

SBI sub-item 17 (b) / SBSTA sub-item 9 (b)

Modalities, work programme and functions under the Paris Agreement of the forum on the impact of the implementation of response measures

**Reflections note**

## Mandate

At the forty-sixth sessions of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA), the SBI and the SBSTA requested the secretariat to organize, under the guidance of the Chairs of the SBI and the SBSTA, a pre-session workshop on 4 and 5 November 2017 that will focus on the elements of the modalities, work programme and functions under the Paris Agreement of the forum on the impact of the implementation of response measures.

The SBI and the SBSTA requested their Chairs, with the support of the secretariat, to update after the pre-session workshop the reflections note (RN) drafted prior to the SBI 46 and the SBSTA 46. The Chairs of the SBI and the SBSTA requested the assistance of the co-facilitators of the response measures contact group at SBI 46 and SBSTA 46 in producing this updated RN. This updated RN builds upon the views expressed by Parties in submissions and during the pre-session workshop.

This RN is not intended to be a summary of the submissions received, or of the discussions that took place at the pre-session workshop, or a synthesis report. This RN is also not, in any way, intended to put forward suggested solutions; instead, it aims to facilitate discussions at SB 47.

The RN represents the views of the co-facilitators, based on what they took back from the submissions, and the discussions during the pre-session workshop. The views expressed in this RN are views expressed by one or more Parties, either directly or, in the view of the co-facilitators, emerging from discussions.

An element of judgment is not only inevitable, but must also be expected in an RN. None of the views expressed in this RN represent a consensus among Parties. The fact that the attribution of views originated with one or more Parties, the divergence of views, and assertions that any statement does not represent consensus will not be repeated throughout the RN, but is rather implicit. Also, throughout this RN we will refer to two forums: the improved forum (IF), which is the current forum operating under the SBSTA and the SBI, and the forum serving the Paris Agreement (FPA), which will serve the Paris Agreement, also operating under the SBSTA and the SBI, while acknowledging that the FPA is seen by most Parties as a continuation of the IF.

## Background

Article 4, paragraph 15, of the Paris Agreement states that, in implementing the Agreement, “the concerns of Parties with economies most affected by the impacts of response measures, particularly developing country Parties, should be taken into consideration”. Furthermore, decision 1/CP.21, paragraph 33, states that the “forum on the impact of the implementation of response measures, under the subsidiary bodies, shall continue, and shall serve the Agreement”; also, decision 1/CP.21, paragraph 34, states that the SBI and the SBSTA “shall recommend, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session, the modalities, work programme and functions of the forum on the impact of the

implementation of response measures to address the effects of the implementation of response measures under the Agreement”.

## General observations

As is evident from the mandates described above, from the submissions of Parties, and from the evolution of discussion from Paris to Bonn, it can be concluded that in determining the functions, developing the modalities, and the work programme of the FPA, it should be important to ensure continuity and strive for evolution and improvement at a commensurate pace.

Taking into account lessons learned from the IF could be another important principle. This is true not only in terms of the process (modalities), but also with respect to what is included in the work programme of the IF. Some Parties seem to feel that the pace of work ought to be accelerated and more focused outcomes should be achieved.

Parties provided a rich range of views on the functions, modalities and work programme of the FPA. The pre-session workshop was completed in a positive atmosphere where Parties focused on views put forward and asked for more detail on the views of other Parties, while avoiding debates on the merits of specific proposals. Some Parties proposed a programme that builds upon, deepens and enriches existing functions, modalities and work programme elements. Other Parties provided more granular presentations that added more detail to the Paris Agreement decisions.

In discussions, some Parties indicated they would like to see the FPA move into concrete, implementation-type work, which in their views would better implement decision 1/CP.21, paragraphs 33 and 34, which see the forum as “enhancing cooperation amongst Parties on understanding the impacts of mitigation actions under the Agreement and the exchange of information, experiences, and best practices amongst Parties to raise their resilience to these impacts”. The need to balance a commensurate pace and observe the interests of all Parties with the desire for concrete engagement will be an important consideration.

