

FCCC/SB/2000/CRP.6
10 September 2000

ENGLISH ONLY

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Thirteenth session

Lyon, 11-15 September 2000

Agenda items 3 and 4

SUBSIDIARY BODY FOR IMPLEMENTATION

Thirteenth session

Lyon, 11-15 September 2000

Agenda items 3 and 4

**IMPLEMENTATION OF ARTICLE 4.8 AND 4.9 OF THE CONVENTION
(DECISION 3/CP.3 AND ARTICLES 2.3 AND 3.14 OF THE KYOTO PROTOCOL)**

MATTERS RELATING TO ARTICLE 3.14 OF THE KYOTO PROTOCOL

Draft decision(s)

Preambular paragraphs relating to a decision on Article 4.8 and 4.9 of the Convention:

Reaffirming its commitment to achieving the ultimate objective of the Convention, as defined in Article 2 of the Convention,

Recalling its decision 11/CP.1, subparagraph 1 (d) on policies, programme priorities and eligibility criteria regarding adaptation, particularly the matter of funding stages I, II and III of implementation,

Recalling also its decision 1/CP.4, paragraph 1 (c), on the implementation of Article 4.8 and 4.9 of the Convention (covering also Articles 2.3 and 3.14 of the Kyoto Protocol),

Recalling further [its decisions 3/CP.3, 5/CP.4 and 12/CP.5] [decisions 3/CP.3, 5/CP.4 and 12/CP.5 of the Conference of the Parties],

Recognizing the specific needs and concerns of developing country Parties referred to in Article 4.8 of the Convention, and the specific needs and special situations of the least developed countries referred to in Article 4.9,

LYS.00-00100

Acknowledging the efforts already made by Parties to meet the specific needs and concerns of developing country Parties, in particular the least developed countries, with regard to adaptation,

Acknowledging the need to sensitize policy makers and the general public in non-Annex I countries to the possible effects of climate change, in accordance with Article 6 (a) of the Convention,

Having considered the report,¹ in two parts, on the two workshops referred to in decision 12/CP.5,

Noting [with concern] the many [persistent] uncertainties highlighted by those workshops, particularly in regard to the impact of response measures,

Acknowledging that the impacts of response measures will differ significantly from country to country, depending on each country's unique national circumstances, including the structure of its economy, trade and investment flows, natural resource endowment, social system, legal regime, and population growth rate,

Preambular paragraphs relating to a decision on Article 3.14 of the Kyoto Protocol:

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling [its decision 8/CP.4] [decision 8/CP.4 of the Conference of the Parties], particularly as it refers to decision 5/CP.4 [of the Conference of the Parties],

[*Recognizing* that decision x/CP.6 of the Conference of the Parties establishes an appropriate process for information gathering and exchange on issues relating to the adverse effects of climate change and/or the impact of response measures,]

[*Noting* in particular the invitation contained in decision x/CP.6 of the Conference of the Parties to the Intergovernmental Panel on Climate Change (IPCC) to prepare a special report on the methodological aspects related to impacts of response measures on developing countries [,particularly the least developed countries],]

[*Recognizing* the key role that cost-effective, transparent and uncapped flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,]

[*Reaffirming* the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol,]

[*Reaffirming* the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change,]

¹ FCCC/SB/2000/2.

[*Acknowledging* the [need for] [role that can be played, in limiting and reducing emissions of greenhouse gases, by the implementation and/or further elaboration of policies in accordance with national circumstances, such as] the progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors that run counter to the objective of the Convention and application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,]

**Text on implementation of Article 4.8 and 4.9 of the Convention
(decision 3/CP.3 and Articles 2.3 and 3.14 of the Kyoto Protocol)**

I

ADVERSE EFFECTS OF CLIMATE CHANGE

Section A

1. *Asserts* the importance of a country-driven approach that allows developing countries to pursue the specific activities most appropriate to their unique national circumstances;
2. *Insists* that action related to adaptation follow a [thorough] assessment and evaluation process, based on national communications, [or in the case of the least developed countries, other appropriate information,] so as to avoid maladaptation and to ensure that adaptation actions are environmentally sound and will produce real benefits in support of sustainable development;
3. *Encourages* Parties not included in Annex I to the Convention (non-Annex I Parties) to provide relevant information, including in their national communications, and any other [sources of information] [relevant reports], [or in the case of the least developed countries, other appropriate information,] on their specific needs and concerns arising from the adverse effects of climate change;
4. *Encourages* Parties included in Annex II to the Convention (Annex II Parties) to provide detailed information, including in their national communications, on their existing [and planned] support programmes to meet the specific needs and circumstances of developing country Parties arising from the adverse effects of climate change;
5. *Encourages* Parties to exchange information on their experience regarding the adverse effects of climate change and on their implemented and planned measures to meet their needs arising from these adverse effects;
6. *Underlines* the importance of the ongoing work of the secretariat in compiling and disseminating information on methods and tools to evaluate impacts and adaptation strategies;

