



Special Report on Selected Side Events at UNFCCC SB-18  
published by the International Institute for Sustainable Development (IISD)  
in cooperation with the UNFCCC Secretariat



Online at  
<http://www.iisd.ca/climate/sb18/enbots/>

Volume 12, Issue #5 | SB-18: 04 - 13 June 2003 | Bonn, Germany | Tuesday, 10 June 2003

Events convened on Monday, 9 June 2003

## Information on the status of activities under the CDM

Presented by the UNFCCC



Hans Jürgen Stehr, CDM Executive Board Chair, stresses the need for public input in the Board's work and encourages regional representation among operational entities

Hans Jürgen Stehr, CDM Executive Board Chair, reviewed the purpose of this event, emphasizing the need for a bottom-up approach to the Board's work. Various members of the Executive Board and its expert panels were present to answer questions, including John Kilani, Accreditation Panel Chair, Jean-Jacques Becker, Methodology Panel Chair, and Franz Capra Tattenbach, Executive Board Vice-Chair.

Stehr noted that there have been more than thirty public comments received by the Executive Board regarding the baseline methodologies considered so far and highlighted that the Board's website is intended to be user friendly to facilitate information gathering and understanding. Stehr outlined three issues that the Board has addressed: methodologies; registry procedures; and operational entity accreditation. He outlined the functions of the Board's Methodology Panel and noted that 14 methodology proposals were reviewed for approval at last week's Executive Board meeting, of which six are at a stage that require revisions and eight need considerably more work. Regarding operational entities, he stressed the aim of the Board to encourage regional representation.

Responding to a question regarding whether revised methodology proposals will be publicly accessible and subject to public comment, Stehr affirmed that they would. On methodology proposals that need considerably more work, Becker outlined their characteristics and outlined specific problems encountered for each proposal. He stated that although each proposal had its own specific problems, issues relating to determining additionality were common. Stehr said revised methodology proposals that are submitted before 26 June 2003 will be considered by the Board in July. Becker outlined lessons learned by the Executive Board and, with Tattenbach, responded to questions on how additionality is assessed by the Panel. Answering a question on the appropriateness of the Panel in addressing politically sensitive issues such as additionality, Stehr said the Methodology Panel provides only technical advice and the Board is responsible for such decisions. Kilani responded to questions relating to the need for regional representation among designated operational entities.

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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> and Hugh Wilkins <hugh@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 publication of ENB *on the side* at UNFCCC SB-18 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 SB-18 can be found on the Linkages website at <http://www.iisd.ca/climate/sb18/enbots/>.

# CC:Forum: Financial and technical support for the preparation of non-Annex I second national communications

Presented by the UNFCCC



Ian Tellam, ETC Netherlands, reviews the types of activities supported by the Dutch programme, including poverty alleviation and sustainable livelihoods.

Avani Vaish, Global Environment Facility (GEF) Secretariat, reviewed the GEF's work regarding national communications, underlining developments regarding the creation of new GEF operational guidelines. Bo Lim, UNDP, outlined technical assistance issues relating to vulnerability and adaptation, the Adaptation Policy Framework, technical needs assessments, global climate observation systems, and the creation of knowledge networks. Walter Vergara, World Bank, outlined carbon financing services, stressing the need for vulnerability and adaptation assessments and an integrated approach to financing tools using GEF, technical assistance and carbon financing resources.

Ravi Sharma, UNEP, reviewed UNEP's activities relating to scientific and technological capacity building, methodological work, scientific collaboration, and public awareness raising. He also presented work conducted under the Assessments of Impacts and Adaptations to Climate Change in Multiple Regions and Sectors Project, outlining its anticipated outcomes of advancing scientific understanding, building scientific and technical capacities, and contributing to national communications. Njeri Wamukonya, UNEP Risø Centre, described the Centre's technical support for capacity building for national communications, including its handbook series, general technical guidelines and extended costs assessments.

Helene Gichenje, Canadian International Development Agency, described the Canada Climate Change Development Fund, stressing work in key areas relating to vulnerability and adaptation assessments, greenhouse gas inventories and mitigation analysis. Jaap Rooimans, the Netherlands, outlined the Dutch programme of financial and technical assistance for second national communications for developing countries, underlining the need for complementarity with GEF funding and the work of implementing agencies. Ian Tellam, ETC Netherlands, highlighted the thematic areas, supported activities, and implementation priorities of the Dutch programme. Susan Wickwire, US Environmental Protection Agency, outlined US initiatives to support national communications, stating that capacity building must be seen as an ongoing process.

