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English only

Ad Hoc Working Group on Long-term Cooperative Action under the Convention

Fourteenth session, part four

Durban, 29 November 2011 – *

Agenda item 3

Preparation of a comprehensive and balanced outcome to be presented to the Conference of the Parties for adoption at its seventeenth session to enable the full, effective and sustained implementation of the Convention through long-term cooperative action now, up to and beyond 2012, pursuant to the results of the thirteenth and sixteenth sessions of the Conference of the Parties and recognizing that the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention includes both implementation tasks and issues that are still to be concluded

Agenda item 4

Review: further definition of its scope and development of its modalities

Agenda item 5

Continued discussion of legal options with the aim of completing an agreed outcome based on decision 1/CP.13, the work done at the sixteenth session of the Conference of the Parties and proposals made by Parties under Article 17 of the Convention

Agenda item 6

Other matters

Amalgamation of draft texts in preparation of a comprehensive and balanced outcome to be presented to the Conference of the Parties for adoption at its seventeenth session

Note by the Chair

Addendum

* The fourth part of the session will be held in conjunction with the seventeenth session of the Conference of the Parties. The Ad Hoc Working Group on Long-term Cooperative Action under the Convention will present the results of its work to the COP for consideration as per decision 1/CP.16, paragraph 143. The closing date of the session of the AWG-LCA will be determined in Durban.

Agenda item 3.2.6

Economic and social consequences of response measures

Proposals by Parties**

Option 1

The Conference of the Parties,

Considering that 1/CP16 paragraphs 88-93, in particular paragraph 93, addressed economic and social consequences of response measures as requested in the Bali Action Plan 1/CP13;

Acknowledging that there could be both positive and negative consequences of mitigation policies and measures on all parties;

Recognizing that the Conference of the Parties affirmed in Decision 1/CP.16 that responses to climate change should be coordinated with social and economic development in an integrated manner,

Recognizing also that multiple and duplicative consideration of response measures in a wide range of agenda items in the UNFCCC risks incoherent discussion of the issue and makes it impossible to achieve integrated coordination on this issue;

Recalling the positive and constructive discussions that took place at the special event on response measures in Bonn in June 2011, the workshop in Bonn in September 2011 and the special event in Durban in December 2011 organized jointly under the Subsidiary Body for Implementation and Subsidiary Body for Scientific and Technological Advice;

1. *Decides* consistent with 1/CP16 to consolidate all work on response measures under joint meetings of the Subsidiary Body for Implementation and Subsidiary Body for Scientific and Technological Advice to enhance effectiveness and efficiency of the consideration of the impact of response measures in an integrated manner.

Option 2

Decision -/CP.17

The Conference of the Parties,

Recalling the ultimate objective of the Convention;

Reaffirming the principles and provisions of the Convention;

Recalling decisions 1/CP.13 and 1/CP.16;

Reaffirming that Parties should cooperate fully to enhance understanding of the economic and social consequences of response measures, taking into account the need for information from those affected, and evidence of actual impacts, both positive and negative;

Bearing in mind the need to fully implement decision 1/CP.16,

** These proposals can also be found at <http://unfccc.int/bodies/awg-lca/items/6560.php> and <http://unfccc.int/bodies/awg-lca/items/4578.php>.

1. *Acknowledges* that work on the issue of the impacts of the implementation of response measures is being undertaken under various groups and bodies under the Convention and its Kyoto Protocol.
2. *Decides* to merge all existing agenda items relating to the impacts of the implementation of response measures, including, inter alia, matters relating to Article 4, paragraphs 8 and 9, of the Convention and the relevant elements of decision 1/CP.10, under the Subsidiary Bodies under a new joint SBSTA/SBI agenda item.
3. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to continue their work on the impacts of the implementation of response measures under the new joint SBSTA/SBI agenda item.

Option 3

Decision to further implement Chapter III. E of Decision 1. CP/16

Reaffirming the principles and provisions of the Convention, in particular Article 2, 3, paragraphs 1, 2, 4, 5, Article 4, paragraphs 3, 5, 7, 8, 9 and 10, and taking into account the principles of equity, common but differentiated responsibilities and respective capabilities and the obligation of the developed country Parties to provide financial resources, transfer of technology and capacity building support to the developing country Parties;

Acknowledging that response measures to combat climate change may have positive and negative social and economic consequences, and recognizing that that all developing countries face economic and social consequences of response measures to climate change;

Emphasizing that the developed country Parties should be mindful that the overriding priorities of developing countries are poverty eradicating and economic and social development, and stressing on the obligations by developed country Parties to minimize the impacts of any policies and measures they implement on developing country Parties, particularly those countries identified in Article 4, paragraphs 8 and 9, of the Convention;

Acknowledging that most developing countries lack the capacity to assess the scope and magnitude of the negative consequences of the implementation of response measures on their own;

Affirming that there is a need to give full consideration to what actions are necessary, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;

Affirming that policies and measures adopted by developed countries to address climate change cannot be considered in isolation from the negative and also positive impacts they may have on the social and economic conditions of people in developing countries.

