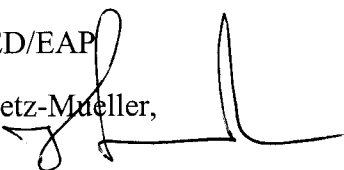


Interoffice Memorandum

**To:** Thomas Johansson,  
Director,  
UNDP/SEED/EAP

**Date:** 13 May 1999

**From:** Ingolf Schuetz-Mueller,   
Chief,  
Division for Environmental Programmes

**Phone:** 6084

**Subject:** GLO/98/G24 – Post Kyoto Climate Change Policies: China

**File:** GLO/98/G24

I am pleased to advise you that the above-mentioned project has been accepted by the UNOPS Project Appraisal Committee for UNOPS execution. Enclosed please find a fully-signed copy of the project document for your records.

The project has been assigned to Ms. Serene Ong, a Project Management Officer in the Division for Environmental Programmes. Ms. Ong's extension is 6805 and the direct fax number for the Division is 6903. We look forward to a close and fruitful collaboration with your office on the implementation of this project.

Kind regards.

# UNITED NATIONS DEVELOPMENT PROGRAMME

## Global Programme PROJECT DOCUMENT

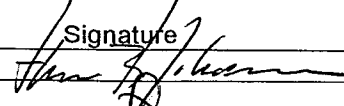
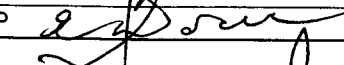
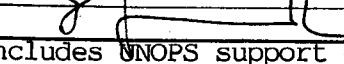
Title : Post-Kyoto Climate Change  
Policies: China  
Number : GLO/98/G24/A/1V/31  
ACC/UNDP Sector : Environment (2010)  
Subsector : Energy and Environment  
Executing Agency : United Nations Office for  
Project Services (UNOPS)  
Starting Date : 1 March 1999  
Duration : 12 months  
Financial Source : FIP/G/98/027

<b>UNDP &amp; cost-sharing financing</b>	
Project Total:	857,143 *
UNDP(5%):	42,857
<b>Total</b>	<b>US\$900,000</b>

Implementing Agencies  
International : World Resources Institute (WRI)

This is a one year pilot project undertaken jointly by UNDP and the World Resources Institute (WRI), working with relevant national institutions, energy experts and non-governmental organizations. The overall development objective is to identify, support and increase the availability of information about developing country policies and measures that advance national development goals while also reducing the greenhouse gas emissions that contribute to global climate change. The focus of this project is China, which is currently the largest source of greenhouse gas emissions among developing countries. The developing countries have not made specific emission reduction commitments under the terms of the 1992 Framework Convention on Climate Change (FCCC) or the 1997 Kyoto Protocol. Yet, China and other G77 developing countries have already taken measures domestically that have the effect of reducing projected emission levels. Little information has been presented internationally on these efforts and the positive contribution they present to the global environment.

This project will provide assistance to Chinese experts and officials in organizing national processes to identify and consolidate information about domestic policies and measures consistent with the objectives of the FCCC. This information will be presented at national workshops and an international meeting in China to be convened by the Chinese government. This project will also provide support for China and other G-77 countries to meet outside the formal UNFCCC process to exchange information, experiences and proposals about domestic policies which meet both national development and climate change objectives. Activities will include: review of existing information and preparation of other relevant policy research; promotion of additional policies which promote the objectives of the climate change convention; domestic meetings, information exchanges and partnership building; and presentation of information about these efforts to the international community in order to improve cooperation in ongoing climate change discussions. If successful, UNDP and WRI will extend the effort to additional countries based on the outcomes and lessons learned in this phase. The total budget for this project is US\$900,000 which has been made available through a grant from the newly established UN Foundation. These resources complement ongoing UNDP and WRI activities on development and climate change including those funded from other sources.

	Signature	Name/Title	Date
SEED		Thomas B. Johansson Director, EAP	04/1999
BDP/UNDP		Eimi Watanabe, Assis. Admin. & Director, BDP	6/04/1999
UNOPS		Ingolf Schuetz-Mueller, Chief, ENVP.	15/5/99

\* this includes UNOPS support cost of US \$ 62,000.

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## **A. CONTEXT**

### **A.1 Introduction: The Threat of Climate Change**

The social, economic and technological challenges posed by global climate change are daunting. Increasing emissions of greenhouse gases, including carbon dioxide, methane and nitrous oxides, are accumulating in the atmosphere and threatening to produce irreversible changes in weather patterns. Possible consequences include: increased frequency of floods, drought, and extreme weather; more intense heat waves; rising sea levels; melting of the Arctic ice cap; disruption of agriculture and natural ecosystems; and the spread of tropical diseases.