## More information:

<http://www.thegef.org>  
<http://www.unep.org/gef>  
<http://www.worldbank.org>  
<http://www.uccee.org>  
<http://www.acdi-cida.gc.ca/climatechange>  
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# A global climate community

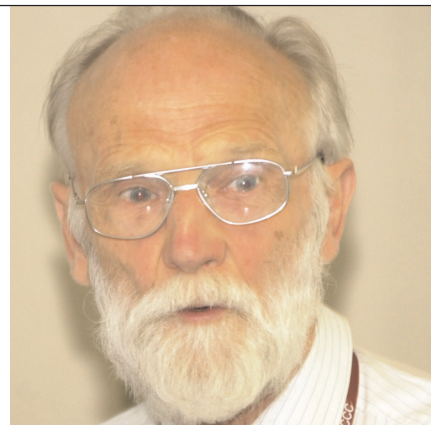
Presented by the Global Commons Institute (GCI)

Titus Alexander, Council for Education in World Citizenship, highlighted that this event is the beginning of a process that aims to raise awareness of the Contraction and Convergence (C&C) model and will serve as an input for a larger conference on the issue to be held in London, UK, in November 2003.

Chris Layton, One World Trust, said greenhouse gas emissions are rising rapidly despite countries' efforts to mitigate such emissions and called on key developing and developed countries to commit to stabilize atmospheric greenhouse gas concentrations at a level that would prevent climatic disaster. He explained that C&C provides an equitable basis that is lacking in the political discussion on further commitments.

Tim Helweg-Larsen, GCI, explained that the C&C is a long-term strategy that includes: reducing greenhouse gas emissions by an agreed amount by an agreed date; allocating this emission budget among Parties on the basis of their populations; and trading emission entitlements in a free market.

Discussion: Participants discussed, *inter alia*: the barriers to enforcing future binding commitments for developing countries; the need to address sustainable development and adaptation; incentives for developed countries to engage in the C&C model; and obstacles for transferring resources from north to south.



Chris Layton, One World Trust, notes C&C aims to address climate change and wealth distribution.

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# Energy and climate change: Two different discussions?

Presented by the Delegation of Austria

Elfriede More, Austria's Federal Ministry of Agriculture, Forestry, Environment and Water Management, explained that the event would explore how parallel discussions on energy and climate change may be brought together. Janos Pasztor, UNFCCC, underscored that the energy sector is the largest source of greenhouse gas emissions and that solutions must be sought in this sector in order to achieve the UNFCCC's ultimate objective. He emphasized the need to create enabling environments for technology transfer.

Rajendra Pachauri, IPCC, drew attention to the close relationship between energy, climate change and sustainable development. He identified the need for using different energy sources, enabling policy environments and restructuring economic systems in order to promote a substantially less carbon-intensive global economy.

Artur Runge-Metzger, European Commission, noted that energy and climate change discussions have converged and diverged over time. He drew attention to the Johannesburg Renewable Energy Coalition and the need for OECD countries to develop innovative technologies and to spur development. He also identified the need to facilitate closer cooperation between financial institutions and project developers.

Robert Williams, United Nations Industrial Development Organization (UNIDO), outlined UNIDO's work to promote industrial energy efficiency projects and the local manufacture and assembly of renewable energy equipment. He discussed approaches to bundling small-scale CDM projects.

Discussion: Participants addressed the need for a "home" for the international energy process, and how a focus on the first commitment period has distracted the international community from long-term carbon management strategies. Participants also discussed the need to internalize the external costs of energy generation and remove subsidies for conventional energy sources.



Janos Pasztor, UNFCCC, stresses the need for broader sustainable development objectives within the climate change process.

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# Poverty and climate change

Presented by the Delegation of Germany

Joke Waller-Hunter, UNFCCC Executive Secretary, introduced the report on "Poverty and climate change: Reducing the vulnerability of the poor through adaptation," and the agencies involved with its preparation.

Kristalina Georgieva, World Bank, said the report aims to address the likely impacts of climate change on poverty reduction and the approaches to reduce developing countries' vulnerability to climate risks. She stressed that adaptation measures are crucial for meeting the Millennium Development Goals. Alvaro Umaña, UNDP, stressed that adaptation strategies must be included in poverty reduction policies and underscored the importance of: financial, human and technological resources; local knowledge and ownership; and economic growth and distribution of its benefits. Hans Schipulle, Germany's Ministry for Economic Cooperation and Development (BMZ), said the report recommends that development agencies, donors and governments in developing countries act in order to, *inter alia*, strengthen assessment and information, and mainstream adaptation concerns into sustainable development and poverty strategies.