Some other Parties stressed the notion of exchange of information, experience and best practices as key elements in decision 1/CP.21, paragraph 34.

Some Parties suggested the FPA should help countries meet the mitigation goals and economic challenges of the Paris Agreement through sharing best practices on achieving economic diversification and just transition of the workforce. In addition, some Parties expressed that the FPA should support, in concrete ways, Parties (especially developing country Parties) in building up the resilience of their societies and economies to the adverse impacts of response measures. Some other Parties stressed that the mandate in decision 1/CP.21, paragraph 34, clearly references all impacts, both positive and negative.

## Functions of the forum on response measures serving the Paris Agreement

From the submissions and discussions in the subsidiary bodies, the key terms seemed to be ‘understanding of impacts’ and ‘exchange of information’. As continuity was mentioned as a principle to be considered in using the lessons and experiences between the IF and the FPA, we should also recall that decision 11/CP.21, paragraph 1, also states that the IF “shall provide a platform allowing Parties to share, in an interactive manner, information, experiences, case studies, best practices and views, and to facilitate assessment and analysis of the impact of the implementation of response measures, with a view to recommending specific actions”. The specificity of facilitating assessment and

analysis of the impacts of response measures also needs to be considered and included when the functions of the FPA are determined. Parties referred to the need to understand and be able to assess impacts before being able to exchange information.

Some Parties highlighted functions of the forum as an element of the overall architecture of the Paris Agreement and in the context of its long-term temperature goal, as stated in Article 4 of the Paris Agreement. From this perspective, the forum should strengthen opportunities for Parties to cooperate and take forward discussions on their different national approaches in the context of the implementation of their respective nationally determined contributions.

Several levels of functions of the FPA have emerged and been identified from submissions by Parties and interventions during the pre-sessional workshop. While strongly linked and feeding into each other, it is also important to note that there needs to be a clear differentiation between what is meant by the functions of the FPA, its modalities and its work programme.

1. Understanding the impacts of response measures, as the argument has been made that, in order to share experiences and lessons learned, one of the functions should be to identify the impacts and understand them.
2. Developing a platform for sharing the understanding of the impacts as illustrated through best practices, lessons learned and experiences among Parties, which will be further elaborated in the work programme. Also the forum should coordinate with other forums and mechanisms established under Paris agreement e.g technology mechanism, financial mechanism, capacity building etc.
3. Developing tools and methodologies in order to aid Parties in assessing and addressing the impacts of the implementation of response measures.
4. Providing recommendations to the Conference of the Parties (COP) Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) on how to address the impacts of the implementation of response measures.
5. Implementation, or supervision of the implementation, of measures to address the impacts of the implementation of response measures.

On a number of functions (and the potential need for linkages between them), there is convergence among Parties, while on others there is less so. While most Parties seem to agree on the need to understand the impacts, and the need for the FPA to act as a platform for sharing information on these impacts and ways to address them, some see the experiences emerging more from the national level, while others focus more on international experiences.

Some Parties felt the existing functions provide enough depth and scope to form the basis for more detailed discussions, with the Paris Agreement set to provide a wider variety of examples of mitigation efforts to discuss. This could see the FPA as a forum to help countries balance mitigation action and economic prosperity. In the workshop, some Parties discussed their efforts to undertake economic diversification under this topic.

Some Parties shared a sense that in order to meet the needs under the Paris Agreement, the FPA needs to go beyond these two functions, currently covered under the IF, and become more operational, especially by developing tools that would aid in identifying and quantifying impacts. Function 4 identified making recommendations to the COP and CMA as a potential function of the forum, which would in turn examine it for approval or rejection. In the case of implementation, the FPA is seen by some as fulfilling the function of overseeing the implementation.

