



Editorial

Dear Reader,

in this issue, we are finally able to report on the long-awaited review of the European Emissions Trading Scheme. As our article shows, even though the European Commission had repeatedly postponed the review, the report issued in November 2006 remains somewhat lacking.

This issue also launches a new-look JIKO Info. Its clearer, calmer layout makes for easier reading and a more balanced appearance. A new current topics column down one side of the page separates supplementary information from the main text and allows better placement of articles within the various sections. The new layout was designed by the Wuppertal Institute's VisLab which will be responsible for the JIKO Info design from now on.

We trust you will like the new layout as much as we do. Please feel free to submit any comments and suggestions you may have, either on the new layout or on the newsletter in general.

The Editor

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JIKO News

Sobering Outcome of the Climate Summit

Little Progress in Nairobi

Last year's UN climate summit, which took place in Nairobi, did not bring new life into the negotiations. The venue served to put African concerns and "developing country issues" such as the CDM in the spotlight of interest. The other major focus was the negotiations on the future of the climate regime after 2012. JIKO Info sums up the most important results and takes stock of the consultations.

The climate summit took place at UNEP's headquarters in Nairobi from 6 to 17 November 2006. It was the twelfth meeting of the Conference of the Parties to the Framework Convention on Climate Change (COP12) and the second meeting of the Parties to the Kyoto Protocol (COP/MOP2). The Climate Change Conference thus for the first time took place in Sub-Saharan Africa. *Continued on page 2*

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Review of the EU-Emissions Trading Scheme

Commission Recommends Using CDM/JI Beyond 2012

On 13 November 2006, the EU Commission issued its much-postponed review of the European Emissions Trading Directive. Along with a brief evaluation of the European Emissions Trading Scheme (ETS), the report covers the project-based mechanisms CDM and JI. The detailed review, which the Commission delegated to a dedicated working group, will not be available until mid-2007.

In the review just published, the Commission clearly states its commitment to building a global carbon market as a key instrument for tackling climate change. It also emphasises the strategic importance of the ETS as a sustainable instrument with which to reduce greenhouse gas emissions in the mid and longer term. The Commission sees the use of the CDM and JI beyond 2012 as an integral part of this approach.

However, the report only provides a brief overview of developments regarding Member States' national allocation plans and the allowance market in general. In terms of the CDM and JI, the review lacks the clear statements hoped for as regards using sink credits under the ETS, suitability of national offset projects and specific requirements for implementation of CDM hydropower projects.

Instead, the Commission underlines the general need for further harmonisation of the ETS along with a need for further consultation. It has thus commissioned a review by a dedicated working group as part of the European Climate Change Programme (ECCP) initiated back in 2000. In the second phase of the ECCP (ECCP II), working groups took up various areas of European climate policy, including aviation, adapting to climate change, carbon capture and emissions trading.

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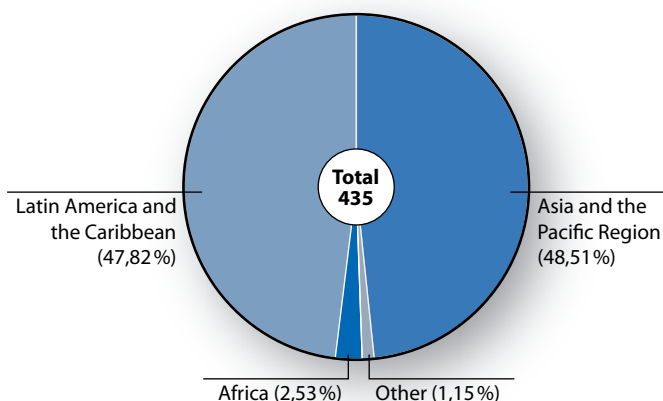
CDM Issues

The number of CDM projects has been rapidly growing and in 2006 exceeded even the most optimistic estimates of the CDM Executive Board (EB). 435 projects have been registered up to now (number as of December 2006). Parties thus acknowledged the EB's work as a great success.

