**DRAFT TEXT**
**on**

**SBSTA 65 agenda item 8**
**SBI 65 agenda item 8**
**Matters relating to the forum on the impact of the implementation of response measures serving the Convention, the Kyoto Protocol and the Paris Agreement**

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# Report of the forum on the impact of the implementation of response measures

*[placeholder for preamble]*

General convening at SB 64 and SB 65

1. *Note with appreciation* the convening of technical sessions at the sixty-fourth sessions of the subsidiary bodies on:

(a) Case studies contained in the annual report of the KCI for 2025, covering just transition, economic diversification and assessment of the impacts of response measures;

(b) Analysis and assessment of and reporting on the impacts of measures taken to combat climate change, including cross-border impacts, recalling Article 3, paragraph 5, of the Convention;

(c) Information on the impacts of the implementation of response measures to be provided for the technical assessment component of the second global Stocktake;

2. *Also note with appreciation* the convening of technical sessions at the sixty-fifth sessions of the subsidiary bodies to:

(a) Build awareness of and share information related to assessing and analysing the impacts, including socioeconomic impacts, of response measures to be implemented in order to achieve all outcomes of the global stocktake and different net zero scenarios and pathways (activity 5 of the workplan of the forum and its Katowice Committee on Impacts for 2026–2030);

(b) Build awareness of and share information on the social and economic impacts of economy-wide nationally determined contributions, covering all greenhouse gases, sectors and categories (activity 12 of the workplan of the forum and its Katowice Committee on Impacts for 2026–2030);

3. *Further note with appreciati*on the convening, at the sixty-fifth sessions of the subsidiary bodies, of workshops:

(a) To facilitate the exchange and sharing of experience and best practices among Parties, the secretariat and other international organizations on conducting impact assessments (activity 8 of the workplan of the forum and its Katowice Committee on Impacts for 2026–2030);

(b) On enhancing the capacity of Parties to carry out their own assessment and analysis of and produce reports on the impacts of the implementation of response measures (activity 15 of the workplan of the forum and its Katowice Committee on Impacts for 2026–2030);

4. *Express gratitude* to the KCI, the organizations and the experts who contributed to the technical sessions and workshops referred to in paragraphs 1–3 above;

5. *Recognize* the importance of inputs of scientific community including IPCC as well as comprehensive and representative scientific inputs from developing countries and relevant

reports from regional groups and institutions and invite those organisation to consider how best to provide inputs to the work of the forum and its KCI;

### Global Dialogue

6. *Welcome* the summary report[1] prepared by the secretariat on the 2026 global dialogue on the impacts of the implementation of response measures, recognizing that it is not an exhaustive account thereof;

7. *Express appreciation* to the Governments of Thailand for hosting the 2026 global dialogues;

8. *Also express appreciation* to the United Nations Economic and Social Commission for Asia and the Pacific and the United Nations Trade and Development for supporting the organization of the 2026 global dialogues; the Chairs of the subsidiary bodies and the secretariat for organizing the dialogue; the experts and facilitators who contributed to the dialogue;

### Annual report of the KCI

9. *Welcome* the annual report of the Katowice Committee of Experts on the Impacts of the Implementation of Response Measures for 2026, adopt the updated rules of procedure contained therein and also adopt the recommendations forwarded by the forum on the impact of the implementation of response measures contained in section x below, which pertain to activity 4 of the workplan of the forum and its Katowice Committee on Impacts for the fifty-second to sixty-third sessions of the subsidiary bodies;

### Activities to be implemented by forum in 2027

Option 1:

10. *Decide* that the forum will conduct the following activities at the sixty-sixth sessions of the subsidiary bodies (June 2027):

(a) {*placeholder for modality*} on analysing, assessing and reporting on the impacts of measures taken to combat climate change, including cross-border impacts, recalling Article 3, paragraph 5, of the Convention (activity 6 of the workplan of the forum and its KCI for 2026–2030);

(b) {*placeholder for modality*} on the toolbox of the KCI, customizable to local circumstances, including methodologies for identifying, assessing and addressing the impacts of response measures, and capacity-building and sharing of experience on its use (activity 10 of the workplan of the forum and its KCI for 2026–2030);

(c) {*placeholder for modality*} on reporting guidelines under the enhanced transparency framework for analysing the impacts of response measures on Parties with economies most affected, in line with Article 4, paragraph 15, of the Paris Agreement (activity 13 of the workplan of the forum and its KCI for 2026–2030);

10bis. *Also decide* that the forum will conduct the following activities at the sixty-seventh sessions of the subsidiary bodies (November 2027):