In 1995, a report by the Intergovernmental Panel on Climate Change (IPCC) concluded that "the balance of evidence suggests a discernible human influence on global climate." The IPCC report represented the consensus of over 2000 scientists from around the world. The group was first assembled in 1988 by the UN Environment Programme and the World Meteorological Organization, prior to the negotiations on the climate change convention, to provide objective assessments of scientific research on climate change.

Climate change is an issue primarily related to energy supply and consumption patterns. The largest amounts of carbon dioxide emissions in industrialized countries come from burning fossil fuels in motor vehicles and power plants. Despite improvements in energy efficiency, carbon dioxide emissions continue to grow due to increasing energy demand. At the same time, 1.5 billion people in developing countries still lack basic electricity services, and more than 2 billion continue to use traditional sources of energy such as firewood and dung for heating and cooking purposes. Increased access to energy services is essential for raising living standards in developing countries, yet current patterns of energy production and consumption are environmentally unsustainable.

Deforestation is another important contributor to the increase in greenhouse gas concentrations, since forests are major absorbers of carbon dioxide. In several large industrialized countries, such as Canada and Russia, increased emissions resulting from deforestation and land use changes are significant. Tropical deforestation is also a significant problem, and one which is primarily caused by activities in developing countries.

Continued reliance on fossil fuels for economic development, and continued destruction of forests, is likely to produce even higher levels of greenhouse gas emissions, particularly from developing countries. Although industrialized countries are currently responsible for more than two-thirds of annual greenhouse gas emissions, by 2025 developing countries are projected to account for two-thirds of annual emissions. Nonetheless, the long term cumulative contribution to the increase in atmospheric concentrations has been, and will continue to be, dominated by the industrialized countries for several decades more. If contributions to the problem were assessed on a per capita basis, parity between the industrialized countries and the developing world would not be reached over any reasonable forecast horizon. Industrialized countries represent the largest source of per capita emissions well into the next millennium. Thus both historically and in per/capita terms the bulk of climate change emissions have been based in industrialized economies.

### **A.2 Global Strategy: The Climate Change Convention**

The UN Framework Convention on Climate Change (FCCC) was opened for signature at the 1992 Earth Summit in Rio de Janeiro and entered into force in March 1994. It has now been ratified by over 160 countries. The objective of the convention is to stabilize greenhouse gas concentrations at a level which will prevent dangerous interference with the earth's climate system. From the beginning, the convention called on all countries to take steps to reduce greenhouse gas emissions.

It set a specific goal for industrialized countries because of their greater responsibility for greenhouse gas accumulations, and their greater resources for addressing the problem.

The convention called for industrialized countries to adopt voluntary measures "with the aim of " reducing their carbon dioxide emissions to 1990 levels by the year 2000. Developing countries agreed, in general, to help protect the atmosphere, but did not make any specific emission-reduction commitments.

In general, developing countries have questioned the fairness of suggestions that they should limit their own efforts at industrialization and economic development in order to avert global environmental threats for which they were only marginally responsible. The convention, itself, recognized that per capita emissions in developing countries were still relatively low and would likely grow to meet their social and development needs. The FCCC also acknowledged that environmental protection cannot be dealt with separately from economic development, and called for financial and technical assistance for developing countries, as well as transfers of environmentally friendly technologies, to encourage their participation in the international effort to address climate change.

Only two countries, Germany and the United Kingdom, are likely to meet the convention's emission-reduction goal for the year 2000. Emissions in other industrialized continue to increase. In 1995, the parties to the FCCC met in Berlin and agreed to begin negotiating a new agreement to cover the period after 2000. The "Berlin Mandate" they adopted stated that the new agreement should include specific targets and timetables for emission limitations by industrialized countries, plus intensified efforts by developing countries to reduce their emissions.

The new agreement covering the period after 2000 was scheduled to be completed at a December 1997 meeting of the parties to the convention in Kyoto, Japan. In the summer before the Kyoto meeting, the United States Senate passed a resolution voicing its opposition to any new climate change agreement that did not include commitments by developing countries as well as industrialized countries. The US President agreed to seek "meaningful participation by key developing countries." Yet, many developing countries have already made significant voluntary efforts to reduce the growth rate of emissions in conformity with the objectives of the climate change convention, even though this fact has not been widely recognized.

In the end, the Kyoto Protocol was adopted without any specific emission-reduction commitments from developing countries. The developing country group cited their current low per capita emission levels, and reiterated the principle that because industrialized countries are responsible for over 75 percent of current greenhouse gas accumulations, they are responsible for taking the lead on emissions reductions.

Nevertheless, the issue of developing-country participation surely will be raised at the next climate change conference, which will be held in Buenos Aires in November 1998. Likely it will continue as a major issue in the climate change negotiations after Buenos Aires. Even if the industrialized countries were to meet the specific targets agreed to in Kyoto, resulting in a reduction of emissions below 1990 levels by about 5% overall in the years 2008 to 2012, this would only represent a first step in achieving stabilization of greenhouse gases at levels which are not dangerous to the global climate system. Developing countries, especially those with large populations and growing economies, will find themselves under increasing international pressure to limit the growth of their emissions.