1. *Decides* that the developed country Parties shall not resort to any form of unilateral measures, including tariff, non-tariff, and other fiscal and non-fiscal border trade measures, against goods and services from developing country Parties on any grounds related to climate change, including protection and stabilization of climate, emissions leakage and/or cost of environment compliance; recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 4 and 5, Article 4, paragraphs 3, 5 and 7, and taking into account the principles of equity, common but differentiated responsibilities and

respective capabilities and the obligations of the developed country Parties to provide financial resources, transfer of technology and provide capacity building support to developing country Parties.

2. *Decides* that Parties shall implement their policies and measures to ensure a just transition of the workforce, the creation of decent work and quality jobs, in accordance with nationally defined development priorities and strategies.

3. *Decides* that information related to the socio-economic adaptive capacity of vulnerable groups shall be included in all impact assessments of policy response measures with a view to consider a fair socio-economic transition to a low GHG emitting society. Parties will identify and evaluate, *inter alia*:

(a) Existing approaches and available data related to socio-economic impact assessments of responses measures to climate change;

(b) Needs, gaps, barriers and constraints to a fair socio-economic transition to a low GHG emitting society;

(c) Ways and means to improve access to relevant information on: costs and benefits, better integration of socio-economic information into positive and negative impact assessments

4. *Decides* that all response measures to address climate change shall take into account the positive and negative impacts on society, as well as a commitment to develop an inclusive, fair, supportive and balanced response, giving special attention to vulnerable groups (including women, children, youth, the elderly, people with disabilities, migrants and indigenous populations).

5. *Decides* to promote the development and dissemination of measures, methodologies and tools for economic diversification aimed at increasing and improve economic resilience and reducing reliance on vulnerable economic sectors, especially for those listed in Article 4, paragraph 8, of the Convention.

6. *Decides* to establish a Permanent Forum on response measures that would offer a continuous venue for dialogue and space for discussion and participation by experts, civil society, and would be able to carry out a detailed work program to assign specific tasks to the SB's and review progress on the implementation. This permanent forum shall meet twice annually and be able to organize relevant events and activities. The Permanent Forum should help to assess, identify and propose measures in a balanced way, to address the negative and positive consequences on vulnerable groups and sectors.

7. *Further decides* that the detailed work program for the Forum shall follow a structured approach under, *inter alia*, the following categories and activities:

I. ECONOMIC ASPECTS

A. Examining Policies

- Policy Modeling: including modeling tools, modeling assumption, and cost analysis.
- Analysis of resulting modeling scenarios

B. Examining the Impact

- Assessment of the impacts of the mitigation policies on different economic sectors and social groups, and policies and measures that may be needed to address these impacts.
- Avoiding unilateral trade measures against goods and services from developing countries, such as border carbon adjustment mechanisms (e.g. the inclusion of imports in ETS), carbon footprint labeling schemes, and measures which could create distortions on international trade (e.g. subsidies, free allowances in ETS).
- Examining the adverse spillover effects of trade and market barriers on the social, environmental, and economic and investment opportunities, in developing countries.
- Assessment of the effects and costs of shifting production and export patterns on economies of developing countries.
- Examining the impacts of tariff and non-tariff barriers on the supply chain of production, export, and procurement patterns from developing countries.
- Examining and proposing ways to address the impacts of policy measures such as border carbon adjustment schemes on the social and economic growth at the exporting developing countries, which should include studying certain affected industries, exports opportunities, and workers at these sectors.

C. Reducing the Impacts

- Promoting policies that avoid or minimize any potential and actual consequences of the mitigating response measures on developing countries
- Promoting local knowledge spillovers for developing countries to accelerate economic and social development.

D. Building Resilience

- Developing institutional capacity and improve understanding of how economic diversification can be integrated into national sustainable development priorities, and considered as a long term resilience strategy.
- Enabling access for developing countries, and ensure that intellectual property rights (IPRs) do not become a barrier to transfer of climate friendly technologies
- Improving communication and analysis of interlinkages between sectors, industries, concerned communities and academia.
- Assisting developing countries that are highly dependent on the export and consumption of fossil fuels in strengthening resilience and diversifying their economies.

