

# ENB on the side

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## Climate change in three Maghreb countries

Presented by the delegations of Morocco, Algeria and Tunisia

This event reviewed the national communications submitted by Algeria, Morocco and Tunisia, and presented portfolios of potential CDM projects available in these countries.

Michael Zammit-Cutajar, Executive Secretary of the UNFCCC Secretariat, thanked and encouraged the Maghreb countries for their work in developing national communications.

Ménouèr Boughedaoui, Université de Blida, presented Algeria's national communication. He explained that Algeria is a semi-arid region which suffers from limited water resources, soil degradation, desertification and drought, and is therefore vulnerable to climate change impacts. Climate change models illustrate that a doubling of atmospheric carbon dioxide (CO<sub>2</sub>) concentrations will lead to a 2.2°C increase in Algeria's average temperature, and an eight percent decrease in annual precipitation. Boughedaoui noted that Algeria has undertaken several voluntary climate change mitigation measures, including establishing an agency to promote renewable energy and energy efficiency, adopting a regulatory framework, and enacting an energy law. Algeria has also developed a portfolio of potential CDM projects on renewable energy, energy efficiency, transportation and reforestation.

Samir Amous, APEX Conseil, noted that the energy sector is responsible for over half of Tunisia's greenhouse gas (GHG) emissions, but that Tunisia has low per capita emissions compared to many Annex I countries. Amous explained that Tunisia has developed a portfolio of 47 potential CDM projects, including reforestation, waste, cogeneration, biomass, wind power, demand management, and micro-hydro projects.

Fauzi Senhaji, Groupe d'Etudes et de Recherches sur les Energies Renouvelables et l'Environnement, presented Morocco's national communication. He explained that climate change will: cause Morocco's temperatures to increase and precipitation to decrease; have adverse impacts on Morocco's water supply and agricultural yield; and cause an increase in extreme weather events. He reported that Morocco has identified 23 potential mitigation projects, but that it will require additional resources to implement capacity-building programmes and to carry out adaptation and mitigation plans. Senhaji noted that Morocco has developed a portfolio of potential CDM projects, including projects on renewable energy, energy efficiency, waste, industrial processes and reforestation.

### More Information:

<http://www.ccmaghreb.com>

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Ali Agoumi, UNDP/GEF Maghreb Project on Climate Change, says that Morocco is not a major emitter of GHGs, but like other North African countries, it is extremely vulnerable to climate change impacts.



Samir Amous, APEX Conseil, expresses concern about the effects of climate change on Tunisia's water resources, coastline, coastal fisheries, and soil quality.

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# Good practice guidance and uncertainty management in national GHG inventories for the land use, land-use change and forestry (LULUCF) sector

Presented by the Intergovernmental Panel on Climate Change (IPCC)

Riitta Pipatti, IPCC, introduced the proposed IPCC report on good practice guidance for the Revised 1996 IPCC Guidelines for National GHG Inventories. She said the report will aim to assist countries in producing inventories that are as accurate as possible, support the development of transparent, consistent and comparable inventories, and provide specific guidance to the energy, industry, agriculture and waste sectors.

Jim Penman, IPCC, explained that the report will: assess ways to undertake consistent representations of land areas; provide good practice guidance for reporting specifically linked to the Revised 1996 IPCC Guidelines; examine supplementary methods and good practice guidance to address issues arising from the Kyoto Protocol; and examine cross-cutting issues, including how to use available resources most effectively.

Pipatti presented other IPCC work on LULUCF. She said the IPCC intends to develop definitions for direct human-induced "degradation" and "devegetation," and methodological options to inventory and report on emissions resulting from these activities. The IPCC also plans to develop practicable methodologies to factor out direct human-induced changes in carbon stocks from indirect human-induced emissions and those from natural sources.

Robert Watson, IPCC, explained that the IPCC would compile an options assessment paper if invited to do so by the COP or SBSTA. The paper would develop biome-specific forest definitions and analyze the implications of different definitions of forest with regard to afforestation, reforestation and deforestation activities. Watson also outlined the scope of the paper on issues related to afforestation and reforestation project activities under Article 12 (Clean Development Mechanism) of the Kyoto Protocol.



The IPCC presents its progress on the preparation of a report on good practice guidance and uncertainty management for the LULUCF sector.

