

Engaging the Private Sector in Clean Development Mechanism (CDM) Project Activities under the UNFCCC/Kyoto Protocol	
UNCTAD's work on this project will be carried out by the UNCTAD Advisory Services on Investment and Technology.	
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Duration:	2 years
Starting Date:	1 January 2000
Coordinating Agency:	UNFCCC
UN Agencies Involved:	UNDP, UNCTAD, UNIDO and UNFCCC
Associated Agencies:	WBCSD
Budget:	US\$ 1,500,000

Description of the Inter-agency Project:

The point of departure for the project is the UNFCCC/Kyoto Protocol intergovernmental process and an overall proposal entitled "Capacity building support for a Clean Development Mechanism (CBS/CDM)" jointly prepared by the UNFCCC Secretariat, UNCTAD, UNDP, UNEP and UNIDO. This overall proposal was submitted by the UNFCCC Secretariat to UNFIP early 1999 and a subset of the activities and funding proposed was subsequently approved by UNFIP/UNF. The present project regards this subset of activities. The activities to be carried out in the short-term by the respective agencies under this project will provide information and experience for the further more long-term capacity building work to be carried out in the context of the overall CBS/CDM.

The project is a two-year inter-agency collaborative effort involving the UNFCCC Secretariat (as overall coordinator and chair of the Project Steering Group), UNDP (as lead agency in facilitating operational activities), UNCTAD and UNIDO. UNEP does not have operational activities under this project, but will play an important role in the work to be undertaken under other parts of the overall inter-agency proposal. The respective agencies are responsible for the execution of their respective work plans contained in this project document. In their execution of their respective work plans, and through the convening of the Project Steering Group, the agencies will seek to identify and capitalize on synergy effects.

The project will largely focus on engaging the private sector and providing other stakeholder groups with a private sector perspective relative to the CDM. This collaboration is aimed at stimulating and delivering "learning by doing" projects (CDM pilot projects) involving the private sector with the view to examine on a practical and pragmatic level the key issues associated with a viable CDM. As defined in the Kyoto Protocol, the purpose of the CDM shall be to assist developing countries in achieving sustainable development and contributing to the ultimate objective of the Convention, and to assist developed countries in achieving compliance with their emission limitation and reduction commitments. In order for developing countries to

participate as equal partners with developed country counterparts under the CDM once the mechanism becomes operational, it is important to address issues related to development of baselines, monitoring, verification, auditing and certification of project activities, as well as assessment of costs and risks, in a consultative and transparent manner. The project will provide a neutral forum for addressing and demonstrating options for these and other emerging issues.

The project will represent an important step towards the overall capacity building objectives of the overall inter-agency proposal referred above. The project will address a number of capacity building needs related to the CDM identified under the intergovernmental process, and will be modified as necessary if actions taken by the Conference of the Parties so require.

UNCTAD's Objectives

UNCTAD's contribution to the project is focusing mostly on up-stream activities related to investment in CDM projects. This includes the improvement of the enabling framework for CDM investments, reinforcement of the institutional framework for CDM investment promotion and strengthening relevant investment promotion activities. Particular emphasis will be given to establishing national coalitions of interest including the representatives of the government, investment promotion agencies, private sector and non-governmental organisations (NGOs). The assistance to governments and investment promotion agencies will be carried out by a demand-driven Advisory Services on CDM investment, which will respond to requests from participating non-Annex I countries. UNCTAD will closely co-operate with the World Association of Investment Promotion Agencies (WAIPA) which at present has reached a membership of 103 agencies from 102 countries, both of the developing and the developed world. Through the world-wide WAIPA network UNCTAD will contribute to (i) raising awareness in investment promotion agencies for CDM investments and their potential to national economies as well as for the environment, (ii) exchanging information on best practices and successful approaches, and (iii) national capacity-building in CDM investment promotion.

UNCTAD's Activities

Objective 1: Strengthen capacity of governments, investment promotion agencies and private sector institutions in participating countries in order to improve the enabling framework for CDM investment, reinforcement of the institutional framework

Activities

1. Analyse the framework of the CDM investments, institutional framework for CDM investments promotion and relevant promotion activities, prepare subsequently recommendations for enhancing the enabling environment for CDM investments and their promotion, and develop an action plan for the implementation of the recommendations.
2. Develop and implement a training programme for officials related to the enabling environment for CDM investments and its promotion.

3. Assist in the creation of a national coalition for promoting CDM investments including representatives of government, investment promotion agency, private sector and NGOs.
4. Participate in the Project Development Forum.
5. Establish at UNCTAD the Advisory Service on CDM Investment including the development of a roster of highly qualified experts.

Outputs

- Agreed action plan for the implementation of the recommendation
- Established round table mechanism for the national coalition of interest
- 20 experts trained in CDM investment targeting, including experts from government, investment promotion agency and private sector.
- Establish demand-driven Advisory Service on CDM Investment and a roster of experts.

Objective 2: Raising awareness in investment promotion agencies for CDM investments and their potential to national economies, contribute to national capacity building through international networking, exchanging information on best practices and successful approaches, and providing CDM investment promotion related training.

Activities

1. Distribute information on the role of CDM investments, best practices and successful approaches in improving the enabling environment for CDM investments and their promotion, by using the worldwide network of WAIPA and its manifold activities (conferences, training, publications, Internet discussions forum and website).
2. Prepare a two-day training programme on targeting CDM investments.
3. Prepare case studies on successful CDM investment promotion.
4. Prepare information material on investor strategies in the energy sector, including e.g. information on location decision making, selection criteria, investor needs on information, financing mechanism, risk management.

Outputs

- Organised panel on CDM investments and its promotion in two annual conferences of WAIPA.
- Organised one regional training workshop with 20 participants on targeting CDM investments.
- Published two case studies on successful CDM investment promotion.
- Published information material on investor strategies in the energy sector.

UNCTAD's Inputs

UNCTAD will provide, in addition to in-kind contributions of its staff, the following:

- Standby Advisory Services on CDM Investment, driven by demand and providing assistance to governments, investment promotion agencies, private sector institutions and NGOs;
- International and/or national institutions and/or consultants who will be recruited directly;
- Cooperation with the World Association of Investment Promotion Agencies (WAIPA) for effectively utilising its world-wide network;
- Training material, reports, information material in hard copy and in electronic form.