect market prices and externalities, in pursuit of the objective of the Convention
- b) Removing subsidies associated with the use of environmentally unsound and unsafe technologies
- c) Cooperating in the technological development of non-energy uses of fossil fuels, and supporting developing country Parties to this end
- d) Cooperating in the development, diffusion and transfer of less greenhouse-gas-emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels that capture and store greenhouse gases, and encouraging their wider use; and facilitating the participation of the least developed countries and other Parties not included in Annex I in this effort
- e) Strengthening the capacity of developing country Parties identified in Article 4, paragraphs 8 and 9, of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities
- f) Assisting developing country Parties which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;

Reporting Format

Many Options

- Template
- Table
- Narrative
- Detailed Explanation
- Combination

Guiding Principles

1. Transparency
2. Consistency
- 3. Comparability**
4. Completeness
5. Accuracy

Contents (Important Elements)

For Each Policy and Measure

- Cost of implementation
- Span of implementation
- Anticipated reduction of GHG
- Qualitative analysis of Impact assessment
 - **Individual Policies, Group of Policies**
- Quantitative analysis of Impact Assessment
 - **Climate Change**
 - **International Trade**
 - **Social, Economic**

Contents (Important Elements)

**Qualitative & Quantitative Analysis
of Impact Assessment**

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graph TD; A[Qualitative & Quantitative Analysis of Impact Assessment] --> B[On Individual Countries (or Group of Countries)]; A --> C[On Sectors];
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**On Individual Countries
(or Group of Countries)**

On Sectors

Evaluation of Policies

Already being done

(but only at National and sometimes Regional Levels)

Policy Evaluation within the EU

- Different Sectors
 - Different measures within each sector
- Multiple Stakeholders

