

International Chamber of Commerce, Environment and Energy Commission

UNFCCC Call for Submissions: Impact of the implementation of response measures

1. Call for Submissions

The May 2017 SBI/SBSTA meetings resolved to call for submissions on the following two issues:

1) based on the discussion and the reflections note, on concrete elements of the modalities, work programme and functions under the Paris Agreement of the forum on the impact of the implementation of response measures

FCCC/SB/2017/L.3, paragraph 2

and

2) on aspects related to economic diversification and transformation and just transition of the workforce and the creation of decent work and quality jobs, in the context of sustainable development, with a view to informing the in-forum discussion on possible needs for modelling tools, including capacity-building opportunities, to take place at SBI 47 and SBSTA 47 and training workshop on the use of economic modelling tools at SBI 48 and SBSTA 48 (April–May 2018).

FCCC/SB/2017/L.2

2. ICC response to the call for Submissions

Submission subject 1: Concrete elements of the modalities, work programme and functions of the Forum under the Paris Agreement (FPA)

The International Chamber of Commerce, through its Environment and Energy Commission welcomes the opportunity to contribute. Our considerations are framed by Decision 1/CP.21 2015 para 34 that provides the FPA *...address the effects of the implementation of response measures under the Agreement by 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*".

We preface our submission by reference to the Objectives of the Convention which provides that *"The ultimate objective of this Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner."* To that end, all considerations by the COP, SBI/SBSTA and accordingly the Contact Group must be guided by that Objective.

The Call for Submissions invites a response based on discussions [at the Contact Group] and the Reflections Note prepared by the co-chairs after the May 2017 meeting. Our responses to the issues raised in the Reflections follow.

1. Relationship between the Improved Forum (IF) and the Forum serving the Paris Agreement (FPA) needs to be resolved:

While noting that the Paris Agreement and the SBI/SBSTA have given the IF and FPA different mandates, we submit that

- *both the IF and the FPA are addressing the response measures of economic diversification and just transition and as such work programmes and modalities should be coordinated to ensure they are complementary and ensure efficient application of resources*
- *Contact Group should meet, except where otherwise directed by the SBI/SBSTA and the COP, as joint meetings of the IF and FPA*
- *For the purpose of reporting to the SBI/SBSTA, agenda and records of proceedings should identify the authority as IF or FPA.*

2. Parties have been successfully building trust since COP21:

The Reflections Note observes that this “is not a small success story”. We remain concerned that there does not appear to observers to be an unanimity of purpose among the members of the Contact Group, rather polarization as either developed and developing country Parties

We draw your attention to the Technical Paper on a Just Transition on which the ICC advised of errors and omissions and to which the Secretariat agreed. Advocacy by the Developed Country Parties that the Technical Paper be revised to reflect the Secretariat's advice was opposed by the Developing Country Parties. The result is an acknowledged flawed Paper being adopted as policy of the UNFCCC.

These procedural barriers (1. Technical papers are not open for comment, and 2. the requirement for unanimous agreement) should be referred to the SBI/SBSTA or the COP for review.

3. Parties feel they ought to accelerate the pace of work. Need to balance a commensurate pace with concrete engagement

- *Timelines for the work should be coordinated with the outcomes sought by the Parties giving full regard to the COP and Parties to the legal and voluntary commitments under the Convention and the Paris Agreement, particularly regarding programmes to achieve emission reduction targets*
- *Engagement should include relevant stakeholders including business and private sector resources*

4. Parties may need to consider the “impact of this terminology among the media, business, academia and other stakeholders. Questions could be formulated as

- a. *what are response measures;*
 - b. *what are the social and economic impacts;*
 - c. *how can we [Contact Group] manage these impacts;*
 - d. *what are the measures that can/need to be put in place to manage the impacts”?*
- *In considering the question of definitions of response measures, and social and economic, we quote from the Paris Agreement*

“Recognizing that Parties may be affected not only by climate change, but also by the impacts of the measures taken in response to it (preamble);

“Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities” (preamble); and

“Mitigation co-benefits resulting from Parties' adaptation actions and/or economic diversification plans can contribute to mitigation outcomes under this Article” (article 4.7).