(d) {*placeholder for modality*} on the case studies in each of the five United Nations regions on just transition of the workforce, the creation of decent work and quality jobs, and economic diversification and transformation (activity 11 of the workplan of the forum and its KCI for 2026–2030);

(e) {*placeholder for modality*} on technological solutions aimed at reducing climate change impacts and creating decent work, including current trends, impacts and possible future developments (activity 16 of the workplan of the forum and its KCI for 2026–2030);

(f) {*placeholder for modality*} on enhancing the capacity of Parties to assess, analyse and report on the impacts of the implementation of response measures through

[1] URL to summary report

training and capacity-building (activity 15 of the workplan of the forum and its KCI for 2026–2030);

Option 2:

10. *Recalls* that the activities of the workplan are to be spread evenly and covered holistically across its five-year time frame, as referred to in paragraph 8 of decision 6/CP.30, 2/CMP.20 and 14/CMA.7;

10bis. *Decide* that the forum will conduct one activity at the sixty-sixth sessions of the subsidiary bodies (June 2027) as below:

{*placeholder for modality*} on the KCI that can be customized to local circumstances, including methodologies, for Parties to use in identifying, assessing and addressing the impacts of response measures, and capacity-building and sharing of experience in relation to using the toolbox (activity 10 of the workplan of the forum and its KCI for 2026–2030);

or

{*placeholder for modality*} on ways and means of enhancing public–private partnerships to address the impacts of the implementation of response measures (activity 9 of the workplan of the forum and its KCI for 2026–2030);

or

{*placeholder for modality*} on technological solutions aimed at reducing climate change impacts and creating decent work (activity 16 of the workplan of the forum and its KCI for 2026–2030);

10ter. *Also decide* that the forum will conduct one activity at the sixty-seventh sessions of the subsidiary bodies (November 2027) as below:

{*placeholder for modality*} technological solutions aimed at reducing climate change impacts and creating decent work (activity 16 of the workplan of the forum and its KCI for 2026–2030);

or

{*placeholder for modality*} on the availability and use of guidelines and policy frameworks to assist Parties in promoting economic diversification and just transition of the workforce and the creation of decent work and quality jobs within and across sectors, including through training, retooling, retraining and reskilling systems and stakeholder engagement strategies (activity 17 of the workplan of the forum and its KCI for 2026–2030);

or

{*placeholder for modality*} on ways and means of enhancing public–private partnerships to address the impacts of the implementation of response measures (activity 9 of the workplan of the forum and its KCI for 2026–2030);

or

{*placeholder for modality*} on the KCI that can be customized to local circumstances, including methodologies, for Parties to use in identifying, assessing and addressing the impacts of response measures, and capacity-building and sharing of experience in relation to using the toolbox (activity 10 of the workplan of the forum and its KCI for 2026–2030);

Input to second GST

*Recalling* decision 19/CMA.1,

*Also recalling* decision 23/CMA.3,

*Further recalling* decisions 16/CP.29, 3/CMP.19 and 22/CMA.6,

*Recalling* decisions 6/CP.30, 2/CMP.20 and 14/CMA.7,

Option 1:

11. *Decide* that all products of the forum and its KCI, including technical papers, annual reports, workshop outputs, global dialogue reports, recommendations as included in COP, CMP, CMA decisions, and case studies, including lessons learned from the case studies, experts, United Nations agencies, international organizations, countries and regions, serve as substantive analytical inputs to the technical assessment component of the second global stocktake;

11bis. *Invite* Parties to submit via the submission portal by 31 January 2027 their views on efforts related to addressing the social and economic consequences and impacts of response measures, *request* the secretariat to prepare a synthesis report of the submissions as an input to the second global stocktake, *also request* the KCI to prepare its synthesis report serving as an input to the second global stocktake by 28 February 2027 and *further request* the forum to consider and summarize these two synthesis reports at SB 66 for the technical dialogue;

11ter. *Urge* the need to conduct new and additional cross-border impact assessment and analysis of the implementation of response measures in a timely manner before and during the second global stocktake;

11quater. *Highlight* the need to identify, assess, report and address the adverse impacts of response measures in relation to proposed mitigation measures in the global stocktake process, before and during the global stocktake process, with specific attention to cross-border impacts

11quinquies. *Also highlight* that the second global stocktake process needs to outline various aspects in relation to the adverse impacts of the implementation of response measures, including metrics such as inflation, gross domestic product, household income, employment and trade flows;

11sexies. *Further highlight* that the global stocktake process shall take into consideration in the implementation of the Paris Agreement the concerns of Parties with economies most affected by the impacts of response measures, particularly developing countries;

