



Special Report on Selected Side Events at UNFCCC COP-9
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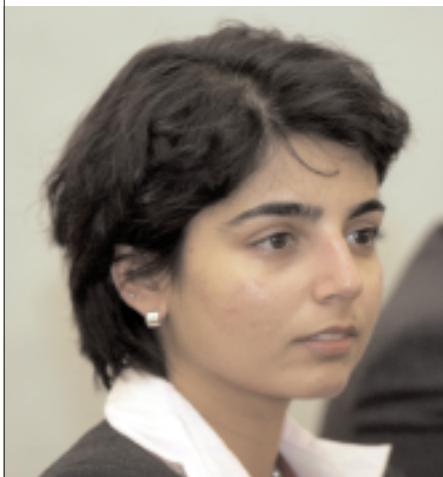
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Events convened on Friday, 5 December 2003

Engaging the private sector in the CDM

Presented by the World Business Council for Sustainable Development (WBCSD)



Providing an overview of WBCSD's CDM project with British Petroleum in Brazil, Mahua Acharya, WBCSD, notes that the project contains strong sustainable development aspects, and engages local communities.

More information:

<http://www.wbcsd.org>
<http://www.cdm-connect>
<http://www.undp.org>
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Mahua Acharya, WBCSD, explained that the objectives of the WBCSD include: demonstrating business leadership; contributing to policy development; and sharing best practices. She noted the differences between "learning by doing" and "learning by sharing" from clean development mechanism (CDM) projects. She provided an overview of Programme for Energy Development of States and Municipalities (PRODEEM), a British Petroleum and WBCSD sponsored project that aims to deliver electricity and refrigeration for food and vaccines in Brazil. Acharya recommended that the CDM be integrated into overall business strategies.

Einar Telnes, Det NorskeVeritas (DNV), discussed the Project Design Document (PDD) for the PRODEEM project, which he commended as an example of a successful CDM project. He stressed that a PDD must be comprehensive and include all relevant information regarding additionality, baselines, monitoring aspects, the generation of Certified Emissions Reductions (CER), and local stakeholders and circumstances. Telnes noted that validators cannot make assumptions in the case of missing information.

Clésio Balbo, Balbo Group, said the Group's strategy is to contribute to project sustainability and add value to products. He noted that the Group contributes to the BioEnergia cogeneration project that produces sugar-based biodiesel in Brazil.

Marco Antônio Fujihara, Balbo Group, described the Brazilian BioEnergia cogeneration project of the Balbo Group, which is sponsored by UNDP/Brazil. He noted that the project is grounded in economic, environmental, and social principles, and aims to build capacity, develop baselines and reduce emissions.

Adrianus Dankers, Adventures in Sustainable NRG, discussed a landfill gas project in South Africa. He concluded that CDM operations are determined by private sector decision-making parameters, including required investment, anticipated outputs, and risks and their mitigation.

Presenting examples of biomass and energy efficiency projects, Marina Ploutakhina, UN Industrial Development Organization (UNIDO), highlighted lessons learned, including the need to strengthen capacity in industry, particularly for small scale project development. She concluded that technical and institutional capacities exist locally but should be consolidated to enable South Africa and Brazil to participate fully in the CDM.

Lucas Assunção, UN Conference on Trade and Development (UNCTAD), said that a CDM implementation guide had been created to: develop capacity and advise national and foreign investors on CDM opportunities in Brazil; clearly outline rules and procedures; and provide an overview of national institutional structures. He stressed that current challenges include generating financial resources for CDM projects and minimizing transaction costs.

Laurent Corbier, WBCSD, concluded by highlighting lessons learned through the exchange of experiences, identifying a need for capacity building, and stressing that CDM projects cannot be developed in isolation.