We submit that measures taken in response means all measures taken and the consequences are not exclusive eg technical standards, product labelling specifications, emission reduction targets, whereas economic diversification and a just transition are specific and are the responsibilities referred to the Contact Group

- *The question of whether there is a need to define response measures, and the social and economic impacts should be determined by the SBI/SBSTA and it is their responsibility to define. In our view, it serves no purpose until and unless the COP and/or the SBI/SBSTA decides the Terms of Reference of the IF and FPA need to change.*
- *How to manage the impacts, and the measures in the context of economic diversification and a just transition to be put in place must be in accordance with the Terms of Reference which for the FPA are 1. by enhancing cooperation amongst Parties; 2. understanding the impacts of mitigation actions under the Agreement; and 3. the exchange of information, experiences, and best practices amongst Parties to raise their resilience to these impacts.*

5. Whether the FPA is about the

- a. development of knowledge,
- b. capacity,
- c. exchange of views, or
- d. implementing measures

needs to be determined

- *Decision 1/CP.21. at para 34 provides the modalities, work programme and functions of the forum shall address the effects of the implementation of response measures [economic diversification and just transition] by*
 - *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*
- *These directions by the COP would appear to encapsulate development and knowledge for the purpose of informing the cooperation, exchange of information, experiences and best practices.*
- *Capacity building is outside the Terms of Reference of the IF and FPA, and is specifically addressed in Decision 1. CP.21 paras 71-84 and*
- *Implementing is also outside the Terms of Reference. The process for implementing is addressed at para 14 of Annex 1.*

To that end it would appear an unnecessary and possibly a counterproductive effort while also unnecessarily absorbing the scarce resources of the Secretariat

- 6. To be successful, the Contact Group formed under the IF and FPA will require a movement with many actors including the Parties, UNFCCC, other international organisations, think tanks, non-governmental organisations, academia and business

Agree. Consideration of these issues should be conducted with the full and open engagement of stakeholders including business and the private sector

7. Given these general directions, the work programme of the FPA may include some of the following areas of work: *[The responses below are framed within the Decision referenced at 5 above. In respect of the specific areas of work mentioned]:*

- a. Build awareness about response measures, and their potential impacts, positive and negative;

Agree, noting that the awareness is to be built among the Parties, and the response measures are economic diversification and just transition

- b. Build capacity to work on the issues related to the of impacts of response measures;

Disagree, responsibility for capacity building has been addressed by the Parties at Decision 1. CP.21 2015 paras 71-84. The Contact Group should seek to coordinate its efforts to inform Parties in accordance with this Decision and not act independently.

- c. Understand and identify the type of response measures that ought to be examined under the FPA;

Agree, in respect of economic diversification and just transition

- d. Develop frameworks for the collection of information, and data reporting guidelines, to evaluate the impact of response measures;

Disagree, as this would already be being undertaken elsewhere. Further, it would require a skill set, resource commitment and budget allocation beyond that needed to the useful exchange of information

- e. Develop tools to assess the impacts of response measures [economic diversification and a just transition], including the development and use of modelling, ex post and ex ante;

Responsibility of the IF (see Terms of Reference)

- f. Develop understanding on how a sustainable transition to a low-GHG society relates to the impact of response measures;

Agree, as it relates to economic diversification and a just transition

- g. Develop indicators for a sustainable transition to a low-GHG economy and society;

Disagree. Refer response to point b above. As well, this is already undertaken by other organisations eg OECD

- h. Identify and develop tools, and approaches, to mitigate the impacts of response measures [economic diversification and just transition], build resilience, and ensure a sustainable transition.

