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**SUBSIDIARY BODY FOR IMPLEMENTATION**

**Twenty-sixth session**

**Bonn, 7–18 May 2007**

**Agenda item 8 (a) of the agenda**

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

**Progress on the implementation of decision 1/CP.10**

**Progress on the implementation of decision 1/CP.10**

**Draft conclusions proposed by the Chair**

The Subsidiary Body for Implementation agreed to continue its deliberations on this matter at its twenty-seventh session (December 2007), taking into consideration the outcomes of the regional workshops, expert meeting and pre-sessional expert meetings, as included in documents FCCC/SBI/2006/13, FCCC/SBI/2006/18, FCCC/SBI/2006/19, FCCC/SBI/2007/2, FCCC/SBI/2007/11, FCCC/SBI/2007/13 and FCCC/SBI/2007/14, the possible elements included in the annex, and the views of Parties on the above-mentioned outcomes, including possible elements for further action, with a view to considering what further actions may be required by the Conference of the Parties at its thirteenth session.

## ANNEX

### **Possible elements by the co-chairs of the contact group on agenda item 8 (a)**

#### **I. Adverse effects of climate change**

1. Consideration of the barriers to implementation of adaptation activities and of ways and means to enhance access to existing funds for adaptation under the Convention and its financial mechanism, as well as enhancing capacity for the development of project proposals.
2. Identification of possible responses, including in the context of any discussions on future international cooperation on climate change, to the need for additional, predictable and sustainable financial resources to facilitate adaptation to the adverse effects of climate change, especially in particularly vulnerable countries, taking into account relevant work under the Convention.
3. Consideration of extending the national adaptation programme of action process for use by developing countries that are not least developed countries and that wish to develop national adaptation programmes or strategies.
4. Consideration of action to enhance the integration of climate change issues into national and sectoral planning and policies, including through a bottom-up process.
5. Encouragement to regional and international financial entities and organizations to integrate adaptation considerations into their work.
6. Coordination of a dialogue between Parties on financial risk management and insurance, to be held between the private sector and representatives from Parties, which should build upon the outcomes of the regional workshops and expert meeting referred to in decision 1/CP.10, outcomes of previous work on this issue as well as the relevant sub-themes of the Nairobi work programme on impacts, vulnerability and adaptation to climate change. The dialogue should include consideration of existing and innovative risk sharing and insurance-related instruments that may operate within a public–private cooperation framework with a view to advising on appropriate and practical actions.
7. Organization of a meeting on cooperation on adaptation, with participation of Parties and relevant organizations, building upon outcomes of the workshops and expert meeting, and previous work on these matters, to consider how the UNFCCC process can catalyse regional and interregional cooperation, as well as synergy with other relevant processes and organizations, including those under other multilateral environmental agreements and the disaster risk reduction process.
8. Consideration, in the implementation of the Nairobi work programme, of the technical and methodological issues included in the reports of the regional workshops and expert meeting, as well as in the synthesis report.
9. Consideration, under the relevant Subsidiary Body for Implementation (SBI) agenda items, of matters relating to capacity-building and of education, training and public awareness, as included in the reports of the regional workshops and expert meeting.

## **II. Impact of the implementation of response measures**

10. Acknowledgement of the importance of improving the capacity of models that assess the impact of the implementation of response measures associated with mitigation policies with respect to:

- (a) Enhancing the consistency of assumptions, baselines and underpinning data used by the models;
- (b) Performing analysis on the range of potential impacts that could be associated with Intergovernmental Panel on Climate Change (IPCC) emission reduction scenarios;
- (c) Addressing non-cost related data such as social factors and socio-economic impacts;
- (d) Addressing impacts on sectors other than stationary energy and transport, such as industrial production and service industries.

11. Invitation to Parties and international organizations with relevant expertise in economic modelling to submit views on how the capacity of these models can be improved or, alternatively, how the issues raised in paragraph 10 above could be addressed through other means.

12. Compilation of these submissions and consideration of action related to the issues in paragraphs 10 and 11 above.

13. Invitation to the IPCC to develop modalities for assisting Parties to identify their respective levels of potential vulnerability to the impact of the implementation of response measures.

14. Consideration, through the SBI work on capacity-building, of how to respond to the need for capacity-building, education and training for developing country Parties on economic modelling including for model development, quantitative analysis using economic models and other analytic tools and interpreting the outcomes of economic models.

15. Invitation to Parties and international organizations with relevant expertise on economic diversification to submit views on lessons learned in the identification of practical approaches to address economic diversification in the context of sustainable development, including through the use of economic, financial and technical tools.

16. Compilation of these submissions and consideration of action related to the issues in paragraph 15 above.

17. Invitation to Parties and international organizations with relevant expertise on financial risk management to submit views on strategies that could be used to address risk associated with, and enhance Parties' resilience to, the impacts of response measures. The means of enhancing resilience would include the mobilization of support through public-private partnerships to help address risk at the regional and global levels, through instruments such as:

- (a) Commodity price hedging;
- (b) Economic shock funds;
- (c) Commodity price insurance;
- (d) Alternative risk transfer;
- (e) Hedge funds;

- (f) Alternative risk financing;
- (g) Structured risk financing mechanisms;
- (h) Effective use of developed captive insurance;
- (i) Credit and political risk coverage;
- (j) Hybrid insurance products;
- (k) Catastrophe bonds.

18. Compilation by the secretariat of these submissions and consideration of action related to the issues in paragraph 17 above.

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