The Earth Negotiations Bulletin (ENB) *on the side* is a special publication of the International Institute for Sustainable Development (IISD) in cooperation with the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat. This issue has been written by Fiona Koza <fiona@iisd.org>, Karen Alvarenga de Oliveira <karen@iisd.org>, Kaori Kawarabayashi <kaori@iisd.org>, Catherine Ganzleben Ph.D <catherine@iisd.org> and Lauren Flejzor <lauren@iisd.org>. The Digital Editor is David Fernau <david@iisd.org>, the photographers are David Fernau and Leila Mead <leila@iisd.org> and the online assistant is Diego Noguera <diego@iisd.org>. The Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. Funding for the publication of ENB *on the side* at UNFCCC COP-9 is provided by the UNFCCC Secretariat. The opinions expressed in ENB *on the side* are those of the authors and do not necessarily reflect the views of IISD and funders. Excerpts from ENB *on the side* may be used in non-commercial publications only and only with appropriate academic citation. For permission to use this material in commercial publications, contact the Director of IISD Reporting Services at <kimo@iisd.org>. Electronic versions of issues of ENB *on the side* from COP-9 can be found on the Linkages website at: <http://www.iisd.ca/climate/cop9/enbots/>

The GCOS regional workshop programme: An update

Presented by the World Meteorological Organization



Carlos Fuller, National Meteorological Service of Belize, outlines the recommendations of the RAP for Central America and the Caribbean.

More information:

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William Westermeyer, Global Climate Observation System (GCOS), said that GCOS has held workshops and developed regional action plans (RAPs) for meteorological observation activities. He noted that substantial funding is required to implement the RAPs.

Carlos Fuller, National Meteorological Service of Belize, said the RAP of Central America and the Caribbean identified the need for: consolidation of tide gauge networks; oceanographic projects; regional ecosystem monitoring; restoration and digitization of historical data; and the development of networks to share data. He noted that next steps for the RAP include circulating plans to donor agencies, and ensuring that the RAP responds to emerging needs.

Yap Kok Seng, Malaysian Meteorological Service, outlined the RAP for East and Southeast Asia, noting that the RAP identifies the need for countries to: prepare national action plans on systematic observation; establish a GCOS coordinating body; develop a virtual information clearing house; and maintain carbon flux measurements. He stressed the importance of developing an oceanography network for Southeast Asia, retrieving atmospheric and hydrometric data and establishing training programmes.

Mama Konaté, National Meteorological Services of Mali, outlined priorities of the African RAP, which include: improving GCOS coordination mechanisms, collecting climate data, monitoring terrestrial variables, and transmitting observational data. He identified the need to implement the GCOS in Africa, address the deterioration of hydrological networks, build capacity in satellite applications and develop a resource mobilization strategy.

Alan Thomas, GCOS, discussed ways to mobilize resources to fulfill the recommendations of RAPs. Noting that GCOS is developing a prototype of how a funding mechanism will function, he said that financial contributions are a separate element of the GCOS trust fund within the WMO.

Discussion: In response to a participant's question regarding expected benefits from the Group on Earth Observations, Thomas expressed hope that coordinated activities could help mobilize additional resources for the utilization of information from earth observations.

Presentations on national plans of action and initial national communications from non-Annex I Parties

Presented by the UNFCCC

Zuhra Abaihanova, Kyrgyzstan, presented her country's initial national communication. She highlighted vulnerability assessment and adaptation in the area of population health. Abaihanova recommended: establishing a national office on climate change; increasing access to information, advanced technologies and financial resources; collaborating with relevant international organizations, other countries and the Secretariat; and involving national experts in training and review processes by the IPCC and the Secretariat.

Jawed Ali Khan, Pakistan, presented his country's initial national communication. He discussed projected impacts on water resources, agriculture, land use change, forests and coastal areas. He outlined steps taken with respect to the legislative structure, institutional framework, international cooperation and key climate change initiatives. Ali Khan highlighted financial and technological needs and constraints relating to inventory, vulnerability, adaptation, disaster management and institutional support, including the need for a functional and independent "Climate Change Cell" under the Ministry of Environment.

Viktor Novikov, Tajikistan, presented his country's initial national communication, noting that constraints included: lack of scientific data; uncertainties in climate change modeling; and inadequate methodologies and computer-aided models for vulnerability assessment. He said recommendations include training experts, raising public awareness, involving NGOs and civil society, strengthening institutional capacity, and improving systematic observation networks.

Mamadou Honadia, Burkina Faso, presented his country's national strategy for implementation. He identified priority areas including: the establishment of legal and institutional frameworks; the sustainable management of natural resources and energy resources; capacity building; and international, regional and sub-regional cooperation on scientific, technical and technological research.



Zuhra Abaihanova, Kyrgyzstan, emphasizes that high temperatures may lead to negative impacts on the perinatal mortality death rate.

Presentations on national plans of action

Continued from page 2

Honadia said the financial mechanism should replenish the forester fund for land management, and establish an energy fund for the implementation of an energy control policy.