11octies. *Request* the KCI to cover the full work of the forum and its KCI, including the 2025–2026 case studies, the analysis of cross-border impacts, the global dialogues and a broad set of economic indicators, such as gross domestic product, trade flows, inflation, debt, household income and employment in the synthesis report;

Option 2:

11. *Recall* activity 2 of the workplan of the forum and its KCI for 2026–2030, namely to prepare information for the technical assessment component of the global stocktake related to the impacts of the implementation of response measures with the process outlined in paragraphs 12–13 of decision 23/CMA.3 (paras. 8 and 24 of decision 19/CMA.1);

11bis. *Invite* Parties to submit via the submission portal no later than 28 February 2027 their views on efforts related to addressing the social and economic consequences and impacts of response measures and request the secretariat to submit them as an input to the second global stocktake;

## Recommendations

12.

Option 1:

*Adopt* the following recommendations arising from deliberations of the forum at the sixty-fourth and sixty-fifth sessions of the subsidiary bodies:

*Case studies of the KCI*

(a) *Note* that the case studies of the KCI, which examined experiences in Maldives, Lao People's Democratic Republic, India and Brazil, as well as impacts on African economies, provide evidence on domestic and cross-border impacts of response measures, including impacts from border carbon adjustments, under different national circumstances, building on gaps identified in the first global stocktake, including limited data and capacity to assess such impacts;

(b) *Recognize* the growing evidence from the case studies that response measures, including border carbon adjustments, can generate significant negative economic and social impacts, including through cross-border effects on production, trade, employment and household welfare, and that these impacts vary according to national circumstances, economic structure and exposure to international markets;

(c) *Note in particular that:*

(i) The Maldives case study shows how measures affecting international aviation, maritime transport and trade can transmit impacts to other economies and households;

(ii) The Lao People's Democratic Republic case study highlights the importance of considering costs and investment requirements;

(iii) the India case study finds negative economic effects from destination-based carbon pricing by major trading partners across the scenarios examined, affecting production, trade and employment in India, with impacts concentrated in emissions-intensive and trade-exposed sectors such as steel;

(iv) The Brazil case study examines the socioeconomic impacts of agricultural credit policies, including effects on agricultural production and rural livelihoods, demonstrating the value of detailed national-level assessment;

(d) *Recognize* that cross-border impacts, which recent case studies of the KCI show can generate economic and social effects beyond the country implementing a measure, require further analysis and assessment, including of impacts on production, exports, trade, employment and economic diversification, with particular attention to the distributional impacts on emissions-intensive and trade-exposed sectors and to the capacity of developing countries to assess and respond to such impacts;

*Activity 2 of the workplan of the forum and its KCI for 2026–2030: input to the technical assessment component of the second global stocktake*

(e) *Recognize* that the global stocktake process needs to establish linkages between mitigation outputs and their social and economic consequences, and should treat the social, economic and cross-border impacts of response measures on developing country exports, employment and just transition pathways as an essential part of the information base of the second global stocktake;

(f) *Also recognize* that the global stocktake should take into account whether mitigation action has been implemented in a manner that addresses the social and economic consequences of response measures, supports economic diversification and decent work, and is consistent with the principles and provisions of the Convention, including equity, common but differentiated responsibilities and respective capabilities, and its Article 3, paragraph 5, the Kyoto Protocol and the Paris Agreement;

*Activity 5 of the workplan of the forum and its KCI for 2026–2030: impacts of response measures to achieve the outcomes of the global stocktake*

(g) *Encourage* Parties to take full account of the distributional impacts of climate policies in the development and implementation of their nationally determined contributions and long-term low greenhouse gas emission development strategies;

(h) *Recognize* that economic diversification and workforce approaches should respond to domestic economic realities, that local content and local value creation can help retain economic and employment benefits within developing countries, and that distributional assessment can help identify where benefits and costs occur and who is affected;

*Activity 6 of the workplan of the forum and its KCI for 2026–2030: analysing, assessing and reporting on impacts, including cross-border impacts*

(i) *Note* that sectoral response measures in emissions-intensive and trade-exposed industries can have disproportionate effects on developing country Parties, and emphasize the importance of tailored measures to assess and address the impacts of the implementation of response measures;

(j) *Also note* that cross-border impacts, especially in relation to sector-specific standards such as social and governance criteria, were seen as potentially undermining competitiveness, including among small and medium-sized enterprises in developing countries, and that global rules or standards often overlook local realities, result in high costs for those mandated to comply with them and risk exacerbating unemployment and social inequality;

(k) *Further note* that there is currently no agreed methodology for assessing cross-border impacts and that many governments lack the capacity to do so, and emphasize the need for a structured and coordinated framework to support more effective assessments of cross-border impacts;