Responsibility of the IF

8. Parties and to the extent considered desirable observers and other stakeholders should not face barriers including financial barriers from attending the work of the FPA (page 5, para 5)

A decision of this import and given the potential impact across all activities of the UNFCCC should be referred to the COP. Our views on the matter are that

- *Financing of Parties should only be provided within the guidelines adopted by the COP and/or the SBI/SBSTA and as is applied consistently across all activities of the UNFCCC*
- *Financing of participation by non-Party stakeholders is not generally agreed. For most organisations financing is a barrier, but equally the sourcing of finance to participate represents a measure of commitment and prioritisation to the issues by stakeholders.*
- *In that regard, most if not all work of the Contact Group is undertaken at the times of the May meeting of the Parties, and the annual COPs at which stakeholders are present. It is not agreed the UNFCCC should fund attendance at these major events*

9. Should the FPA function with the same rules as the IF

It is assumed the UNFCCC and the COP has adopted rules and procedures that are applied consistently across all committees formed under the authority of the COP and as such govern the IF and the FPA. Either way, the IF and the FPA that are being served by the Contact Group and the MIAS would benefit from consistency, the demonstration of proper governance, and the avoidance of conflict in process

10. Parties need to examine whether the TEG needs to have the ability to function over the long term, or find other ways to do its research

We submit that TEGs should be convened on an as needs basis in response to specific issues at the request of the Contact Group requiring specialists that will vary according to the issue. We note that Parties took the role of experts at the TEG that met in advance of the May 2017 Contact Group meeting. Without challenging the respective capabilities of the individuals, some of these Parties argued their inability for reasons of time and availability to source credentialed experts. The result was in effect a sub-committee of the Contact Group and making the outcomes a reflection of the policies of the participating Parties rather than of experts/specialists on the subject

11. One function to be considered is the is the creation of the movement to address the impacts of response measures [economic diversification and just transition] and to ensure the sustainable transition to a low GHG society. Should this be a core principle of the FPA

While we agree it should be an element of the Work Programme and Modalities, we submit that the core elements should reflect the Terms of Reference as articulated in the Decisions of the COP and/or SBI/SBSTA

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

a. Technical studies and reports;

As required to support the objectives of Knowledge and the exchange of information

b. Reviews;

As required to support the objectives of Knowledge and the exchange of information

c. (Ad hoc) technical expert groups;

Agree, within the terms submitted at 10 above

d. Guidelines;

As required to support the objectives of Knowledge and the exchange of information

e. Case studies;

As required to support the objectives of Knowledge and the exchange of information

- f. Pilot projects;

It is important that the ambition of the FPA does not duplicate work initiated by other committees or agencies established by the COP. We submit that every effort should be made to access exiting projects rather than to initiate pilot projects. There is already a considerable resource commitment across the UNFCCC, international and multilateral agencies and the UN addressing climate change and sustainable development, particularly in the disciplines of economic diversification and just transition, and that these agencies would be more expert than this Contact Group. The efforts of this Contact Group would be better served by supporting existing programmes and/or asking that those programmes are tailored to serve the needs of the Contact Group. For example, they may be considered working in concert with agencies such as the GEF and the GCF. Further, pilot projects would seem to be ambitious and beyond the resources available within the MIAS.

- g. Workshops (in session and inter-session);

Should be open to stakeholders including business and the private sector

- h. Joint work with external organizations

If deemed necessary, is consistent with the agreed Work Programme and Modalities, and can be competently resourced by the MIAS

- i. Higher visibility events could also be considered as part of the toolbox

Agree

Submission subject 2: On aspects related to economic diversification and transformation and just transition of the workforce and the creation of decent work and quality jobs, in the context of sustainable development, with a view to informing the in-forum (IF) discussion on possible needs for modelling tools, including capacity-building opportunities, to take place at SBI 47 and SBSTA 47 and training workshop on the use of economic modelling tools at SBI 48 and SBSTA 48 (April–May 2018).

The International Chamber of Commerce, through its Environment and Energy Commission welcomes the opportunity to contribute. Our considerations are framed by Decision 11/CP.21 2015 at para 5 “*Also decides to focus work under the improved forum (IF) on, inter alia, the provision of concrete examples, case studies and practices in order to enhance the capacity of Parties, in particular developing country Parties, to deal with the impact of the implementation of response measures; Adopts the work programme comprising the following areas: Economic diversification and transformation; Just transition of the workforce, and the creation of decent work and quality Jobs*”

We preface our submission by reference to the Objectives of the Convention which provides that “*The ultimate objective of this Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.*” To that end, all considerations by the COP, SBI/SBSTA and accordingly the Contact Group must be guided by that Objective.

