

**Paragraphs 159 to 165 (pp. 142-146) of
FCCC/AWGLCA/2009/INF.1¹**

**Informal group on mitigation
Subgroup on economic and social consequences of response
measures, paragraph 1 (b) (vi) of the Bali Action Plan²
14 Aug 2009, 14:00**

[Structural proposals:

Proposal 1

Hold the whole of section F in abeyance until the work within the joint SBSTA/SBI contact group and the work on Art. 2.3 and Art. 3.14 within the AWG-KP deliver conclusions.

Proposal 2

Include the treatment of the underlying causes of deforestation and degradation of forests.

[Context]³

Proposal for preambular paragraphs and framing statements:

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gas emissions,

The specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration.

There is a need to undertake a global transition to a low-emission economy in order to tackle climate change. Although this transition presents a major opportunity for all countries to follow a clean development path, it can also pose challenges for all Parties, in particular the most vulnerable countries. Parties should work together to ensure that this transition is congruent with sustainable development processes in all countries.

The difficulties of assessing the complex issue of potential impacts of policies are compounded by the fact that some of these impacts are unintended and often unanticipated. Wider economic and political factors can play a role in the vulnerability of socio-economic sectors and can amplify or diminish the impacts of policies.

Mechanisms should be developed to allow for mitigating the impact of the response measures on productive workforces, promoting a gradual and just transition in the most

¹ The text in this non-paper reflects comments provided by Parties on the revised negotiating text during the August informal consultations.

² The Bali Action Plan, in its paragraph 1 (b) (vi), calls for the consideration of enhanced nation/international action on mitigation of climate change, including, inter alia, economic and social consequences of response measures.

³ Titles are included solely to assist the reader.

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affected economic sectors and contributing to building new capacities for both production- and service-related jobs.

The Parties acknowledge that the issue of adaptation to the adverse impacts of climate change is a separate issue and one to be addressed under the adaptation building block of the Bali Action Plan, while the discrete issue of the impacts of response measures is to be addressed under enhanced action on mitigation under the mitigation building block of the Bali Action Plan.

[Developed country Parties shall not resort to any form of unilateral measures including countervailing border measures, against goods and services imported from developing countries on grounds of protection and stabilization of the climate. Such measures would violate the principles and provisions of the Convention, including, in particular, those related to the principle of common but differentiated responsibilities (Article 3, paragraph 1), to trade and climate change (Article 3, paragraph 5), and to the relationship between mitigation actions of developing countries and the provision of financial resources and technology by developed country Parties (Article 4, paragraphs 3 and 7).]⁴

Alternatives to paragraph 159:⁵

Alternative 2: [Parties shall strive to implement mitigation policies and measures in such a way as to minimize social, environmental and economic impacts on other Parties, especially the poorest and most vulnerable developing country Parties, which are least able to address them, taking into account Article 3 of the Convention.]

Alternative 3: [Parties shall strive to implement policies and measures to respond to climate change in such a way as to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially those Parties that are most vulnerable to the adverse effects of climate change and least able to adapt, taking {fully} into account Article 3 of the Convention {, in particular Article 3.5}. Such efforts should not constrain or hinder progress in addressing climate change.]

[Differentiated commitments/different capacities to address economic and social consequences of response measures]⁶

159. [Developed countries shall [strive to] implement policies and measures to respond to climate change in such a way as to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and [social, [environmental] and economic impacts on other Parties] [adverse economic, social or environmental consequences], [especially developing country Parties, and in particular those identified in Articles 4.8, 4.9 and 4.10 of the Convention, taking {fully} into account Article 3 of the Convention [, in particular Article 3.2, 3.3 and 3.5]].]

⁴ Proposed by India during the first meeting of the informal subgroup on economic and social consequences of response measures (para. 1 (b) (vi) of the Bali Action Plan).

⁵ One Party requested alternatives 2 and 3 to be moved under this title and another one requested these to stay under the second title (Differentiated commitments/different capacities to address economic and social consequences of response measures).

⁶ Titles are included solely to assist the reader.

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Alternatives to paragraph 159:⁷

Alternative 1: [Developed country Parties shall minimize the adverse effects of response measures, on international trade, and social, environmental and economic impacts of response measures on other Parties, especially developing country Parties, and in particular those identified in Articles 4.8 and 4.9 of the Convention.]

Alternative 2: [Parties shall strive to implement mitigation policies and measures in such a way as to minimize social, environmental and economic impacts on other Parties, especially the poorest and most vulnerable developing country Parties which are least able to address these impacts, taking into account Article 3 of the Convention.]

Alternative 3: [Parties shall strive to implement policies and measures to respond to climate change in such a way as to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially those Parties that are most vulnerable to the adverse effects of climate change and least able to adapt, taking {fully} into account Article 3 of the Convention {, in particular Article 3.5}. Such efforts should not constrain or hinder progress in addressing climate change.]

