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Matters relating to Article 4, paragraphs 8 and 9, of the Convention

Progress on the implementation of decision 1/CP.10

**Report on the workshop on promoting risk management
approaches on the specific needs and concerns of developing
country Parties arising from the impact of the
implementation of response measures**

Note by the secretariat

Summary

This report provides a summary of the workshop on promoting risk management approaches on the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures. The workshop was held on 21 September 2011 in Bonn, Germany. At the workshop, participants shared information to enhance the understanding of risk management approaches, and discussed ways to promote these.

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I. Introduction

A. Mandate

1. The Subsidiary Body for Implementation (SBI), at its thirty-third session, requested the secretariat to organize a workshop, subject to the availability of resources, on promoting risk management approaches on the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures, building upon the practical experience of international, regional and national organizations and the private sector, including by disseminating information on best practices and lessons learned.

2. It further requested the secretariat to organize this workshop back to back, if possible, with other workshops relevant to the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures.¹

B. Scope of the note

3. This report outlines the objective of the workshop, the proceedings and the main issues raised.

4. The objectives of the workshop were:

(a) To deepen the understanding among Parties of risk management approaches on the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;

(b) To discuss ways to promote risk management approaches, building upon the practical experience of international, regional and national organizations and the private sector, including by disseminating information on best practices and lessons learned.

5. The workshop built upon previous work carried out with respect to this matter.

6. This report summarizes the main lines of discussion and is not intended to be exhaustive with respect to the issues raised. Matters put forward have been clustered in a manner consistent with the agenda.

II. Proceedings of the workshop

7. The workshop was organized by the secretariat and was held in Bonn, Germany, on 21 September 2011. It was attended by 25 participants from Parties not included in Annex I to the Convention, seven participants from Parties included in Annex I to the Convention, one representative of the Organization of the Petroleum Exporting Countries, four experts and two representatives of non-governmental organizations. Annex I contains the agenda for the event and annex II contains the list of participants.

8. A representative of the secretariat opened the meeting and welcomed the participants, informing them that the Chair of the SBI had asked Ms. Angela Churie Kallhauge (Sweden) to chair the workshop on his behalf.

9. The introduction by the Chair was followed by a presentation by a representative of the secretariat on background information. Background papers that were referred to during

¹ FCCC/SBI/2010/27, paragraph 90.

the workshop are accessible on the UNFCCC website.² During two sessions (session 1, promoting risk management approaches, and session 2, lessons learned and practical experiences from international, regional and national organizations and the private sector), participants addressed and discussed related issues.

10. A representative of one Party,³ one observer organization and one expert⁴ made presentations.⁵ A question-and-answer session followed. Representatives of all Parties had the opportunity to participate from the floor during the workshop. Participants, in particular those making presentations, were invited to consider suggested questions contained in the information note of the Chair of the SBI (see annex III).

11. At the end of the workshop, in session 3, participants considered concluding remarks.

III. Summary of discussions

12. This chapter provides a summary of the main points of the discussions during the workshop.

A. Session 1: Promoting risk management approaches

How could the understanding among Parties of risk management approaches on the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures be enhanced?

13. The Chair invited participants to consider related guiding questions as contained in annex III, and to provide corresponding information.

14. The presentation by the representative of Saudi Arabia outlined the challenges faced by that country in reducing dependency on one sector and its specific needs and circumstances. He also outlined challenges in developing countries that need to diversify their economies, which include, inter alia, the fragile ecosystem and harsh environmental conditions, limited resources, limited technological capacity, a high population growth rate and a distorted demographic balance.

15. He proposed some approaches to risk management, which range from the use of financial risk management tools, insurance and stabilization funds in the short term and economic diversification in the long term. He also suggested the possibility of a window with dedicated financial support. He further suggested a work programme to address building resilience, using expertise and advice from organizations, and dedicated information sessions at a permanent forum.

16. A lively discussion took place in which participants asked for clarification on different aspects of the issues raised in the presentation and in which they provided a range of insights into the experiences of other countries.

17. Some representatives of Parties suggested looking into national industrial policy instruments and policy incentives for investment in order to diversify economies to areas such as tourism and solar energy. Some representatives shared their experiences, case studies and further ideas on economic resilience, including on cloud seeding for agriculture,

² <www.unfccc.int/6152.php>.

³ Saudi Arabia.

⁴ Cambridge Econometrics and a consultant.

⁵ See footnote 2 above.

new and alternative solar energy technologies⁶ and the use of biofuels. Some representatives suggested interacting with other actors that have been successful in helping to diversify economies, including the private sector, and exchanging experiences at various levels. Some representatives considered long-term approaches towards risk management and suggested examining strategies for 2020/2030, including looking into the roles of actors such as the World Bank and the World Trade Organization, redirecting investments, inter alia, towards knowledge and education, and integrating trade considerations.