Section B

7. [*Invites* Annex II Parties to cooperate with developing country Parties under Article 4.8 and 4.9 of the Convention, through providing financial and technical support, built upon planned and existing programmes where these have been identified as mutual priorities

for sustainable development assistance through established dialogues, [such as] for the following activities:]

[Recognizing the importance of ensuring that activities supporting adaptation to the adverse effects of climate change are country driven, *encourages* Annex II Parties, bilaterally and/or in cooperation with international and/or multilateral organizations such as the Global Environment Facility, as appropriate, to [continue to cooperate and to] provide [further] financial and technological support for specific activities [elaborated by non-Annex I Parties, such as those] listed below, in accordance with their national circumstances and sustainable development priorities:]

[*Decides* that Annex II Parties shall establish a fund to provide developing country Parties, under Article 4.8 and 4.9 of the Convention, with sustained and long-term financial support on an ongoing basis for all adaptation projects and activities, including the following:]

[*Decides* that Annex II Parties shall provide developing country Parties with new, additional, and sufficient financial resources and technical support on a timely, ongoing basis for the activities listed below; these resources may be provided through new and existing [financial and funding] mechanisms, [including the Global Environment Facility:]]

- (a) Information [needs] and [enhancing] methodologies:
 - (i) Improving [preliminary] data collection and information gathering, as well as the analysis, interpretation and dissemination to end-users;
 - (ii) [Promoting methodologies to distinguish climate change impacts from other impacts, and further research to link historical information with climate change and climate variability;]
 - (iii) Integrating climate change considerations, including those related to land use, such as crop production and livestock management, into sustainable development planning, and into the transfer of technology;
[Ensuring that, in relation to the transfer of technology and sustainable development, climate [considerations/]activities are designed to meet the specific national priorities and criteria related to land use, especially crop production and livestock management]
 - (iv) Providing training in specialized fields relevant to adaptation such as [climate and hydroclimate studies,] [geographical information systems,] environmental impact assessment, modelling, integrated coastal zone management, soil and water conservation and soil restoration;
 - (v) Strengthening existing and, where needed, establishing national and regional systematic observation and monitoring networks (sea level, climate and hydrological monitoring stations, fire hazards, land degradation, floods, cyclones and droughts);
 - (vi) Strengthening existing and, where needed, establishing national and regional centres and institutions for the provision of research, training,

- education and scientific and technical support, [utilizing the existing organizations and information technology as much as possible];
- (vii) [Strengthening existing and, where needed, establishing national and regional research programmes on climate variability and change, oriented towards improving the knowledge of the climate system on the regional scale, and creating national and regional scientific capability;]
 - (viii) [Improving monitoring of diseases and vectors, and related forecasting and early-warning systems, and improving disease control and prevention as well as clinical treatment, including that of respiratory ailments associated with air pollution;]
 - (ix) [Providing] [Continuing to provide] greater financial and technical support for education, training and public awareness of climate-related issues, for example through workshops, and information dissemination;
- (b) Vulnerability and adaptation:
- (i) [Providing additional support, such as support by the Global Environment Facility, for enabling activities for vulnerability and adaptation assessment;]
 - (ii) [Continuing to provide support for enabling activities for vulnerability and adaptation assessment through the activities of appropriate international organizations];
 - (iii) [Enhancing technical training for vulnerability and integrated adaptation assessments, climate change impact assessment [[across all sectors], and environmental management] [in relation to climate change];]
 - (iv) [*Enhancing* technical training for integrated climate change impact and vulnerability assessments]
 - (v) [Integrating] [Enhancing [institutional] capacity to integrate] adaptation into sustainable development programmes;
 - (vi) [Establishing projects or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, [and can/may be integrated into national policy and sustainable development planning,] on the basis of [information provided in the national communications from non-Annex I Parties, and of] the staged approach endorsed by the Conference of the Parties (COP) in its decision 11/CP.1;]
 - (vii) [Implementing adaptation activities immediately where sufficient information is available to warrant such activities, particularly in the areas of water resources management, land management, agriculture, health, infrastructure development, ecosystems and integrated coastal zone management, and energy supply;]