Alternative 4: [All Parties shall endeavour to reduce their emissions in such a way as to avoid economic and social consequences of taking such actions. In taking action to avoid economic and social consequences of mitigation action, special attention should be given to low-income countries, and in particular to the consequences for women and children in these countries.]

Alternative 5: [[Developed [and developing] countries] [Developed and developing country Parties] [All Parties] [shall] [should][consider [how to avoid] negative spillover effects and positive spillover effects when designing their policies and measures to tackle climate change;]]

160. All Parties should cooperate to enhance understanding of the potential consequences of policies and measures, taking into account:

- (a) The need for information from those affected;
- (b) Evidence of actual impacts;
- (c) Both positive and negative effects.

161. [Efforts to assess the potential effects of response measures should not constrain or hinder progress in addressing climate change.]

162. [[Developed [and developing] countries] [Developed and developing country Parties] [All Parties] [shall] [should]:]

- (a) [enhance the understanding of adverse economic and social consequences of response measures by the exchange and sharing of information between Parties on experiences relating to actual impacts of climate change response measures, cooperating in developing tools and methods and building the capacity to assess potential impacts of climate change policies and measures in the affected countries, paying particular attention to the needs and concerns of the poorest and most vulnerable developing country Parties which are least able to address them;]

⁷ One Party requested alternatives 2 and 3 to stay under this title and another one requested these to be moved to the first title (Context).

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- (b) promote the understanding of the nature and magnitude of the impacts of climate change and its adverse effects, as well as the economic and social consequences of various response strategies;
- (c) promote and cooperate in scientific, technological, technical, socio-economic and other research, systematic observation and development of data archives related to the climate system and intended to further the understanding and to reduce or eliminate the remaining uncertainties regarding the causes, effects, magnitude and timing of climate change and the economic and social consequences of various response strategies (Article 4.1 g);
- (d) promote and cooperate in the full, open and prompt exchange of relevant scientific, technological, technical, socio-economic and legal information related to the climate system and climate change, and to the economic and social consequences of various response strategies (Article 4.1 h);
- (e) (Alternative 1) [provide information in their national communications on any impacts of the implementation of their commitments under the Convention and any related instruments;]

(Alternative 2) [make use of the national communications to report on impacts experienced arising from the implementation of climate change response measures taken by another Party;]

(Alternative 3) [provide information in their national communications on any impacts they are experiencing as a result of the implementation of their commitments under the Convention;]
- (f) [[Assess] [Consider] the economic, [cultural,] [environmental] and social effects of their mitigation strategies and measures;]
- (g) [Request the secretariat to undertake [a] comprehensive [studies] [study] of direct costs and adverse impacts of response measures, as well as associated indirect costs and impacts on other Parties, especially on developing country Parties identified in Articles 4.8, 4.9 and 4.10 of the Convention.]

163. [All Parties shall develop and implement policies and measures to ensure that mitigation action, including, inter alia, the use of biofuels, does not contribute to deforestation and forest degradation in developing countries.]⁸

164. [As a means of ensuring that mitigation action, including, inter alia, the use of biofuels, does not contribute to deforestation and forest degradation in developing country Parties, all Parties shall initiate forest law enforcement, governance and trade measures.]⁹

165. [All Parties shall ensure that all actions to reduce emissions from deforestation and forest degradation in some countries do not result in emissions from deforestation and forest degradation in other countries as a result of emissions displacement. Measures may include regulation of demand-side use of forest products or other commodities that have resulted in deforestation or forest degradation.]¹⁰

[Financial resources and transfer of technology]¹¹

166. [Developed country Parties {shall} {should} provide support to developing country Parties, particularly those specified in Articles 4.8 and 4.9 of the Convention, in order to

⁸ The placement and appropriateness of paragraphs 163 to 165 were objected to by some Parties.

⁹ Same as footnote 8.

¹⁰ Same as footnote 8.

¹¹ Titles are included solely to assist the reader.

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allow developing country Parties to address issues related to social and environmental development, economic diversification, risk assessment, modelling and insurance to prevent the adverse effects of the spillover effects.]

Alternative to paragraph 166:

[In the implementation of paragraphs 162 (c)¹² and 162 (d)¹³ above, through the provision of financial resources, including for access, development and transfer of technology, at agreed full incremental costs in accordance with Article 4.3 of the Convention;

Recognizing that there are ways and means to reduce or avoid such impacts through careful and informed selection of policies and measures, to evaluate the effectiveness of existing tools, and to consider new ones, in order to assist developing country Parties in addressing these impacts.]

167. [Adverse economic and social consequences of response measures {shall} {should} be addressed by proper economic, social and environmental actions, including promoting and supporting economic diversification and the development and dissemination of win-win technologies in the affected countries, paying particular attention to the needs and concerns of the poorest and most vulnerable developing country Parties.]

