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Item 5 (a) of the provisional agenda

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

Progress on the implementation of decision 1/CP.10

Views on the status of implementation of Article 4, paragraph 8, of the Convention, decision 5/CP.7 and decision 1/CP.10

Submissions from Parties

1. The Subsidiary Body for Implementation (SBI), at its twenty-seventh session, invited Parties to submit to the secretariat, by 21 March 2008, their views on the status of implementation referred to in decision 1/CP.10, paragraph 22. The SBI requested the secretariat to compile these submissions into a miscellaneous document for consideration by the SBI at its twenty-eighth session, with a view to providing input to the consideration of terms of reference for the assessment referred to in decision 1/CP.10, paragraph 22 (FCCC/SBI/2007/34, para. 62).
2. The secretariat has received five such submissions. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced* in the language in which they were received and without formal editing.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

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* This submission is supported by Bosnia and Herzegovina, Croatia and Serbia.

PAPER NO. 1: SAUDI ARABIA

SUBMISSION BY SAUDI ARABIA

March 21, 2008

PROGRESS ON THE IMPLEMENTATION OF DECISION 1/CP.10

REFERENCE

The Subsidiary Body for Implementation, at its 27th session, invited Parties to submit to the secretariat, by 21 March 2008, their views on the status of implementation referred to in decision 1/CP.10, paragraph 22, namely the status of implementation of Article 4, paragraph 8, of the Convention, decision 5/CP.7 and decision 1/CP.10. (FCCC/CP/SBI/2007/L.31 Paragraph 3)

INTRODUCTION

Saudi Arabia welcomes the opportunity to submit views and concerns regarding the status of implementation of Article 4, paragraph 8, of the Convention, decision 5/CP.7 and decision 1/CP.10.

Saudi Arabia has continuously voiced its strong concerns about the lack of progress in the implementation of the Article 4, paragraph 8. Up to COP10, the only significant step taken has been the adoption of decision 5/CP.7, and there are concerns with the implementation of this step. Decision 1/CP.10 was a positive step in the implementation of Article 4, paragraph 8, and decision 5/CP.7. However, decision 1/CP.10 was an addition and a continuation to decision 5/CP.7, but not a replacement. There are a number of paragraphs and pending commitments in decision 5/CP.7 that still needs to be addressed.

VIEWS ON THE IMPLEMENTATION OF DECISION 1/CP.10

The economic impacts of policies and measures taken by Annex I Parties on Non-Annex I Parties need to be continuously evaluated. In the implementation of commitments, Annex I Parties must give full consideration to what actions are lagging in terms of implementation under the Convention. This includes, and not limited to, actions related to modeling, economic diversification, funding, financial risk management, capacity building and transfer of technology, to meet the specific needs and concerns of developing countries arising from the impacts of the implementation of response measures.

Outcome of Workshops and Expert Meetings

Decision 1/CP.10 incorporated a number of workshops and expert meetings. The workshops and expert meetings are not the end result; they are merely a step in the process of implementation. These workshops and expert meetings addressed a number of ways to carry the different issues from discussion into implementation. The next step requires concrete actions.

As the different issues related to addressing the concerns arising from the implementation of response measures continue to evolve, it is important to establish a body that provides regular

and continuous feedback to the Conference of the Parties and makes recommending on concrete actions to address the following areas:

- A. 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;

- B. Modeling:
 - Dissemination of modeling tools and models to non-Annex I Parties, and ensuring 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 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;
 - Development, in collaboration with international organizations, of methodologies to assess the impacts on developing countries of policies already implemented by Annex I Parties,
 - Capacity Building at the national level on modelling the impacts of response measures
 - 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 future work of the IPCC;

- C. Economic Diversification:
 - Providing support for the integration of economic diversification into sustainable development strategies;
 - 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;
 - Coordination by the secretariat with relevant international organizations and the private sector in developed countries on matters relating to economic diversification;
 - Building capacity, at the national level, in the areas of economic diversification;
 - Promoting private-public partnerships in various areas to support economic diversification;
 - Providing recommendations for encouraging direct investment by and technology transfer from developed countries to assist in the economic diversification of developing countries;
 - Addressing the extent to which trade and export barriers affect economic diversification in developing countries.

