



Special Report on Selected Side Events at UNFCCC COP-9  
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Events convened on Thursday, 4 December 2003

## Latest European Commission proposals for legislation to reduce greenhouse gas emissions

Presented by the European Commission (EC)



Jürgen Salay, EC, outlines benefits of linking the EU-wide ETS with JI and CDM projects, including: stimulated demand for credits; promotion of technology transfer; increased liquidity of the EU emissions trading market; and a reduction in allowance prices and compliance costs.

Peter Horrocks, EC, outlined the Commission Proposal for a European Community Regulation on Certain Fluorinated Greenhouse Gases, which forms part of the European Climate Change Programme. Horrocks said that the main elements of the Proposal include containment and recovery, data reporting, and marketing and use restrictions. Stressing that mobile air conditioning systems (MAC) in vehicles emit significant levels of carbon dioxide equivalent over their lifetime, he said the Proposal envisages a transferable quota system for car manufactures, which would reward them for converting to more environmentally friendly MACs.

Jürgen Salay, EC, spoke on the proposed EU Directive to link the EU-wide emissions trading scheme (ETS) with Joint Implementation (JI) and the Clean Development Mechanism (CDM). He said that, in July 2003, the EC tabled a proposal for the use of JI and CDM credits in the EU ETS in order to generate incentives for EU companies to reduce emissions. The proposed Directive would allow companies to convert JI and CDM credits, except those for carbon sinks, into allowances under the EU trading scheme. He said that the proposed Directive provides for a review once the total volume of JI and CDM credits represent 6% of allowances in the EU ETS in order to decide whether a ceiling is required. He identified the need to avoid double counting, where JI credits are issued following the reduction of emissions in accession countries already covered by the EU ETS. He hoped for an agreement on the Directive by 2004.

Ekaterina Runova, National Carbon Union, said that her organization is based in the Russian Federation and participates in the development of national legislation relating to the Kyoto Protocol, a greenhouse gas ETS in the Russian Federation, greenhouse gas emission reduction projects, and a market for energy efficient technologies.

Discussion: Some participants expressed concern that the EU proposal would prohibit the execution of JI projects in Central and Eastern European countries, with one participant noting that JI projects would effectively be confined to the Russian Federation and Ukraine. EC representatives stressed the possibility to link the EU ETS to that of any other Annex B Party that ratifies the Kyoto Protocol. A number of participants questioned the EC's decision to exclude carbon sink projects from the scheme, with the EC representatives responding that inclusion depended on the outcome of COP-9 discussions.

### More information:

[http://europa.eu.int/comm/environment/climat/home\\_en.htm](http://europa.eu.int/comm/environment/climat/home_en.htm)

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# US activities on climate change

Presented by the US Delegation



Jackie Krieger, US EPA, emphasizes the importance of examining the interface between science and decision making.

## More information:

<http://www.climatescience.gov>  
<http://www.epa.gov/globalresearch>  
<http://orbit-net.nesdis.noaa.gov/orad>  
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Harlan Watson, US Department of State, recommended that COP-9 focus on issues which unite rather than divide countries, drawing attention to the importance of science and research.

William Brennan, National Oceanic and Atmospheric Administration (NOAA), provided an overview of US climate activities, including climate research and investment in innovative technologies.

Ahsha Tribble, NOAA, highlighted that the US Climate Change Science Program aims to, *inter alia*: improve knowledge of past and present climatic and environmental changes and their causes; improve quantification of the factors causing climate change; reduce uncertainty in climate change projections; and deepen understanding of ecosystem and human sensitivity and adaptability to climate change.

Sidney Thurston, NOAA, explained that NOAA's Ocean Observation System for Climate aims to monitor abrupt changes in thermohaline circulation and document long-term trends in sea-level rise, ocean carbon sources and sinks, and heat uptake and release.

Jackie Krieger, US Environmental Protection Agency (EPA), provided an overview of the EPA's Global Change Research Program, which aims to assess the consequences of global change, provide scientific information to support decision making, and consider adaptation strategies.

Noting that coral reefs are the first major ecosystem type to experience rapid degradation on a global scale due to human impacts, Alan Strong, NOAA, described NOAA's Coral Reef Watch program, and emphasized the need to monitor environmental indices to improve understanding of ecosystems, impacts, recovery and adaptation.