However, CDM projects are so far mainly concentrated in a few countries, notably Brazil, China, India, and Mexico, which account for about ¾ of all projects currently in the pipeline, see **chart 1**. This issue had already been raised at COP/MOP1 in Montreal, which had requested the CDM Executive Board (EB) to develop recommendations on how to improve the CDM's geographical distribution. Negotiations in Nairobi focussed on one of the EB's suggestions, a facility or facilities to promote capacity building and project preparation in countries that have so far been left out of the CDM process. The idea was strongly supported by the group of African countries and Least Developed Countries (LDCs) but opposed by the industrialised countries.

Chart 1: Registered projects by region; source: Wuppertal Institute, based on data of the UNFCCC as of 15-12-2006

Parties finally compromised on language encouraging Annex I Parties "to consider further initiatives, including financial support" for the identification and development of CDM projects especially in LDCs, African countries,



and small island developing states. In addition, UN Secretary General Kofi Annan announced the "Nairobi Framework", a joint initiative of the UN climate secretariat, UNDP, UNEP, the World Bank Group and the African Development Bank to catalyse the CDM in Africa. The details of this initiative are yet to be resolved, though.

Another controversial issue in this context was projects that reduce the use of non-sustainable biomass, i.e. biomass that is used at a rate faster than the natural replacement rate, e.g. by increasing the efficiency of biomass use or replacing it with solar cookers. In 2005, the EB had deleted references to this project type from the small-scale methodologies, thus effectively blocking them. The EB argued that the emission reductions of these projects stem from preserving carbon stocks by avoiding deforestation, which is not eligible as a project activity under the CDM. However, proponents of this project type strongly argue that they provide significant sustainable development benefits by cutting the time families need to collect firewood, reducing indoor pollution etc. LDCs also complained that the EB had thus blocked one of the few types of projects applicable in their context. COP/MOP 1 had therefore asked the EB to revisit the issue, but the Board was unable to come to an agreement and had therefore referred the problem back to the COP/MOP. COP/MOP2 was equally unable to resolve the issue and therefore invited Parties, intergovernmental organisations and non-governmental organisations to submit new proposals for methodologies to the EB. The EB is to make a recommendation on a new methodology to COP/MOP3.

Concerning the issue of whether the carbon capture and sequestration (CCS) technology can be applied in a CDM project, a number of methodological, political and legal questions were raised. These include the definition of the project boundary, leakage, the permanence of the sequestration, and responsibility after the crediting period of the CDM project ends. The EU, Canada, China, India, Japan, South Africa and especially the OPEC countries expressed themselves clearly in favour of CCS under the CDM, but the EU and some others also highlighted that the methodological, political and legal problems first needed to be resolved. Other countries such as the LDCs, the Alliance of Small Island States (AOSIS) and Brazil voiced serious concerns about the maturity and appropriateness of CCS. Parties compromised on a two-year process under the Subsidiary Body for Scientific and Technological Advice (SBSTA), with a view to taking a final decision at COP/MOP4.

The COP/MOP also still had the issue of CDM projects that reduce emissions of HFC-23 on

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its agenda, see box. Based on the submissions by Parties on practical solutions to the issue, negotiations focussed on a proposal to establish a system by which the CERs would be issued to an institution other than the project participants. The institution would sell a fraction of the CERs to reimburse the project participants' incremental costs incurred from destroying the HFC-23. The idea was supported by most Parties but opposed by China, which argued that the CERs should be issued to the host country government and be used for "other activities beneficial for the global environment." The discussion therefore had to be deferred to SBSTA 26, which will be held in Mai 2007.

Another methodological issue was raised by Colombia and some other countries. According to the Marrakesh Accords, lands must have been non-forest on 31 December 1989 to be eligible for afforestation and reforestation (A/R) CDM project activities. The date was set in order not to provide a perverse incentive to deforest land for the purpose of conducting an A/R CDM project. Colombia and the other countries objected to provisions in the procedures developed by the EB that required that land had not been forest land at any time since 1 January 1990 and thus also covered the interval since 1990. Adoption of their proposals might have generated a perverse incentive to deforest secondary forest that has grown since 1990. The COP/MOP resolved to put the EB procedures on hold and requested the EB to make a call for public input and on this basis develop new procedures, with another call for public input on the final draft.