Decision 5/CP.7 identified a number of specific actions to address the needs and concerns of developing countries arising from the implementation of response measures (particularly in paragraphs 22 – 29). Decision 5/CP.7 mandated support for the implementation of the specified actions and activities through the Global Environment Facility, the Special Climate Change Fund, and other bilateral and multilateral sources. None of these actions have been implemented, and no support was provided as mandated.

Such lack of progress in implementation of the commitments under Decision 5/CP.7 is a concern for Saudi Arabia. This lack of progress does not reflect seriousness in addressing the concerns of developing countries arising from the implementation of response measures.

OTHER CONCERNS

The feedback and information on the implementation of the activities under decision 5/CP.7, and on progress in addressing the impact of response measures, has also been disappointing. Decision 1/CP.10 requested Annex II Parties to provide detailed information, including in their national communications, on progress made on support programmes to meet the specific needs and circumstances of developing country Parties arising from the impact of the implementation of response measures; and requested the Subsidiary Body for Implementation to consider available compilation and synthesis reports of national communications in relation to the impacts of response measures and the implementation of decision 5/CP.7. Unfortunately, the required information was not provided.

In addition, the Global Environment Facility and other bilateral and multilateral sources did not provide feedback to the Conference of the Parties on activities undertaken in response to decision 5/CP.7 as required.

PAPER NO. 2: SLOVENIA ON BEHALF OF THE EUROPEAN COMMUNITY
AND ITS MEMBER STATES

**SUBMISSION BY SLOVENIA ON BEHALF OF THE EUROPEAN
COMMUNITY AND ITS MEMBER STATES**

This submission is supported by Bosnia and Herzegovina, Croatia and Serbia

Ljubljana, 27 March 2008

**Subject: Progress on the implementation of Decision 1/CP.10
Views on the status of implementation referred to in Decision 1/CP.10, paragraph 22,
namely the status of implementation of Article 4, paragraph 8, of the Convention,
Decision 5/CP.7 and Decision 1/CP.10**

1. Introduction

The COP, through Decision 1/CP.10, paragraph 22, decided to assess the implementation of UNFCCC Articles 4(8) and 4(9), Decisions 5/CP.7 and 1/CP.10 at its fourteenth session. The SBI requested Parties to submit their views on the status of implementation by 21 March 2008 for consideration of terms of reference for the review at its 27th session. The European Union welcomes the opportunity to provide its views on the status of implementation on these Articles and decisions, and hereby presents an overview of some of the actions undertaken by EU Member States and the European Community in general and identifies areas requiring further attention. In addition, the EU proposes some terms of reference for the assessment. This submission is presented in two parts: (i) the views on the adverse impacts of climate change, and (ii) the views on the impacts of the implementation of response measures.

ADVERSE IMPACTS OF CLIMATE CHANGE

General remarks

Adaptation is a challenge facing all countries, and in particular those least able to cope with the impacts of climate change. In many parts of the world, the impacts of climate change are already a reality. The EU is of the view that the goal of adaptation is to strengthen resilience, reduce the vulnerability of economic, social and ecological systems, and to minimize the negative impacts of climate change on human health and welfare and on sustainable development.

The EU underscores that adaptation actions should be country-driven and in line with the sustainable development objectives, poverty reduction strategies and developmental aspirations of countries, while respecting broader environmental, economic and social goals. In this regard, the EU underlines that adaptation action should be based on an assessment of a range of adaptation options varying from institutional and policy changes to fostering of private sector and household engagement on adaptation. This assessment should be based upon national communications and/or other relevant information.

The EU recognises that some efforts have been made at the global, national, regional and local levels to advance understanding of adaptation, to implement actions aimed at reducing vulnerabilities and increasing resilience of societies and economies. In this regard, the EU notes the value of the ongoing work under the Nairobi work programme and the regional workshops that were organised pursuant to decision 1/CP.10, that provided a forum to discuss adaptation from a regional perspective taking into account region-specific characteristics and prevailing conditions. These workshops provided useful information on countries' adaptation needs and priorities, thereby providing a good basis to continue the work on adaptation within the UNFCCC process as well as in the context of other relevant processes and initiatives.