### A.3 Relevant Prior Assistance

Through its *Initiative for Sustainable Energy*, the Energy and Atmosphere Programme provides financial and technical assistance to developing countries designed to improve their provision of energy services without unacceptable negative environmental consequences. Through its participation in the Global Environment Facility (GEF) as an implementing agency, UNDP works on climate change issues including support for national enabling activities and sustainable energy demonstration projects to reduce carbon dioxide emissions in developing countries. This includes

regional greenhouse gas emissions reductions projects and enabling activities in several regions including the "Asia Least Cost Greenhouse Gas Reduction "project known as ALGAS

UNDP has established an inter-bureau Climate Change Task Force, led by the Bureau for Development Policy (BDP). This group maintains an overview and supports strategic initiatives at the national, regional and global level to enable developing countries to participate meaningfully in the technical analysis of climate change trends, mitigation options and negotiating strategies. It responds directly to the Kyoto mandate under the UNFCCC. All regional bureaux as well as the Policy Bureau participate in this task force which reports to UNDP Administrator, Gus Speth. The Energy and Atmosphere Programme which has submitted this project to the UN Foundation, also provides technical support as secretariat functions to the Task Force.

UNDP Beijing working together with the Chinese government and the GEF is supporting the development of the National Communication on Climate Change which will represent the official position of the Government on this issue. This draws on the vast experience in China on this issue and shall be approved through official channels. This should not be confused with this project which does not seek to make any official conclusion or policy statements. UNDP Beijing in communication with the Government will ensure that these efforts remain distinct.

#### A.4 Institutional Framework

The UN FCCC is supported by a Secretariat which facilitates the regular meeting of the parties to the convention. These meetings are called conferences of the parties (COP) and refer to meetings held in specific places (ie. COP-1, Berlin; COP-2 Geneva; COP-3 Kyoto; COP-4 Buenos Aires). These meetings involve both the industrialized and developing countries which meet to discuss issues related to the implementation of the FCCC to reach the agreed upon global goals. As the industrialized countries are included in Annex 1 to the convention, the developing countries (G77/China) are collectively referred to as "non-Annex 1" countries.

At present there is no distinct mechanism or funding source established for supporting the FCCC alone. Within the Global Environment Facility (GEF) there are provisions made to support the "incremental costs" of technical assistance and investment projects which address climate change mitigation. Other global environmental issues including biodiversity conservation, international waters protection, and ozone layer protection are also funded through the GEF. UNDP, along with the World Bank and United Nations Environment Programme are the three implementing agencies of the GEF which channel and disburse funds to support climate change projects. The UNDP/GEF climate change portfolio currently amounts to US\$ 220 million with an additional US\$ 200 million in co-financing from non-GEF sources. Of particular significance is the GEF-funded support for national greenhouse gas inventories, and national communications to the FCCC which has enabled UNDP to engage directly at the national level with governments and sector experts on both technical and policy issues related to energy, development and climate change.

Countries are represented in the international climate negotiations of the FCCC in most by their Ministries of Foreign Affairs and/or Environment. A number of technical, methodological and political issues concerning climate change measurement, mitigation options and FCCC implementation are under discussion through the COP process.

In the case of China there is a National Climate Change Coordination Committee involving numerous ministries and agencies dealing with climate related issues. It is convened under the State Development Planning Commission and has a secretariat function to coordinate information and efforts on climate change among the Committee members.

## **B. JUSTIFICATION**

Progress in implementing the goals of the climate change convention will be hindered unless the

major developing country greenhouse gas emitters are seen to be taking concrete actions to limit the growth in their emissions. Industrialized countries need to be informed about the policy changes undertaken in developing countries which do support climate change objectives, even though they may be motivated primarily by national development goals. As such the essence of this project is to provide support to developing countries, starting with China, to showcase domestic sustainable energy initiatives being undertaken which also contribute to climate change mitigation and emissions reduction. This project will also provide the basis for China and other developing countries to share concerns and information related to climate change outside the official negotiating process. Countries such as Brazil, Philippines and other will be supported through the third element of this project to share their domestic experiences with other G77 countries in order to foster more informed, constructive and beneficial climate change discussion from the developing country perspective.

#### B.1.1 Problem to be Addressed: Focus on Energy and Climate Change

For all countries, the key to real, long term progress in protecting the global climate will lie in adopting new methods of providing energy for economic and social development which will increase productivity while substantially reducing associated greenhouse gas emissions. For developing countries, the adoption of a set of measures promoting energy efficiency, renewable energy sources and alternative technologies can enable them to leapfrog over the relatively inefficient and highly polluting path of economic growth followed by the industrialized countries.