William Hohenstein, US Department of Agriculture, discussed the USDA Climate Change Science Program, emphasizing research on atmospheric composition, water and carbon cycles, land use and land cover change, ecosystems, and human contributions and responses.

# Local pilot projects on climate change, greenhouse gas monitoring and mitigation, emission trading and market perspectives

Presented by the Lombardy Foundation for the Environment

Antonio Ballarin Denti, Lombardy Foundation, noted that the Foundation aims to promote scientific research on environmental issues, including climate change, biodiversity, forestry and land degradation.

Highlighting the importance of studying climate change at the local level, Maurizio Maugeri, University of Milan, described the Foundation's Kyoto Project that gathers information on climate change impacts in Lombardy.

Stefano Caserini, Polytechnic of Milan, described the Kyoto Project's greenhouse gas emissions inventory in Lombardy that aims to improve data collection and supports an emissions monitoring network.

Giorgio Matteucci, Institute for Environment and Sustainability, said the Kyoto Project provides a validated estimate of the terrestrial budget of greenhouse gas emissions for the Lombardy region.

Domenico Gaudioso, Agency for the Protection of the Environment of Italy, noted that there is no methodology to help regional and local administrations assess their greenhouse gas emissions and develop plans to reduce such emissions.

Massimo Di Domenico, Bocconi University, outlined a project funded by the European Commission to assess the economic, environmental and social effects of the EU ETS in Lombardy.

Barbara Pozzo, Lombardy Foundation, presented a research project on the EU ETS Directive, which aims to increase stakeholder understanding of EU tradable pollution permits and assess the Directive's impact in Italy.

Thomas Heller, Stanford University, highlighted the importance of the EU ETS in establishing a carbon trading system in other Italian regions.



Antonio Ballarin Denti, Lombardy Foundation, said the Foundation formulates scenarios for EU and Italy's policies.

## More information:

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# Presentation of new national communications from non-Annex I Parties

Presented by the UNFCCC

Martha Perdomo, UNFCCC, noted that 110 non-Annex I Parties have submitted their initial national communications, and expressed hope that this event will encourage other Parties to complete theirs. She said the Secretariat had launched a user's guide to assist non-Annex I Parties in preparing their second national communications.

Carlos Fuller, National Meteorological Service, outlined Belize's first national communication, noting that Belize's emission levels result in a net carbon sink. He highlighted difficulties in gathering data on the waste management sector, and said climate change is an additional hurdle for achieving Belize's priorities of reducing poverty and promoting sustainable development.

Fatou Gaye, Department of Livestock Services of the Gambia, summarized activities planned to reduce institutional vulnerability in the Gambia, including raising public awareness of climate change impacts, building capacity, assessing technology needs, and disseminating environmentally sound technologies and practices.

Ahmed Traore, National Department of Environment of Guinea, underscored forecasted climate change impacts on Guinea, including: increased droughts and shorter rainy season; loss of savanna and humid, dry and mangrove forests; loss of agricultural lands, coastal infrastructure and fishing resources; and reduced food security. Traore summarized the strategies to overcome such problems, including building capacity at the national level and introducing adaptable varieties of crops.

Maja Azievska, Ministry of Environment and Physical Planning of Macedonia, summarized the main obstacles that his country faced when preparing its first national communication, including: poor understanding of climate change issues and weak technical capacities; inadequate and unreliable data; inconsistencies between climate change monitoring; and insufficient involvement and interest of relevant ministries in defining a strategy to address climate change impacts.

Mohammed Reazuddin, Ministry of Environment and Forest of Bangladesh, outlined elements of his country's national communication and underscored potential climate change impacts on Bangladesh, including floods, droughts and cyclones, and the negative consequences for agriculture, human health and settlements.



Ahmed Traore, National Department of Environment of Guinea, summarizes strategies for addressing vulnerability.

#### More information:

<http://www.unfccc.int>  
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# Key issues for operationalizing CDM projects: Reflections from the Swedish investment initiative

Presented by the Delegation of Sweden

Angela Churie-Kallhauge, Swedish Energy Agency, provided an overview of the Swedish International Climate Investment Programme (SICLIP), which aims to gain experience and contribute to the development of policy instruments. She noted SICLIP's use of the CDM, Joint Implementation (JI) and the Testing Ground Facility, which is a cooperative arrangement to facilitate the use of JI in the Baltic Sea region.

