

# Reporting on response measures by Parties

Pre-session workshop of forum on impacts of i



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# Transparency in context of impacts of RM

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Specific national circumstances



Parties affected not only by climate change,  
but also by the impacts of the measures taken  
in response to it



Social and economic consequences of response  
measures



Mitigation vs mitigation co-benefits

# Impacts of response measures MRV

## BR/BUR/NC reporting

### BR - Mitigation actions and their effects

Annex I: encouraged to provide detailed information on the **assessment of the economic and social consequences** of response measures.

### BR - Finance

Annex II: Shall provide information on the **financial support** provided, committed and/or pledged for... assisting non-Annex I Parties to ..... adapt to ....any economic and social consequences of response measures.....

**BUR** – information on economic and social consequences of response measures

**NC** - Annex II : requests to provide detailed information on **progress made on support programmes** to meet the specific needs and circumstances of developing country Parties arising from the IIRM;

**NC** - non-Annex I: encouraged to provide information on their **specific needs and concerns arising from IIRM**,

## NC/GHG inventories (KP)

**Annex I:** shall provide information relating to how it is striving to implement its commitments ... in such a way as to minimize adverse effects including ....., effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties

**Annex II** shall provide information:

- (a) ... Phasing out of **market imperfections, fiscal incentives, tax and duty exemptions and subsidies** in all sectors, taking into account the need for **energy price reforms** to reflect market prices and externalities
- (b) **Removing subsidies of** ... environmentally unsound and unsafe technologies
- (c) ... Technological development of **non-energy uses of fossil fuels** and supporting developing country Parties...
- (d) ...Development... and wider use of ... **advanced fossil-fuel technologies and CCS**; and facilitating the participation of the LDCs and other non-Annex I Parties
- (e) Strengthening the capacity ...in **efficiency in fossil fuels use** ...
- (f) Assisting developing country Parties dependent on the export of fossil fuels in **diversifying their economies**.



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### **ETF for NDC with adaptation actions and/or economic diversification plans resulting in mitigation co-benefits**

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shall provide the information necessary to track progress on the implementation and achievement of the domestic policies and measures implemented to address the social and economic consequences of response measures, including:

- (a) Sectors and activities associated with the response measures;
- (b) Social and economic consequences of the response measures;
- (c) Challenges in and barriers to addressing the consequences;
- (d) Actions to address the consequences. (para 78, MPG, [Section-information necessary to track progress of NDC](#))

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### **ETF for all Parties on impacts of implementation of response**

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Each Party is encouraged to provide detailed information, to the extent possible, on the assessment of economic and social impacts of response measures ([para 90 MPG, section- information on mitigation policies including ED](#))

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# Common reporting table – Annex II of 5/CMA.3

**12. Information necessary to track progress on the implementation and achievement of the domestic policies and measures implemented to address the social and economic consequences of response measures<sup>a</sup>**

<i>Sectors and activities associated with the response measures<sup>b</sup></i>	<i>Social and economic consequences of the response measures<sup>c</sup></i>	<i>Challenges in and barriers to addressing the consequences<sup>d</sup></i>	<i>Actions to address the consequences<sup>e</sup></i>
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<sup>a</sup> Each Party with an NDC under Article 4 that consists of adaptation actions and/or economic diversification plans resulting in mitigation co-benefits consistent with Article 4, para. 7, of the Paris Agreement shall provide the information necessary to track progress on the implementation and achievement of the domestic policies and measures implemented to address the social and economic consequences of response measures (para. 78 of the MPGs).

<sup>b</sup> In accordance with para. 78(a) of the MPGs.

<sup>c</sup> In accordance with para. 78(b) of the MPGs.

<sup>d</sup> In accordance with para. 78(c) of the MPGs.

<sup>e</sup> In accordance with para. 78(d) of the MPGs.