In general, developing countries are more concerned about immediate and pressing domestic issues such as economic development, employment, public health, education, adequate food production and safe drinking water, sanitation, and transportation than about long-term threats of global climate change. Adequate energy supplies are essential for heating and cooling, illumination, health, food, education, industrial production and transportation. Consequently, developing countries are resentful of any attempts to impose limits on their energy consumption, now or for the future.

The development path that China is on, characterized by rapidly increasing reliance on conventional power plants burning coal and oil, and by uncontrolled growth in motor vehicles and traffic, is clearly unsustainable in domestic terms, even if climate change were not a concern. Domestic concerns raised by current energy policies include air pollution, domestic transport bottlenecks, acid deposition, energy security and growing trade imbalances. These are compelling domestic issues which can and do drive changes in energy systems development which also support climate change objectives.

If countries are to achieve environmentally sustainable economic development, a new approach to providing the energy services currently supplied by fossil fuels will be required. Many developing countries, including China, are already actively promoting energy efficiency, modern cleaner energy technologies, and renewable energy technologies, and are trying to address vehicle and traffic problems, in order to enhance their social and economic development, and improve environmental quality. Focusing attention on the domestic benefits of these policies can encourage the adoption of additional sustainable energy programs, and can also demonstrate to the international community that developing countries are, in fact, taking action in support of the goals of the climate change convention.

#### B.1.2 Problem to be Addressed: Focus on China

As the world's largest developing country, China currently produces 12% of total world energy-related carbon dioxide emissions, and is projected to be the world's largest emitter of carbon dioxide within 10 to 15 years. It is currently the largest single source of greenhouse gas emissions among the developing countries. With an energy structure which is almost 75% based on burning coal, a population of 1.24 billion, an annual average economic growth rate of approximately 10%, per capita income of less than \$500 per year, and tens of millions of people unemployed, there are

multiple domestic development challenges faced in China. Linked to this, China's greenhouse gas emissions are expected to increase substantially in the next decades. Consequently, China has been reluctant to engage in international negotiations on limiting its emissions. This is due in most part to the domestic development agenda which is the central government's primary commitment.

Yet, China has already undertaken economic and policy reforms, especially with regard to energy pricing and efficiency, that have significantly slowed its increase in carbon dioxide emissions below historical trends. Although China may not be willing to accept specific emission reduction targets in the immediate future, it is nevertheless undertaking a variety of concrete measures to reduce its emissions. Through energy efficiency efforts, in particular, China has demonstrated that it is possible to increase both economic output and energy efficiency at the same time. This effective "de-coupling" of the economic production/energy consumption relationship is unprecedented and a major accomplishment which no industrialized country has achieved.

Improved communications about this issue with other key parties in the climate change negotiations could facilitate greater cooperation by China in the international process. This project is intended to present accurate information on these trends and issues, define entry points where win-win opportunities exist, and provide support for reaching national development and climate change goals. This project will also provide improved technical and policy information to domestic and international climate change negotiators on the significant effort undertaken by the Chinese to date.

This project is separate from the official National Communication project funded through the GEF which will form the official position of the Chinese government. This UNF funding project is a research and information sharing project and does not seek to propose policies for China nor other developing countries.

## B.2 Expected End of Programme Situation: Proposed Strategy

There have been numerous climate change studies in China including those funded by the Asian Development Bank, UNDP/GEF, United National Environment Programme, US Dept. of Energy, Canadian CIDA, the EU and others. There are numerous Chinese institutions and individuals with substantive expertise and a history of collaboration on climate change issues. Among these is the State Development Planning Commission (SDPC) which co-ordinates Chinese domestic efforts on climate change through the National Climate Change Policy Co-ordination Committee (NCCPCC). This includes work of agencies such as the State Environment Protection Agency (SEPA), the State Science and Technology Commission (SSTC), the State Economic and Trade Commission (SETC) as well as other Ministries and Agencies. This project is expected to enable the consolidation domestically of information which does exist and support a process on internal discussion to share and make it more widely available in Chinese. Secondly the project will provide the basis for sharing summary versions of this information domestically and internationally, particularly with regard to non-Annex 1 countries. This project will enable WRI to present improved technical and policy information on China and climate change to Annex 1 members with a view to improving the understanding of issues in order to advance the FCCC negotiations. Finally the project will provide the basis for further intergovernmental dialogue among the G77/China outside of the formal mechanism so that developing countries can consider how to synchronise national development and climate change concerns and negotiate these within the FCCC context.

## B.3 Target Beneficiaries

This project will provide support for national entities in China to undertake a national review, policy research, and consensus-building process for identifying existing policies which, in effect, reduce greenhouse gas emissions (even if that is not their primary purpose) while recommending additional policy efforts which would meet national development objectives, reduce air pollution, and at the same time reduce global climate change. The project will further seek to make this information visible and available for other developing countries facing similar situations and constraints.