The EU, through bilateral and multilateral channels, has provided support to programmes and measures that contribute to enhancing adaptive capacity in developing countries. Support has invariably been provided in the context of development cooperation to programmes and activities that have been developed in dialogue with partner countries. Thus far, focus has primarily been on the water, agriculture, forestry and infrastructure development sectors. Assistance to various stand alone adaptation programmes has also been provided.

Notwithstanding these efforts, much remains to be done to increase adaptive capacity and resilience. The EU is committed to continuing its efforts to support and advance adaptation efforts, in particular, in the most vulnerable countries.

Efforts made by EU and its Member States to address adverse impacts of climate change pursuant to Articles 4.8 and 4.9 and decisions 5/CP.7 and 1/CP.10

The EU recognizes that climate change affects the poor disproportionately and exacerbates existing inequities. Taking fully into account the principles enshrined in the UNFCCC, the EU is committed to improve access to adequate, predictable and sustainable support and to provide new and additional resources to help developing countries, in particular the most vulnerable, to meet the costs of adaptation.

In 2007, the European Commission issued two communications on adaptation; The Green paper on Adapting to Climate Change in Europe – options for EU action, COM(2007) 354, which looks at both EU internal and external action on adaptation, and the Global Climate Change Alliance, COM(2007) 540, which aims to support adaptation and mitigation activities in developing countries.

The EU and its Member States have shown commitment and support to adaptation activities under the UNFCCC, including through financial contributions to the Nairobi work programme, the Convention's climate funds, such as the Special Climate Change Fund and the Least Developed Countries Fund, and by engaging in the CDM, which is the resource base for the Adaptation Fund. The EU also provides support, through its development cooperation programmes and other bilateral assistance.

In addition to financial and technical assistance, the EU and its member states are supporting activities to increase the collective knowledge around adaptation issues. For example, the Swedish Government has decided to contribute to international efforts in adaptation and risk reduction by launching an international Commission on Climate Change and Development. That Commission that draws from experts from developing and developed countries, seeks a way forward to address climate change and reduce risks while promoting sustainable development.

The EU and its member states have provided support to activities in various areas relating to adaptation. These include activities aiming at analysing and support towards meeting the costs of adaptation, institutional strengthening and capacity building, in particular as related to observation systems, data collection and processing in developing countries, development of tools for vulnerability assessment and support for integration of climate change risk into development planning and strategies. The Stern Review, the European Environment Agency Technical Report (13/2007) on the cost of inaction and cost of adaptation, and the ongoing programme on the economics of adaptation to Climate change, supported by the Netherlands, United Kingdom and the World Bank, are examples of activities that contribute to enhancing knowledge on how the costs and benefits of adaptation can be assessed and how adaptation responses can be effectively prioritised to ensure maximum effectiveness. With regards to measures to strengthen institutions and capacity building, the EU has and continues to support the production of policy relevant studies resulting from multidisciplinary research and relevant national and international workshops. These studies are being used as input to the planning development and implementation of adaptation measures in many countries through different agencies and are contributing to an increased capacity for countries to prepare, formulate, implement and evaluate policy in relation climate change. Thus, they serve as a means of awareness raising of the challenge countries are facing, increase

involvement of policy makers at all levels and create a basis for information exchange between developing countries. Furthermore the EU Member States are involved in collaborative activities with institutions in developing countries to enhance experiences and capacities. For example, the Danish Meteorological Institute (DMI) has assisted the Meteorological Services Department in Ghana with administrative, meteorological and technical advice. DMI has also been involved in a project to upgrade meteorological observation systems and mainstream computer services in Ghana to enable rapid dispersal of information and warnings to communities and society in general.