One area of convergence is the FPA function of exchanging information and bringing stakeholders together, including with other forums under the UNFCCC, other international and multinational organizations and external experts.

Another important issue is the coverage of the impacts and where the mitigation actions originate. Different views seem to emerge. There is divergence on whether the focus should be on impacts in developing country Parties only. Many Parties noted that the Paris Agreement language acknowledged that all Parties would be affected by the impacts, while recognizing developing country Parties were particularly affected.

In the same vein, the issue of whether impacts from response measures implemented in developed country Parties, impacts from response measures implemented by any Party, or impacts from response measures implemented at the international or intergovernmental level need to be addressed by the FPA must be considered. In addition, there is some convergence on the view that the minimization of adverse impacts from the implementation of response measures, as well as the maximization of their co-benefits, should be addressed.

## The work programme of the forum on response measures serving the Paris Agreement

Returning to the theme of continuity and improvement, the work programme of the FPA is seen by some as expected to build on the work programme for the IF. Experience from implementing the work programme of the IF will provide valuable lessons for the FPA.

The work programme of the IF was agreed at COP 21 and is composed of two elements: (a) economic diversification and transformation and (b) just transition of the workforce and the creation of decent work and quality jobs.

Given the ethos of iterative and continuous improvement that permeates the FPA, there was debate on whether the scope as including only the two elements of the work programme of the IF may need to be reconsidered, as understanding of the issues increases and as the forum begins to serve the Paris Agreement.

Some Parties suggested that these elements provide a broad scope for enhancing ambition of mitigation through understanding the impacts of response measures. By understanding how countries could best diversify their economies and achieve a just transition of the workforce, they could apply mitigation efforts that achieve their economic and political goals.

It must always be recalled that the work programme of the FPA has to ensure that its functions are fulfilled and should adhere faithfully to the direction these functions provide. The work programme at this level of granularity should also provide stability, while including the governance for dynamic adjustment. It could be accompanied by a more detailed work programme with a shorter time frame. In that sense, the current approach of the IF may provide a useful way forward, which should be monitored and potentially emulated. Some see a need to supply consistency and continuity between the pre-2020 and post-2020 work programme of the FPA. Some sees the work programme as constituting a “plan of action”, oriented towards operationalization.

Some Parties suggested that the functions of the FPA, as discussed in the previous section, may indicate that its work programme should include reference to developing tools for assessing and quantifying the impacts of response measures, as well as developing frameworks for determining the scope of relevant data collection, to enable further analysis and economic modelling to be undertaken.

Parties have expressed that the work programme should be kept consistent with decision 1/CP 21, paragraph 34, and therefore focus on “enhancing cooperation amongst Parties on understanding the impacts of mitigation actions under the Agreement and the exchange of information, experiences, and best practices amongst Parties to raise their resilience to these impacts”. Other Parties mentioned that it could be expanded in order to help Parties increase their mitigation ambitions.

It is becoming clear that the Forum functions in a rapidly changing environment, with a lot of uncertainty. The transition to a low-carbon society needs to be managed, but it should be noted it is not the first transition that countries and economies go through. However, economic sectors and countries are not only moving along this transition because of the implementation of response measures. Indeed, in many areas economic incentives are driving the transition and having climate change co-benefits.

Some Parties seem to feel that this level of uncertainty and change calls for a more dynamic work programme that is not limited to the areas of the current work programme, as it is impossible to prejudge what will be important areas to focus on in the near future. The work programme should therefore be flexible in order to capture this changing environment as much as possible. However, there are also Parties that prefer a more static, predictable and stable work programme.

One way to analyse the discussion is to suggest there are three different possible levels of the work programme that Parties have expressed.