Joint Implementation

In contrast to the controversial negotiations on the CDM, the agenda on JI mainly involved formally recognising the successful work of the JISC to operationalise the mechanism. However, the future work is currently endangered by a shortfall of more than 2 million USD the JISC faces for 2007. The COP/MOP therefore urged Parties to make contributions to the Trust Fund for Supplementary Activities.

Post 2012

Affirming the future of the CDM beyond the first commitment period of the Kyoto Protocol which ends in 2012 was another area of con-

HFC projects

HFC-23 is a by-product in the production of hydrochlorofluorocarbon 22 (HCFC-22), a refrigerant governed by the Montreal Protocol on Substances that Deplete the Ozone Layer. HFC-23 incineration at existing production sites can already generate CERs, but the EB had requested guidance from the COP/MOP on whether incineration at new facilities was also permitted under the CDM. Since HFC-23 CDM projects are quite profitable with costs of only about USD 0.50 per CO₂ equivalent tonne of HFC-23 avoided, there are concerns that permitting such projects would create a perverse incentive to increase production of HCFC-22 for the sole purpose of generating CERs.

cern. This does not depend on the CDM negotiations, though, but hinges on the successful conclusion of the negotiations about future commitments. The main fora for these are the Ad-hoc Working Group (AWG) on further commitments for Annex I Parties established under Article 3.9 of the Kyoto Protocol and the review of the Kyoto Protocol pursuant to Article 9 KP.

However, negotiations on these issues produced only modest results. In the AWG, Parties agreed on its work programme, which in 2007 is to focus on an analysis of mitigation potentials and ranges of emission reduction objectives of Annex I Parties in 2007. But Parties did not agree on a timeline for the conclusion of the negotiations.

As for Article 9, Parties discussed the scope of the first review and the timing, scope, and content of further reviews. While the G77 and China argued that a quick and focused review should be conducted "at" COP/MOP2, followed by further reviews at intervals of three to four years, industrialized countries proposed to start a process for a comprehensive review of all aspects of the Protocol in Nairobi. The intentions of both sides were clear; while Non-Annex I Parties wanted to ensure that the review will not lead to commitments for them and that Annex I Parties take the lead by determining further commitments in the AWG first, Annex I Parties intended to negotiate broader

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participation under the review process before committing to new targets. After negotiating the issue at the ministerial level, Parties agreed to conduct the second review at COP/MOP4 in 2008, but it "shall not pre-judge action that may be decided upon by the COP/MOP, and shall not lead to new commitments for any Party". The scope and content of the second review will be considered at COP/MOP3.

Ways Forward

COP/MOP2 made little progress on solving the controversies currently surrounding the CDM. The issues of CCS, HFC-23 and non-sustainable biomass projects are yet to be solved despite more than one year of deliberation. COP/MOP 2 also could not agree on substantial steps to promote a more equitable geographical distribution of CDM projects. It should be noted, though, that as a market-based mechanism,

the CDM may not be the optimal instrument for LDCs anyway. Private investors naturally focus on countries that provide huge emission reduction potentials and a favourable investment environment. By contrast, LDCs typically offer only small-scale emission reduction options and often have to cope with governance problems that make investments unattractive for private actors. Other solutions to properly address their issues may therefore be necessary.

The little progress on the post 2012 negotiations does equally little to increase confidence in the post-2012 continuity of the CDM. Cleaning up the hugely diverging interests expressed by Parties may require intensive negotiations of a couple of years. For the sake of the CDM, however, it would be desirable to send a clear signal regarding the post 2012 regime and ensuring the continuation of the carbon market at an earlier stage.

RW/WS

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Continued from p. 1

Review of the EU-Emissions Trading Scheme Commission Recommends Using CDM/JI Beyond 2012

The emissions trading working group began its work in October 2005 and comprises experts from the EU Commission, the Member States, research, industry and non-governmental organisations. It will submit a proposal for a directive concerning the third allocation period from 2013. With regard to CDM/JI, the working group will look at how project approval and the permissible number of credits can be harmonised.