A burgeoning variety of tools and processes are being developed to improve decision making to reduce risks and avail opportunities associated with climate variability and change. Tools range from information providers on climate projections, disasters, and on vulnerability through to those targeting project design, others focus on creating spaces/platforms for decision support, others take a screening approach to evaluate portfolio's and justify design changes. The Predicting Climate for Impact Assessment (PRECIS) system developed by the Hadley centre in the UK is a portable downscaling technology that has been offered to developing countries to assist them in impact and vulnerability assessment, with supporting workshops and other training activities. EuroHEAT, a project by WHO/Europe, is a coordination and collaboration among public health authorities, meteorological services and agencies (national and international), emergency response agencies and civil societies in developing local, regional, national and European interventions, to facilitate the sharing of information, data and lessons learned, and to elaborate tools for early warning systems as well as for rapid information exchange

Capacity building is a central element in virtually all EU support to cooperating partners. For example, France is co-financing an important project with the Indian Ocean Commission to support capacity building in the field of adaptation in Indian Ocean countries and is preparing a comparable project with all African countries more focused on the use of climatological and meteorological data (within the ClimDevAfrica programme) to demonstrate (through risk reduction strategies) which adaptation measures can be taken in different socio-economic sectors of specific countries or regions in Africa.

Many of the climate change related capacity building activities supported by the EU are integrated into development cooperation sector programmes such as energy, environment, water, infrastructure development and agriculture and are based on the priorities as defined by developing countries for example, as elaborated in their poverty reduction strategies. Capacity building is a key element in measures to increase resilience through better institutional preparedness to address climate change impacts. The EU provides support to institutions such as the Red Cross, which is a key actor in assisting local communities with the disaster risk reduction preparation and measures and in implementing small scale projects on climate change adaptation and risk reduction.

A prerequisite for mainstreaming of climate change into development plans and strategies is the availability of information on expected impacts and vulnerabilities. Activities such as the Danish funded Climate screening project (Mozambique, Tanzania, Vietnam, Bangladesh, Bolivia, Nicaragua, Uganda, Ghana and Zambia) aim to enhance the necessary expertise to design sustainable climate change adaptation programmes of national development planning activities. The Netherlands is supporting a drought cycle management programme in Kenya and Ethiopia which is designed to mitigate the adverse effects of droughts in arid and semiarid areas. This programme consists of combined assistance involving emergency supplies, capacity building and other support for institutional strengthening and creation and preservation of communal livelihood support assets. The UK is supporting collaborative research projects in India and China to look at the likely impacts of climate change. This has involved significant engagement between UK and Chinese and Indian research institutions to share knowledge and build capacity through training courses and academic exchanges. Entering a second phase, the emphasis now is on regional case studies to develop options for adaptation. For example, in Ningxian in northern China, with marginal agriculture under current climate. Wide stakeholder participation is an important feature of the work and involves farmers and other stakeholders to develop options for adaptation.

FURTHER WORK TO ADVANCE IMPLEMENTATION OF ARTICLE 4(8) AND 4(9), DECISIONS 5/CP.7 AND 1/CP.10

The EU recognises that building resilience and minimising vulnerability to enable societies and natural systems to adapt to climate change is an ongoing process that will undoubtedly continue over a long period and should not be limited to one-off projects or programmes. While demonstration projects and programmes could be used to showcase adaptation measures, these should be conducted in the context of national policy frameworks that ensure continuity and long term benefits. The EU thus believes that while some progress has been made to implement adaptation measures pursuant to the Convention Articles and relevant decisions, a lot remains to be done. This relates not only to deepening the understanding in key areas, but also to set in place necessary tools and measures to ensure continuity. Thus, the EU suggests that further efforts should be made in the following areas:

1. ***Meeting costs of adaptation:*** Further effort is needed to understand the costs and benefits of adaptation and to mobilise the financial and technical resources necessary to support adaptation actions, in particular in the least developed countries and small island developing states. In order to estimate the costs and benefits of adapting to climate change a better understanding of how to prioritise adaptation actions, based on the needs and timing and certainty of the impacts, responses and the associated resource implications for the institutions and national systems, is required. The costs of adaptation are thus not limited to the actual investment costs for adaptation measures but have broader implications on institutions and societies as a whole.

