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**SUBSIDIARY BODY FOR IMPLEMENTATION**

**Twentieth session**

**Bonn, 16–25 June 2004**

**Agenda item 8 (a)**

**Implementation of Article 4, paragraphs 8 and 9, of the Convention**

**Progress on the implementation of activities under decision 5/CP.7**

**Draft conclusions proposed by the co-chairs of the contact group  
on agenda item 8 (a)**

The Subsidiary Body for Implementation (SBI) decided to continue its consideration of issues under this agenda sub-item at its twenty-first session on the basis of the draft text<sup>1</sup> contained in the annex to these conclusions.

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<sup>1</sup> This text has not been formally edited, and is reproduced in English only.

Annex

**Draft decision**

**Progress on the implementation of activities under decision 5/CP.7**

*[The Conference of the Parties,*

*Recalling its decision 5/CP.7,*

*Welcoming the progress made in the implementation of Decision 5/CP.7.*

*Acknowledging that there is a need to further implement Decision 5/CP.7 in order to address the gaps in implementation that remain,*

*Having considered the reports on the workshops referred to in paragraphs 32–37 of decision 5/CP.7,<sup>1</sup>*

*Having considered the submissions included in documents FCCC/SBI/2004/MISC.2, Add.1 and Add.2; and FCCC/SBI/2002/MISC.3 and Add.1,*

**I. Adverse effects of climate change**

**[Information and methodologies:]**

- 1.\* *[Acknowledges that further financial and technical support is needed:*
  - (a) To improve data collection and information gathering, and their analysis, interpretation and dissemination to end-users, under paragraph 7 (a) (i) of decision 5/CP.7, within and by Parties not included in Annex I to the Convention (non-Annex I Parties) which are vulnerable to the adverse effects of climate change, including through the enhancement of systematic observation and monitoring networks in countries with observation stations that feed into the Global Climate Observing Systems, and through increased data sharing between Parties, particularly between Parties included in Annex I to the Convention (Annex I Parties) and Parties not included in Annex I to the Convention (non-Annex I Parties);
  - (b) To strengthen in-country capacity-building for the generation, management, processing and analysis of data sets, for improving the quality of analytical tools, and for the dissemination of the results of these efforts in sectors that can contribute to climate change impact analysis, including through the development and strengthening of in-country modelling tools to assess the adverse effects of climate change;
  - (c) To provide additional training in each specialized field relevant to adaptation identified in paragraph 7 (a) (iii) of decision 5/CP.7, to create and sustain in-country capacity, including through overseas training, scholarship programmes and workshops, according to needs identified by Parties;
  - (d) To improve the availability of downscaled Global Circulation Model based climate models and appropriate training for their use at national and regional levels;

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<sup>1</sup> FCCC/SBI/2002/9, FCCC/SBI/2003/11, FCC/SBI/2003/18, FCCC/SB/2003/1, FCCC/SBI/2003/INF.2.

\* The Parties that proposed this paragraph indicated that they would provide an alternative formulation.

- (e) To strengthen institutions and centres through targeted research programmes under paragraph 7 (a) (v) and (vi) of decision 5/CP.7 to address the adverse effects of climate change in vulnerable sectors;
- (f) To support education and training in, and public awareness of, issues relating to climate change under paragraph 7 (a) (vii) of decision 5/CP.7;]

**[Vulnerability and adaptation:]**

2. *Invites* the Global Environment Facility (GEF) to report to the COP at its eleventh [and subsequent] session[s] on the activities it has undertaken in response to decision 5/CP.7, including:

- (a) The strategic priority “Piloting an Operational Approach to Adaptation” (SPA);
- (b) The small grants programme;
- (c) Efforts to address adaptation in the climate change focal area and to mainstream it into other GEF focal areas;
- (d) The Least Developed Countries Fund and efforts to finance the preparation of National Adaptation Programmes of Action (NAPAs);
- (e) The Special Climate Change Fund;

3.\* [*Acknowledges* that greater financial and technical support is needed for:

- (a) Pilot and demonstration projects under paragraph 7 (b) (v) of decision 5/CP.7, in particular to take forward adaptation projects identified in national communications;
- (b) Enhanced technical training for integrated climate change impact and vulnerability assessment across all relevant sectors, and for environmental management relating to climate change under paragraph 7 (b) (ii) of decision 5/CP.7;
- (c) The promotion of the transfer of adaptive technologies under paragraph 7 (b) (iv) of decision 5/CP.7 on an urgent basis in priority sectors, including agriculture and water resources, for example, through the exchange of experiences and lessons learned in enhancing resilience to the adverse effects of climate change in key sectors;
- (d) Building capacity, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular for droughts and floods and extreme weather events under paragraphs 7 (b) (vi) and 8 (c) of decision 5/CP.7;]

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\* The Parties that proposed this paragraph indicated that they would provide an alternative formulation.

4. [Requests the secretariat to organize, before the xxx session of the Conference of the Parties, three regional workshops, as outlined in paragraph 32 of decision 5/CP.7. [These workshops should address, inter alia, the preparedness of developing countries to cope with climate variability and adapt to climate change at local, national and regional levels, and increase their resilience, and should focus on areas such as food security, water security, health, and disaster prevention, taking into account the differences between regions];]

5.

*Option 1:*

*Urges* Parties included in Annex II to the Convention (Annex II Parties) to mobilize technical and financial resources, including through the Special Climate Change Fund, to support, as a top priority, adaptation activities at national and regional levels to address the adverse effects of climate change through, inter alia, a prompt start to country-driven projects under paragraph 8 of decision 5/CP.7;

*Option 2*

*Invites* developing country Parties to make use of the strategic priorities opened by the GEF on adaptation and capacity building;

6. [Requests the GEF and other bilateral and multilateral sources to fund the elaboration of adaptation strategies in non-Annex I Parties that build upon their national communications, in order to enable them access to financial resources through the GEF Strategic Priority: Piloting an Operational Approach to Adaptation, and the Special Climate Change Fund;]

**[Insurance:]**

7. [Requests the secretariat to organize an expert meeting, prior to the twenty-third session of the Subsidiary Body for Implementation, in the context of decision 5/CP.7, on insurance and risk assessment in small island developing States. The terms of reference for this meeting will include, inter alia, the bringing together of 20-25 technical experts in the fields of insurance, reinsurance, hazard assessment, financial risk management, disaster risk management and financial markets, and experts on the impacts of climate change on small island developing States, to consider how insurance and insurance-related mechanisms might be used as a tool to reduce risk and vulnerability in sectors and regions highly exposed to the adverse effects of climate change in a cost-effective manner; and to report the results and recommendations of this meeting to the Subsidiary Body for Implementation at its xxx session for its consideration and adoption of a decision at the Conference of the Parties at its xxx session;]

8. [Requests the secretariat to organize an expert meeting, prior to the twenty-third session of the Subsidiary Body for Implementation, in the context of decision 5/CP.7, on insurance and risk assessment in developing countries. The terms of reference for this meeting will include, inter alia, the bringing together of 20-25 technical experts in the fields of insurance, reinsurance, hazard assessment, financial risk management, disaster risk management and financial markets, and experts on the impacts of climate change on developing countries, to consider how insurance and insurance-related mechanisms might be used as a tool to reduce risk and vulnerability in sectors and regions highly exposed to the adverse effects of climate change in a cost-effective manner; and to report the results and recommendations of this meeting to the Subsidiary Body for Implementation at its xxx session for its consideration and adoption of a decision at the Conference of the Parties at its xxx session;]

**[Modelling:]**

9. *Encourages* the Intergovernmental Panel on Climate Change to incorporate, to the extent possible, region-specific modelling information on the adverse effects of climate change into its Fourth Assessment Report, and to engage developing-country researchers in the assessment process;