The Commission has also changed its perspective on use of the Kyoto Protocol's project-based mechanisms: while originally the main objective of linking the Emissions Trading Scheme with the CDM and JI was to provide businesses greater scope for compliance with their ETS obligations, the Commission now sees the mechanisms more as a tool with which to provide greater support to emerging and developing countries. The working group should thus give particular attention to assessing how far existing projects help these countries make the shift to sustainable development.

The Commission makes use of CDM sink credits (ICERs and tCERs) from 2013 subject to further developments at UNFCCC level. It also

refers in this regard to the need to keep the scheme as simple as possible. The review process also covered the issue of national offset projects. These are not covered by the Linking Directive at present and the review was to look at ways to allow their integration. The Commission takes up this issue in the work to be performed by the ECCP working group, not within the framework of CDM/JI but in relation to the scope of the Emissions Trading Scheme: for national activities with emissions reduction potential that can neither be conducted meaningfully under the emissions trading scheme nor are covered by the scope of the Linking Directive, ways should be explored to provide for an EU-wide approval process. This makes it clear that the Commission does not foresee such projects within the scope of the Linking Directive.

With regard to advancement of the ETS beyond 2012, it remains to be seen which specific recommendations will come out of the working group's consultations in mid-2007. JIKO Info will report on the outcome of the consultations as information becomes available.

Julia Rüscher, BMU,

Joint Implementation Coordination Unit

Further information:

http://ec.europa.eu/environment/climat/emission/review_en.htm

Information about the ECCP can be found at:

http://ec.europa.eu/environment/climat/stake_wg.htm

JIKO Guest Article

**Project-Based Mechanisms Act One Year Old
Project Proposals on the
Increase**



by Dr. Wolfgang Seidel,
German Emissions Trading Authority

It is now a year since the German Emissions Trading Authority (DEHSt) assumed its capacity as the approval body for CDM/JI projects with German participation. This responsibility was delegated to the DEHSt under the Project-Based Mechanisms Act (ProMechG) which transposes the EU Linking Directive into national law. The DEHSt provided JIKO Info with a review of its work to date.

Dr. Wolfgang Seidel is a lawyer and has managed the Process Management, Quality Assurance, Fees and ProMechG Enforcement Section at DEHSt since 2004. DEHSt is an arm of the Federal Environmental Agency (UBA).

DEHSt's main function in relation to CDM/JI is to approve climate mitigation projects. Since assuming this responsibility in October 2005, there has been a steady increase in the number of proposals received. Some 94 project proposals were ready for processing at the beginning of December 2006. These included applications for project eligibility and those for project approval. Most projects focus on renewable energy and methane destruction (see **table**). Trends in the types of proposals submitted have developed at differing levels: against all expectations, domestic JI projects make up the majority of proposals submitted – that is, ones in which Germany acts as host country to a climate mitigation project.

Most of the 33 CDM projects proposed are to be conducted in China, India and Brazil. In terms of regional distribution, Asia and South America dominate the field. Few projects are planned for Africa at the present time. Biomass projects top the list followed by hydropower and biogas (see **table**). DEHSt is currently assessing all the proposals, largely for consistency, plausibility and coherence. Approval decisions are usually made quite quickly, with DEHSt taking three to four weeks to decide on projects that are already registered. While some proposals have brought methodological issues into question, these have not led to their rejection so far. DEHSt takes up these issues in talks on advancing the flexible project-based mechanisms and with the CDM Executive Board (CDM EB) and attempts to solve them at this level. For example, the EB is currently looking at the conditions needed to allow approval of projects involving 'non-renewable biomass' under the CDM (see also the article 'Little Progress in Nairobi' elsewhere in this issue). In future, the main focus of DEHSt's CDM-related work will be on carbon capture and storage (CCS) (see JIKO Info 03/2006), hydropower and programmatic CDM.