Within China, the immediate beneficiaries of this project will include energy researchers and experts, policy makers, energy analysts, climate change negotiators, and civil society organizations. Internationally, beneficiaries will include climate change negotiators, parties to the UNFCCC, and civil society organizations promoting climate change prevention activities. In the long run, it is hoped that this project will contribute to the adoption of sustainable energy policies in China and other developing countries, which will promote the health and welfare of the people in those countries and also help to avert the threats of global climate change for future generations.

#### B. 4 Management: Project Strategy and Implementation Arrangements

This project will be funded through a grant from the newly established UN Foundation (UNF) which has been established based on the Turner Gift to the United Nations. The UN Foundation for International Partnerships (UNFIP) channels these funds to the respective UN agencies including UNDP. This project will be administered by the Energy and Atmosphere Programme (EAP) of SEED/UNDP which is part of the Bureau for Development Policy (BDP). UNDP will be responsible for the disbursement and monitoring of funds received from UNFIP and will undertake overall responsibility for implementation of the project, including reporting on project progress and backstopping the information dissemination process. As necessary, UNDP will present reports to other donors and multilateral institutions for funding of recommended follow-up action.

UNDP will execute this project administratively through the United Nations Office for Project Services (UNOPS) which will be responsible to UNDP for the proper financial accounting of resources allocated according to this document, for reporting on funds disbursed as per the UNDP administrative and financial guidelines, and for providing updates upon request to EAP and SEED on the status of project activities. UNOPS will execute the project in close collaboration with the Director of EAP and will undertake the administration of personnel, sub-contracts, travel and other budget items. UNOPS' main involvement will be in the administration of component 3 within the project as the other two components are handled by WRI and UNDP Beijing respectively.

UNDP will work with the World Resources Institute (WRI) and the Chinese State Development Planning Commission (SDPC) as the coordinators of technical expertise and project activities. WRI, as the principle international partner will serve as an implementing agency and source of external technical expertise on the first component of the project. It will have the responsibility for: identifying international advisory groups; conducting international information-gathering; consulting and contracting with other non-governmental organizations and national agencies; coordinating the work of international experts and, national experts; providing international technical support; and producing reports on results.

Within China UNDP will coordinate the efforts of this project through SDPC which will work with the NCCPCC. Independent Chinese scholars working on the project will not work in any official capacity. These experts will have the primary responsibility for collecting and reviewing existing literature and information about policies affecting energy systems and climate change objectives, undertaking analyses of national policies, considering recommendations for sustainable energy strategies, and presenting the results of their work to national officials and policy-makers. The Chinese Government will also have the lead in organizing the international conference on climate change policy to be hosted in China.

The UNDP Beijing country office will support in-country activities and coordination and will have the lead on supporting the Chinese government in the organization of the proposed international meeting. The Beijing office will also coordinate this effort with other energy and climate change activities which form part of the overall Programme of assistance to China. UNDP New York will support the international dissemination of the outputs of this project and the involvement of other developing countries in the presentation and discussion of the outputs of the Chinese efforts. Within UNDP, the Energy and Atmosphere Programme will provide overall coordination for this

project and will work directly with the Beijing country office to ensure smooth implementation. EAP will also assure the coordination of this project with the corporate UNDP Climate Change Work Programme lead by BDP. The learning aspect of this project will be given the highest priority, since pilot projects are by their nature designed to focus on documentation of lessons learned, and on assessment of which approaches are most useful. This is consistent with the Bureau for Development Policy's new mandate as part of the UNDP 2001 change process.

#### B. 5 Reasons for UNDP Assistance

UNDP was the logical UN agency to approach the new UN Foundation for grant support for this effort. This is based on UNDP's track record on linking national development and climate change efforts as an ongoing feature of both national and international programmes of co-operation and advocacy.

UNDP is uniquely placed to work with developing countries on this issue because of its growing expertise in promoting sustainable energy as an essential element of national development, not just as a factor in addressing global climate change. With offices in 136 countries, UNDP is the principal provider of technical assistance for the UN system. One of its main goals is to help the UN system become a unified and powerful force for sustainable human development. Its efforts are concentrated in four key areas: eradicating poverty; increasing women's role in development; creating jobs; and protecting the environment.

UNDP's Energy and Atmosphere Programme has highlighted the essential linkages between energy policies and sustainable development in all four areas of UNDP's programme focus. Its 1997 publication *Energy After Rio: Prospects and Challenges* was prepared to support international dialogue on energy and sustainable development links at the UN General Assembly Special Session which reviewed progress in implementing Agenda 21 five years after the Rio Earth Summit. *Energy After Rio* examined the unsustainability of current patterns of energy production and use, and outlined a reorientation of world energy systems to promote social and economic development, environmental protection, and geo-strategic security. The Executive Summary published in the six UN languages (including Chinese) had a wide distribution among the governmental and non-governmental community; it emphasized that policies which support sustainable energy for national development also support climate change objectives.