Presently available funds will not be sufficient to meet all the adaptation needs of the most vulnerable countries, and should instead be used to set in motion immediate adaptation activities that could be replicated on a larger scale. In this context it is important to coordinate and find synergies between all sources of potential funding, both in public and private sectors, as well as to integrate climate risk and vulnerability into national and private sector policies and investment decisions.

2. ***Capacity Building:*** The EU re-emphasises the importance of mainstreaming climate change risk management and response into national development plans and strategies. This is important to ensure that responses to climate change are coherent with national sustainable development objectives and poverty reduction strategies. Further capacity building efforts are needed in the overall context of sustainable development to contribute to the preparedness of national and local institutions to address climate change and to prioritise actions and measures needed to adapt to climate change. The EU reaffirms its commitment to continue supporting capacity building to strengthen institutions tasked with national planning, data and information collection and processing, and other areas relevant to climate change adaptation as defined by the countries.
3. ***Further technical and methodological work, including work under the Nairobi work programme:*** More information is needed to improve understanding and assessment of impacts, vulnerability and adaptation to make informed decisions on practical adaptation actions and measures to respond to climate change on a sound scientific, technical and socioeconomic basis. In particular, there are significant gaps in knowledge on the costs of adaptation, regional modelling capabilities - particularly in relation to predicting precipitation- and incentives to implement adaptation actions. Improving the accessibility of accumulated knowledge to decision makers at all levels and in all countries is a key challenge. Much of the information from the NWP is based on experience gained from practitioners in the field and the EU recognises and values the distinction between this information, and that from peer reviewed literature in the IPCC AR4. The EU reaffirms its commitment to continue supporting the NWP.
4. ***Review of progress on adaptation and effectiveness of adaptation measures:*** Further information is needed on best practices and lessons learned, and the effectiveness of measures that are undertaken in adaptation programmes. Improvements in these areas would help in avoiding

maladaptation and provide a good basis for exchange of experience and long term planning to manage climate risks. Accordingly, the EU suggests that efforts should be made to (1) facilitate more sharing of experiences between countries and regions (both south–south and north–south collaboration) as well as (2) monitoring adaptation measures over time to track progress made as a basis to learn and plan for further activities. National Adaptation Plans of Action (NAPAs) that set out the context, objectives and goals of adaptation programmes could provide a good basis to develop such approaches and the EU underlines the value and potential of NAPAs as a useful tool to guide the planning and preparation of programmes and measures on adaptation. The EU is open to exploring how NAPAs could be improved and extended to all developing countries.

5. ***Synergies and cooperation with other organisations and processes:*** The EU recognises that climate change impacts and adaptation action cuts across all sectors of society and parts of the globe, and that the UNFCCC climate regime and its bodies and institutions can only make a limited, albeit important, contribution; ultimately it is for national governments, civil society, the private sector and others to make a difference. In this regard, the EU underlines the need to work with other institutions across society to ensure a coherent and consistent approach to adaptation. The EU recognises that the UNFCCC has an important catalytic role to play in promoting these actions as well as in providing a leadership platform to foster effective responses to climate change and adaptation needs.
6. ***Risk management instruments and the role of the private sector:*** Risk can be reduced through commercial and non commercial means. Non-commercial means involve strategic planning to factor in the probability of risk as well as measures to strengthen the preparedness of key institutions.
Insurance is one way of providing clear fiscal incentives to reduce risks as much as possible, and as a way of providing a quick pay-out in case of the insured event happening. Insurance and other risk reduction measures use world markets to spread and pool risk for assets affected by low probability, but not inevitable events. These products, however, have to be designed with care to avoid creating a moral hazard that would exacerbate the impacts of climate change and counteract adaptation efforts. The EU acknowledges the need to explore, with other Parties, how and under what circumstances insurance measures can be applied as an effective risk reduction and risk management mechanism.

SUGGESTED TERMS OF REFERENCE FOR THE ASSESSMENT OF STATUS OF IMPLEMENTATION

The EU believes that there is a significant body of information that could be used in conducting an assessment of the status of implementation. Information on activities and measures undertaken pursuant to these Articles and decisions should be drawn from various sources, including National Communications of Parties, National Adaptation Programmes of Action (NAPAs), national poverty reduction strategy papers (PRSPs), national sustainable development strategies, reports of the Global Environment Facility, bilateral and multilateral development agencies, international organizations and non-governmental organizations, submissions and other relevant secretariat documents, including the reports of the workshops under the Nairobi Work Programme and the 1/CP.10 workshops.