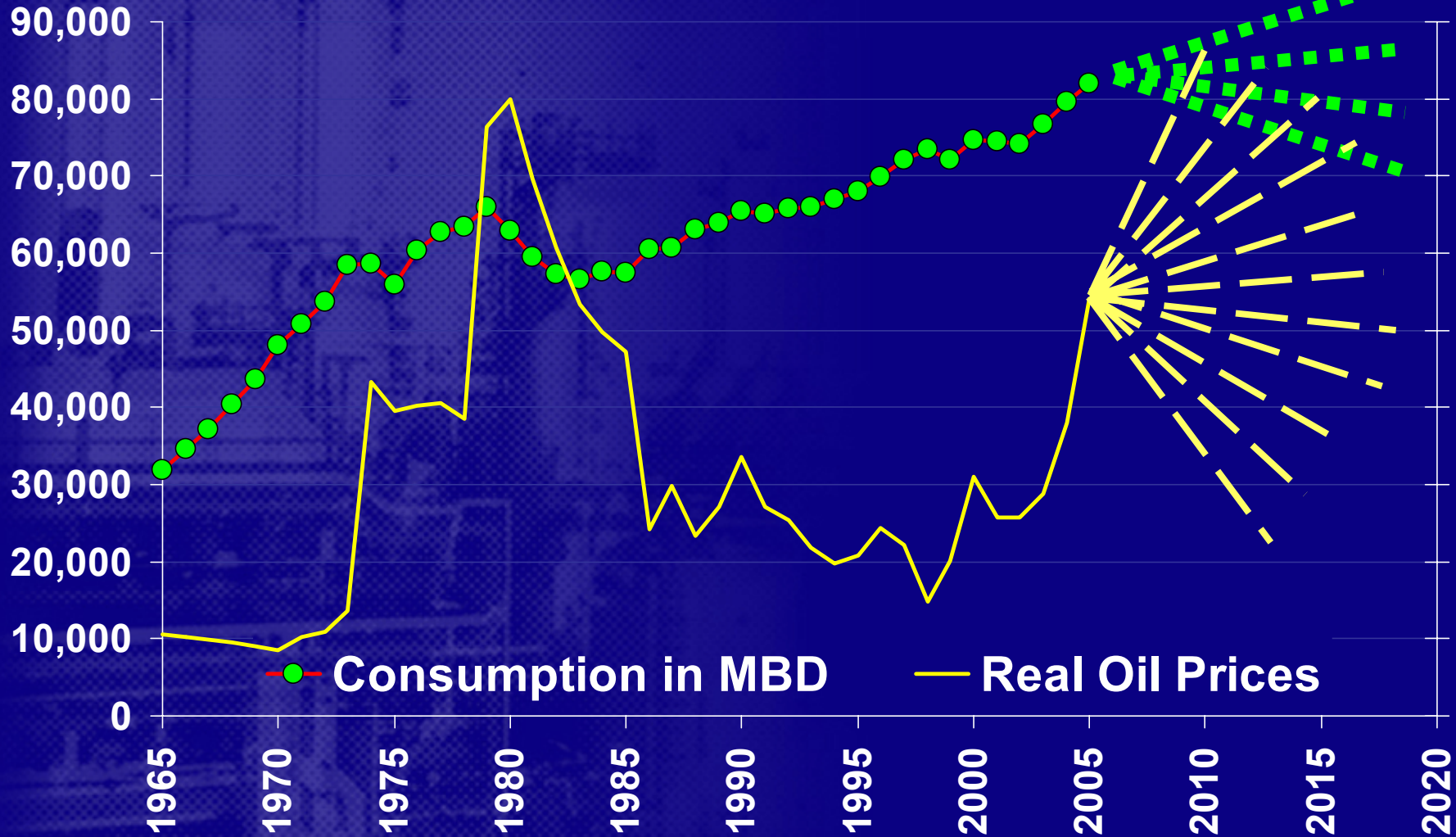
Main Selection Criteria

Cost Effectiveness

Decision 31/CMP.1 (Para 2)

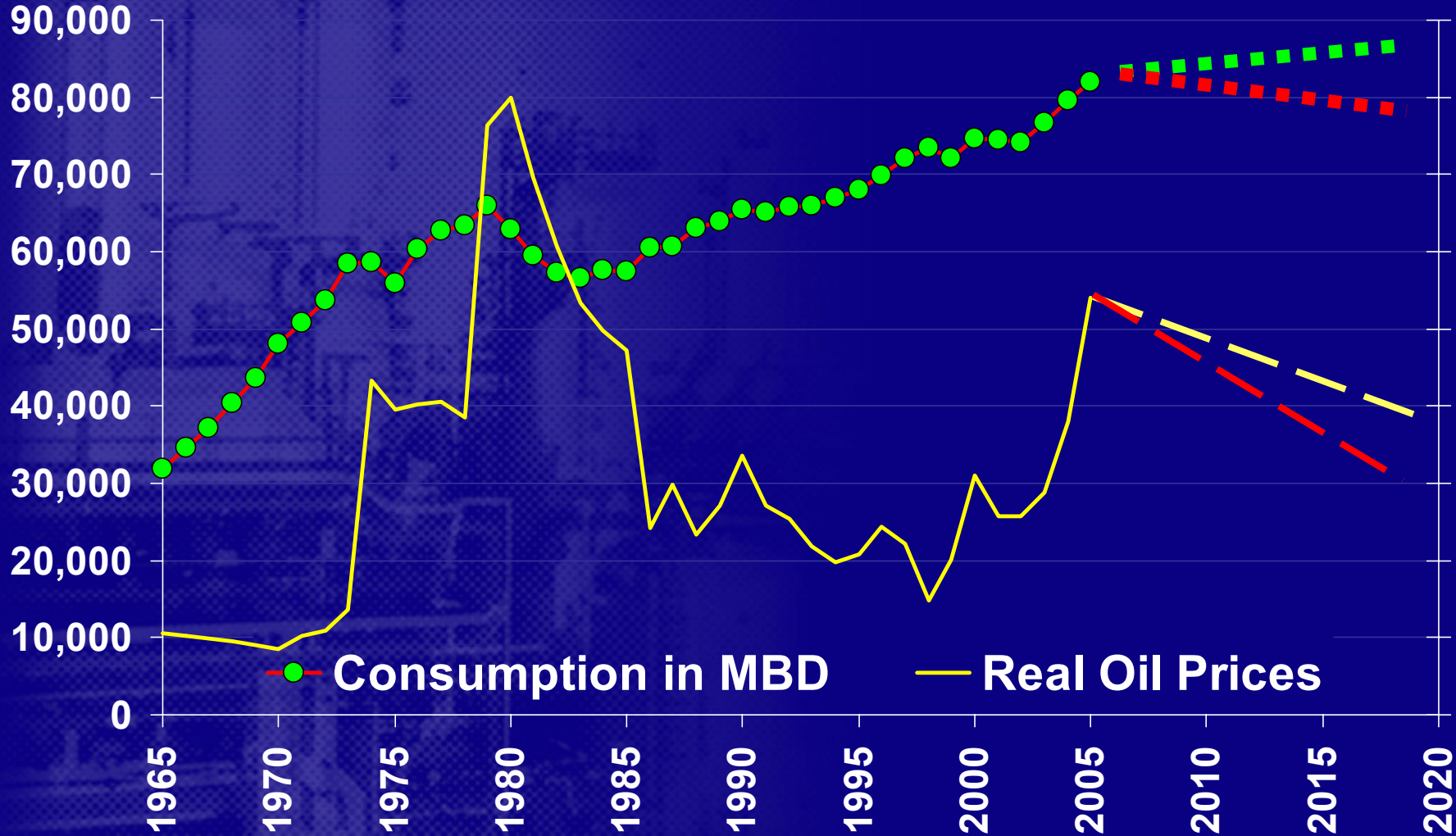
Recognizes that minimizing the impact of the implementation of Article 3, paragraph 1, of the Kyoto Protocol is a development concern affecting both the industrialized and developing countries. Each Party included in Annex I commits itself to take fully into account the consequences of these actions on developing countries, and to prevent or minimize their adverse effects on developing countries; these Parties consider such action as a cost-effectiveness measure;

