

WECF at the UNFCCC Climate Change Talks in Bonn, March

WECF is joining the Climate Change Talks in Bonn which is the first of three planned negotiating sessions before COP 15 in Copenhagen in December.

The Seventh session of the AWG-KP and fifth session of the AWG-LCA is taking place from Sunday 29 March to Wednesday 8 April 2009 in Maritim, Bonn.

On Friday, 3 April, WECF ran the side event „Towards Sustainable CDM projects“ on the issue of household and community based projects under the Clean Development Mechanism (CDM).

On Saturday, 4 April, WECF had an action at the doors of the hotel Maritim to call on the attending delegates to keep nuclear out of the CDM.

Staff of WECF and its partner organizations is watching the whole conference.

WECF's side event „Towards Sustainable CDM projects“

This side event put an emphasis on the special challenges household and community level projects under the Clean Development Mechanism (CDM) have to face.

These kind of projects are very important, because they can provide a much needed contribution to improving livelihoods in poor communities. They are better adapted to the local realities and are able to reconcile the needs of reducing poverty whilst mitigating climate change.

EECCA-countries: Great potential of small-scale projects on CO₂-reduction

Members of partner organisations from Kyrgystan, Kazakhstan, Russia, Georgia and Germany described the specific energy situation in Central Asia and the Caucasus:

According to World Bank classification Tadjikistan, Kyrgystan and Usbekistan are low income countries, Turkmenistan a lower-middle and Kasachstan an upper-middle income country.

There is a lack of centralized energy systems in rural areas and the pressure on nature resources is increasing. In some towns there are often emergency situations with total blackouts, extreme power cuts with electricity supply for less than 8 hrs per day. People in these countries face a very complicated situation, because they not only have to deal with harsh winters, which make energy crucial for their own survival, but also the energy prices increased quite a lot within the last years: e.g. 160% in 2 years in Kyrgyzstan. All the central asian countries are interdependent on energy issues and the whole situation is worsened by climate change.

The attending referees stated that the EECCA-countries have considerable potential to develop many CDM projects, especially on a household and community level and particularly in the renewable energy and energy efficiency sectors. There is for example huge capacity for hydro powerplants. The problem is that the population is mostly very poor in small villages, so they cannot afford to buy solar panels nor to construct small hydro powerplants. Thus, improving their lives turns out to be very difficult.

CDM mechanism: too complicated for sustainable energy project on a household and community level

The current barriers are the need for high transaction costs and high investment in the beginning. But only big companies have the money for funding, but they are not interested in these kind of projects.

The problem is that household and community based projects function completely different to the standard kind of project – so there is a need to adapt the operating mode of the CDM to this special and individual situations: It is important to create a simplified CDM mechanism and facilitate upfront funding for this kind of small-scale projects.

Different functioning of household and community level based projects

Florian Zerzawy works for the German NGO **Atmosfair** which collects climate contributions from air passengers to initiate and fund renewable Energy and Energy Efficiency Projects in Asia, Latin America and Africa, which meet the CDM Gold Standard criteria, this means the highest environmental, social and climate protection standards. The Certified Emission Reductions (CERs) generated in the projects are then retired on behalf of the donors.

He explained the difference between normal CDM projects and CDM projects on a household and community level:

The initial point for a normal CDM project is expected to be a certain defined location with clear project boundary on which industrial facilities are constructed – thus the project boundaries are well defined and there is an exact date of starting time for the crediting period. The whole CDM process is designed for this situation.

In the case of household level projects the situation is completely different: The implementation happens step-by-step in many locations, thus the project boundaries are difficult to determine and in the beginning one doesn't know exactly how many people the project will reach.

Therefore cornering the market turns out to be fairly complicated.

When a certain date is appointed as a project start, in this moment one maybe only has implemented 10% so far and it will take another 5 years to reach the project objective – in this time one will lose the CERs which actually one could have charged. So it is very typical for household and community based CDM projects to lose the CERs if the project is not concluded yet.

Therefore a **flexible crediting period** is needed.

The second problem, he outlined, is financing:

Especially small-scale projects on community and household level depend very strongly on CDM funding.