Sergio Jaureguí, Bolivia, outlined the institutional framework for climate change in Bolivia. He emphasized main elements of his country's initial national communication, including: adaptation to climate change impacts; national plans for greenhouse gas mitigation, human security and health; and education and strategic alliances. He outlined Bolivia's plans to participate in the carbon market through the CDM, and highlighted synergies with other conventions, including the UNCCD and the CBD.

Viktor Novikov, Tajikistan, presented his country's national action plan and outlined implementation mechanisms regarding finance and measures. He outlined greenhouse gas emission reduction and energy efficiency strategies, emphasizing the importance of a renewable energy sector.

Long-term issues, trading and the CDM: Recent work of the Annex I Expert Group of the UNFCCC

Presented by the Annex I Expert Group

Jane Ellis, OECD, spoke on experience gained with CDM projects in the electricity generation sector. She considered the different interpretations of additionality and noted that baselines were influenced by the methodologies used to determine them. She concluded by identifying the need for further guidance on how to implement the Marrakesh Accords and for organizational change to reduce delays in assessing methodologies.

William Blyth, International Energy Agency (IEA), discussed green investment schemes (GIS) and highlighted their potential benefits, including: value added to assigned amount unit transactions; accelerated investment in emission reduction projects; and funding for capacity building. Noting that the scheme could deliver environmental and strategic benefits, he said that strong governance is required.

Jan Corfee Morlot, OECD, identified uncertainties regarding damage resulting from climate change mitigation policies. She said that timing, level and location of mitigation, and "learning by doing" are important elements to reduce emissions. Noting that institutional and social issues are often neglected, she emphasized the need for integrated strategies, multi-actor participation, and long-term institutional learning.

Cédric Philibert, IEA, said ambition is more important than strict targets for achieving emissions reductions, and suggested that removing cost uncertainties would permit greater ambition. He stressed the need to develop alternatives to fixed national targets that can be combined with emissions trading. Philibert spoke on the diffusion of energy alternatives designed to reduce carbon emissions. He highlighted that diffusion of technology will be determined by low-carbon technologies. He suggested that international technology cooperation be encouraged through GIS and trade, common performance standards, and building on the Kyoto Protocol mechanisms.

Stéphane Willems, OECD, said planned climate change mitigation activities should be consistent with a country's capacity to implement them. He highlighted that country-level assessments can promote mutual understanding of national contexts in international discussions.

Adrián Fernández, National Institute of Ecology of Mexico, stressed the need for CDM projects to be based on mutual trust and clear goals. Noting that many developing countries have more urgent priorities such as poverty alleviation, he stressed the need for sustained capacity building to lend credibility to the Kyoto Protocol and promote sustainable development.

Discussion: A participant stressed that a key purpose of the CDM is to achieve sustainable development in developing countries and suggested that these objectives are compromised by the fixation on additionality. Participants discussed the need to consider country-specific factors when implementing CDM projects and developing capacities.

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Stéphane Willems, OECD, stresses the need to identify capacity requirements through country-specific assessments.

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Reconciling China's economic development with global and local environmental protection

Presented by Harvard University



Avis Robinson, US EPA, says the EPA is working with the Chinese government to improve and evaluate air quality models, and conduct air quality management assessments.

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<http://environment.harvard.edu>
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Dale Jorgenson, Harvard University, provided an overview of a US-China research project on climate change and local pollution, and said the goal of the project is to reconcile economic development with pollution control. He said this interdisciplinary research project, which includes aspects of engineering, public health, and economics, will be reported in a forthcoming book. He noted that global climate efforts are a co-benefit of local pollution control.

Shuxiao Wang, Harvard University, drew attention to her study on local exposure to air pollution from highly polluting sectors, and said that policies for pollution control will also benefit climate change efforts. She said that scientists can estimate local health pollution effects by using regression analyses based on intake fractions, and indicated that a population's proximity to pollution sources is a determinant of the level of damage to health. She noted that regression-based equations to estimate intake fractions are a rapid and robust tool for predicting exposure, but noted that there are limitations to the study, citing the exclusion of ozone pollutants as an example.

James Hammitt, Harvard University, discussed research on economic valuation of health in China by comparing people's valuation of improved health with the cost of achieving it. His study found that: values for chronic bronchitis and mortality were mutually consistent; estimates were insensitive to the magnitude of risk reduction; and estimated economic values for severe health effects were much smaller than reported in other studies.