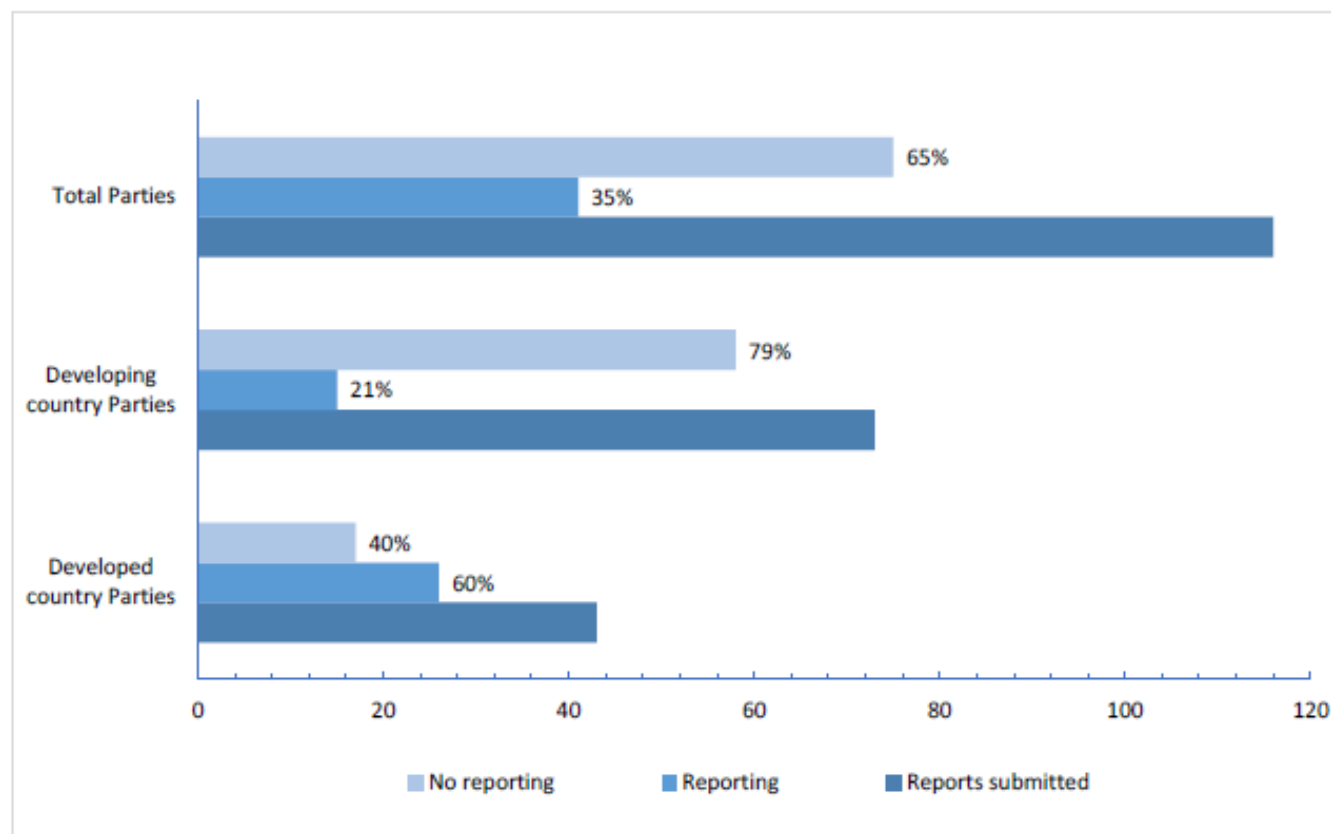


## Reporting on response measures

Mentioned limiting factor in addressing the impacts adequately.