The assessment should aim to take stock of, and establish the extent to which Parties have been able to identify their vulnerabilities and prepare plans to address these. Information on institutional preparedness, financing needs, lessons learnt and best practices should be highlighted as a way of advancing understanding on how to prioritise adaptation actions and measures.

The assessment should result in a report from the SBI that includes, *inter alia*,

- (i) sample information on measures undertaken to implement the Convention Articles and decisions,

- (ii) needs and gaps that would need to be addressed in order to advance and sustain effective adaptation measures, and
- (iii) a recommendation to facilitate the efforts by Parties to further implement the said decisions, and
- (iv) an overview of some of the key stakeholders and organisations that should be encouraged to further engage in adaptation measures.

2. Conclusion

The EU looks forward to discussing the terms of reference for the assessment and to conducting an effective assessment on the status of implementation of the Convention Articles and decisions, with the aim to ensure that adaptation is undertaken in an effective manner.

IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES

General remark

The Fourth Assessment Report of the IPCC (WG III, chapter 11.7 and SPM) contains information on the adverse effects of climate change. Literature since the TAR confirms that there may be effects from Annex I countries' action on the global economy and global emissions

Notwithstanding these findings, it is important to recognise that wider economic and political factors do play a role on the vulnerability of economic sectors and these should not be overlooked. There is a need for further examining this matter with a view to getting a better understanding of the issue.

Important work has been undertaken in continuation of Decisions 1/CP.10 and 5/CP.7. The EU in particular refers to documents FCCC/SBI/2006/13 and FCCC/SBI/2007/23, the latter synthesizing available information related to the impacts of response measures. Nevertheless, some further work would need to be done to better understand the potential impacts of climate change response measures and the minimisation of these effects in order to focus this work in the future.

There is a general consensus on the need to undertake a global transition to a low greenhouse-gas-emitting economy in order to tackle climate change. This transition should be congruent with sustainable development processes and thus represents a major opportunity for all countries to follow a clean-development pathway. However, we understand the concerns some countries may have about the challenges that this transition may present to their economies and societies.

The EU acknowledges the need for cooperation to enhance the understanding of economic and social consequences of response measures under the Bali Action Plan, as well as under relevant decisions of the COP and will continue to implement its climate change policies to reduce emissions in a way that takes into account the needs of all developing countries.

Efforts made to address the impact of the implementation of response measures to climate change pursuant to UNFCCC Articles 4(8) and 4(9) and Decisions 5/CP.7 and 1/CP.10

The EU is of the view that the climate change challenge can only be effectively addressed if done so in the context of sustainable development. In meeting its commitments under the Kyoto Protocol, the EU is implementing policies and measures to mitigate climate change that address all sectors and greenhouse gases. In this way, the EU aims to minimise any adverse impact of the implementation of response measures in any one specific sector.

Moreover, the EU is putting in place long-term goals and is defining the needed policies and measures in the long term, which will improve the predictability of its response to climate change. In this vein, the EU is currently discussing a climate action and renewable energy package that aims at giving more visibility to the EU's long term policy (2020 and beyond).

The EU Emissions Trading Scheme (ETS) has already proven to be an effective tool to reduce greenhouse gas emissions across a range of sectors in an efficient and cost-effective manner. Through the ETS and the linking directive that allows European facilities to engage in the CDM as a way of meeting their commitments, the EU has increased investments in renewable energy and energy efficiency in developing countries and as such is making a modest while important contribution to diversifying the energy mix in those countries. The EU ETS review proposal for the post-2012 period, which was submitted by the European Commission on 23 January 2008 as part of the wider climate action and renewable energy package, aims at integrating other greenhouse gases than CO₂, including PFCs from the aluminium industry and N₂O. It also proposes to include new technologies like Carbon Capture and Storage (CCS) to seek to the extent possible to enable the use of fossil fuels with near zero greenhouse gas emissions. Furthermore, the package contains a proposal for a regulatory framework for the geological storage of carbon dioxide. All these proposals are currently being discussed within the EU with a view to reaching agreement on the package as soon as possible.