Explaining key issues in undertaking CDM investments, Deborah Wilson Cornland, Cornland International, called for further thinking on ways to mobilize capital rather than focusing on the centralized regulatory framework of the CDM. She said CDM activities need to: harmonize business and UN cultures; promote entrepreneurial opportunities; and obtain project financing to be operational.

Marcelo Junqueira, Econergy of Brazil, outlined a cogeneration project in Brazil's sugar industry. He said that when framing transactions for the CDM, project developers should consider fundamental issues such as pricing structure, delivery and the effect of non-delivery to the buyer.

A. Mohan Reddy, Zenithenergy, showed how the CDM could support entrepreneurs by providing additional financial resources, and gave the example of a biomass power project in India. He said the project contributes to the region's sustainable development by alleviating poverty, providing direct and indirect employment for a rural community and protecting the environment.

L. M. Muzelenga, Tazama Pipelines Limited, described a proposed CDM energy substitution project. He explained that the project would replace diesel motors with hydro-electric motors and lead to a reduction of carbon dioxide emissions and air pollution. As the CDM would only cover approximately 10-15% of the project costs, Muzelenga noted the need to overcome financial barriers.



A. Mohan Reddy, Zenithenergy, discusses ways to stimulate the cluster of programmes in India, and describes work on a textile cluster in Tamilnadu, where grid power is often of poor quality.

#### More information:

<http://www.zenithenergy.com>  
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# Development of software and other tools to facilitate the reporting and reviewing of greenhouse gas inventories

Presented by the UNFCCC



James Grabert, UNFCCC, says that the CRF software is a user-friendly CRF category-based navigation tree with automatic aggregation and calculations.

#### More information:

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James Grabert, UNFCCC, presented the progress report on software and database development and data management. He explained that the report describes the development of the new Common Reporting Format (CRF) software and the Greenhouse Gas Information System (GHGIS).

Vincent Lalieu, UNFCCC, demonstrated the CRF software, noting various features, such as time series configuration, preparation for official submission, an extended option panel and a help index.

Tleussen Temertekov, UNFCCC, explained that the GHGIS was developed by the Secretariat to help produce authoritative greenhouse gas information for the COP and the general public, and support the review process.

Clemencia Manzur, UNFCCC, described the progress report for the training programme for experts reviewing greenhouse gas inventories. She explained that the training programme enhances the competence of experts participating in expert review teams.

Davina Boyd, Institute for Global Environmental Strategies, presented a UNFCCC e-course developed to meet the training needs of experts participating in the technical review of greenhouse gas inventories. She described the module on developing cultural competence.

Miguel Rapatan, LearnSD, demonstrated LearnSD's e-learning modules used by the UNFCCC Secretariat. He explained that the Secretariat provided the learning material and LearnSD applied diagrams and translated it into a user-friendly and interactive e-learning module.

Discussion: Participants discussed how the old structure of the CRF software was output-oriented while the new structure is input-oriented.

# Afforestation and reforestation under the CDM: We need not start from scratch

Presented by the Food and Agriculture Organization (FAO)



Dieter Schoene, FAO, recommends long lifetimes for afforestation and reforestation projects, and questions whether project lifetimes need to be defined in the guidelines.

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Discussing planted forests, Jim Carle, FAO, said it is necessary to: harmonize planted forest-related definitions and methods for collecting planted forest data; improve collaboration and transparency; use modern technologies to compare gross versus net data; continue to expand datasets to include growth rates, rotation lengths, and wood densities; and engage countries to validate data. Carle noted that the CDM can be seen as a financial incentive for planted forests.

Dieter Schoene, FAO, hypothesized that the CDM project lifetime should be greater than the species rotation. Indicating that short rotation species can affect the project's sustainability, he said having a longer project lifetime is an optimal way to continue to harvest trees, maintain carbon storage on land, and keep a constant work force. Based on such factors, he noted that countries can develop sustainably using the CDM.

Carle then explained how CDM projects fit into national forest programmes (NFPs). He emphasized that current empowerment and poverty alleviation strategies require more ownership of national resources, and the CDM will need to be more flexible and adequately designed to be included in NFPs.

Dieter Schoene then noted that benefits of CDM smallholder projects include: sound social, cultural, environmental and economic functions; integrated rural development; and positive leakage. He said negative aspects include: less carbon per hectare; dispersed decision makers; higher transaction costs; and lack of negotiation and monitoring capacity. He recommended capacity building to address some of these negative aspects.