The UNDP China country office, under the leadership of the Resident Representative, has been actively involved in energy and climate change issues, especially during the past five years. Programme funding from both core and non-core resources directed at energy and climate change issues amounts to over US\$ 120 million, representing approximately 25% of UNDP core resources under the current Country Cooperation Framework. With GEF activities on energy and climate change of approximately US\$ 30 million, this total programme area represents approximately half of UNDP programme activities in China. In particular, UNDP has worked with numerous Chinese ministries and agencies on (1) policy and research efforts addressing greenhouse gas emission reduction options and strategies, (2) energy efficiency and pollution control, (3) renewable energy development and dissemination and (4) an integrated, cross-ministry national Agenda 21 process. Through these programme activities and senior government contacts, UNDP is well placed at the country level to fully support this effort.

UNDP's convocatory ability and relationships with multiple government counterparts at the national level with the objective promoting overall development places UNDP country offices in a unique position to enter into sustainable energy dialogue with key national entities. The *UN/ISE* approach to energy is also consistent with UNDP's four global priority programme areas and builds on UNDP's comparative advantages as a responsive, multi-sectoral and country based organisation. At the international level UNDP enjoys a strong relationship with the G77/China in global advocacy and environmental efforts especially those linked to the Commission for Sustainable Development (CSD).

## B. 6 Special Considerations: Reasons for Collaboration with WRI

The World Resources Institute (WRI) is a non-profit organization founded in 1982 and located in Washington, DC, with a focus on environmental protection and sustainable development. WRI has a long history of building bridges between the policy, business, scientific and NGO communities and using its work to motivate political and legislative action. Nowhere has WRI built bridges more successfully than in its work on climate and climate-related issues, such as energy pricing, transportation and renewable energy. Both in the US and internationally, WRI has been a leader in bringing these issues to the attention of policy makers and in identifying ways to reduce carbon dioxide emissions and the risk of climate change. WRI has a history of collaboration with UNDP, including in the preparation of the annual flagship publication *World Resources Report*. WRI's research staff for this project includes Chinese nationals who are experts on environmental policy.

WRI has been engaged in policy research supporting China's environment and development policy-making for over a decade, starting with a joint effort between WRI and China's State Council on greening the country's national account. WRI's Health, Environment, and Development Program has been working closely with China's National Environmental Protection Agency and Ministry of Public Health, exploring the links between environmental pollution and public health.

WRI's Climate Protection Initiative has produced a series of research reports and policy briefs, including *The Costs of Climate Protection: A Guide for the Perplexed*, and *Are Developing Countries Already Doing as Much as Industrialized Nations to Slow Climate Change?* The latter study found that while China's energy-related carbon dioxide emissions tripled between 1971 and 1993, beginning in the 1980's energy sector subsidy and price reforms dramatically slowed the rate of increase below what would have otherwise occurred. These emissions savings were a side benefit of policy changes and projects ultimately designed to meet national economic, social and public health needs.

## B. 7 Co-ordination Arrangements

Immediately upon project approval, and at each stage of the project, WRI will convene an Advisory Group comprised of WRI, UNDP's Energy and Atmosphere Program, other funders, the principal other collaborators, and additional experts. This Advisory Group will review and comment on work plans for forthcoming stages, and assess progress and implementation of the components of the project already underway. The Advisory Group shall meet or teleconference not less than three times during the project. Within China coordination of this projects efforts will be lead by the UNDP Beijing office under the guidance of the Resident Representative who will coordinate with the appropriate Chinese agencies as described above.

Indicators of success will include: active participation by Chinese experts and officials in national level processes; a high level attendance at the presentation of findings and recommendations; wide attendance at side events organized to support the climate change negotiations; better linkages and informal communication between China and other G77 countries concerning their climate change and national development priorities as related to the convention, and progress on implementing the Kyoto Protocol through more constructive negotiating positions by industrialized countries.

## **C. DEVELOPMENT OBJECTIVE**

The overall development objective to which this project will contribute is to identify, support and increase the availability of information about developing country policies and measures that further national development goals while also reducing the greenhouse gas emissions that contribute to global climate change.

#### **D. IMMEDIATE OBJECTIVES, ACTIVITIES, OUTPUTS**

There are three immediate objectives to this project:

1. Provide assistance to Chinese experts and officials in organizing national processes which will identify and consolidate information about domestic energy policies and development measures that are consistent with the objectives of the Framework Convention on Climate Change and which will promote adoption of additional policies with similar impacts; and
2. Make available information about policies and measures in China which are consistent with the objectives of the climate change convention to the international community in order to improve cooperation in ongoing climate change discussions and to share models of successful policies with other developing countries.
3. Provide assistance to support the exchange of information and experiences among non-Annex 1 countries (G77/China) on national development and climate change linkages which are mutually reinforcing through dialogue at the level of senior officials and climate change negotiators. This is with a view of enhancing the substantive level of non-Annex 1 participation in climate change dialogue and international negotiations.