Oil Exporters Have Major Concern



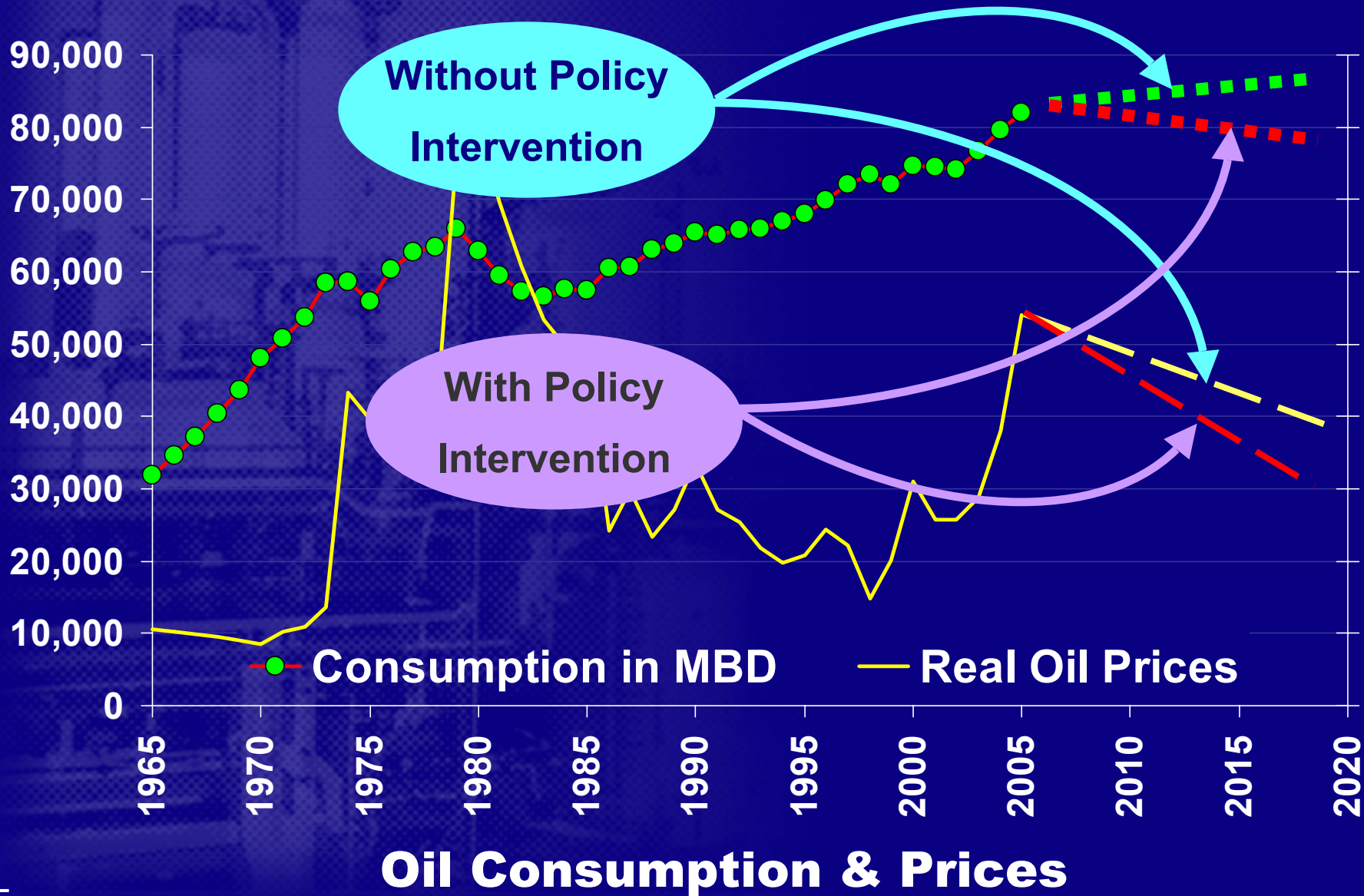
Oil Consumption & Prices

Oil Exporters Have Major Concern



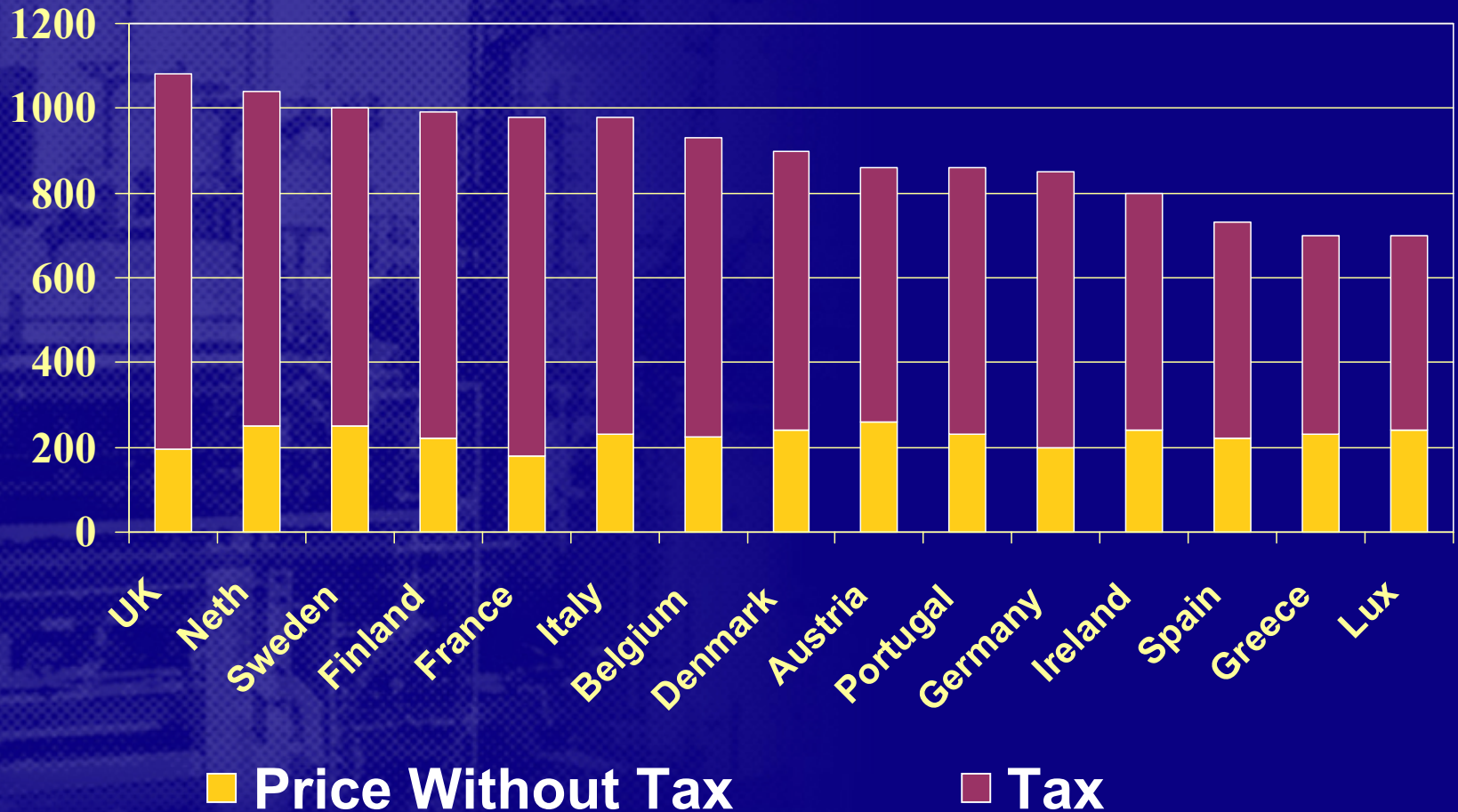
Oil Consumption & Prices

Oil Exporters Have Major Concern



Discriminatory Policies?

Taxes on Gasoline for Number of OECD Member States (\$ US per 1,000 L)



The Need for Reporting

Not a Simple Issue

- Type of Policy
 - Fiscal Policy (Taxes and Subsidies)
 - Command and Control (Technology Push)
 - Public Process and Outreach (Eco-Labeling)
 - Voluntary Agreements
 -

Different Analysis Requirements

- Many Sectors Impacted



Strive!

The Need for Reporting

Must Start Now!

- Agree on Contents
- Agree on Initial Format
- Review and Improve

Learning by Doing!



Strive!