- (viii) [Continuing to provide] [Providing] financial and technical support for] [institutional] capacity-building for disaster [prevention,] preparedness and disaster management, including contingency planning for droughts and floods in areas prone to extreme weather events;
- (ix) Strengthening existing and, where needed, establishing early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist particularly vulnerable countries;
- (x) [Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, [utilizing the existing organizations and information technology as much as possible];]
- (xi) [Establishing a disaster fund for climate-induced disaster relief for vulnerable developing countries under Article 4.8 and 4.9 of the Convention;]

[Further improving readiness for climate-induced disaster relief for vulnerable countries as well as non-climate related disaster relief;]

(c) Further multilateral work

- (i) [Developing joint work with other conventions, such as the Convention to Combat Desertification, on areas of common interest, and addressing linkages to related decisions of the COP on capacity-building and transfer of technology;]

[Conducting a workshop, organized by the secretariat, before [SB 14] [COP 7], on the possible synergies and joint action with the other multilateral environmental conventions and agreements such as the Convention to Combat Desertification, and reporting the results of this workshop to COP 7;]

- (ii) [Conducting a workshop, organized by the secretariat, before [SB 14] [COP 7], on insurance and risk assessment in the context of climate change and extreme weather events, and reporting the results of this workshop to COP 7;
- (iii) [Cooperating with the United Nations Environment Programme on activities related to the development of a vulnerability index for those countries that are vulnerable to the adverse effects of climate change, and considering organizing a joint workshop on this issue;]

8. [Invites the relevant international organizations to cooperate in promoting methodologies to distinguish climate impacts from other impacts;]

9. [Urges non-Annex I Parties to take immediate action to create favourable conditions for investment in sectors where such investment can contribute to the ultimate objective of the Convention;]

10. Requests the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) to review, at their subsequent

sessions, the progress of the above-mentioned activities and make recommendations thereon to the COP at its [seventh] [eighth] session;

Section C

11. [*Requests* Parties to reflect further on specific issues of concern to the least developed countries, which could be the topic of a specific workshop to be organized by the secretariat;]

12. [*Urges* Annex II Parties to take all practical actions to assist the least developed countries, which are the most vulnerable and have the lowest adaptive capacity, to ensure reduction of the impacts of adverse effects of climate change on their people. The following basic and fundamental activities must be addressed within a time-frame to be decided:

(a) Strengthening existing and, where needed, establishing national climate change secretariats or focal points to enable effective implementation of the Convention including preparation of national communications and their regular update;

(b) Providing financial and technical support for vulnerability and integrated adaptation assessment, and developing and implementing an integrated adaptation programme;

(c) Capacity-building;

(d) Developing and implementing a public awareness programme to ensure dissemination of information on climate change and climate change issues;

(e) Providing support for the organization of a workshop for the least developed countries in order to enable these Parties to discuss their specific needs under the Convention;]

II

IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES

13. [*Stresses* that [Parties should take action consistent with the ultimate objective of the Convention] [no Party should be required to take action [that it deems to be] contrary to the ultimate objective of the Convention;]

14. [*Decides* that, in order to minimize the impacts of response measures, Annex II Parties shall provide developing countries with new, additional and sufficient financial resources and technical support on a timely, [on-going] [continuing] basis for the activities listed below; these resources may be provided through new and existing financial and funding mechanisms.]

Section A

15. [*Encourages* non-Annex I Parties to provide [relevant] information, including in their national communications, and any other [sources of information] [relevant reports], [or in the case of least developed countries, other appropriate information,] on their specific needs and concerns arising from the implementation of response measures, and [encourages

the Global Environment Facility to provide funds] [notes that the Global Environment Facility provides funds] to this end;]

16. [[*Encourages* [Annex I Parties] [Annex II Parties] to] [*Decides* that Annex I Parties shall] provide [detailed] information, in their national communications, [and any other relevant reports] on their existing [and planned] support programmes to meet the specific needs and circumstances of developing country Parties arising from the impact of the implementation of response measures;]

17. [*Reiterates*, as stated in decision 12/CP.5, sixth preambular paragraph, that the identification of initial actions needs "to be based on sufficient information and analysis within a clearly-defined process";]