These are listed in more detail in table form with associated outputs, inputs and activities:

**Immediate Objective 1.** Provide assistance to Chinese experts and officials in organizing national processes which will identify and consolidate information about domestic policies and measures that are consistent with the objectives of the climate change convention and which will promote adoption of additional policies with similar impacts.

**Output 1.1:** Research and policy analysis reports and Short briefing papers.

**Activity 1.1.1**

Research and Policy Analysis. A national and international experts group will: (i) collect and review existing literature, studies and information about present and projected energy use, greenhouse gas emissions, and energy policies; (ii) identify additional policy research that might be necessary; (iii) identify options to further reduce emissions in key economic sectors by means of energy efficiency, clean energy sources, alternative technologies and carbon sequestration; and (iv) analyze national challenges with regard to population growth, economic development and environmental protection as related to these policies.

**Activity 1.1.2**

Organization of In-Country Seminars and Conferences. Expert working groups will prepare research and policy analysis reports and short briefing papers in Chinese and present them for domestic review and comment by scholars, researchers, government planners and decision-makers. After consultations, the working groups will submit their analysis, evaluation and policy recommendations to relevant government officials, including climate change negotiators.

**Inputs 1.3**

WRI will identify national and international experts to participate in the working groups. This will largely be a non-governmental effort, involving technical experts, to find workable sustainable development models that will slow the increase in greenhouse gas emissions while accelerating the provision of clean energy and energy services. The project will create opportunities for experts and officials to think, discuss, and express themselves on what they believe would be good policy for their country and for the world. In the phase of presenting and widely disseminating the information, the UNDP Country Office will work in close collaboration with Chinese national authorities, especially SDPC.

**Immediate Objective 2.** Make available information about policies and measures in China which are consistent with the objectives of the climate change convention to the international community in order to improve cooperation in ongoing climate change discussions and to share models of successful policies with other developing countries.

**Outputs 2.1: Meetings**

In order to present the information prepared in connection with Immediate Objective #1, China will host an international meeting in China, and UNDP and WRI will assist China in organizing or participating in additional international briefings, meetings and discussion groups.

**Activity 2.1.1**

Presentation of Results at International Meetings. Reports prepared by the working groups in China will be presented at an international meeting hosted in Beijing by the Chinese government. WRI and UNDP will assist Chinese experts and national institutions in organizing briefings, meetings and discussion groups to inform officials and decision-makers in other countries about the results of the research and analysis, and to enhance international understanding of the complex challenges faced by developing countries with regard to the climate change convention.

**Cross Cutting Activities 2.1.2**

Project participants will develop strategies and materials for working directly with civil society and with other developing country stakeholders, as appropriate, to extend the scope of influence of the research and to foster effective public participation in the development and implementation of sustainable energy policies and constructive negotiations at the Buenos Aires meeting of the parties (COP) to the FCCC. These activities are intended to provide information to important social and political actors in developing countries and to identify opportunities to better integrate climate protection and sustainable development goals.

**Output 2.2: Publications**

WRI will prepare materials on sustainable energy policies, as well as related research reports and climate notes. Proposed publications are described in Annex 1.

**Activities 2.2.1**

Preparation, publication and translation of WRI Research Reports and Climate Notes. One important outreach strategy is the publication of WRI products – Research Reports, and Climate Notes. These will be based on the subject research and will benefit from the information prepared at the national level. Typically, WRI documents are co-authored by collaborators in the research. WRI also solicits and responds to the guidance of advisory panels and expert reviewers. UNDP will participate in these activities through the Advisory Group.

**2.3 Inputs**

WRI and UNDP will provide technical and financial assistance to Chinese experts and officials in organizing and participating in international meetings to present the projects results, and will provide support for other developing countries to make presentations at the international meeting hosted by China. In addition, it is hoped that Chinese experts will present their research and findings during a side event organized by WRI and UNDP in international meetings related to the climate change convention in Buenos Aires.

Unless otherwise stated, however, all the interpretations and findings set forth in WRI publications are those of the authors.

**Immediate Objective 3:** . Provide assistance to support the exchange of information and experiences among non-Annex 1 countries (G77/China) on national development and climate change linkages which are mutually reinforcing through dialogue at the level of senior officials and climate change negotiators. This is with a view of enhancing the substantive level of non-Annex 1 participation in climate change dialogue and international negotiations.