E. Commercial-Economic

- To ensure the provisions and principles of the Convention and its Kyoto Protocol, in particular Article 3, paragraphs 1, 4 and 5, Article 4, paragraphs 3, 5, and 7 in pursuit of a fair and transparent international trade system.

- Identify those measures likely to be regarded as discriminatory on international trade.
- Guarantee that trade measures are not disguised as environmental policies effectively acting as barriers to the exports/imports of goods in violation of WTO rules.

II. SOCIAL ASPECTS

The responses to climate change cannot be considered in isolation from legitimate social and economic development issues and therefore need to be addressed in a fully integrated manner. With a view to avoid adverse impacts on vulnerable groups, in particular women, children, youth, older people, people with disabilities, indigenous people, migrants and other vulnerable social groups, it is imperative to take into account the needs and priorities of developing country Parties for the achievement of sustained economic growth and the eradication of poverty. The Permanent Forum should help to assess, identify and propose measures to address the negative consequences on these vulnerable groups and sectors.

Parties shall ensure the participation of concerned groups and communities during the discussion of social issues, particularly ensuring the participation of representatives of vulnerable groups such as: women, children/youth, older people, and people with disabilities, indigenous people and migrants.

A. Poverty and inequality

- Emphasize the need to ensure coordination between various policies, both in preventing people from falling into extreme poverty and to address the needs and vulnerabilities of people living in extreme poverty. Moreover, within the coordination of various policies, should include those aimed at eliminating the social determinants that cause poverty.
- In order to combat poverty, special attention should be paid to the impacts of response measures in sector identified as MDGs, such as: energy, drinking water, food security and sovereignty, marine resources, housing and habitat, transportation, education, health, among others.
- All measures to fight against poverty fall within a comprehensive framework that incorporates the principles of universality, indivisibility, interrelatedness and interdependence of all human rights and special reference is made to groups considered vulnerable (women, children, youth, older people, people with disabilities, indigenous people and migrants).

B. Access to basic services

- Assessment of the positive and negative impacts of response measures on access to basic water services, sanitation, housing, public transport and energy as determinants in the quality of life of people and sustainability of the environment in which they live.

C. Protecting and promoting human health

Assessment of the impacts of climate change and their specific responses measures on:

- Influencing the basic requirements of health, such as clean air, clean water, sufficient food and safe housing.
- Contribute to measures to be taken in the fight against diseases such as diarrhea, malaria, dengue, yellow fever and malaria, due to the expansion of bacteria, pests and pollution that has been distributed by water.
- Work to increase access to health policies in urban and rural poor areas.

D. Land uses and Food security

- Assess the economic and social impact of biofuel production has had since its inception, and its potential impact on food security and social development, including its impacts on water resources, land concentration and decreased supply, the degradation of soils and the right to food. On the other hand, evaluating the required expenditure of energy from fossil fuels for biofuels production.
- Assess the social impacts of land use, land-use change and forestry changes of land use on settlements, communities, ancestral habitants and indigenous communities.
- Evaluate effects of changing water regimes by certain responses measures
- Evaluate the movement from rural to urban regions as a consequence of the implementation of responses measures to climate change (p.e. proliferation of large-scale appropriation of land by foreign investors, which violates the right to land, the lifestyle of farmers at all scales and is a process of neo-colonization by the big powers to monopolize agricultural production. This aspect could produce pressures and constraints on access to food, to the detriment of the sovereignty of countries. Additionally, other factors that come with the crisis of the international capitalist system, among them the perception of food as a commodity and futures trading in the markets of financial speculation).

E. Education as a response measure

Education is an essential factor in the global response to climate change. Education helps young people understand and address the consequences of global warming, encourages them to take action by taking responsibility to change their attitudes and behaviors, and helps them adapt to climate change-related trends.

- The Forum should work to identify ways to strengthen the capacities of Parties in order to promote education in climate change, exchanging views on innovative teaching methods to integrate such education into the school system to promote climate change awareness and responsibility
- Seek for the development and improvement of non-formal education programs through the use of the media, networks and professional alliances.
- Young people from all countries are an important human resource for development and key agents for social change, economic development and technological innovation. The Forum shall identify ways to promote investment in the development and education of young people as a crucial component for sustainable social and economic development and to any responses measures to climate change.

