

## Agenda item 3c

Facilitate the development and exchange of regional, country- and/or sector-specific case studies and approaches on (1) economic diversification and transformation and just transition of the workforce and creation of decent work and quality jobs, and (2) assessment and analysis of the impacts of the implementation of response measures with a view to understanding the positive and negative impacts

Draft concept note on activity 7

7th meeting of the KCI

Sharm el-Sheikh, 2-3 November 2022



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# Mandates

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- Mandates: (Annex II to decision 4/COP.25, 4/CMP.15 and 4/CMA.2)
  - **Workplan activity 7**- “Facilitate the development and exchange of regional, country- and/or sector-specific case studies and approaches on (1) economic diversification and transformation and just transition of the workforce and creation of decent work and quality jobs, and (2) assessment and analysis of the impacts of the implementation of response measures with a view to understanding the positive and negative impacts”
  - **Modalities** - “KCI to examine existing case studies and identify an area where it may develop a case study, as appropriate.”
  - **Estimated timeline** – “SB 59 and onwards, as decided by the forum/KCI”



# Concept note – examining existing case studies & KCI's work

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Scope of the examination:

- Review of relevant existing work and case studies that have been undertaken by the KCI, the forum and external organizations where relevant.

Existing case studies identified in the examination of relevant existing work:

- ✓ Countries: Senegal, Kenya, Ghana, Chile, Kuwait, India, South Africa, Colombia, Denmark and Norway.
- ✓ Sectors covered:
  - Multiple sectors of the whole economy
  - Sector specific: electric utility, coal mining, oil and gas production.
- ✓ Response measures: carbon pricing measures, domestic carbon tax, coal phase-out, CBAM, inefficient fossil fuel subsidy reform, international carbon tax on shipping and aviation, reduced price and demand for oil, overall transition away from fossil fuels in energy mix.

Also looks at KCI's two technical papers (activities 3 and 4) and draft TP on people in vulnerable situations (activity 9).



# Concept note – examining existing case studies

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- Key findings from the examination:
  - Within various options of response measures, the existing studies focus on carbon taxes on certain energy or non-energy industries, but **there is a significant gap in studies assessing energy transitions, the critical goals of economic diversification and just transition necessary for managing impacts of the response measures;**
  - The existing studies also highlight that there are opportunities to **further measure the impacts** of the implementation of response measures, especially on people in vulnerable situations, **in part because of the lack of available data and required technical skills and other resources;**
  - The lack of data required to implement quantitative methods implies that focusing solely on quantitative methods-based assessments would largely limit the possibilities of viable case studies that can be replicated and/or generalized to other cases. Therefore, to widen the scope of assessment and filling the gaps in the existing studies, it is **increasingly important to rely on mixed methods that can expand the possibilities of case studies and their replication in a timely manner.**



## Concept note – criteria to select possible areas where KCI may develop a case study, as appropriate

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**Criteria** to select an area where a case study could be developed:

- Ability to highlight approaches on **economic diversification** and transformation **and just transition of the workforce** and creation of decent work and quality jobs.
- Ability to highlight approaches on **assessment and analysis of the impacts of the implementation of response measures** with a view to understanding the positive and negative impacts, including both intended and unintended consequences.
- **Data availability** that can enable the assessment of the case study, with a preference for data available in the public domain.
- A case study that enables the use of **quantitative/qualitative/mixed methods** to assess the impacts of climate policies/response measures.
- A case study that can be done within a **timeframe of no more than 16 months**.
- A case study that has generic implications and conclusions that are not too unique to the case study's circumstances, but a case study that can be **replicable and applicable to other regions, countries, and/or sectors**.



## Concept note – possible areas where KCI may develop a case study, as appropriate

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**Proposed options** that enable the examination of a regional, country- and/or sector-specific case studies:

- **Option 1** – *Country-specific case study: Assessing the effects of the global energy transition (such as the reduction of hydrocarbon export demand due to global energy transitions and rising climate policies) in a fossil-fuel dependent economy, taking into account people in vulnerable situations (or subsections of them), as well as efforts toward economic diversification and just transition.*
- **Option 2** - *Region-specific case study: Assessing impacts of the implementation of emissions reductions climate policies, such as a global carbon tax, on Southeast Asian export-oriented economies and households, taking into account people in vulnerable situations (or subsections of them)*
- **Option 3** - *Sector and region-specific case study: Assessing impacts of increasing fuel costs on resource-dependent, carbon-intensive tourism sectors in the region or in specific islands of Caribbean and the Pacific region, taking into account people in vulnerable situations (or subsections of them).*



## Concept note – selection of possible area where KCI may develop a case study, as appropriate

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**Option 1** chosen as the area where a case study may be developed by the KCI, as appropriate:

- This option addresses the energy transition, which is a common and significant issue faced by all economies around the world.
- The global energy transition affects **fossil fuel importing economies** as well as **fossil fuel producing/exporting economies**.
- The energy transition response measures could include both **the global energy transition** as well as the **energy transitions domestically**.
- This option has the most range of applicability and relevance to assessing impacts of the implementation of response measures and, therefore, will be the most helpful in aiding policy making that can support **economic diversification and just transition, as well as maximize the positives and minimize the negative impacts**.



# Concept note – outline of the proposed case study

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- **Methods:** Quantitative data-based assessments, qualitative, and/or mixed methods tools.
- **Data:**
  - Firstly rely on publicly available data that will be gathered from the public domain;
  - Additional data will be gathered from online based survey, coupled with stakeholder consultations.
- **Potential output, inter alia:**
  1. Assessment of impacts on macro-economic indicators (e: growth, economic structure, sectoral output, jobs, and distributional effects on households) and on people in vulnerable situations in general terms where possible;
    - a. Assessment to include how existing and planned efforts related to economic diversification and just transition relate to the possible impacts;
  2. Indicators on economic diversification and just transition that can be used to assess the impacts of responses measures and progress towards policy targets.
- **Timeline:** Would take 12 – 14 months to complete