The EU's "Seventh Framework Programme" is composed of a number of areas, including "cooperation and inviting developing countries to participate in EU-funded programmes". Cooperation areas include the development and demonstration of clean coal technologies, including carbon capture and storage. For example, the European Community has already allocated 7 million Euros for the investigation of CCS demonstration in China and is working on the financing of the additional cost of the project which may amount to 300 million Euros. The European Community has proposed for the 2009 budget to allocate 70 million Euros for the Global Climate Change Alliance and clean carbon technology transfer including CCS.

Capacity building is essential to support the diversification of economic activities and reduce over-reliance on vulnerable sectors. Capacity building is a central element in virtually all EU support to cooperating partners. Capacity building is to a certain extent based on sound technical analysis, but it is also responsive to the broader social, political and economic environment, including the need to strengthen human resources. Several EU member states are involved in supporting energy sector reforms in developing countries, especially with a view to increasing energy security and diversify the energy resources. Support is also provided to strengthen the capacity to adopt and maintain new technologies.

FURTHER WORK TO ADVANCE IMPLEMENTATION OF ARTICLES 4(8) AND 4(9), DECISIONS 5/CP.7 AND 1/CP.10

The EU welcomes the progress already achieved with the discussion under Decision 1/CP.10, especially during the workshop held at SB 26 in Bonn in 2007. Discussions here focused on modelling, risk management and economic diversification. These elements provide a good structure for further work on this issue.

The EU looks forward to exploring with other Parties how to further take action under these areas, for example as these relate to assessing their likely effectiveness in terms of addressing the potential impacts of the implementation of response measures, including through a focus on economic diversification, capacity building, technology cooperation and other instruments aimed at cooperating with the aim of overcoming identified effects related to climate change.

The EU believes that there is also a need for examining the potential of general and holistic approaches to diversifying economies in order to reduce the vulnerability resulting from heavy dependency on key sectors. These approaches would address any potential effects of response measures and as such increase

levels of foreign investment, improve prospects for employment and thus contribute to sustainable development.

SUGGESTED TERMS OF REFERENCE FOR THE ASSESSMENT OF STATUS OF IMPLEMENTATION

The EU recognises that work is ongoing to enhance the understanding on the potential impacts of response measures as well as to advance knowledge on the process of economic diversification. National Communications from all Parties, technical papers by the Secretariat, reports of the workshops on economic diversification, modelling and reporting all provide valuable information to get a better understanding of the need and potential of economic diversification and thereby seek to address potential impacts of response measures.

The Assessment of the status of implementation of the provisions of Decisions 5/CP.7 and 1/CP.10 and UNFCCC Articles 4(8) and 4(9) should take into account the information provided in these documents. In particular, the assessment should seek to highlight the measures undertaken by Parties, both on their own and jointly with others, to reduce heavy dependencies on vulnerable sectors, in order to highlight best practices and lessons learned. The assessment could identify areas for further analysis and make recommendations to the SBI in this regard.

Conclusion

The EU looks forward to discussing the terms of reference for the assessment and to conducting an effective assessment on the status of implementation of the Convention concerning the impact of the implementation of response measures. The EU wishes to continue the constructive discussions started at SBI 26 and to consider which further actions would be the most appropriate to deal with this issue.

PAPER NO. 3: SRI LANKA

Progress on the implementation of decision 1/CP.10

Developing countries such as Sri Lanka need cooperation in strengthening capacities in identifying and implementing alternative financial risk management strategies. Economically feasible and most appropriate options in this regard need to be identified, as suited for each country.

Developing countries need prioritized assistance to evaluate options for economic diversification and in the use of appropriate financial instruments.

Sri Lanka is of the view that technology transfer as one of the vehicles to enhance technology development in fields such as energy, low cost carbon capture and sequestration and to promote regional research in this regard.