Mun Ho, Harvard University, said he had estimated the marginal damage of industrial pollution, traced output and inter-industry transactions with an emphasis on green taxes, traced consumption and investment, and constructed an economic model to simulate pollution control. He calculated the level of damage caused by local emissions from the most polluting sectors, expanding on methodologies from a recent World Bank study. Ho noted Annex I countries' role in assisting developing countries through mechanisms such as the CDM.

Providing an overview of the US Environmental Protection Agency's (EPA) activities in China, Avis Robinson, US EPA, said the EPA builds on domestic expertise and experience in environmental management approaches and tools, and promotes environmentally sound and energy efficient technologies. She outlined the EPA's cleaner technology cooperation programmes and the climate technology partnership programme to improve energy efficiency in the lead up to the Beijing Olympics.

International indigenous peoples forum on climate change

Presented by the International Alliance of Indigenous-Tribal Peoples of the Tropical Forests



Anna Pinto, Centre for Organization Research and Education, notes that the climate change negotiations are shifting from environmental concerns to business-oriented investments.

Anna Pinto, Centre for Organization Research and Education, said indigenous peoples in India believe that CDM projects should concentrate on clean energy sources and are concerned about developed countries investing in nuclear power and exploiting uranium reserves in pristine environments. She said indigenous peoples are also concerned about the proliferation of dams, which brings negative consequences to many communities. Pinto said the Kyoto Protocol's adaptation fund, which was initiated to mitigate adverse impacts of climate change, has become a tool to impose high-cost developed countries' technology on indigenous people and fails to promote indigenous knowledge and respect their lifestyle.

Marcial Arias, Foundation for the Promotion of Indigenous Knowledge, noted his foundation's concerns about sink projects that endanger the lives of indigenous peoples and threaten their lifestyle. He stressed the importance of preventing government corruption when implementing such projects.

Edwin Vásquez, Climate Alliance, noted that oil projects are negatively affecting the lifestyle of indigenous people. He said that oil companies are exploiting parts of the Amazon region in Peru, and dramatically affecting the lives of indigenous communities that suffer the consequences of land loss and water contamination. Vásquez said that, in trying to attract foreign investment, the Peruvian government is disregarding the protection of indigenous rights. He urged governments to implement international and domestic legislation to protect indigenous rights when promoting development. Vásquez observed that sustainable development projects must respect indigenous rights and stressed that CDM projects as negotiated under the Kyoto Protocol do not secure such rights.

Stella Tamang, South Asia Indigenous Women Forum, noted that the policies being negotiated under the UNFCCC are inappropriate to meet the needs of indigenous communities, especially indigenous women. She noted that COP-9 discussions on afforestation and reforestation are limited to tree production, and do not address the needs of indigenous women and communities. Tamang also expressed concern about capacity building projects related to climate change that do not take into account indigenous knowledge. She said the imposition of expensive hybrid seeds and fertilizers on indigenous farmers disrupts their agricultural practices and makes them poorer.

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Transaction costs of CDM projects in India: Results from an empirical survey

Presented by the Hamburg Institute of International Economics

Pam posh Bhat, CDM-India, explained that her organization aims to institutionalize CDM in India and noted the development of seven PDDs. Bhat explained that transaction costs are high and present a major concern for implementing CDM projects. She noted that India has no approval fees for CDM projects and that a national operational entity is being institutionalized.

Mattias Krey, Hamburg Institute of International Economics, described an empirical survey in India that aimed to quantify transaction costs of the CDM in India. Krey said the research divided project transaction costs into pre-implementation and implementation costs and found that transaction costs ranged from US\$0.06 to US\$0.47 per ton of carbon dioxide.

Discussion: Participants raised questions about unilateral CDM projects and Bhat noted that India allows them.



Mattias Krey, Hamburg Institute of International Economics, describes the major components of transaction costs and what they depend on.

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Launch of the website on the Future International Action on Climate Change Network

Presented by ECOFYS and the German Federal Environmental Agency (Umwelt Bundes Amt)

Niklas Höhne, ECOFYS, demonstrated features of the Future International Action on Climate Change Network website. He explained that the website contains sections on processes, institutions, approaches, tools and forum. Höhne said the processes and approaches sections outline recent and ongoing discussions and approaches on future international action on climate change. He stated that the institutions section lists the contacts, activities and publications of institutions that are working on future action on climate change.

