

## ANNEX 6

### TERMS OF REFERENCE AND ARRANGEMENTS FOR THE CONDUCT OF A COMPREHENSIVE IMPACT ASSESSMENT OF THE SHORT-TERM MEASURE BEFORE MEPC 76

1 In accordance with the *Initial IMO Strategy on reduction of GHG emissions from ships* (resolution MEPC.304(72)), the impacts on States of a measure should be assessed and taken into account as appropriate before adoption of the measure. A comprehensive impact assessment of the short-term measure should be conducted as set out in the *Procedure for assessing impacts on States of candidate measures* (MEPC.1/Circ.885).

2 The comprehensive impact assessment should assess the impacts on States of the short-term measure, including developing countries, in particular on least developed countries (LDCs) and small island developing States (SIDS), and take into account, as appropriate:

- .1 initial and detailed impacts assessments of individual elements forming part of the proposed combined measure including a detailed description of the method and sources of data utilized;<sup>1</sup>
- .2 relevant available information from the IMO ship fuel oil consumption database and the *Fourth IMO GHG Study 2020*;
- .3 documents submitted to ISWG-GHG 7 on assessing the impacts on States, in particular documents ISWG-GHG 7/2/10 (Mexico, Solomon Islands and Tonga) (ISWG-GHG 7/2/11 (Solomon Islands and Tonga); ISWG-GHG 7/2/34 (Argentina et al.), ISWG-GHG 7/2/36 (Secretariat), the Review of the comprehensiveness of the impact assessments submitted to the seventh session of the International Maritime Organization's Intersessional Working Group on the Reduction of GHG Emissions from Ships and any other relevant document submitted to ISWG-GHG 7; and
- .4 any relevant information for assessing the impacts on States provided by interested Member States and international organizations.<sup>2</sup>

3 The comprehensive impact assessment of the short-term measure should be commensurate to its complexity and nature, and include the elements identified in MEPC.1/Circ.885, in particular paragraphs 8 and 15, and take into account the following:

- .1 a review of peer-reviewed literature, including ex-post analysis;
- .2 a statistically relevant number of case studies, to be possibly complemented by a number of illustrative case studies representative of broader trade conditions that might be shared across developing countries, including SIDS, LDCs and countries remote from their import/export markets;
- .3 to the extent already possible, the disproportionate impacts on States, including developing countries, in particular LDCs and SIDS, of the measure, in the context of the COVID-19 pandemic, and consider potential additional impacts of the measure on projected economic scenarios;

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<sup>1</sup> Whenever such disclosure is possible.

<sup>2</sup> Member States and international organizations are invited to submit relevant information to the Secretariat ([ghg@imo.org](mailto:ghg@imo.org)) at their earliest convenience; a deadline will be set up by the Steering Committee at its first meeting.

- .4 the identification of areas of missing data;
- .5 an assessment of possible impacts on States arising from the resulting changes and performance of the global fleet as indicated in paragraph 4.11 of the Initial Strategy;<sup>3</sup>
- .6 any basic stakeholder analysis (SHA) undertaken by Member States to understand the amount of speed reduction-based delay acceptable to various commodities to avoid any disproportionately negative impacts; and
- .7 an assessment of whether the measure is likely to result in disproportionately negative impacts on States, including developing countries, in particular on LDCs and SIDs.

4 The comprehensive impact assessment should be policy neutral.

### **Steering Committee**

5 In line with the practice for the conduct of IMO GHG studies, a Steering Committee of Member States should be established following an agreement by the Committee at its seventy-fifth session. The Steering Committee should be geographically balanced (e.g. with reference to the five United Nations regions), and appropriately represent developing and developed countries. Relevant stakeholders should also be represented.

6 The Steering Committee should be of a manageable size. Taking into account the importance of the comprehensive impact assessment and the need for the Steering Committee to be established in a transparent, open and fair manner, the Secretary-General should as soon as possible invite nominations from all Member States by issuance of a circular letter. Depending on the number of nominations to be received, the size and members of the Steering Committee should be decided and announced by the Secretary-General accordingly. The Steering Committee should be coordinated by the Vice-Chair of the Marine Environment Protection Committee, in line with the practice for the Ad hoc Capacity-building Needs Analysis Group (ACAG).

7 The Steering Committee should:

- .1 act as a focal point for the Committee;
- .2 consider and agree on the outline of the comprehensive impact assessment and associated timeline;
- .3 review and monitor the progress of the comprehensive impact assessment, including providing feedback on the main methods, databases and data sources to be used, in line with agreed timelines; and
- .4 confirm that the comprehensive impact assessment meets the terms of reference set out in paragraphs 2 to 4.

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<sup>3</sup> With the focus on ships' safety, operation and transport cost, as well as the extent to which ships will be able to meet the requirements of the short-term measure, retrofitting and commercial behaviour, substitution effects for a sample of relevant commodities and trade flows, additional administrative burden of implementation and cost-effectiveness of the measure and potential disproportionately negative impacts on States, including developing countries, in particular on SIDS and LDCs.

8 The Steering Committee should provide recommendations to the Committee. It should, as much as possible, work by consensus, make all efforts to ensure timely completion of the comprehensive impact assessment, aim at assisting the Committee to make evidence-based decisions, and undertake its work using modern communication methods, e.g. by email and teleconferencing.

### **Contract and implementation**

9 The Secretariat will be responsible for initiating and facilitating the process of conducting the comprehensive impact assessment.

10 The Secretariat is invited to involve UNCTAD in the conduct of the comprehensive impact assessment. Other UN agencies, UN regional commissions and relevant stakeholders may be consulted.

11 The Secretariat should organize an expert workshop/webinar on the draft final comprehensive impact assessment ahead of MEPC 76.

12 Interested Member States and international organizations are invited to provide relevant information that may inform the comprehensive impact assessment through the Secretariat.

13 Member States and international organizations are invited to financially contribute to the comprehensive impact assessment by means of a donation to the GHG-TC Trust Fund.

### **Delivery of the comprehensive impact assessment**

14 The final comprehensive impact assessment of the short-term measure should be submitted to the seventy-sixth session of the Marine Environment Protection Committee to be held in spring 2021 for its consideration and analysis of measures to be implemented to address, as appropriate, any identified disproportionate impacts on developing States, including SIDS, LDCs and countries remote from their export markets.

15 On the basis of the comprehensive impact assessment, a framework for reviewing impacts on States including developing countries, in particular on LDCs and SIDS and countries remote from their export markets of the measure adopted, and addressing disproportionately negative impacts on States, as appropriate, should be considered.

16 The Committee will consider experience gained from the impact assessment in the development of future comprehensive impact assessments, as well as in preparing for the review of the measure, to be completed by 1 January 2026.

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