F. Employment and social protection

- The Forum should seek measures to avoid and/or minimize adverse impacts of response measures on social and economic sectors, recognizing the importance of promoting a just transition of the workforce, creating decent jobs and decent jobs and quality in accordance with the development priorities and strategies defined at national level, and contribute to the construction of new production capacity and jobs related to the service in all sectors, according to the general objective of promotion of economic growth and sustainable development.

G. Gender

Accordingly to the MDGs, Parties should address the problems faced by girls and young women, and gender stereotypes that perpetuate discrimination against girls and young women and stereotyped roles of men and women that impede social development, reaffirming the commitment of promote women's empowerment and gender equality and the mainstreaming of gender in all development activities that are critical for achieving sustainable development and efforts to combat hunger, poverty and disease. In this regards, the Forum should:

- Evaluate and identify how any response measure to combat climate change improve, ensure and broaden the full participation of young women on an equal footing in all spheres of political, economic, social, environmental and cultural, and give them greater access to all resources needed to fully enjoy all their human rights and fundamental freedoms by removing remaining obstacles, including ensuring equal access to full and productive employment and decent work, and strengthening their economic independence.
- These measures will address the challenges that arise in a aging society, and where they should be providing for the needs and demands of older adults while addressing the positive and negative impacts of specific proposals or responses measures to combat climate change.

I. Territory, mobility and urban development

- Sustainable development of cities is interdependent with the improvement of human settlements and their integration into the urban economy in general. Elements such as migration flows, the application of sustainable urban development policies and transport policies and their impact on the climate change should be assess.
- Evaluation of impacts of responses measures on building, constructions and urban development in areas such as: housing, basic services, water and sanitation, transport, heath services, as well as prevention of natural hazards, are essential components of developing low emission strategies or plans.
- Between rural and urban settlements, the latter hold a promise for human development and natural resource protection through its ability to keep large numbers of people while limiting their impact on the environment. However, many cities are experiencing damaging processes of growth, production and consumption, land use, mobility and degradation of their physical structure that need to be assess while developing low emission strategies.

J. Migrants

- As a result of the increasing frequency and severity of floods and storms, desertification and drought climate migration is a fact that need to be assess and address, together with its impacts and global consequences.

K. Indigenous

Indigenous peoples are affected unequally in their territories by the impact of response measures to climate change, upsetting the way of life, health, culture, economy, access to water and natural resources and in general the traditional lives. These results in the food security crisis, illness, loss of traditional knowledge and practices, the weakening of their own organization and governance structures and breaking the relationship of ecological balance, economic and spiritual partner.

- The social, cultural, economic impact of responses measures on indigenous peoples is a matter that need appropriate and responsible attention for all Parties of the Convention.

Option 4

Decision in order to implement paragraph 90 of 1.CP/16

Affirming the importance of the objective of the Convention, and the relevant principles and provisions of the Convention related to economic and social consequences of response measures, in particular its Articles 2, 3, and 4,

Reaffirming Part III.E “Economic and Social Consequences of Response Measures” of Dec.1/CP16,

Acknowledging that an open barrier-free rules-based trading system is a crucial component of a supportive and open international economic system,

Recognising that the liberalisation of trade in goods and services necessary for climate change mitigation and adaptation is essential to address climate change,

Further recognising that the World Trade Organisation is the competent body for multilateral trade rule-making,

Emphasizing that Parties, which are Members of the World Trade Organisation, have the responsibility to respect their World Trade Organisation obligations when they adopt measures to address climate change,

1. *Decides* that Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

Option 5

Decision to further implement paragraphs 88, 89, 90 and 93 of 1/ CP.16:

Recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 2, 4, 5, and Article 4, paragraphs 3, 5, and 7, and taking into account the

principles of equity, and common but differentiated responsibilities, and the obligation of the developed country Parties to provide financial resources, transfer of technology and capacity building support to the developing country Parties;

Acknowledging that response measures to combat climate change have substantial negative social and economic consequences, and recognizing that all developing countries face economic and social consequences of response measures;

Emphasizing that the developed country Parties should be mindful that the overriding priorities of developing countries are poverty eradicating and economic and social development, and stressing on the obligations by developed country Parties to minimize the impacts of any policies and measures they implement on developing country Parties, particularly those countries identified in Article 4, paragraphs 8, 9 and 10, of the Convention ;

Affirming that there is a need to give full consideration to what actions are necessary, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;

Acknowledging that most developing countries lack the capacity to assess the scope and magnitude of the negative consequences of the implementation of response measures on their own;

Further agreeing that economic development is essential for developing country Parties to deal with climate change and that policies and measures taken by developed countries to combat climate change at global, national and regional levels shall not undermine the development, nor constitute a means of transferring the burden of climate change mitigation to developing country Parties.

