

Proposal for an IPCC Expert Meeting on Economic Analysis, Costing Methods and Ethics

**(Submitted by the Co-chairs of Working Group III and II for the
31st Session of the IPCC Plenary, Bali, Indonesia, October 26-29th, 2009)**

1. Background

As laid out in part D of the output document from the scoping meeting in Venice, Italy (13-17 July 2009) and in part C of the scoping document provided to the current Plenary Session (IPCC-XXXI/Doc. 4), a number of Cross-Cutting Methods (CCM) and Cross-Cutting Themes (CCT) have been identified. One of the CCMs concerns the economic analyses that play a major role in WG III as well as in WG II.

At the Venice meeting, the need to clarify a number of cost concepts and their underlying rationale emerged. In particular, this includes problems with representing climate impacts in monetary and non-monetary terms, and with aggregating benefits and costs and the implications for cost-benefit-analysis (CBA) and other methods. Furthermore, the ethical dimensions of estimating costs of mitigation, adaptation and residual damages need to be assessed.

2. Aim of the Meeting

The aim of the meeting is to congregate a diverse set of views and to make suggestions for how assessment frameworks can be created. In particular, the meeting will address:

- Identifying and comparing metrics
 - Multidimensional metrics for evaluating damages; key dimensions of characterising damages.
 - Metrics of mitigation costs: balanced growth equivalents, net present value and beyond
 - Economic implications of global warming potentials
- Measuring risk and valuing information
- Technical change: opportunities, incentives and past evidence
- Adaptation as an economic process
- Integrated assessment -- state of the art
- Behavioral dimensions of consumer and firm choice vis-a-vis energy conservation and carbon reduction
- Reconciliation of negative cost opportunities with observed behaviour
- Intragenerational justice and costs: comparing actors, households, regions; willingness to pay, willingness to accept, equity weighting and beyond
- Intergenerational justice and costs: discounting, overlapping generation models and beyond
- Economic and ethical implications of decision making under uncertainty
- Social cost-benefit analysis
 - The social costs of carbon in the context of multiple discount rates, heterogenous households and social cost-benefit-analysis
- Optimal carbon prices in second-best settings (multiple market failures)

3. Scientific Steering Group

A Scientific Steering Group (SSG) for the planning and execution of the Workshop will be established, taking into account the need for balanced scientific expertise, as well as geographical and developed/developing country representation. WGs III and II will jointly lead the SSG selection process and the meeting planning. WG III will take the operational lead for the meeting.

4. Participation and Output

The meeting is expected to have around 70 participants. It will be comprised of scientific experts in the topic areas identified, including lead authors from WG II and III responsible for the economic and valuation sections of the various chapters in the respective working group contributions to the AR5.

The meeting outcome will be an agreed guidance paper for the authors to feed directly into the respective working group contributions.

5. Timing, Duration and Location

The meeting is scheduled for Spring 2011 and shall last for two days. The location is still to be determined.

6. Trust Fund

30 journeys (across all WGs) from the budget line 'AR5 cross cutting meetings and SYR'.