We submit that the proposal to inform an in-forum discussion in the possible need for modelling tools would be of assistance to the Parties, noting that there are a number of modelling tools developed by

organisations with expertise in this discipline. Accordingly, we could not support a proposal to develop modeling tools.

In regard to capacity building opportunities, we submit that any consideration must be within the context of activities initiated in response to *Decision 1. CP.21 2015 paras 71-84, Capacity Building*. The IF Terms of Reference pride for “the provision of concrete examples, case studies and practices” which may embrace advice to the Parties on how to undertake the process of capacity building but does not extend to initiating or undertake capacity building.

ICC

27 September 2017

Work programme¹ on the improved forum on the impact of the implementation of response measures (June 2016 to November 2018)

Technical paper on just transition of the work force, and the creation of decent work and quality jobs: By SBI 45 and SBSTA 45 (November 2016) Technical paper

Views and experiences, including on case studies, taking into account paragraphs 1 and 6 of decision 11/CP.21, in the context of sustainable development, in order to implement the work of the improved forum, on: 1) Economic diversification and transformation; 2) Just transition of the workforce, and the creation of decent work and quality jobs: By SBI 45 and SBSTA 45 (November 2016) Submissions from Parties and organizations

Workshop on views and experiences, including on case studies, taking into account paragraphs 1 and 6 of decision 11/CP.21, in the context of sustainable development, in order to implement the work of the improved forum on: 1) Economic diversification and transformation; 2) Just transition of the workforce and the creation of the decent work and quality jobs: Before SBI 45 and SBSTA 45 (November 2016) Report on the workshop

In-forum discussion on the workshop, including, as appropriate, to provide a venue for Parties to raise priority areas, and, as appropriate, constituting an ad hoc technical expert group: During SBI 45 and SBSTA 45 (November 2016) Conclusions of the forum: Before/during SBI 46 and SBSTA 46 (May 2017)

¹ Paragraphs 5 and 6 of decision 11/CP. 21 read: “Adopts the work programme comprising the following areas: (a) Economic diversification and transformation; (b) Just transition of the workforce, and the creation of decent work and quality jobs; Decides that the implementation of the work programme shall address the needs of all Parties, in particular developing country Parties, and shall be informed, inter alia, by the assessment and analysis of impacts, including the use and development of economic modelling, taking into account all relevant policy issues of concern”.

Elements Estimated timeline/deliverable Work of ad hoc technical expert group, as appropriate During SBI 46 and SBSTA 46 (May 2017) Report of the ad hoc technical expert group as appropriate: Before/during SBI 46 and SBSTA 46 (May 2017)

Elements Estimated timeline/deliverable Work of ad hoc technical expert group, as appropriate During SBI 46 and SBSTA 46 (May 2017) Report of the ad hoc technical expert group as appropriate: In-forum discussion on the meeting of the ad hoc technical expert group, as appropriate

Parties' discussion of recommendation to COP 23 (November 2017)

Possible draft recommendation to be forwarded for consideration at COP 23 (November 2017): Before/during SBI 47 and SBSTA 47 (November 2017)

Elements Estimated timeline/deliverable In-forum discussion on possible needs for modelling tools, including capacity-building opportunities, related to the work programme of the improved forum on the impact of the implementation of response measures In-forum discussion on the areas of the work programme During SBI 47 and SBSTA 47 (November 2017)

Conclusions of the forum: Before/during SBI 48 and SBSTA 48 (April–May 2018)

Elements Estimated timeline/deliverable In-forum training workshop on use of economic modelling tools related to the work programme of the improved forum on the impact of the implementation of response measures Report on the in-forum training workshop: Before/during SBI 49 and SBSTA 49 (November 2018)

Elements Estimated timeline/deliverable Review of the work of the improved forum Draft conclusions/decisions