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THANK YOU

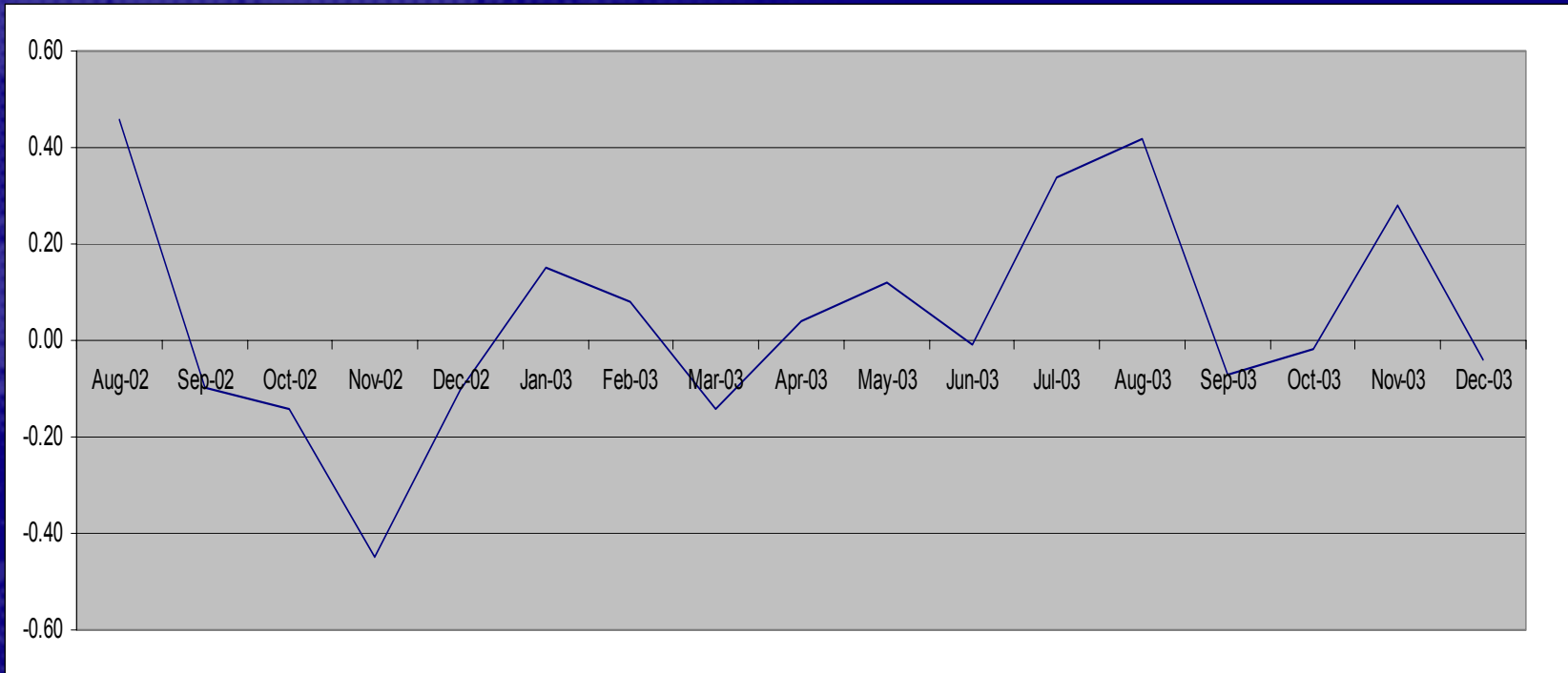
**Aysar A. Tayeb
Saudi Arabia**

OIL PRODUCERS VULNERABILITY

- **Face the Highest Risks**
 - **Loosing Twice**
 - **Threatened by Shifting Patterns**
 - **Lower Export Revenue**
 - **Higher Import Prices**
 - **Making Investments**
- **The Climate Change Regime Acknowledges this Fact**
 - **UNFCCC Art 4.8 (h)**
 - **Kyoto Art 2.3 & Art 3.14**