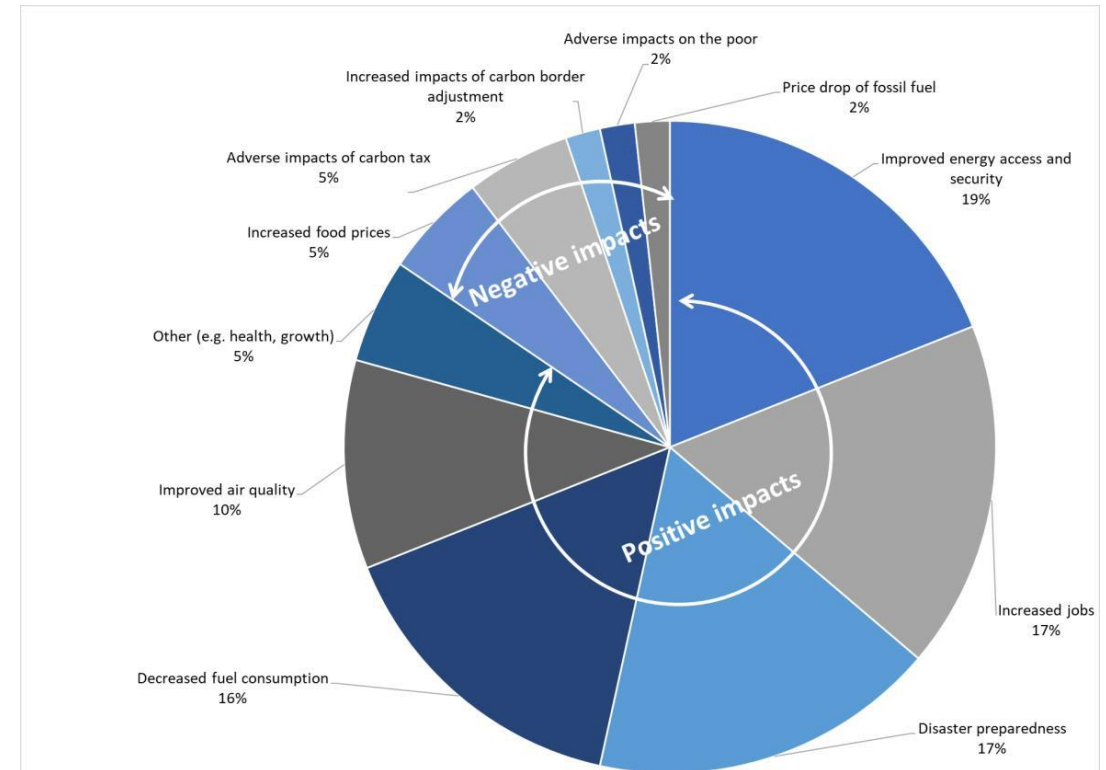
- Difficulty assessing and analysing the impacts of the implementation of response measures
- including lack of capacity to use relevant tools and methods

Number and share of Parties reporting on social and economic consequences of response measures in biennial reports and biennial update reports



# Positive and negative impacts

Most reported impacts of response measures, whether positive or negative, had not been quantified or substantiated through a systematic analysis using a qualitative or quantitative tool or methodology, except by three Parties (one developed and two developing country Parties), whose reporting of impacts of response measures was supported by an analysis conducted using a specific tool.



## Methodologies and tools reported for assessment of impacts

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Most of the Parties who reported on social and economic consequence of response measures have a process in place for an assessment

Such processes are: open public consultations; analysis in groups depending on the possible impacts; public consultation process together with policy dialogues with other countries; and assessment of consequences in relation to socio-economic cost; Others included reference to existing legislations

Very limited information related to methodology/tool used for assessment of impacts of the implementation of response measures

Slovakia reported on the impacts of implementation of response measures using E3-Modelling tool

Japan highlighted absence of internationally established methodology

very information on tools and methodologies used for assessment of impacts





### Economic impacts using E3 modelling tool

- **50 to 60% drop in consumption** will be observed during 2040 to 2050 due to Slovakia's domestic policies while the remaining drop in consumption will be due to lower demand from the rest of the EU driven by a deterioration in the terms-of-trade
- negative impact on **aggregate labour demand**
- In the short run decreased labour demand translates to **lower employment**. In long run, this translates mainly to **decreased wages**. The latter effects are substantial and dominate
- These impacts are seen as sectors that expand (mainly export-oriented industries and industries supplying investment goods) attract additional labour, whilst those that contract (mainly industries producing consumption goods) release labour. Not all workers who are made redundant from contracting sectors are able to find work in expanding sectors, leading to an increase in unemployment.