PAPER NO. 4: UNITED STATES OF AMERICA

**Submission on behalf of the United States of America on views on the status of implementation referred to in decision 1/CP.10, paragraph 22, namely the status of implementation of Article 4, paragraph 8, of the Convention, and decision 5/CP.7 and decision 1/CP.10
March 2008**

The United States welcomes this opportunity to express our views on the status of implementation referred to in decision 1/CP.10, paragraph 22, namely the status of implementation of Article 4, paragraph 8, of the Convention, and decision 5/CP.7 and decision 1/CP.10.

The United States is fully committed to promoting adaptation to climate variability and change. President Bush has highlighted the importance of adaptation, and has pledged that the United States will work with all nations that are parties to the UNFCCC to adapt to the impacts of climate change.

We note the successful completion of the majority of elements called for in decision 1/CP.10 and the many activities of Parties to facilitate adaptation in developing countries. It is important to recognize the extensive and impressive work that has been done – for example, in exchanging best practices, in the ongoing implementation of the Nairobi Work Programme, in the regional workshops and expert meetings, the improvements in observation and monitoring networks, and through a wide range of bilateral and multilateral adaptation projects and education, training, and capacity building programs.

The U.S. supports activities that refine the role the UNFCCC plays on vulnerability and adaptation and is supportive of many of the proposed elements that have been brought forward in discussions under this agenda item. We note that such ideas and activities – regarding financial resources, vulnerability and adaptation assessments, adaptation planning and implementation, risk management and risk reduction, economic diversification, capacity building and so on – are also elements that may be considered in the Bali Action Plan. Given that, we recommend that we fold this agenda item into discussions on adaptation actions under the Bali Action Plan and focus our attention there, rather than conducting concurrent discussions on the same issues in two separate fora.

PAPER NO. 5: UZBEKISTAN

Views of the Republic of Uzbekistan on the status of implementation of the Article 4, paragraph 8 of the Convention

The Republic of Uzbekistan supports the activities relevant to the specific needs and concerns of developing countries arising from the adverse effects of climate change (Article 4, par. 8) and highly recognizes the conduction of 3 workshops and the expert meeting that clearly identified these needs and concerns.

Uzbekistan has been already experiencing adverse effects of climate change and brought the burden of the Aral Sea crisis, which is further aggravated by the climate change consequences. Therefore, we are extremely interested in the implementation of the Buenos Aires program of work on adaptation and response measures.

The issues related to adverse effects of climate change in Uzbekistan are the followings:

1. Overcoming the lacks in information provision required for assessment of vulnerability and adaptation through:
 - Establishment of an information system and database on damages caused by extreme weather events.
 - Development of a special insurance system focused on covering the damages by extreme weather events (floods, mud flows, avalanches, frosts, intensive precipitation, hail, droughts, heat wave, in case of Uzbekistan) and consequences of the Aral Sea crisis.
 - Introduction of the international standards for maintenance of the state statistical data at the regional level, which would obviously require international assistance for adequate sharing by experiences in the field of collection and use of specific non-climatic data for vulnerability and adaptation assessment.
 - Establishment of regional web-based databases on specific data for vulnerability assessment, such as death rate specified by reasons, hydrological observations in the runoff formation zone, etc.
2. Facilitating modeling, as well as vulnerability and adaptation assessment, where the main concern of Uzbekistan is not the lack of models and tools, but the capability to apply them professionally under the national circumstances. These include:
 - Continuous strengthening of capacity-building to increase professional level of experts of the national climate-change team in capability to apply the existing tools and models on climate downscaling techniques, socioeconomic scenarios, tools on human health, terrestrial vegetation, as well as decision tools and multisector tools available at the “*Compendium on Methods and Tools to Evaluate Impacts of, and Vulnerability and Adaptation to, Climate Change*” by the UNFCCC Secretary, 2005. It can be for example, in the form of thematic regional mid-term training courses on methods and tools listed in the UNFCC Compendium on Tools and Methods attended by several experts from each country for more reliable capacity building.
 - Technical support and consultations in calibration of the existing tools and models to the regional and national circumstances.
 - Promotion of regional and inter-regional cooperation on modeling, economic valuation and adaptation assessments.