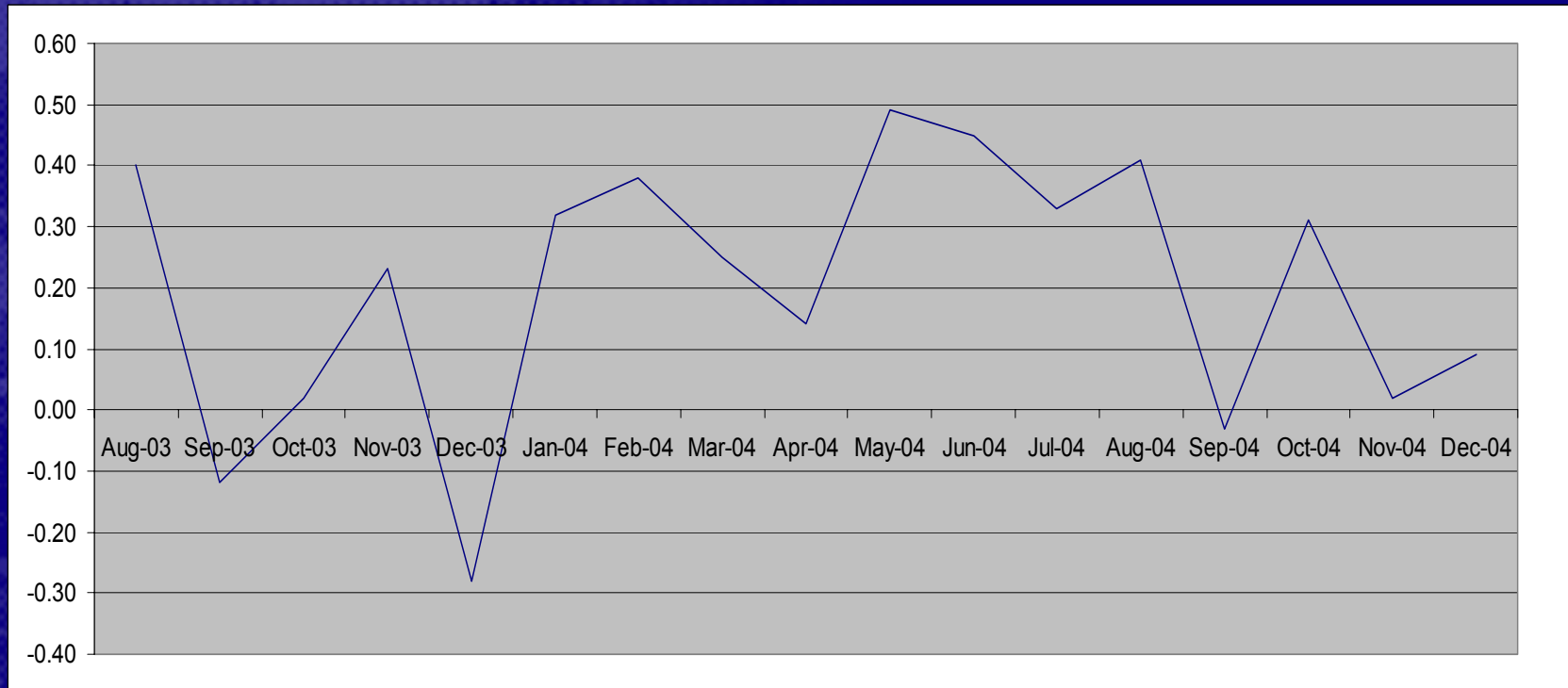
Demand Forecasts

Variance Between Forecasted and Actual Call on OPEC



Demand Forecasts

Variance Between Forecasted and Actual Call on OPEC



Building Resilience

- Why is this an issue for Developing Countries?
- 9 Groups Identified Under Article 4.8
- It Is About Vulnerability
 - Developing Countries With High Dependency on a Single Commodity
 - Oil Producers Are The Most Vulnerable

Domestic and Regional Policies

Category	Policy	Example
Domestic Production	Exploration	US – Increase Domestic Energy Exploration
Command & Control to Push Technologies	<ul style="list-style-type: none">-Clean Coal-Hydrogen-Renewable-Bio-fuels	US – Energy plan that encourages conservation, use of renewables (ethanol, biodiesel), technology to for hydrogen-powered automobiles, clean coal technology

Domestic and Regional Policies

Category	Policy	Example
Fiscal Policies - Indirect Taxes	Carbon taxes Gasoline taxes	Canada – GHG Emissions & fuel consumption (vehicle-purchasing decisions) Italy - A carbon tax, applicable to all hydrocarbon compounds,
Fiscal policies – Subsidies	-tax credits for green power production	Japan – a subsidy for companies for the diffusion of renewable energy

Domestic and Regional Policies

Category	Policy	Example
Command & Control to Push Technologies	Renewable portfolio requirements	Czech Republic - 3-6% of the total energy supply from renewable energy by 2010 and 4-8% by 2020
Public Processes and Outreach	-Eco-labeling	Switzerland - "Energy label" for vehicles according to their CO2 emissions, energy consumption and weight.

Domestic and Regional Policies

Category	Policy	Example
Voluntary Agreements	Agreements with industry to voluntarily reduce CO2 emissions	European Union - CO2 emission target of 140 g/km CO2 for new cars sold in the Community by 2009.
Emissions Trading	Quantitative CO2 caps and trading	United Kingdom - Power plant producing > 20 MW must apply for a greenhouse gas trading permit.

Domestic and Regional Policies

Category	Policy	Example
Fiscal Policies - Direct Taxes	Carbon taxes	Japan: Tax to be levied on electricity and most fossil fuels, including oil, coal, and gas
Command & Control	Controls Vehicle Ownership	China: Government to impose controls over vehicle ownership to control growth in transportation sector, and reduce traffic congestions