18. [*Decides* that this information should be provided and analysis conducted within the following clearly-defined process:

(a) First, methodologies for assessing, and case studies describing, the impact of response measures since the Convention entered into force must be developed in the following manner:

- (i) Consistent with Article 4.8 of the Convention, these methodologies should provide for the separation of the impact of other unrelated policies and measures from that of policies and measures [undertaken] [applied] specifically to address climate change;
- (ii) Where policies and measures are [undertaken] [applied] for multiple reasons, those methodologies should recommend means to determine what proportion of the policies and measures were [undertaken] [applied] for climate change mitigation purposes;
- (iii) These methodologies should also disaggregate the effect of climate change policies and measures from that of other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;
- (iv) The counterfactual scenario underlying any assessment of the impact of response measures should include any actions which developing countries could have taken to minimize the impact of response measures, focusing particularly on the time period since the Convention entered into force. The counterfactual scenario should include, *inter alia*, any trade or investment liberalization, structural adjustment or balance of payments stabilization plans agreed to with international financial institutions;
- (v) These methodologies should also provide the means to assess the uncertainty surrounding the impacts of specific climate change response measures on specific countries;

(b) Using these methodologies, developing countries which believe that they have been harmed by the impacts of response measures should demonstrate via a formal reporting process, as a prerequisite to any further discussion of the impact of response measures, the actions that they have taken under Article 4.8 to reduce their vulnerability to response measures. These communications should include:

- (i) The circumstances and the legal, economic and social structures that determine the country's vulnerability to response measures;
- (ii) The specific climate policies and measures that have impacted on them, the extent of the impact, and the uncertainty surrounding the quantification of that impact. This information should be disaggregated from the effect of other policies and measures and other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;
- (iii) An assessment of all other actions, including the promotion of self-diversification of economies and creation of an enabling environment for investment, that they have taken to minimize the impacts of response measures on themselves;
- (iv) A description of gross and net revenue flows, showing net profits, and an indication of how these revenues were spent or saved to promote diversification of economies or otherwise minimize the impact of response measures;

(c) When the methodologies for *post facto* assessment of the impact of response measures have been fully refined, the development of methodologies for assessing possible effects of alternative future response measures can begin. These methodologies should provide the means for assessing, *inter alia*:

- (i) Impacts under a variety of assumptions regarding technology development and transfer;
- (ii) Impacts under a variety of investment, trade and legal regimes;
- (iii) Impacts under a variety of policy scenarios. These scenarios should incorporate different mixes of policies and measures that developing countries might take to minimize the impact of response measures on them. These scenarios should also incorporate different mixes of climate policies and measures that Annex I Parties might take;
- (iv) The effect of policies and measures [undertaken] [applied] for climate change mitigation purposes disaggregated from those [undertaken] [applied] for other reasons;

19. [Invites the Intergovernmental Panel on Climate Change to prepare a special report on methodological aspects related to the assessment of the impact of response measures on developing countries[, particularly the least developed countries]. In this report the Intergovernmental Panel on Climate Change should address the following methodological issues that are relevant to the assessment of the impacts on developing countries of response measures taken by Annex 1 Parties:

(a) Ways and means to separate the impact of policies and measures specifically [undertaken] [applied] to address climate change from the impact of other policies and measures;

(b) Ways and means to determine how the impact on developing countries of policies and measures specifically [undertaken] [applied] to address climate change can be separated from the effects of other factors such as technological advances, macroeconomic variability and domestic economic priorities, as well as exogenous changes in markets;

(c) Ways and means to determine how other actions taken by the developing countries themselves could reduce any impacts of response measures, including a historical perspective on how such actions have been taken in the past;

20. *Requests* the SBSTA, at its xx session, to consider the special report. The SBSTA should discuss the report in detail, giving full opportunity for Parties and interested organizations to comment. If Parties so decide, they could recommend the methodologies for adoption by the COP, and make decisions on the information to be provided by developing country Parties to demonstrate the adverse impact of response measures. Parties will also consider the provision of funding to assist developing countries in providing this information;

21. Using these methodologies, developing country Parties which believe that they have been harmed by the impact of response measures should, as an ongoing process, gather relevant domestic information and analyse such data with a view to demonstrating how they may have been harmed by the impacts of response measures. This information may be contained in their national communications or other reports, and should be reported to the COP, for consideration under the agenda item on the implementation of Article 4.8. The information should be presented in the manner decided by the COP in its decision on methodologies and information to be provided by developing country Parties. Appropriate consideration will be given to the least developed countries in determining ways and means for these Parties to contribute to these deliberations.