Until now, only few proposals have been submitted for non-domestic JI projects because the necessary memoranda of understanding are not in place and international rules have either only recently been introduced or are still pending (see also the article on 'Little Progress in Nairobi' elsewhere in this issue). Russia and the new EU Member States are

		Total	CDM	JI non-domestic	JI domestic
Project types					
	Biogas	6	4		2
	Landfill Gas	4	3		1
	Fuel Switch and Energy Efficiency	8	1	1	6
	Renewable Energy: Solar	2	2		
	Renewable Energy: Hydro	8	8		
	Biomass	10	10		
	Renewable Energy: Wind	3	1	2	
	HFC23	2	2		
	Laughing gas	3	2		1
	Mine Gas (Methane Use)	48		1	47
Total		94	33	4	57

the most frequent host countries. DEHSt has approved three non-domestic JI projects so far (see table) and expects a strong increase in the number of proposals for this type of project from 2007 onwards. The number of projects will however depend on climate change policy for the period beyond 2012. Upcoming issues of importance involve additionality and preventing double counting under the EU ETS.

Unlike in many other European countries, it is possible in principle to conduct JI projects in Germany. Numbering some 57 projects, this project type (domestic JI) represents the largest share of the work. This figure includes both proposals awaiting approval and those submitted for preliminary evaluation. Most of the projects involve the use of mine gas in North-Rhine Westphalia, while others involve fuel switching and energy efficiency activities (see table). The projects bring up entirely new specialist and legal issues including things like additionality and regulatory obligations that project developers may have to comply with – for example, use of exhaust heat under Germany's anti-pollution legislation. In each case, DEHSt has held exploratory meetings and requested further documentation. Decisions regarding approval of the mine gas projects are expected in the first quarter of 2007.

At the moment, DEHSt still has to charge fees in order to cover the administrative costs (staffing, equipment, etc.) it incurs in implementing ProMechG. While an international comparison shows these fees to be extremely high, they are set to sink considerably seeing that in future administrative costs are to be covered

from the revenue taken from auctioning emission allowances under the EU Emissions Trading Scheme. Given the developments with the EU ETS and the various initiatives to promote the CDM, DEHSt expects the number of proposals to rise again in the coming year.

DEHSt aims to provide participating businesses with a fast and reliable service when it comes to submitting proposals. A team of four processes the proposals and advises project developers in a professional and timely manner. To support project developers further, DEHSt plans in 2007 to issue a comprehensive guide on developing and conducting JI and CDM projects. The guide is designed to update and improve the guide already issued by the Joint Implementation Coordination Unit (JIKO). Project developers may submit validated project documentation or promising project proposals to DEHSt directly.

Further information on the proposal process and the database for projects involving German participation will be available on the DEHSt website at the end of January.

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**JIKO Info Series
on Carbon Funds**

**KfW-Climate Fund Prepares
for Second Tranche**



by Bernhard Zander, KfW

KfW will launch the second tranche of its carbon fund at the start of 2007. The key criterion to be applied in project selection is whether the credits can be used under the EU Emissions Trading Scheme. Projects must also forecast annual savings of at least 50,000 t CO₂e per year. Project proposals may be submitted at any time.

Bernhard Zander, is an economist and has managed the KfW Carbon Fund for the past three years. He has a wealth of experience in development cooperation, particularly with Asia. In recent years, his work has focused on commercial exports and project funding in the energy sector. In this capacity, he was an active member of the KfW working group on climate change and was instrumental in designing the KfW Climate Fund.

The KfW Carbon Fund is an acquisition programme for credits generated from CDM/JI projects. The fund primarily purchases emission allowances for German and European businesses who must comply with obligations under the EU Emissions Trading Scheme and wish to use the Kyoto project-based mechanisms (CDM and JI) in doing so. The programme is also open to businesses looking to purchase emissions credits for image-boosting and public relations purposes.

The first tranche of the KfW Carbon Fund closed in the first quarter of 2006. A total of 26 businesses and institutions from Germany and other countries purchased carbon credits worth some EUR 83.9 million (see figure 1). The fund thus exceeded its original target of EUR 50 million by almost 70 percent. The positive response has led KfW to launch a second tranche of the acquisition programme. Interested parties should contact KfW directly (see contact details below).

So far, KfW has entered into five emissions reduction purchase agreements (ERPAs) and seven let-

ters of intent (LoIs). These cover more than 50 percent of the fund's volume. Three of the five ERPA projects are funded by the KfW Bank Group and provide excellent examples of the synergies available within the KfW Group as a whole.