Yuejiao Zhang, Asian Development Bank (ADB), said ADB is integrating poverty reduction in Asian countries' strategy programmes. Linda Brown, UK's Department for International Development, stressed the linkages between poverty and climate change and noted the need to integrate domestic climate change and poverty policies.

Marc Debois, European Commission, stressed the need for mainstreaming and integrating climate change into poverty policies. Rémi Paris, OECD, noted that OECD is mainstreaming climate change into agricultural and transportation planning, and carrying out case studies to assess their investment in developing countries.

Njeri Wamukonya, United Nations Environment Programme (UNEP), said UNEP is focusing on, *inter alia*: integrating the poverty agenda into climate change activities; and fostering capacity building for CDM projects.



Yuejiao Zhang, ADB, notes ADB provides funding for, *inter alia*, technical and emergency assistance for floods and disasters.

#### More information:

<http://www.oecd.org/pdf/M00039000/M00039990.pdf>

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# The Kyoto-Marrakesh System: A strategic assessment

Presented by Imperial College



Michael Grubb, Imperial College, outlines three scenarios to illustrate how the international climate change regime may develop from its current situation.

Michael Grubb, Imperial College, introduced the Royal Institute of International Affairs' (RIIA) report "A strategic assessment of the Kyoto-Marrakesh system," which addresses strategic aspects of the climate change process as elaborated at COP-7 in Marrakesh and in the context of the US withdrawal from the Kyoto Protocol. He explained that the report consists of four modules: the "real world" economics of the Kyoto-Marrakesh system; business participation and influences; US engagement; and framing future commitments.

Regarding the "real world" economics of the Kyoto-Marrakesh system, Grubb drew attention to the substantial gap between present emissions and Kyoto Protocol commitments, noting that most models project very low international carbon prices, owing to: the US withdrawal from the Kyoto Protocol; the carbon sink agreements in the Marrakesh Accords; and low emissions projections for the Russian Federation and the Ukraine. He predicted that there will be wide price differentiation between projects and mechanisms, and that renewable energy projects, including those under the CDM, could command the highest prices.

Regarding business participation and influences, Kirsty Hamilton, consultant to RIIA, emphasized that the business sector is influential in policy formulation at the national level. She noted that: US businesses face complexity and uncertainty relating to, *inter alia*, the question of the US' future "re-entry" into the Kyoto Protocol process; EU businesses face a more predictable policy environment, and prioritize corporate social responsibility and reputation risk management; and there is widespread consensus among Japanese businesses' regarding the high level of energy efficiency in Japan. Hamilton highlighted that the energy and other emission-intensive sectors prefer policies that are: voluntary rather than mandatory; market-oriented rather than regulatory; and inclusive rather than restrictive *vis-à-vis* technology.

Discussing North American perspectives and US engagement, John Drexhage, International Institute for Sustainable Development, noted that the US decision to withdraw from the Kyoto Protocol creates difficulties for Canadian businesses. He highlighted public support in the US for greenhouse gas emissions caps, and outlined various climate change mitigation programmes in a number of US States. He concluded that US engagement in climate change issues is likely to increase in 2005, and without the US, the Kyoto Protocol is unsustainable in the long term.

Regarding future commitments and developing country engagement, Grubb underlined that developing countries are most concerned about climate change impacts and adaptation. He said the most important prerequisite to continue the multilateral climate change effort is to re-engage Annex I non-Parties, particularly the US, in the Kyoto Protocol process.

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## Poverty and climate change

(Continued from page 3)

Ajay Mathur, World Bank, said the Bank aims to integrate climate change in its work by developing screening methodologies to assess how its projects impact climate change, and redesign strategies that have adverse impacts.

Arun Kashyap, UNDP, said climate change is a cross-cutting issue within the WEHAB "water, energy, health, agriculture and biodiversity" agenda, especially regarding crisis prevention, insurance policy and water governance.

Philipp Knill, BMZ, said poverty reduction is an overarching objective of Germany's cooperation with developing countries in development goals and programmes.

Jaap Roóimans, the Netherlands' Ministry of Foreign Affairs, highlighted that his Ministry is raising staff's awareness of the linkages between climate change and poverty.