22. *Requests* the secretariat to provide the COP with a synthesis of the information received from the developing country Parties. On the basis of this synthesis and any further information received from Parties, the COP will give appropriate consideration to further action.]

23. [*Urges* non-Annex I Parties to take immediate action to create favourable conditions for investment in sectors where such investment can contribute to economic diversification, and to report on such action in their national communications;]

24. *Requests* the SBSTA and the SBI to review, at their subsequent sessions, the progress of the above-mentioned activities [and to make recommendations thereon] [with a view to making recommendations] to [COP 7] [COP 8] [COP/MOP x];

Section B

25. *Decides* to establish a fund to provide financial resources and insurance to impacted developing countries;

26. *Encourages* Annex II Parties to meet the capacity-building needs of developing countries for the implementation of programmes which address the impact of the implementation of response measures;

27. *Urges* Parties to consider all technological options in addressing the impact of response measures, consistent with national priorities[, and indigenous resources];

28. [*Encourages* Parties to cooperate in the technological development of [non-energy] [non-greenhouse-gas-emitting] uses of fossil fuels, and requests Annex II Parties to support developing country Parties to this end;]

29. [*Encourages* Parties to cooperate in the technological development of advanced [fossil-fuel] technologies that reduce or [remove] [prevent] carbon dioxide emissions, and requests Annex II Parties to support developing country Parties to this end;]

[*Encourages* Parties to cooperate in the development of technologies that minimize emissions from fossil fuels and/or remove carbon dioxide emissions, and requests Annex II Parties to facilitate the participation of least developed countries and other non-Annex I Parties in this effort;]

30. [*Calls upon* Annex II Parties to strengthen the capacity of developing countries identified in Article 4.8 and 4.9 of the Convention for improving efficiency in the production, distribution and use of fossil fuels [and other sources of energy, including, *inter alia*, natural gas], through the provision of financial and technological support;]

31. [*Urges* Annex II Parties to support the development and use of natural gas, renewable energy, and other less polluting, safe energy sources in developing countries;]

[*Encourages* Annex II Parties to support the development and use of less polluting, indigenous, and safe energy sources in developing country Parties, according to the national circumstances of each of these Parties;]

[*Urges* Annex II Parties to support the development and use of energy sources that produce a lower level of greenhouse gas emissions;]

[*Calls upon* Annex II Parties to strengthen the capacity of developing countries identified in Article 4.8 and 4.9 of the Convention for improving efficiency in the production, distribution and use of fossil fuels, *inter alia*, natural gas, through the provision of financial and technological support;]

32. [[*Invites*] [*Urges*] Annex II Parties to [support] [provide support for] research into, and the development and use of, renewable energy, including solar and wind energy, as well as the diffusion and transfer of advanced fossil fuel technologies in developing countries;]

33. *Invites* Annex II Parties to support the promotion of economic diversification in developing countries, particularly [the least developed countries], [and] [those economies that are highly dependent on the consumption and export of fossil fuels];

34. *Requests* the SBSTA and the SBI to consider, at their subsequent sessions, the response by [Annex II] Parties to the actions listed in paragraphs [xx] above;

III

FURTHER MULTILATERAL WORK RELATED TO ISSUES UNDER ARTICLE 4.8 AND 4.9 OF THE CONVENTION

35. [*Requests* [Annex II Parties to provide funding for] [the secretariat to organize] regional workshops in order to facilitate information exchange and integrated assessments, including for adaptation and technology transfer;]

36. *Requests* the secretariat to organize a workshop [*when?*] on the status of modelling activities to assess the adverse effects of climate change[, and the impact of response measures already implemented,] on individual developing countries, including on how to enhance the participation of developing country experts in such efforts;

37. [*Requests* the secretariat to organize a workshop [*when?*] on the needs and options of non-Annex I Parties for economic diversification, and on support programmes by Annex II Parties to address these needs;]

38. *Requests* the secretariat to organize a workshop [*when?*] on insurance-related actions to address the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and from the impact of the implementation of response measures;

39. [*Requests* the secretariat to organize a workshop [*when?*] on the special issues of concern to landlocked developing countries;]