#### More information:

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# Climate strategies under uncertainty

Presented by the International Institute for Applied Systems Analysis (IIASA)

Nebojša Nakicenovic, IIASA Transitions to New Technologies Project, stated that technological improvements can lower the cost of climate change mitigation. He noted, however, that technological change is a relatively slow process, and that it takes at least 30 to 50 years to replace old technological systems with new ones. He concluded that technology replacement can be accomplished through the accumulation of experience through technological learning.

Leo Schrattenholzer, IIASA Environmentally Compatible Energy Strategies Project, presented the findings of an IIASA analysis of global sustainable development scenarios, which show that hydrogen fuel cells and solar photovoltaic cells emerge as key technologies in the long run, and that natural gas technologies could provide an efficient medium-term transition.

Sten Nilsson, IIASA Forestry Project, stated that many opportunities exist to improve the atmospheric carbon balance through enhanced management of sinks, but that there are substantial uncertainties and risks. He explained that IIASA case studies demonstrate the need for full GHG accounting. He recommended the establishment of independent third party verification and certification of national inventory and reporting mechanisms to improve the quality of accounting and reporting.

Günther Fischer, IIASA Land Use Change Project, described a recent IIASA study that examined the effects of climate change on regional agricultural production. The study highlights the heterogeneity of climate change impacts on different regions and of adaptive capacity among countries.



Nebojša Nakicenovic, IIASA, states that a significantly decarbonized future need not cost more than a carbon intensive one.

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Erik Schmausser, Swiss Re, affirms that UNEP FI members support the shift towards a sustainable energy economy.

# The financial sector and climate change

Presented by UNEP Finance Initiatives (UNEP FI)

At this event, representatives from the UNEP FI Climate Change Working Group and the financial services sector discussed the risks and opportunities posed by climate change for the financial sector, and presented papers and case studies of emissions reductions and trading schemes.

Thomas Loster, Munich Re, noted that the four-fold increase in major weather disasters between the 1960s and 1990s resulted in a seven-fold increase in economic losses and an eleven-fold increase in insurance losses. He highlighted the insurance industry's flexibility and emphasized that it is prepared to deal with increasing losses.

Erik Schmausser, Swiss Re, provided an overview of UNEP FI's recently released Climate Change Position Paper. The paper: advocates the use of the precautionary approach in addressing climate change; expresses the financial sector's support for the Kyoto Protocol and for a long-term and effective framework to address climate change; acknowledges the significant risks, as well as opportunities posed by climate change; and urges early action through awareness raising, mitigation, adaptation and research.

Matthew Varilek, Natsource, presented a paper that offers predictions of GHG price scenarios for 2000-2012. By examining results of various GHG market models, analyses of variables not previously considered, experience from SO<sub>2</sub> market models and prices, and emerging prices in the emerging GHG market, the paper presents price predictions for three policy scenarios (full international trading, Annex I trading only, and domestic measures only). The paper projects that, for 2000-2004, prices per ton of carbon equivalent are likely to remain at approximately their current levels; for 2005-2007, prices are likely to be lower, perhaps at EUR 10 or less; and for 2008-2012, while most models converge in the EUR 10-20 range, actual prices are likely to remain below EUR 10.

Jorge Barrigh, CAF, outlined CAF's Latin American Carbon Programme (PLAC), which was launched in 1999 to complement activities on disaster mitigation from El Niño and jump-start the carbon market in Latin America. PLAC's mission is to develop real commercial opportunities within the emerging carbon market, and to leverage experience and competitive advantage to benefit its customers.

Michel Matthey de l'Etang, UBS, outlined UBS' Alternative Climate programme, which facilitates investments in climate mitigation projects and aims to reduce CO<sub>2</sub> emissions, generate certificates and create financial returns for investors.

Schmausser described a major finance sector study on the future GHG emissions market which will be launched next year. The study will aim to identify an appropriate macro-level policy to bring climate change within physically and financially "safe" levels, and recommend appropriate market frameworks that will encourage financial institutions to engage in the GHG market. The study will provide a better understanding of the future market of GHG reductions, identify options for innovative financial products and services in this market, identify best practices in climate change adaptation and mitigation projects, and make recommendations on appropriate political actions to encourage financial activities in these areas.



Paul Clements Hunt, UNEP FI, presents the review draft of the Inventory of Sustainable Energy Funds, an inventory of renewable energy funds for firms seeking financing, investors and fund managers that will be finalized in early 2002.

