

**AWG-LCA Workshop on  
Social and Economic Consequences of Response Measures  
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# **Challenge and Way Forward**

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# Challenge



- **Have better understanding of the magnitude and intensity of the adverse impact of different mitigation response measures on different developing countries**
- **Have continuous assessment of the different policies and measures as the impacts could be changing over time, and**
- **Provide ranking of their associated adverse impacts on particular countries and on particular industries**
- **Help all parties in the selection of policies and measures that can produce emission reductions and at the same time have the least adverse social and economic impact on developing country parties, in particular Parties whose economies are highly dependent on the processing and export of fossil fuels**

# Challenge



- **Creating a collection of tools to help developing country parties, in particular Parties whose economies are highly dependent on the processing and export of fossil fuels, to address the adverse social and economic impact of response measures. This is done through:**
  - **Modeling the various policies and measures to quantify their adverse impacts**
  - **Careful policy selection (to avoid and minimize such adverse impacts)**
  - **Increasing resilience to the adverse impacts of response measures through:**
    - **Economic diversification**
    - **Insurance and financial risk management**
    - **Funding and Technology Transfer**

# Way Forward



**Establishing a Forum to address the impact of response measures, to create the necessary space for Parties to work with experts in order to understand the different adverse impacts and how to avoid and minimize such impacts.**

- **The Forum is to be held regularly in conjunction with SB meetings, for Parties and representatives of relevant intergovernmental organizations, with the full participation from the scientific, modeling, financial and insurance private sector**
- **The Forum should produce different policy rankings highlighting their adverse impacts on Developing Countries and on different industries and economic sectors**
- **The Forum should also produce recommendations, for tools and funding, to address the impact of response measures, and adapt to the unavoidable spillover effects**

# The scope of the Forum should include:



## **Modeling**

- **Dissemination of modeling tools and models to Parties, and ensue increased collaboration on modeling activities on an ongoing basis;**
- **development of methodologies to assist developing countries to examine vulnerability to the impact of the implementation of response measures;**
- **Development of guidelines on how to undertake socio-economic assessments of the impact of response measures**
- **Development of methodologies to assess the impacts on developing countries of policies already implemented by Annex I Parties,**
- **Coordination with the scientific research community, including the IPCC, to improve the quality of models that assess the impact of response measures on developing countries,**
- **Capacity Building at the national level on modeling the impacts of response measures**

# The scope of the Forum should include:



## **Insurance and financial risk management**

- **Possible collaboration between the climate change community, government programmes and private insurance sectors;**
- **Private-public partnerships linking insurance mechanisms and risk-reduction mechanisms;**
- **Ways in which to build capacity at the national level for risk management, risk financing and risk transfer,**
- **Means by which to engage the private sector in the development of alternative risk transfer mechanisms;**

# The scope of the Forum should include:



## **Economic Diversification (ED)**

- **Providing support for the integration of ED into sustainable development strategies;**
- **Exchanging experience in ED and lessons learned, and identifying what technical assistance may be needed to develop structural and institutional capacity for facilitating efforts to achieve ED;**
- **Coordination with relevant international organizations and the private sector in developed countries on matters relating to ED;**
- **Building capacity, at the national level, in the areas of ED;**
- **Promoting private-public partnerships in various areas to support ED;**
- **Providing recommendations for encouraging direct investment by, and technology transfer from, developed countries to assist in the ED of developing countries;**
- **Addressing the extent to which trade and export barriers affect ED in developing countries.**