10. *Stresses* the importance of involving experts from developing countries in improving data collection and information gathering relating to the adverse effects of climate change as well as in the analysis, interpretation and dissemination of such data and information;

**[Reporting:]**

11. [*Encourages* Parties to document, in their national communications, local coping strategies, technologies, and experience in coping with the impacts of climate change;]

12. [*Requests* the secretariat to develop a format, based on the structure of Decision 5/CP.7, to enable Annex I Parties to report annually on progress made in the implementation of paragraphs 7, 8 and 9 of Decision 5/CP.7, and to include this information in their national communications;]

13. [*Requests* non-Annex I Parties to submit, by xxx, the needs and gaps they identify in implementing activities of paragraph 7, 8 and 9 of Decision 5/CP.7, in order to have an input on better methods to implement these activities and make recommendations thereon to the COP at its xxx session;]

**II. Impact of the implementation of response measures****[Progress on implementation:]**

14. [*Requests* Annex II Parties to mobilize technical and financial resources, including through the Global Environment Facility (in accordance with decision 6/CP.7), the Special Climate Change Fund (in accordance with decision 7/CP.7, paragraph 2 (d)), and other bilateral and multilateral sources, to support, as a high priority, the implementation of activities included in paragraphs 22-29 of decision 5/CP.7;]

15. [*Invites* the Global Environment Facility (in accordance with decision 6/CP.7), the Special Climate Change Fund (in accordance with decision 7/CP.7) and other bilateral and multilateral sources, to provide feedback to the Conference of the Parties, at its xxx session, on the status of support for the implementation of activities included in paragraphs 22 - 29 of decision 5/CP.7, with a view to taking a decision on further action at its xxx session;]

**[Insurance:]**

16. [*Decides* to establish a bi-annual forum on insurance, for interested Parties and representatives from relevant intergovernmental organizations and the financial and insurance private sector, with a mandate to establish a work programme to address the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;]

17. [*Decides further* that the work programme developed in accordance with paragraph xxx above should include the following elements, with a view to providing feedback to the Conference of the Parties at its xxx session on its progress:

- (a) Possible collaboration between the climate change community, government programmes and private insurance sectors;

- (b) Private-public partnerships linking insurance mechanisms and risk-reduction mechanisms;
- (c) Ways in which to build capacity at the national level for risk management, risk financing and risk transfer to better manage the impact of the implementation of response measures;
- (d) Means by which to engage the private sector in the development of alternative risk transfer mechanisms;]

**[Modelling:]**

18.

*Option 1:*

*Decides* to establish an expert group on modelling to consider, at the xxx and xxx session of the Subsidiary Body for xxx, the outcome of the workshop on modelling activities, and to propose further actions to be taken by the Conference of the Parties at its xxx session, such actions to include:

- (a) Dissemination of modelling tools and models to non-Annex I Parties, and ensuring increased collaboration on modelling activities on an ongoing basis;
- (b) Development of methodologies to assist developing countries to examine vulnerability to the impact of the implementation of response measures;
- (c) Development of draft guidance documents on how to undertake socio-economic assessments of the impact of response measures to be piloted in selected countries as a basis for detailed and comprehensive guidance;
- (d) Development, as a high priority and in collaboration with international organizations, of methodologies to assess the impacts on developing countries of policies already implemented by Annex I Parties, by expanding coverage of current models for evaluating the impact of the implementation of response measures;
- (e) Coordination with the scientific research community, including the IPCC, to improve the quality of models, in particular those that assess the impact of response measures on developing countries, with a view to fully addressing this issue in the Fourth Assessment Report of the IPCC;

*Invites* Parties to submit to the secretariat, by xxx, information on actions taken as a result of the recommendations of the workshop on modelling activities, for consideration by the Subsidiary Body for Scientific and Technological Advice, at its xxx session, with a view to recommending a decision to the Conference of the Parties on further action;

*Option 2:*

*Stresses* the importance of the involvement of developing country experts in improving data collection and information gathering relating to the impact of the implementation of response measures, as well as in the analysis, interpretation and dissemination of such data and information;

*Invites* relevant national and international organizations to continue research on improving the quality of models used to assess positive and negative impacts of the implementation of response measures;

**[Economic diversification:]**

19. [*Stresses* that in spite of substantial efforts made by oil-producing countries to diversify their economies, these economies continue to rely heavily on oil and gas for export earnings and government revenue;]

20.