18. Following this, the Chair invited participants to further reflect on the following: How to build on the issues discussed? How to engage actors? How to improve data collection and use? How to look at risk management in a broader sense? How to harness and process lessons learned?

19. Some representatives of Parties, in their interventions, referred to using regional centres as possible platforms for further exchanges of experiences. One representative stressed the need to put into action a related work programme and a forum to address the impact of the implementation of response measures. One participant stressed the need for reaching out to other actors and for further discussion and collaboration on related issues. He also stressed the need for an enhanced understanding of related issues and suggested that the issue of the forum should be resolved in order that further progress could be made. One representative of a Party stressed the need to assess trade implications and to look into processes related to a just transition of the workforce, the creation of decent work and quality jobs.

B. Session 2: Lessons learned and practical experiences from international, regional and national organizations and the private sector

How could risk management approaches be promoted? How could the practical experiences of international, regional and national organizations and the private sector be harnessed and built upon? How could information on best practices and lessons learned best be disseminated?

Modelling

20. In his presentation, Mr. Phil Summerton, from Cambridge Econometrics, highlighted modelling as a tool for risk assessment. He outlined the potential for modelling, but also underlined the complexities and the limitations, especially with regard to availability of data, particularly from developing countries, and accessibility to models and their results. He noted that models provide a range of results on the possible risk scenarios and not one definitive solution on what the risks are and what the options to respond could be.

21. He further noted, and many of the participants concurred on, the need to continue the further development of models, with some suggesting focusing these on the circumstance of developing countries, including those with a high dependency on greenhouse gas intensive sectors and on imports.

22. Some representatives of Parties, in their interventions, confirmed related challenges such as gaps in data, shortcomings of models in that they do not link back to socio-economic factors and a general lack of balance of these models. Some representatives stressed related needs regarding education, training and capacity-building, improvement of data, accessibility and simplification of models, making them more accessible, and funding.

⁶ See Intergovernmental Panel on Climate Change *Special Report on Renewable Energy Sources and Climate Change Mitigation*, section 3.3.4 <<http://srren.ipcc-wg3.de/>>.

Economic diversification

23. In his presentation, Mr. Aaron Cosbey (a consultant), highlighted the importance of economic diversification, related co-benefits and the need to place it in the broader context of sustainable development, as identified by previous UNFCCC workshops on this issue.⁷

24. He noted the link to national sustainable development policy and development priorities. He further noted the role of governments in creating a diverse range of enabling conditions and setting the context for risk management, through the elaboration of development visions and goals, policies and other incentives. He underlined that economic diversification is a long process, with complex challenges, and the need to approach the issue in a highly country-specific manner.

25. He highlighted the principles for successful economic diversification, such as openness to trade and investment, an export focus, targeting sectors within reach of existing capacity, infrastructure expenditure, human resource development, flexibility, and trial and error. He also suggested that there are institutional issues for the Convention in that there is a mandate coupled with a need to partner up for expertise in this area, for example with development agencies and the World Bank.

26. Some representatives of Parties, in their interventions, agreed that economic diversification is a process rather than an end in itself, and is specific to different country circumstances, needs and priorities. Some representatives mentioned that greening the economy, including a just transition of the workforce, the creation of decent work and quality jobs, could be part of the solution. Some representatives suggested looking at relevant case studies, including from Brazil, Chile, Mexico, Singapore and South Africa, and relevant publications, and sharing information and learning from each other, including through South–South cooperation.

C. Session 3: Concluding remarks

27. The participants expressed appreciation for the presentations provided and the following fruitful discussions. Gratitude was expressed for the active participation by experts.

28. The Chair invited Parties to submit information on experiences and case studies involving stakeholders and the private sector on the ground, to be compiled and posted on the Internet by the secretariat, as appropriate.

IV. Outcome of the workshop

29. The workshop met its objective and was appreciated in that it enabled representatives of Parties, organizations and experts to discuss related matters in an open and interactive manner.

30. The main outcome of the event was the recognition of the need to further consider the areas and issues outlined in paragraph 31 below in order to enhance information sharing, deepen understanding and promote risk management approaches.

31. Areas for further consideration include the following:

⁷ <<http://unfccc.int/4295.php>>.

- (a) Enhancing information from developing countries on their challenges, needs and circumstances; for example, such information could be provided through the modelling portal on the UNFCCC website as well as other tools available under the Convention;
- (b) Improving the quality and coverage of modelling tools, including focusing on countries with greenhouse gas intensive sectors and a high dependency on imports;
- (c) Enhancing knowledge on technological options for economic diversification, for example drawing on the work of the Intergovernmental Panel on Climate Change;
- (d) Strengthening capacities to use models to generate information and applying this information in relevant planning and decision processes;
- (e) Providing financial and technical support to address the concerns of countries arising from the impact of the implementation of response measures;
- (f) Further analysing short-term risk management approaches such as insurance, financial risk management tools and stabilization funds;
- (g) Enhancing cooperation with relevant stakeholders, including the private sector.

