The Paris Agreement and its impacts on the implementation of response measures on commodity dependent developing countries

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
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UN Trade Forum

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Outline

- Understanding the impacts of response measures on commodity dependent countries

- Response Measures: Status under the UN Climate Change Framework Convention

- Assessing and addressing the impacts of mitigation actions: Areas of work programme
Recognition and provisions under the Paris Agreement

- Recognizes that Parties may be affected not only by climate change, but also by the impacts of the measures taken in response to it;
- Takes 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;
- Parties shall take into consideration in the implementation of this Agreement the concerns of Parties with economies most affected by the impacts of response measures, particularly developing country Parties (Article 4.15 of the PA);
- The forum established under the Convention shall continue and shall serve the Paris Agreement (paragraph 33, decision 1/CP.21).
Understanding the impacts of response measures on commodity dependent countries
Response Measures: What it is!

- Impacts of implementation of response measures is understood under the Convention as the effects arising from the implementation of mitigation actions taken by Parties under the Convention and now the Paris Agreement.

- Basically these impacts could be positive or negative, and the Convention and its related instruments seek to minimize the negative impacts and maximize the positive ones.
Manifestation of impacts of mitigation policies and actions

Dimensions

Impact Categories

Parameters to track progress

Environmental
- GHG Reductions
- Etc.

Social
- Job losses/creation
- Etc.

Economic
- Impact on GDP
- Etc.

Implementati on of Mitigation Policies and Actions

Impacts

Both positive and negative

GHG (tons)

Number of job loss/created

US$
Developing country Parties are encouraged to report on impacts received from implementation of response measures by developed countries.
Response Measures: Status under the UN Climate Change Framework Convention
Organizational arrangements for the operation – Post COP 24

COP/CMP/CMA
Supreme decision making body

Subsidiary Bodies
SBI: To assist the assessment and review of the effective implementation (Art. 10.1)
SBSTA: To provide information and advice on scientific and technological matters, including, to prepare scientific assessments on the effects of measures taken in the implementation of the Convention (Art. 9.1 and 2b)

Forum on the Impact of the implementation of RM
As contact group and a platform to address the effects of mitigation actions, to understand, exchange information and experiences; and share best practices

Katowice Committee of Experts on the impacts of RM
To support the work programme of the forum
Four areas of work programme were agreed on:

- Economic diversification and transformation
- Just transition of the workforce and the creation of decent work and quality jobs
- Assessing and analyzing the impacts of the implementation of response measures
- Facilitating the development of tools and methodologies to assess the impacts of the implementation of response measures
Assessing and addressing the impacts of mitigation actions: Areas of work programme
Economic Diversification: Why?

- Important for economic, environmental, and energy sustainability
- Type of economic diversification that is beneficial to an economy will depend on the specific national circumstances

Economic diversification matters for:
- a) Countries that depend on exporting fossil fuels and energy resources;
- b) Countries that depend on exporting other natural resources of fisheries and agricultures;
- c) Countries that import energy sources
- d) Countries that emit very little carbon, but are affected:
- e) Landlocked developing countries (LLDCs)
Economic diversification and sustainable development

- Economic diversification
  - Improve economic tolerance
  - Building resilience against fluctuation in extra regional economic activity
  - Reducing vulnerability to income loss due to volatility of product price on the international market
  - Creating more job opportunities
  - Alleviating poverty
Country Examples—Maldives

- The main contribution to the economy is tourism
- Heavy dependence on fossil fuel - Energy consumption, Transportation – sea and aviation
- Sensitive to international aviation taxes or carbon taxes
- % of domestic agricultural production is reducing
- High import dependence

Source: Ministry of Planning and National Development, Maldives
Country Examples—Singapore

• Diversification challenges as an alternative energy disadvantaged country
• National circumstances

With small physical geography
• Small size (750km²)
• Densely populated
• Flat (Highest point - 165m)
• Low lying (Mostly <15m above sea)
• No natural resources

Highly dependent on international trade

Total Trade as a % of Nominal GDP

- 27KM
- 50KM

0% 100% 200% 300% 400% 500%
2003 2005 2010 2018
Implementing economic diversification strategies

- Not much literature on how economic diversification can be produced

- Takes a long time and requires long-term planning vision

- Designing economic diversification policies and integrating them into existing or new sustainable development strategies with specific and measurable targets

- Government intervention is necessary to make policies to promote export growth and diversification.

- Get the fundamentals right i.e. to maintain macroeconomic stability, invest in infrastructure, improve the business climate, encourage private investment and invest in people, especially in education at all levels
Just Transition

In the global transitions to a low-carbon, greener economy, it needs to be ensured that
- the employment effects and dynamics are understood well
- policy areas and institutional arrangements need to be identified to address issues related to the wellbeing of the affected workers
Challenges in lights of the Paris Agreement

- Job losses
- The absence of appropriate government policies, funds and structures for just transition
- Lack of formal social dialogue mechanisms
- Insufficient support for retraining, reskilling and formalization of work for vulnerable workers
Countries adopted national employment policies that address environmental sustainability

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Title</th>
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<tbody>
<tr>
<td>China</td>
<td>2017</td>
<td>Promotion of Employment and Entrepreneurship Policy</td>
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<tr>
<td>Comoros</td>
<td>2013</td>
<td>National Employment Policy Framework Document</td>
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<tr>
<td>Ghana</td>
<td>2015</td>
<td>National Employment Policy</td>
</tr>
<tr>
<td>Kenya</td>
<td>2013</td>
<td>Sessional Paper on Employment Policy and Strategy</td>
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<tr>
<td>Mauritius</td>
<td>2014</td>
<td>National Employment Policy, Fourth Draft</td>
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<tr>
<td>Mongolia</td>
<td>2016</td>
<td>State Policy on Employment</td>
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<tr>
<td>Morocco</td>
<td>2015</td>
<td>National Employment Strategy</td>
</tr>
<tr>
<td>The Philippines</td>
<td>2016</td>
<td>Green Jobs Act</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>2012</td>
<td>National Human Resources and Employment Policy</td>
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Assessing and analyzing the impacts of the implementation of response measures

<table>
<thead>
<tr>
<th>Step</th>
<th>Task</th>
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<tbody>
<tr>
<td>Step 1</td>
<td>Identify policies and actions that may have potential impacts of response measures</td>
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<td>Step 2</td>
<td>Identify causal relations</td>
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<td>Step 3</td>
<td>Identify indicators of relevance</td>
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<td>Step 4</td>
<td>Identify suitable assessment methodologies</td>
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<td>Step 5</td>
<td>Carry out data collection and customization</td>
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<td>Step 6</td>
<td>Define scenarios, simulation and analysis results</td>
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<td>Step 7</td>
<td>Reporting the results</td>
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Types of Analytical tool

Qualitative Approach: simple analysis
Quantitative Approach: basic to complex

- Simple analysis
- Econometric estimation
- Systems of equations
- Input-output analysis
- Partial modelling
- General modelling
Important Takeaways

Challenges:

- Lack of experience in developing countries
- *Lack of case studies, specifically cross border impacts*
- Lack of methodological and analytical tools
- *ED* is nuanced and has different elements to it, all of which are important to policy making

However one has to act to make the most of the opportunities.

- Vulnerable sectors to response measures are agriculture, energy and energy intensive industries which are also biggest employers
- A **just transition framework** could be used by environmental policy makers to consider for a just transition of its national workforce to maximize the positive impacts and minimize the negative ones.
Thank you!

http://unfccc.int/4908.php