1. Broad or general areas of work that have the potential to grab the attention of every Party as a continuation of the two areas of the current work programme or with additional areas. Broad areas have the advantage that the focus can be put on different elements or subtopics of these areas at different depths. Parties do seem to agree that the two areas of the current work programme should continue, as there is still a lot left to share and learn on these two topics. However, some Parties do seem to want to expand into other broader areas with implications for inclusive growth, such as impacts on international trade, human rights, youth, gender, migrants, indigenous peoples, people in vulnerable situations, intergenerational equity, etc. Other Parties suggested the existing work programme could have sufficient breadth to include some of these elements.
2. Some Parties introduced a notion of a short- to medium-term plan of action, with more specific milestones and timetables. There is interest from some Parties to expand the work programme from the broad areas above into more specific areas and a desire to expand into implementation. The plan of action approach could be designed with adaptability and flexibility to adjust the work programme to potential newly identified issues.

One view expressed by some Parties was that a more detailed work programme designed to understand and address impacts of the implementation of response measures could follow three broad steps:

- a. Assess and analyse the impacts of the implementation of response measures;
  - b. Address the impacts of the implementation of response measures;
  - c. Monitor and report on the impacts of the implementation of response measures.
3. A detailed list of components of the work programme that some Parties suggested can be found in the attached in Annex A.

## Modalities of the forum on response measures serving the Paris Agreement

Continuity and evolution also apply to the modalities of the FPA. Another issue that was highlighted, and where there was convergence, was that the work of the FPA should be as inclusive as possible. Some Parties suggested that Parties and, to the extent appropriate and desirable, observers and other stakeholders, should not face barriers, including financial barriers, from attending the FPA. Some other Parties stressed the importance of having all work in session to maximize participation and cost-efficiency. In the view of some, inclusivity would be diminished if activities were held out of session.

The FPA was also seen as being interactive, in that it should be not only a way to disseminate information, but also a place for dialogue, where new ideas are shared and where understanding concepts and approaches is a critical outcome of the work.

Three different architectures emerged as possible options in moving forward with the work of the FPA. The FPA will remain jointly under the SBI and the SBSTA and will report to COP, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and CMA. While most of them are, to some degree, variations on the architecture of the current IF to some degree, some new directions and features emerge.

2. Continuation of the Forum as it is currently functioning, but without the technical expert group (TEG). Some have argued that, so far, the only experience with the TEG has not been as expected and has not produced substantive results. They see the TEG as having been largely populated by negotiators nominated as delegates. While not contesting the credentials and expertise of negotiators, in their view this led to the session ending up, to a large degree, as another negotiating session. This view is not shared by all.
3. Continuation of the forum in its current configuration, including the TEG. Two different approaches may emerge:
  - a. The TEG would be established on a permanent basis;
  - b. The TEG would continue to be established on an ad-hoc basis, with more than one TEG operating in parallel if needed.
4. Building upon the current architecture, but with separation between three pillars:
  - a. The contact group, where discussions take place and decisions are made, such as on the work programme of the forum for the coming years can take place, as well as any other issues that may require negotiation and certain type of decision making.
  - b. The forum, where policy discussions take place and certain recommendations and decisions are made (e.g. the forum develops and issues standards and guidelines for the implementation of data collection).
  - c. The TEG, where technical work is undertaken (e.g. provides technical advice that can be used by the Forum in policy discussions). In this case, the TEG becomes a separate and permanent body.

In this architecture, the forum and the contact group are seen as having attributes similar to a contact group under the subsidiary bodies in that they can both issue recommendations to the subsidiary bodies.

There seems to be convergence between Parties on this issue of inclusiveness and the maximization of participation. However, some Parties see the TEG in its current form as promoting inclusiveness by allowing the participation of and exchange of views between external experts and negotiator experts, while some see too much emphasis being de facto put on the participation of experts who are also negotiators. Some Parties see regional representation on the TEG, as like any other constituted body

under the Convention, as inclusive. Some areas of discussion will continue to be challenging, with Parties holding different views.