There are many other promising projects in the pipeline, most of which involve renewable energy sources like wind, water and biomass/biogas (see figure 2). Looked at from a regional perspective, Asia leads the field with 51 percent (particularly India and China), followed by Latin America with 27 percent and Africa with 22 percent.

The key criterion for project selection is whether the allowances can be used under the EU Emissions Trading Scheme; projects must also forecast savings of at least 50,000 t CO₂e per year in order to keep transaction costs low. Bundling of smaller-scale projects is allowed. All countries that meet the Kyoto Protocol criteria are suitable as host countries. KfW aims to ensure a better regional balance in its portfolio and will give particular preference to Latin America. With regard to Joint Implementation, KfW is currently promoting projects in Russia and Romania. The sectoral focus will remain on renewable energy and energy efficiency. Methane avoidance projects are of particular interest on account of available quantities and short delivery times. Co-funding of project design documents (PDDs), validation and other up-front costs is possible. New project proposals may be submitted at any time.

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Figure 1: KfW Carbon Fund participants by sector and funds share

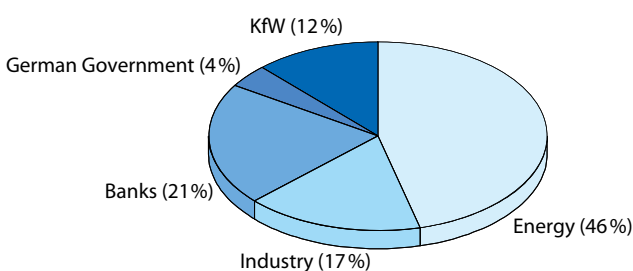
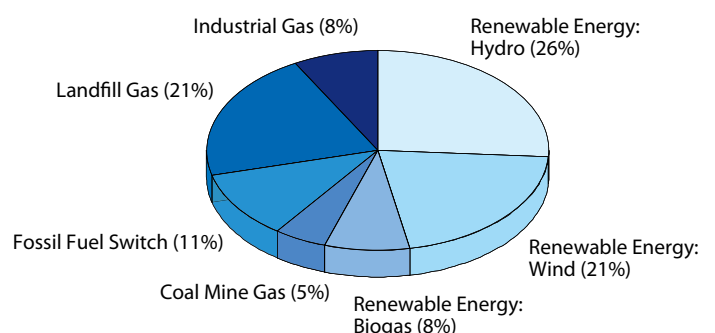


Figure 2: Project pipeline and contracted projects by technology



JIKO News CDM-Initiative **Germany und China Intensify Cooperation in CDM Activities**

A German-Chinese CDM Workshop took place in Beijing on 6–7 December 2006. Some 350 participants, including 80 representatives from German industry, came together to consult on CDM projects in China. The event was held against the backdrop of greater German-Chinese cooperation on environmental issues (see box).

The workshop largely focused on projects involving sewage sludge, N₂O and energy efficiency. One of the most valuable means of cooperation to come out of the talks was a CDM portfolio developed by German experts in conjunction with Chinese partners. The portfolio contains around 60 project proposals which have already been submitted to the German Chamber of Commerce in Beijing. The subsequent CDM Project Matching Workshop was hugely popular with German and Chinese businesses alike. Around 20 project proposals were discussed in a series of business-to-business discussions held on 7 December 2006.

These exemplary cooperation activities with the German Chamber of Commerce in Beijing gave rise to some important findings. The market conditions for CDM show a clear proposer-side dominance. While suitable projects are

German-Chinese Environment Talks

During his visit to Beijing on 7–8 December 2006, Federal Environment Minister Gabriel and his Chinese counterpart Yzhou Shengxian launched the German-Chinese Strategic Environment Talks. The aim of these regular talks will be to look at specific project activities and investments across all key areas of environmental policy. The first of these bilateral cooperation talks is planned for the second half of 2007, when issues like the CDM, chemicals and emergency measures, and water and wastewater management will be addressed.

finding foreign partners while still in the early developmental stage, the Chinese project developers often lack knowledge on the CDM itself. There is thus an urgent need to involve Chinese consultants in planned cooperation activities and when entering into agreements.