*Option 1:*

*Decides* to establish an expert group on economic diversification to consider, inter alia, the following elements arising from the report of the workshop on economic diversification, held in accordance with paragraph 37 of decision 5/CP.7, and to provide advice to the Conference of the Parties at its xxx session with a view to recommending a decision on further action:

- (a) Providing support for the integration of economic diversification into sustainable development strategies;
- (b) Exchanging experience in economic diversification and lessons learned, with a view to identifying what technical assistance may be needed to develop structural and institutional capacity, and/or to establishing a mechanism for facilitating efforts to achieve economic diversification;
- (c) Coordination by the secretariat with relevant international organizations and the private sector in developed countries on matters relating to economic diversification;
- (d) Building capacity, at the national level, in the areas of economic diversification;
- (e) Promoting private-public partnerships in various areas to support economic diversification;
- (f) Providing recommendations for encouraging direct investment by and technology transfer from developed countries to assist in the economic diversification of developing countries described in Article 4, paragraph 8 (h), of the Convention;
- (g) Addressing the extent to which trade and export barriers affect economic diversification in Parties addressed under Article 4, paragraph 8, of the Convention;

*Option 2:*

*Stresses* that efforts to facilitate economic diversification can only be effective if mainstreamed into national development;

*Stresses* that national governments in developing countries need to take longer-term perspectives and actively formulate national development plans that facilitate the growth of new economic activities that are less emissions-intensive and less climate-sensitive;

*Encourages* Parties to cooperate in the further pursuit of economic diversification, including through integrating economic diversification objectives in the national sustainable development planning process of developing country Parties;

**[Reporting:]**

21.

*Option 1:*

*Requests* the Subsidiary Body for Implementation to add to the existing guidelines for the preparation of national communications, the provisions of decision 5/CP.7, paragraphs 22–29, for Annex I Parties and for non-Annex I Parties, with a view to recommending a decision to formalize the expanded guidelines by the Conference of the Parties at its xxx session;

*Encourages* non-Annex I Parties to provide information, in their national communications and/or other relevant reports, on their specific needs and concerns arising from the impact of the implementation of response measures;

*Requests* Annex II Parties to provide detailed information, in their national communications and/or any other relevant reports, on their existing and planned support programmes to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;

*Option 2:*

*Encourages* non-Annex I Parties to provide information, in their national communications and/or other relevant reports, on their specific needs and concerns arising from the impact of the implementation of response measures, and to provide in their national communications detailed information on their existing and planned measures and programmes to meet their needs arising from the impact of the implementation of response measures;

**[III. Further multilateral work relating to activities under Decision 5/CP.7]**

22. [*Invites* Parties and relevant international organizations to submit to the secretariat, by xxx, information on current and/or planned activities including, where appropriate, support programmes to meet the specific needs and circumstances of developing country Parties arising from the impact of the implementation of response measures, implemented in support of the various provisions of decision 5/CP.7; and additional submissions on such activities arising from the adverse effects of climate change pursuant to the request for submissions at the nineteenth session of the SBI;]

23. [*Requests* the secretariat to prepare a document synthesizing the submissions referred to in paragraph xxx above, as well as related information in national communications and other reports presented to the Conference of the Parties, for consideration by the Subsidiary Body for Implementation at its xxx session [and to report on this synthesis to the Subsidiary Body for Implementation at its xxx session, with a view to recommending further actions necessary to implement decision 5/CP.7]];]

24. [*Decides* to assess, at its xxx session, the status of implementation of Article 4, paragraph 8, of the Convention and of decision 5/CP.7, and to consider further action thereon.]]

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