While all agree that the FPA should be efficient and effective, some Parties feel that the focus should be on the desired goals and objectives of the forum and that a discussion on the allocation of resources is secondary to the discussion on what needs to be done to reach the goal of the Paris Agreement with the FPA. Others considered that ensuring issues of cost and resources are well managed is crucial to ensuring its effectiveness.

While by no means an exhaustive list, some Parties suggested that the main modes of work and the products that the FPA may wish to consider depending on the circumstances, include the following:

- Technical studies and reports;
- Reviews;
- (Ad hoc) TEG;
- Guidelines;
- Case studies;
- Pilot projects;
- Workshops (in session and intersessional);
- Joint work with external organizations;
- Regional training workshops.

Annex A  
Potential elements of work programme

Some Parties suggested these elements as being potentially part of a work programme of the forum serving the Paris Agreement:

- Develop guidelines for linking discussions under response measures more closely with nationally determined contributions, the facilitative dialogue and means of implementation;
- Develop synergies with the 2030 Development Agenda and more specific Sustainable Development Goal 8 on decent work and economic growth;
- Build the capacity of countries to improve the understanding of the impact of response measures to use existing modelling tools and/or the tools developed by the forum through regional training programs;
- Build the capacity of developing countries to assess the impacts of response measures, including establishing and/or strengthening analytical and institutional frameworks, economic modelling, studies, methodology development, scenario-setting and technology transfer to assist developing country Parties in addressing the negative economic and social consequences of response measures;
- Carry out systematic and comprehensive assessments or analysis to understand cross-border impacts of response measures on developing countries and identify types of measures of significance requiring urgent action to address, especially ways to minimize the adverse impacts of response measures. Understand how the impact of response measures relates to a sustainable transition to a low greenhouse gas emission society;
- Undertake case studies that clearly demonstrate how to use the methodology or existing tools for assessing impacts of mitigation measures;
- Consider the reports of countries on impacts of implementation of response measures;
- Build awareness about response measures and their potential positive and negative impacts;
- Promote, develop and disseminate methodologies and tools to conduct ex ante and ex post assessment, including the data collection and reporting framework and the development and use of modelling tools;
- Develop guidelines for assessment, monitoring and reporting impacts and measures undertaken to address or minimize the negative impacts of implementation of response measures;
- Review or consider reports on impacts of implementation of response measures;
- Address the lack of case studies on the international aspects of response measures;
- Develop sector-specific case studies for the agriculture sector, trade and financial, manufacturing and energy-intensive industries, oil and gas industries and the tourism sector aimed at sharing success stories, lessons learned and barriers faced for implementation of diversification strategies for sectors and industries vulnerable to or impacted by response measures;
- Identify and quantify the cross-border impacts of response measures on Parties with economies most affected by the impacts of response measures, particularly developing country Parties and their prospects of achieving economic transformation, inclusive growth and poverty reduction;
- Facilitate the development of guidelines, methodologies and tools with other relevant institutions, including issues of comparability and verifiability;



- Address concerns with respect to how climate change measures taken unilaterally can have a negative impact on cooperation and multilateralism;
- Collaborate with the financial institutions within and outside the UNFCCC in accordance with decision 5/CP.7, paragraph 18, of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to mobilize resources to support the work programme of the forum (Global Environment Facility, Special Climate Change Fund);
- Coordinate and integrate with social and economic development;
- Develop inventory of impacts of response measures;
- Establish ways to strengthen multilateral cooperation to avoid unilateral measures;
- Explore further cooperation on innovation and technology;
- Establish dialogues on assessment and analysis of adverse impacts of response measures, including unilateral ones, in terms of their consequences for, inter alia, trade, competitiveness, gender, investment, employment, income, economic growth rates and living standards in developing countries and explore ways to minimize adverse impacts of response measures;
- Develop a system or programme to record measures and to examine and review their impacts comparatively (domestic versus cross-border impact);
- Look at nationally determined contributions and prepare a paper on the annual status of reporting on the impacts of response measures;
- Inform the global stocktake at its first meeting and subsequent meeting.