The normal financing mechanism works as such: Just when the buyer already has the CERs on his account, the CDM money will be paid to the project runners. But people need the money from the beginning to be able to even start the project. **Upfront funding** is required. These kind of projects are too much of a risk for banks, because projects depend very strongly on CERs – they fear that credits could not be generated.

In the case of an industrial facility like a power plant for example, only 10 – 20% of the budget comes from CDM, while in household and community level projects the whole amount of money is derived from CDM. So banks never would issue a loan to this kind of

projects, because they cannot be sure that it will be paid back in form of certificates. The situation is just too unclear, because nobody knows if for example everyone will be using the implemented wood stoves.

It becomes difficult to apply approved CDM methodologies, project runners lose CERs due to fixed starting dates for the crediting period.

The normal situation is: The emission reduction per entity is high, and the number of entities is low, but in the case of household level projects the situation is just contrariwise.

The aim is to overcome the barriers for demand-side energy efficiency projects and microprojects, which are mainly situated in LDCs and to foster projects with large potential for emission reductions at low costs and high sustainable development benefits. Also transaction costs have to be reduced.

Therefore it is a great challenge to apply the CDM to projects, because rules are unclear and their application difficult.

As a result we can see that only the theory sounds great, but the reality is quite different. Thus it is essential to simplify the CDM especially for community & household based projects: Zerzawy recommends a **positive list for specific project categories** eligible under simplified mechanism, which are based on Gold Standard sustainability criteria as well as setting up **default values as a standardised baseline** for specific micro-scale projects producing less than 15,000 t of emission reductions per year.

Secondly upfront funding or grants for CDM project development should be facilitated to cover transaction.

Women should be included

Such projects should be developed in consultation with the local communities, including women, and should be accessible to them.

Sabine Bock, director of WECF Germany, emphasized how important it is to include women into the whole CDM:

The Gender approach is a pre condition for the successful implementation of the CDM. Most people in powerful positions are still men, we have to encourage women to allow them to be full partners in sustainable development.

Nuclear Energy is too dangerous and not sustainable

Another issue of the side event was the thread of nuclear energy. In the coming months, world governments will take decision on whether to make nuclear power eligible for the CDM.

WECF and all its participating referees of the member organisations are very concerned that governments with state interest in nuclear industries are pushing for the inclusion into UN mechanism, as these government have conflict of interest and will have difficulties to truly take the interest of the world's citizens, environment and future generation into account above their short term economic interest.

Different referees described very impressively which devastating effects the use of nuclear energy has in their countries and everywhere else. They clarified that in order to make CDM projects truly sustainable, it is necessary to keep nuclear power out of the CDM (or its successor) or any other UNFCCC mechanism, as it is in conflict with the goals of CDM of environmental integrity and promoting sustainable development.

Kaisha Atkhanova from the kazakh NGO **Social EcoFund** reported for example on the situation of her country and the environmental and health aspects of nuclear energy:

Kazakhstan is one of the primary producers of high-level nuclear materials in the former Soviet countries for both for energy generation and weapons production. The pollution problem is not restricted to mining operation; the largest areas is also a burial site of nuclear waste and for example the Semipalatinsk Test Site (STS) was the primary testing venue for the Soviet Union's nuclear weapons. Kazakhstan has over 1500 factories and sites that contain radioactive material. The total quantity of radioactive waste in Kazakhstan is 237,197 000 tons: So it is the most radioactively contaminated country in the world.

The question of how the natural uranium deposits and the uranium recovery and processing industry affects the quality of life of the local population has remained open and practically unexplored.

According to the medical research since the nuclear explosions on the kazakh nuclear test site Semipalatinsk, the children's death rate was increasing at the middle of 1970 – (after 20 - 25 year), 80% of the children in the age from 1 to 16 in the Semipalatinsk region have anemia and 30% are disabled. Every 4th woman have gynecological problem, every second woman has anemia. So even the 4. Generation is still affected.

The tricky thing about nuclear energy is that one does not die immediately, but as Kaisha Athakanova stated, after you hear these numbers „how can we think, that nuclear energy is sustainable oder safe?“

As a conclusion WECF and its partner organizations recommend a simplified CDM mechanism adapted to the special needs of household and community level projects and upfront funding for this kind of projects, because especially in the EECCA-countries is great potential for them.

Also important is to keep nuclear out of the Clean Development Mechanism to make it truly sustainable.