



IRIS KYOTO

Innovative Risk Coverage and Financing of Projects related to the implementation of the CDM focussing on India and Morocco



Project Newsletter No. 1 – Nov 2003

IRIS Kyoto's goal is to address project development and financing barriers to the successful implementation of the Kyoto Protocol's CDM. The project, partially financed by the EC under the SYNERGY programme, aims to build a practical methodology for implementing CDM project activities and investigate the issues of project risk analysis and spread. It takes into account risk perception and aversion of private players and their related requirements in terms of financial returns. A team of partners from France, Germany, India, Morocco and the UK is reviewing the risks related to the mobilisation of carbon finance.

Latest Kyoto News

Russia: Ratification of KP

By September of 2003, 117 countries had ratified the Protocol, including all EU countries, Japan, Canada, Mexico, India, China and Brazil. Only the USA and Australia have rejected the Protocol for the first compliance period of 2008–2012. Ratification of the Protocol by the Russian Federation is of principal importance because it must be ratified by countries responsible for over 55% of the combined emissions of greenhouse gases of the FCCC Annex I countries (emission levels of 1990) in order to enter into force.

Russia's ratification of the protocol was initially expected in the spring of 2003. However in January this year, Russia declared that it was not ready to ratify the protocol for economic reasons. The Government has set no deadlines to back the pact and the time frame now depends on how quickly the economic consequences of ratification can be assessed. In the absence of the USA, the Protocol will not enter into force without ratification by the Russian Federation.

CDM Baseline and monitoring methodologies approved

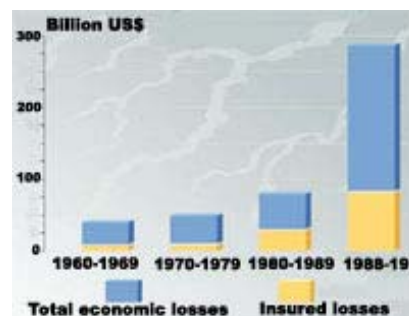
The **Executive Board** of the Kyoto Protocol's Clean Development Mechanism approved in July 2003 the first two baseline and monitoring methodologies, giving a major boost to the CDM. The proposals had been developed for a landfill project in Brazil and an HFC decomposition project in the Republic of Korea.

The next round of submitting new methodologies is open until 23rd January 2004.

Indicative simplified baseline and monitoring methodologies for selected small-scale project activities are also available to download from <http://cdm.unfccc.int/>

Historic vote on global warming in US Senate

On October 30th 2003 the US Senate voted for the first time on mandatory carbon caps included in the McCain-Lieberman bill which sets mandatory caps on CO₂ emissions, the biggest contributor to global warming. This indicates major advances in the support of the US Senate for serious action on Climate Change.



Economic losses due to weather and flood catastrophes over the last 40 years have increased. Extreme weather events are expected to increase due to climate change. © IPCC



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IRIS Kyoto Project Update - Meetings Held in Bangalore India and Salé, Morocco

A key part of the IRIS Kyoto project involves developing a deep understanding of the issues faced by project developers on the ground. In order to make true assessment of the risk environment of such CDM players, the Project has held two sessions in Bangalore and Salé on the 24 October 2003 and the 4 November 2003 respectively.

The proceedings from these events are available, with further relevant links at the IRIS Kyoto project web site.



Pollution and congestion from transport in Bangalore is common to many cities; use of CDM for new interventions is of interest to the IRIS Kyoto team

These meetings have benefited from the tested experience of "first-movers" and will lead to a

much more current reflection of the local risk environments in these two countries. In addition, the CDM linking Directive for the new European Emissions Trading Scheme (agreed in July 2003) is of growing importance. EU countries are now making allocations to energy intensive industries in Europe and companies are beginning to recognise the increasing importance of CDM opportunities to a carbon-constrained European economy.

The project's first engagement meeting was held in Salé, Morocco was organized by the Centre d'Information sur l'Énergie Durable et l'Environnement, CIEDE, under the aegis of the state Secretariat of the Environment and the Center for Renewable Energy Development (CDER). A wide range of projects - from Wind Parks to Transportation sector projects were debated at length.

The second event hosted by project partner 3EC in Bangalore attracted a particularly experienced set of participants, who were keen to share experiences across sectors from energy efficiency to renewables and transport

Upcoming Activities and Further Information

The IRIS Kyoto Project will continue working until the end of 2004, developing risk mitigation instruments for CDM projects in Morocco and India. The project web site <http://www.iris-kyoto.com/> is being regularly updated with new information and links to other relevant media. Further activities will be posted on the "News" section of this site. In the first instance, contact project leader IED or country partners CIEDE and 3EC should you require further information on project activities.

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