32. One representative of a Party suggested forwarding the outcome of the workshop to a forum to be convened by the Chairs of the subsidiary bodies at their thirty-fifth sessions; however, another representative thought that this was not appropriate, viewing that the workshop would take place under a different agenda item, but was open that it be addressed under the Ad Hoc Working Group on Long-term Cooperative Action under the Convention, in an overall context.

Annex I**Agenda of the workshop**

8.30–9.30 Registration 9.30–9.45 Welcome and opening by the Chair 9.45–10.00 Introduction and background by the secretariat 10.00–10.30 General comments and discussion
10.30–10.50 Coffee break
10.50–12.30 Session 1: Promoting risk management approaches (see suggested questions for discussion) <ul style="list-style-type: none">• Views and proposals; presentations by Parties and observers;• General comments and discussion.
12.30–14.00 Lunch break
14.00–16.00 Session 2: Lessons learned and practical experiences from international, regional and national organizations and the private sector (see suggested questions for discussion) <ul style="list-style-type: none">• Views and proposals; presentations by Parties, experts and observer organizations:<ul style="list-style-type: none">▪ Financial risk management, economic diversification – Mr. Aaron Cosbey (consultant);▪ Modelling – Mr. Phil Summerton, Cambridge Econometrics.• Q&A
16.00–16.20 Coffee break
16.20–17.30 Session 3: Concluding session

Annex II

List of participants

PARTIES

- **ARGENTINA**
Ms. Julia Geraldine HOPPSTOCK
- **AUSTRIA**
Mr. Manfred KOHLBACH
- **BANGLADESH**
Mr. A. N. Shamsuddin Azad
CHOWDHURY
- **BRAZIL**
Mr. Haroldo de Oliveira MACHADO
FILHO
- **CANADA**
Mr. Normand TREMBLAY
- **CHINA**
Mr. Mou WANG
- **DEMOCRATIC REPUBLIC OF THE CONGO**
Ms. Maribe MUJINGA NSOMPO
- **EGYPT**
Ms. Lydia ELEWA
- **EUROPEAN UNION**
Mr. Peter CZAGA
Mr. Delano Ruben VERWEY
- **FRANCE**
Mr. Frederic SCHAFFERER
- **GHANA**
Ms. Sally BINEY
- **JAMAICA**
Ms. Nicholette WILLIAMS
- **JAPAN**
Mr. Hiroshi SUGANO
- **KENYA**
Mr. David RONO
- **MALAWI**
Mr. Davies CHOGAWANA
- **MALAYSIA**
Mr. Muhamad Nahar Bin HJ MOHD
SIDEK
- **NAMIBIA**
Mr. Petrus MUTEYAULI
- **NEPAL**
Mr. Hari Prasad GHIMIRE
- **PERU**
Mr. Eduardo CALVO
- **QATAR**
Mr. Saad AL-HITMI
- **SAUDI ARABIA**
Mr. Ayman SHASLY
Mr. Aysar TAYEB
- **SINGAPORE**
Mr. Peter GOVINDASAMY
Mr. Siti Aishah MOHAMED
- **SOUTH AFRICA**
Ms. Kim KAMPEL
Mr. Brendan VICKERS
- **ST. LUCIA**
Ms. Neranda MAURICE
- **ST. VINCENT AND THE GRENADINES**
Ms. Nyasha HAMILTON
- **SWEDEN**
Ms. Angela CHURIE KALLHAUGE
- **UZBEKISTAN**
Mr. Alexandr MERKUSHKIN
- **VENEZUELA (BOLIVARIAN REPUBLIC OF)**
Mr. Ramiro RAMIREZ

RESOURCE PERSONS

- Ms. Sangchan LIMJIRAKAN
- Mr. Philip SUMMERTON
- Mr. Aaron COSBEY
- Ms. Ingrid JEGOU

OTHER ORGANIZATIONS

- **OPEC**
Mr. Mohamed HAMEL
- **RINGO**
Ms. Ingrid JEGOU
- **YOUNGO**
Ms. Anastasia WILENKI

UNFCCC

- Mr. William Kojo AGYEMANG-BONSU
- Ms. Aiping CHEN-SCHMITZ
- Ms. Marie-Thérèse DIOUF-SPERLING
- Ms. Hanna HOFFMANN
- Ms. Ines HOLLBAUER

Annex III

Information note by the Chair of the Subsidiary Body for Implementation (extract) – suggested questions for discussions

The following questions may guide participants in their reflections on related issues:

- (a) How could the understanding among Parties of risk management approaches on the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures be enhanced?
 - (b) How could risk management approaches be promoted?
 - (c) How could the practical experiences of international, regional and national organizations and the private sector be harnessed and built upon?
 - (d) How could information on best practices and lessons learned best be disseminated?
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