#### More information:

<http://unepfi.net/>  
<http://www.munichre.com>  
<http://www.swissre.com>  
<http://www.natsource.com>  
<http://www.caf.com>  
<http://www.ubs.com>

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## Greenhouse gas trading in the European Union

Presented by the Emissions Marketing Association

Jos Delbeke, European Commission, introduced the European Union's (EU) proposed directive on GHG trading. EU-wide emissions trading would be based on company trading and would ensure compatibility with emissions trading under the Kyoto Protocol. The preliminary phase would start in 2005 and provide for free emissions allowance allocation, lower penalties for non-compliance, and a review process. Failure to comply would be addressed in accordance with existing EU non-compliance provisions.

#### More information:

[http://europa.eu.int/comm/environment/climat/home\\_en.htm](http://europa.eu.int/comm/environment/climat/home_en.htm)  
<http://www.germanwatch.org>  
<http://www.e5.org/pages/ccg.htm>

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# Interrelations between the UNFCCC and the Convention on Biological Diversity and indigenous peoples

Presented by Centro de Asistencia Legal Popular in collaboration with Friends of the Earth International



Hector Huertas, MesoAmerican Indigenous Organizations on Climate Change, emphasizes that indigenous peoples are on the front lines of climate change and therefore must have full and effective participation in the climate change negotiations.

Hector Huertas, MesoAmerican Indigenous Organizations on Climate Change, reiterated indigenous peoples' proposals for special status in the UNFCCC and for a working group on indigenous peoples and climate change. He explained that the working group would serve as a mechanism for transmitting indigenous peoples' concerns to Parties, enabling their equitable participation, and ensuring that mitigation strategies do not negatively impact indigenous peoples.

Meryam Demnati, Association Amazighe, highlighted the negative impacts of climate change and desertification on the Amazighe, indigenous peoples of Northern Africa and the Mediterranean. She expressed hope that proposals for special status and a working group on indigenous peoples would be received favorably by Parties.

Mohamed Bouchdoug, Association Marocaine de Recherche et d'Echanges Culturels, provided examples of the impacts of climate change on indigenous peoples in Northern Africa, including: public and environmental health impacts resulting from the use of untreated wastewater for household and agricultural use; degradation of palm trees due to increased aridity; deterioration of a unique tree species in southwestern Morocco; and declining soil fertility due to salinization.

Simone Lovera, Sobrevivencia - Friends of the Earth Paraguay, highlighted the negative impacts of mono-culture tree plantations on indigenous peoples, biodiversity, local communities and the environment. She stressed that growing trees will not necessarily lead to carbon sequestration, and called for more research on this issue. Lovera said the definition of forests adopted in Bonn would provide perverse incentives to replace real forests with tree plantations, and that classifying the planting of tree plantations as reforestation will not benefit the environment in most cases.

Yuri Onodera, Friends of the Earth Japan, highlighted the risks associated with carbon sink project activities. He noted that Japanese and Australian companies have been announcing their own schemes of carbon crediting and increasing their investments in plantations. He said the Bonn Agreements' concession of large carbon sink credits to industrial countries was a "gift of no action."

#### More information:

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## Greenhouse gas trading in the European Union

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Christoph Bals, Germanwatch, explained that capping and trading GHG emissions in the EU would: be environmentally effective and economically efficient; manage regulatory risk efficiently; and lead to structural changes within businesses.

Michael Wriglesworth, British Petroleum (BP), underscored many businesses' concerns with the inclusion of absolute caps. He said BP favors a strategy consistent with economic growth; supports emissions trading in the EU and globally; and supports the implementation of emissions trading in ways that build on existing national strategies.

Delia Villagrasa, European Business Council for a Sustainable Energy Future (e<sup>5</sup>), stated that e<sup>5</sup> favorably considers the proposed directive, as it would: benefit small EU countries that might otherwise have comparatively higher abatement costs; provide regulatory certainty; and be a mandatory scheme with no opt-out clause. The Council's criticisms of the proposed directive include its slow time-frame for adoption, lack of clarity regarding emissions allowance allocation, and the exclusion of some sectors from the trading scheme.



Michael Wriglesworth, BP, stresses the importance of implementing the EU's proposed directive in a manner consistent with existing national strategies.