### **Positive impacts**

- better air quality
- reduced emissions
- improved energy access
- disaster preparedness
- job creation through the development of new industries
- jobs creation in biofuel exporting developing countries
- Job creation in exports of renewable energy generating equipment
- transferring efficient technologies to other countries for waste management

### **Negative impacts**

- deforestation and food resources in biofuel exporting countries
- increasing demand for raw materials and potentially increased price sensitivity due to increased renewable energy equipment exports
- movements of waste for treatment in third countries.

## Impacts of response measures contd...

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- competitive vulnerability of small businesses due to emissions pricing (which is sought to be addressed by allocation of units to avoid carbon leakage),
- disproportionate impact on lower-income households
- drop in fossil fuels prices due lower demand as a results of energy savings and increased energy efficiency
- pressures on food prices, land and forest management, especially in developing countries, due to biofuels development.

## Actions taken to minimize the impacts of response measures - reported

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- not supporting biofuels from land with high biodiversity value or from land converted from wetlands, peatlands or forest areas to mitigate the impact of biofuels development on food prices and land management
- gradual elimination of market imperfections, tax incentives, tax and duty exemptions and subsidies and cooperation for technological development of non-energy uses of fossil fuels
- designing policies to avoid trade distortion, non-tariff barriers to trade and setting similar incentives.

## International support provided to minimize the impacts of response measures - reported

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- in general refers to support provided towards development and promotion of clean and efficient technologies through various support programs.e.g.
  - a) international assistance for vulnerabilities related to gender implication of impacts; supporting the developing countries in developing,
  - b) adopting and scaling-up appropriate and affordable renewable energy and energy efficiency technologies for improved energy access and local employment;
  - c) contributing to the energy efficiency and environment in east European countries
  - d) supporting to low emissions development in African countries
  - e) supporting innovation in developing countries, particularly in the Middle East region through ACE programme
  - f) Assistance to incorporate adaptation component in the Cooperation Programs,
  - g) supporting developing countries to develop their 2025 pathways

## Support for economic diversification - reported

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- Spain and Norway have support programs specifically targeting assistance to oil-dependent developing countries in diversifying their economies including Oil for Development initiative
- Switzerland is promoting access to its domestic markets through granting preferential tariffs on products from developing and emerging countries to supporting diversification of economy.



## Support for Just Transition - reported

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- established systems and processes to promote a sustainable and equitable transition of jobs and workforce.
- National dialogues and national summits on just transition are organised to inform practical steps and approaches that can be taken by businesses, workers for an effective and inclusive transition
- The UK has started investing in providing opportunities to train, retrain and re-skill its workforce to ensure availability of right skills to deliver the low carbon transition and in high value jobs.
- Scotland's Just Transition Commission is established to provide practical advice on how to maximise the economic and social benefits of decarbonising Scotland



## Support needed to address the social and economic consequences of response measures

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- In the absence of an internationally established methodology, over 3 per cent of the reporting Parties mentioned challenges in accurately assessing specific adverse impacts and therefore evaluating efforts to minimize those impacts;
- Most of the developing country Parties, including those that reported the results of a systematic analysis using a tool, indicated a need for technical support for performing rigorous and comprehensive modelling analysis and predictions. Related to this, one Party mentioned the usefulness of its collaboration with multiple stakeholders in analysing and assessing the impacts of global response measures (e.g. carbon taxes, subsidies, the carbon border adjustment mechanism, labelling standards for basic and agricultural goods, and aviation and shipping measures) on economic and social indicators
- A few Parties identified a need for professional human development (through investment in education, research and development and technology) to enable them to pursue their economic diversification plans