1. *Decides* that the developed country Parties shall not resort to any form of unilateral measures, including tariff, non-tariff, and other fiscal and non-fiscal border trade measures, against goods and services from developing country Parties on any grounds related to climate change, including protection and stabilization of climate, emissions leakage and/or cost of environment compliance; recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 4 and 5, Article 4, paragraphs 3, 5 and 7, and taking into account the principles of equity, common but differentiated responsibilities and respective capabilities and the obligations of the developed country Parties to provide financial resource, transfer technology and provide capacity building support to the developing country Parties.
2. *Decides* to establish a permanent Forum on response measures that would offer a continuous venue for dialogue and space for discussion and participation by experts, civil society, and would be able to carry out a detailed work program to assign specific tasks to the SB's and review progress on the implementation. This permanent forum shall meet twice annually and be able to organize relevant events and activities.
3. *Decides* that Parties shall design and implement programmes appropriate to their nationally defined priorities and to their specific contexts to ensure a just transition of the workforce, the creation of decent work and quality jobs in their responses to climate change.
4. *Further decides* that the detailed work program for the Forum shall follow a structured approach under the following categories, and covering various activities, including those listed below:

A. Examining the Policies

- Modeling the different policies including; modeling tools, assumption, and cost analysis.
- Evaluate & analyze different economic modeling (best option for each of differing case of developing countries' vulnerabilities)

B. Examining the Impact

- Assessment of the impacts of the mitigation policies on developing countries' economic sectors and social groups, and the measures needed to address these impacts.
- Addressing the adverse impact of measures against goods and services from developing countries, such as border carbon adjustment mechanisms (e.g. the inclusion of imports in ETS), carbon footprint labelling schemes, and any measures that could have distortions on international trade (e.g. subsidies, free allowances in ETS).
- Examining the adverse spillover effects of trade and market barriers on the social, environmental, and economic and investment opportunities, in developing countries.
- Assessment of the effects and costs of shifting production and export patterns on economies of developing countries.
- Examining the impacts of tariff and non-tariff barriers on the supply chain of production, export, and procurement patterns from developing countries.

C. Reducing the Impact

- Promoting policies that avoid and minimize any potential and actual consequences of the mitigating response measures on developing countries
- Enabling access for developing countries, and ensure that intellectual property rights (IPRs) do not become a barrier to transfer of climate friendly technologies
- Promoting local knowledge spillovers for developing countries to accelerate economic and social development.

D. Building Resilience

- Developing institutional capacity and improve understanding of how economic diversification can be integrated into national sustainable development priorities.

Option 6

Reaffirming the importance of the objective of the convention, and the relevant principles and provisions of the convention related to economic and social consequences of response measures, in particular its Articles 2, 3 and 4.

Recognizing that the implementation of response measures to mitigate climate change taken by a Party may result in negative economic and social consequences for other Parties, and the need to take into consideration in the implementation of the commitments of the convention the situation of Parties, particularly developing country Parties, with economies that are vulnerable to the adverse impact of implementation of measures to respond to climate change, referred to in Article 4, paragraphs 8, 9 and 10, of the Convention

Reaffirming that responses to climate change should be coordinated with social and economic development in an integrated manner, with a view to avoiding adverse impacts on the latter, taking fully into account the legitimate priority needs of developing country Parties for the achievement of sustained economic growth and the eradication of poverty, and the consequences for vulnerable groups, in particular women and children.

Recognizing the importance: of avoiding or minimizing negative impacts of response measures on social and economic sectors; promoting a just transition of the workforce, the creation of decent work and quality jobs in accordance with nationally defined development priorities and strategies; and contributing to building new capacity for both production and service-related jobs in all sectors, promoting economic growth and sustainable development.

1. *Further agrees* that economic development is essential for developing country Parties to deal with climate change and that policies and measures taken by developed countries to combat climate change at global, national and regional levels shall not undermine the development, nor constitute a means of transferring the burden of climate change mitigation to developing country Parties.
2. *Decides that* the developed country Parties shall not resort to any form of unilateral measures, including tariff, non-tariff, and other fiscal and non-fiscal border trade measures, against goods and services from developing country Parties on any grounds related to climate change, including protection and stabilization of climate, emissions leakage and/or cost of environment compliance; recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 4 and 5, Article 4, paragraphs 3, 5 and 7, and taking into account the principles of equity, common but differentiated responsibilities and respective capabilities and the obligations of the developed country Parties to provide financial resource, transfer technology and provide capacity building support to the developing country Parties.