This calls for clear action under the Federal Environment Ministry's CDM initiative. What is needed is best summed up as market transparency and knowledge transfer. In response to a proposal from Environment Minister Gabriel, the next German-Chinese CDM workshop will be held this coming April. **TF**



JIKO News

JI-Initiative

Russia Still Sought as a JI Host Country

On 13 December 2006, German and Russian industry representatives met in Moscow to discuss the conditions necessary to allow JI projects to be conducted in Russia. The event was held at the joint invitation of the German Environment Ministry (BMU) and the Russian Ministry of Trade (MEDT), and was used to present a JI Guide for Russian Business published by the German Energy Agency (dena). The guide is designed to assist Russian project developers in assessing whether their projects meet the eligibility criteria for JI and in taking a pro-active attitude when approaching foreign partners. The German Environment Ministry and dena intend to adapt the guide to bring it into line with Russian legislation on Joint Implementation as soon as it has been approved.

The JI Guide is available in Russian and can be downloaded at www.energieforum.ru

The project-related interests of German and Russian businesses were at the forefront of the well-visited workshop. In in-depth talks, participants were introduced to projects on mine gas, biomass, N₂O, building modernisation and pipeline seepage. During the talks, it became

clear that a range of projects in the energy efficiency, biomass and mine gas categories could be implemented as soon as Russia's JI legislation is approved.

The information provided on the provisions and requirements of Russian law on Joint Implementation was promising. In contrast to earlier plans, there will now be no artificial capping of credits (a limit of 300 million ERUs was foreseen) and there will be no call for tenders. The Russian representatives were, however, unable to confirm when the legislation will be approved.

Despite the continued uncertainties, German business interest in participating in JI projects in Russia has actually increased and it is hoped that the Russian government will create the legal framework to allow JI projects in time for the start of the Kyoto Protocol's first commitment period. It is already clear, however, that it will not be possible to generate credits throughout the entire commitment period.

The next significant JI event will be held on 5 March 2007 in the form of a German-Russian business meeting at the TerraTec environment technology fair in Leipzig (see JIKO News in Brief elsewhere in this issue). Businesses with specific project interests should contact Thomas Forth at the Federal Environment Ministry:

Thomas.Forth@bmu.bund.de

TF



Compressor unit of a gas pipeline at Kursk, Russia. Source: S. Lechtenböhmer, Wuppertal Institute

JIKO News in Brief

German Environment Ministry Hosts CDM/JI Workshop at TerraTec Environment Technology Fair

As in 2003 and 2005, the German Environment Ministry is hosting a CDM/JI workshop at the TerraTec environment technology fair in Leipzig which runs from 5–8 March 2007. The workshop will be held on 6–7 March. One of the main topics on the agenda will be the initial experience gained with Track 2 JI. The ministry will also report on the current status regarding its CDM initiative. Further talks will cover the linking of domestic emissions trading schemes. There will also be a half-day workshop on 6 March when the focus will be on JI biomass projects in Eastern Europe and the CIS.

See the TerraTec website for more information:
www.terratec-leipzig.de

British Foreign Office Uses CDM Project to Offset Emissions

A CDM project in Africa will be used to offset the greenhouse gas emissions resulting from air miles flown by staff of the British Foreign Office. The British government announced its intentions in November last year. The CDM project involves wind power activities in South Africa which will be conducted as a Gold Standard project. The offset project is a component of Britain's Government Carbon Offsetting Fund which stands to generate some 255,000 CERs by May 2009.

Further details at:
<http://www.defra.gov.uk/environment/climatechange/carboncost/carbon-offsetting/index.htm>

CDM/JI Introduction Booklet Updated

The German Environment Ministry booklet entitled "Die projektbasierten Mechanismen CDM & JI – Einführung und praktische Beispiele" (Project-Based Mechanisms: CDM & JI – An Introduction with Practical Examples) is now in its second edition. The updated version takes in the latest developments in climate policy and includes a range of new model projects. The booklet primarily addresses project developers and anyone wanting an initial introduction to the CDM and JI mechanisms. The booklet was updated by staff at the Wuppertal Institute for Climate, Environment and Energy.

The booklet is available for download at
www.wupperinst.org/jiko

The print version can be ordered from the German Environment Ministry at
www.bmu.de

(Both the online and print versions are available in German only).

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