Alternative to paragraph 167:

[Adverse economic and social consequences of response measures shall be addressed by various means, including but not limited to promoting, supporting and enabling economic diversification, funding, insurance and the development, transfer and dissemination of win-win technologies in the affected countries, such as cleaner fossil fuel technologies, gas flaring reduction, and carbon capture and storage technologies.]

168. [[Developed [and developing] countries] [Developed and developing country Parties] [All Parties] [shall] [should]:]

- (a) Compensate for damage to the LDCs' economy and also compensate for lost opportunities, resources, lives, land and dignity, as many will become environmental refugees;
- (b) Africa, in the context of environmental justice, should be equitably compensated for environmental, social and economic losses arising from the implementation of response measures.

[Institutional arrangements]¹⁴

169. [A permanent [forum] shall be established, under the {COP} {Subsidiary Body for Implementation}, to provide a venue for Parties to share information, experiences and views on the economic [and] [,] social [and environmental] consequences of response measures, so as to enhance the efforts of Parties to analyse and understand these consequences and to identify innovative policy responses and technologies to address adverse consequences. This permanent forum shall be open to participation by all Parties and intergovernmental organizations, and mobilize expertise from the scientific and modelling communities and the private sector. The [work of the] permanent forum should [lead to] [formulate] a comprehensive framework to address adverse consequences [by] [in order to], inter alia:]

- (a) Preparing guidelines on how to integrate/assess the adverse impacts of response measures;

¹² This reflects the revised numbering based on the reordering of paragraphs.

¹³ Same as footnote 12.

¹⁴ Titles are included solely to assist the reader.

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- (b) [[Enabling] [Enable] all Parties to select appropriate and effective policies and measures that achieve the desired mitigation results while avoiding or reducing the adverse impacts of these policies and measures on the sustainable development of other Parties, particularly developing country Parties;]
- (c) [[Enabling] [Enable] developing country Parties confronted by unavoidable adverse consequences of policies and measures to strengthen their resilience and adaptive capabilities [and to] [by inter alia] undertaking economic diversification and integrate these responses into their sustainable development processes;]
- (d) Reporting periodically to the COP.

170. [The permanent [forum] should also formulate/implement a work programme that [includes] [addresses inter alia] the following components:]

- (a) [Insurance and financial risk management;]
- (b) [Modelling, analytical and methodological tools;]
- (c) [Economic diversification;]
- (d) Early warning and systematic observation;
- (e) Disaster management and preparedness;
- (f) Compensation procedures and actions including funds;
- (g) Funding;
- (h) Other related matters.]

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Example of re-ordering options and alternatives related to economic and social consequences of response measures in section F of the mitigation chapter (pp. 142-146)

Old paragraph	New paragraph	Rationale (Better fit to...)
[Context]		
Proposal for preambular paragraphs and framing statements	Proposal for preambular paragraph and framing statements	N/A (stayed the same).
159.3 (split)	Proposal for preambular paragraph	...theme...
[Differentiated commitments/different capacities to address economic and social consequences of response measures]		
159	159	...commitment in implementing policies and measures for AI...
159, Alternative 1	159, Alternative 1	As above.
159, Alternative 2	159, Alternative 2	As above.
159, Alternative 3	159, Alternative 3	As above.
159, Alternative 4	159, Alternative 4	As above.
159.1	162 (c)	...promotion and cooperation in scientific, ...
159.2	162 (d)	... exchange of information...
159.3 (split)	160	... cooperation to enhance understanding...
159.4	163	...avoiding deforestation and forest degradation...
159.5	164	... initiating forest law enforcement...
159.6	165	...avoiding emissions from deforestation and forest degradation...
160, Alternative 2	162 (a)	...commitment for all Parties to enhance understanding ...
161 (a)	162 (f)	... assess/consider effects that result from mitigation strategies...
161 (b)	159, Alternative 5	... commitment to avoid negative spillover effects ...
161 (c)	162 (e)	... preparation of national communication...
161 (d)	162 (g)	... undertaking study/ies..
162	161	... progress in dealing with climate change should not be hindered...
163, Alternative (split)	162 (b)	... promoting of the understanding of the nature...

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Old paragraph	New paragraph	Rationale (Better fit to...)
[Financial resources and transfer of technology]		
160	167	... paying attention to vulnerable developing countries...
160, Alternative 1	167, Alternative 1	... providing support and enabling activities
161 (d.1)	168 (a) (168 = Chapeau from 162)	... compensation LDC...
161 (d.2)	168 (b) (168 = Chapeau from 162)	... compensation Africa..
163	166	... support to developing countries...
163, Alternative (split)	166, Alternative	... provision of financial resources...
[Institutional arrangements]		
164	169	... establishment of a forum...
165	170	... work programme of a forum....