Simone Ullrich, ECOFYS, noted that the tools section of the website lists computer tools such as Climate Convention Indicators and the Java Climate Model, which can assist users considering future international action on climate change. She described the forum section and showed how participants can post questions, discuss topics and make comments.

Martin Weiß, German Federal Environmental Agency, noted that the website brings together different ideas on future international climate change action. He invited participants to visit the website and provide comments and suggestions as well as contribute ideas to website discussions.

Discussion: Participants noted that the speed of downloading the website is an important factor for users for the Future International Action on Climate Change Network website.

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Canada taking action on climate change: The Canada Climate Change Development Fund

Presented by the Canadian International Development Agency (CIDA)



Ulka Kelkar, TERI, says globalization presents risks as well as new opportunities.

More information:

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Angie Dazé, CIDA, introduced the Canada Climate Change Development Fund (CCCDF), which promotes activities to combat the causes and effects of climate change while contributing to sustainable development and poverty reduction. She said CCCDF's activities focus on capacity building, emission reductions, adaptation and carbon sequestration.

Damian Ihedioha, Nigerian Environmental Study/Action Team, described CCCDF's work in Nigeria, which aims to: build capacity of federal institutions; raise public awareness; conduct inventory and mitigation activities; and assess vulnerability and adaptation. He listed the expected outcomes, including the preparation of Nigeria's first national communications and a draft national climate change policy.

Noting that the transport sector is responsible for 25% of global emissions, Jodi Browne, International Institute for Sustainable Development, said the CDM represents an opportunity to develop a sustainable transportation sector. She discussed a project that aims to build the capacity of Chile's transportation sector for sustainable development.

Michael Gerbis, Delphi Group, described the Canada-Argentina Capacity Building Initiative, outlining its work on: capacity building, including information dissemination and industry engagement; technology transfer, including investment and hands-on learning; and greenhouse gas emission reductions, including photovoltaic and fuel switch projects.

Noting that globalization can alter vulnerability patterns, Ulka Kelkar, The Energy and Resources Institute (TERI), described projects that aim to assess the vulnerability of the Indian agricultural sector to climate change in the context of economic globalization.

Emphasizing that Indonesia's peatlands are vulnerable ecosystems that store a significant amount of carbon, Yus Rusila Noor, Wetlands International, described a project that aims to improve peat management and local community welfare, and maintain the environmental services of peat, including carbon sequestration.

Revision of the IPCC Guidelines and the progress of the Emission Factors Database

Presented by the IPCC



Leandro Buendia, IPCC-NGGIP, says there is a need to present the methodological guidance in a step-by-step "cookbook" structure.

Riitta Pipatti, IPCC National Greenhouse Gas Inventories Programme (NGGIP), discussed the background and objectives behind the revision of the Revised 1996 IPCC Guidelines. She explained that revision work will start in 2004 and be finalized in 2006, and that the 2006 IPCC Guidelines will be organized by sector, with sections on: cross-cutting issues and reporting tables; energy; industrial processes and product use; agriculture, forestry and other land use; and waste.

Fabian Wagner, IPCC-NGGIP, identified criteria for the inclusion of new gases in the 2006 IPCC Guidelines, including: available information on global warming potential and anthropogenic sources; a basis for methodological development; and relative importance to total emissions. He said candidate gases for inclusion in the 2006 IPCC Guidelines are: new halogenated direct greenhouse gases; other indirect greenhouse gases, such as hydrogen; and other precursors and substances, such as ammonia and aerosols. Wagner said IPCC XXII will consider the inclusion of an appendix on methodologies for aerosols.

Leandro Buendia, IPCC-NGGIP, explained that the 2006 IPCC Guidelines would integrate the agriculture sector with the land use change and forestry sector to resolve inconsistencies and avoid double counting.

Kiyoto Tanabe, IPCC-NGGIP, discussed the IPCC Emission Factor Database (EFDB), which serves as a library of emission factors and other parameters, and provides a communication platform for distributing and commenting on new research and measurement data. He urged the scientific community to submit relevant data proposals to improve the database's coverage and usefulness, emphasizing the need for robust, applicable and documented data. He highlighted that the EFDB is available online and on CD-ROM.

More information:

<http://www.ipcc-nggip.iges.or.jp>

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