*Activity 8 of the workplan of the forum and its KCI for 2026–2030: experience and best practices in conducting impact assessments*

(l) *Recognize* the need for Parties to conduct more analyses of impacts, including, inter alia, sectoral, national, subnational, domestic and cross-border analyses, to inform climate policies, and emphasize the importance of undertaking ex ante and ex post impact assessments of response measures;

(m) *Also recognize* that impact assessments should reflect national circumstances and development priorities, that there is no single methodology appropriate for all countries and contexts, and that approaches should be capable of capturing differences in national economic structures and exposure to response measures;

(n) *Decide* to include in the case studies of the KCI broader consideration of economic indicators, including gross domestic product, trade, inflation, debt, debt financing costs, household income and employment;

*Activity 12 of the workplan of the forum and its KCI for 2026–2030: social and economic impacts of economy-wide nationally determined contributions*

(o) *Encourage* Parties to include in their biennial transparency reports and other relevant national reports information on the social and economic impacts of response measures, including negative impacts, cross-border effects and impacts on developing country Parties, and on measures taken to minimize adverse effects, and to use that information in the technical assessment component of the second global stocktake;

*Activity 15 of the workplan of the forum and its KCI for 2026–2030: enhancing the capacity of Parties to assess, analyse and report on impacts*

(p) *Encourage* Parties to establish capacity-building partnerships and networks for increasing the representation of developing countries in the use and development of tools and methods to assess the impacts of the implementation of response measures;

(q) *Recognize* that further support in data collection, access to appropriate modelling tools, institutional capacity and technical expertise remains important for strengthening the capacity of countries, particularly developing countries, to undertake their own assessments of the impacts of response measures;

(r) *Also recognize* that capacity-building is needed to strengthen reporting in biennial transparency reports on the social and economic consequences of response measures, and note that, following its consideration of the 2025 synthesis of biennial transparency reports, the KCI agreed to integrate an exchange of experiences on such reporting into its capacity-building activities and to explore collaboration with the Consultative Group of Experts;

*Recommendations from the 2026 KCI annual report on activity 4 of the workplan of the forum and its Katowice Committee on Impacts for 2026-2030*

(s) *Encourage* Parties, relevant organizations and other stakeholders to consider*:*

(t) Making use, as appropriate, and promoting the use of the KCI capacitybuilding programme, including e-learning modules, regional hands-on training workshops, and user-

friendly interfaces for climate-policy impact assessment and the selection of methodologies and tools for climate-policy impact assessment, recognizing the programme's role in supporting Parties in conducting analyses of impacts;

(u) Leveraging the benefits of informed policy design and the implementation of policies to support just transitions and economic diversification and transformation efforts;

(v) Addressing the challenges, including those related to data gaps, in assessing the socioeconomic impacts of the implementation of response measures faced by all countries, in particular developing countries;

(w) The positive role of capacity-building programmes in supporting the application of methodological approaches to conducting impact assessment that respond to national circumstances and priorities;

(x) Emphasizing the importance of undertaking ex ante and ex post impact assessments of response measures with a view to supporting informed policy design and implementation;

(y) Making use of capacity-building programmes in supporting Parties in conducting analyses of impacts, including, inter alia, sectoral, national, subnational, domestic and cross-border impacts, to inform their response measures.

Option 2:

*12.*

*Recommendations from the 2026 KCI annual report on activity 4 of the workplan of the forum and its Katowice Committee on Impacts for 2026-2030*

*Encourage* Parties, relevant organizations and other stakeholders to consider:

(z) Making use, as appropriate, and promoting the use of the KCI capacity-building programme, including e-learning modules, regional hands-on training workshops, and user-friendly interfaces for climate-policy impact assessment and the selection of methodologies and tools for climate-policy impact assessment, recognizing the programme's role in supporting Parties in conducting analyses of impacts;

(aa) Leveraging the benefits of informed policy design and the implementation of policies to support just transitions and economic diversification and transformation efforts;

(bb) Addressing the challenges, including those related to data gaps, in assessing the socioeconomic impacts of the implementation of response measures faced by all countries, in particular developing countries;

(cc) The positive role of capacity-building programmes in supporting the application of methodological approaches to conducting impact assessment that respond to national circumstances and priorities;

(dd) Emphasizing the importance of undertaking ex ante and ex post impact assessments of response measures with a view to supporting informed policy design and implementation;

(ee) Making use of capacity-building programmes in supporting Parties in conducting analyses of impacts, including, inter alia, sectoral, national, subnational, domestic and cross-border impacts, to inform their response measures.

Option 3: *no text*

13. *[Placeholder for budgetary implication paragraphs, if applicable]*