Text on matters relating to Article 3.14 of the Kyoto Protocol

1. [*Decides* to establish a process to address matters related to Article 3.14 of the Kyoto Protocol, including information exchange and the development of methodologies related to the minimization of adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention, including those [matters] [methodologies] related to the establishment of funding, insurance and transfer of technology;]

2. [*Invites* Parties to make full use of the opportunity afforded by the process outlined in this decision, noting its relevance to Article 3.14 of the Kyoto Protocol, once the Protocol enters into force,]

Section A

3. [*Invites* non-Annex I Parties to provide information [in their national communications] on their [specific] needs and concerns related to the minimization of adverse social, environmental and economic impacts on developing country Parties under Article 3.14 of the Kyoto Protocol[, by [date]];

4. [*Invites* non-Annex I Parties to provide information on actions they have taken, and plan to take, to address their concerns;]

5. [*Invites* Annex I Parties to provide information, by [date], [[to the COP] [to the Conference of the Parties serving as the meeting of the Parties (COP/MOP)] through the secretariat,] on their [intended] policies and measures, [their impacts, and suggested ways to minimize these impacts, and information on existing market imperfections, fiscal incentives, tax and duty incentives and subsidies in their energy sector, including those related to fossil fuels, new and renewable energy sources and nuclear energy, and on their plans to reduce or phase out such distortions];

6. [*Affirms* that [the consideration of] actions considered under Article 3.14 to address the impact of response measures must be conditioned upon the actions taken by both developed and developing countries pursuant to Article 4.8 and 4.9 of the Convention;]

7. [[*Decides*] [*Requests* the COP/MOP] to develop [guidelines that determine] [ways of determining] if Annex I Parties are striving to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4.8 and 4.9 of the Convention;]

8. [*Invites* the Intergovernmental Panel on Climate Change to prepare a technical paper on carbon capture and storage technologies, covering current and future options and possibilities, for consideration [by the subsidiary bodies at their [xx] sessions] [at its xth session];]

Section B

9. [*Decides* that Annex I Parties shall start to implement the actions listed in subparagraphs (a) to (g) below, and shall report back in their national communications on their minimization efforts, by [date]:

- (a) Restructuring their tax systems to reflect the greenhouse gas content in all greenhouse gas emitting sectors, and removing subsidies;
- (b) Discouraging the production, use and exporting of fossil fuels in or from Annex I Parties, and concentrating on domestic actions [that will not negatively impact their fossil fuel imports from developing countries];
- (c) [Discouraging the use of nuclear energy by reflecting its huge externalities, and ensuring that existing nuclear energy plants are constantly monitored to guarantee optimal safety;] [*Discouraging* the use of environmentally unsound technologies;]
- (d) [Removing the existing barriers (political and regulatory) to the use of oil in the electricity sector;]
- (e) [Encouraging a wider use of carbon dioxide sequestration technologies;]
- (f) [Assisting developing countries which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;]
- (g) [Providing prompt, adequate and just compensation to proven impacted developing countries;]

10. [*Encourages* Annex I Parties to adopt policies and measures that will result in reductions in emissions of greenhouse gases, as an effective contribution to minimizing the adverse effects of climate change, and to provide information on these policies and measures in their national communications;]

11. [*Decides*, on the basis of the output of the workshops referred to in this decision, and in accordance with Article 3.14 of the Kyoto Protocol, the relevant provisions of the Convention, and the general principles of international law, to consider issues related to compensation, insurance and funding, for proven adverse impacts of response measures on developing country Parties;]

12. [*Invites* oil producing and exporting Parties not included in Annex I to the Convention to consider setting up investment funds to promote economic diversification, and to undertake joint action aimed at minimizing any potential impacts of response measures on their economies, and to report progress made to the subsidiary bodies at their subsequent sessions;]

Section C

13. [*Requests* the secretariat to organize a workshop [*when?*] on methodological issues related to the possible adverse impacts of response measures on developing country Parties under Article 3.14 of the Kyoto Protocol;]

14. [*Requests* the secretariat to organize a workshop [*when?*] on the choice of policies and measures that Annex I Parties intend to adopt to meet their commitments under

the Kyoto Protocol, on how these may adversely impact developing countries under Article 3.14, and on ways to minimize these impacts;]

15. [*Requests* the SBSTA and the SBI, at their [xx] sessions, to [consider] [forward] the output of the workshops referred to in this decision, and to make recommendations thereon to [the COP] [the COP/MOP] at its [xth] session.]

- - - - -