<p><b>Output 3.1: Meetings</b> Improved inter-regional exchanges of technical and policy information among non-Annex 1 countries.</p> <p><b>Activities 3.1.1</b> The organization of a small informal meeting of key non-Annex 1 senior officials to be held in an international venue outside the formal negotiations. Key issues related to policies and actions linking national development, sustainable energy and climate change which are desirable from a national point of view and fall in line with the FCCC objective will be reviewed and analyzed.</p> <p><b>Activities 3.1.2</b> Support for inter-country side panels and presentations at COP meetings and preparatory events. These panels will give platform to developing countries existing efforts and preferred policies concerning energy and climate change. This will draw in part, on joint efforts undertaken by UNDP/WRI and other partners.</p>	<p><b>Inputs 3.3</b> Within the context of the UNDP Climate Change Task Force work programme, EAP/BDP will work with the Regional Bureaux to enhance developing country participation in regional and inter-regional meetings on climate change. This will provide a linkage both with the GEF national and regional programs as well as regional Ministerial process on environment and climate change.</p>
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## E. INPUTS:

The inputs to achieve the outputs described include both human resources and financial inputs to support the activities listed above. The human resources are listed in section 10 of the project budget and include support for headquarters based technical staff as well as short term consultants and technical experts. A breakdown of financial inputs (both from the UNF contribution and other sources) is listed below according to the objectives and respective inputs.

<b>OBJECTIVE</b>	<b>UNF Funding</b>	<b>LEAD Agency</b>	<b>Other</b>
1.Assistance to Chinese national processes to consolidate information about domestic energy policies and development measures that are consistent with the objectives of the FCCC.	600,000	WRI	\$110,000 WAJ contribution
2. Make available information about these policies and measures in China to the international community.	100,000	UNDP Beijing	Staff time gov't in-kind contribution
3. Exchange of information and experiences among non-Annex 1 countries (G77/China) on national development and climate change linkages.	200,000	UNDP New York	GLO/96/109 GEF work programme
<b>TOTAL</b>	<b>\$900,000</b>		

## F. RISKS

As this is the first project in UNDP to be funded through the new UNF mechanism, there are several risks. The primary risk is further delay in concluding the Basic Implementation Agreement (BIA) between UNFIP and UNDP. This is the critical step to make this project operational. Further funds disbursement from UNDP to partners (WRI) is subject to receipt of funds in UNDP Treasury from UNFIP based on the Trust Fund Agreement. Delays in starting project activities may surpass WRI's 1998 financial year close. Finally the continued Chinese government reorganization and restructuring may cause delays in decisions or the exercise of leadership in the domestic activities. Lack of international progress at Buenos Aires COP4 itself could undermine the impact of this project.

## G. PRIOR OBLIGATIONS AND PRE-REQUISITES

UNDP and WRI have advanced this project drawing on their own funds pending conclusion of the BIA. The project was approved by the UNF Board on 12 May 1998. Expenses accumulated after that date will be charged to this project budget once operational.



## H. PROJECT REVIEWS, REPORTING AND EVALUATION

UNDP will receive progress reports from WRI to track project implementation. In addition a final evaluation will be conducted at the end of the project period to assess the impact of the project nationally and internationally and to document lessons learned in the pilot phase. This will form the basis for developing similar approaches in other countries

Financial reporting will be handled through the issuance of quarterly project delivery reports by UNOPS and annual project budget revisions. Technical reports, mission reports and terms of reference of commissioned studies will be evaluated by the Director of the Energy and Atmosphere Programme.

## I. LEGAL CONTEXT

The funding provisions made in this document are in accordance with the Basic Implementation Agreement between UNDP and UNFIP. The sources of funds is the newly established Trust Fund CODE???. The programme shall be subject to review by the Bureau for Development Policy. This project is subject to the normal financial and programme procedures of UNDP as described in the Programme and Policy Manual.

## J. BUDGET

The project budget will provide for: (1) WRI personnel salary and benefits, sub-grants and research agreements to generate additional information; (2) conference costs, publication and distribution of research materials, air travel for experts, and in-country travel; (3) local costs for training and communications; (4) co-sponsorship of a major international meeting to be held in China in preparation for the Buenos Aires meeting to present the Chinese commitment, current plans and activities to reduce emissions; (5) support for cross cutting activities on climate change to engage China and other developing countries in dialogue in preparation and follow up to the Buenos Aires meeting; and (6) sundry items such as communication costs, and general and administrative costs.

(a) WRI			
	National experts	75,000	This is linked to project objectives 1 and 2.
	International experts	450,000	
	Publications	75,000	\$600,000 (this refers to 1,2,3 above)
(b) UNDP			
	International meeting	100,000	This is linked to project objectives 2 and 3.
	Cross-cutting	100,000	
	Outreach	100,000	\$300,000 (this refers to 4,5,6 above)
TOTAL BUDGET			\$900,000



## **K. Annex 1**

Two illustrative examples of crosscutting work are described in more detail below:

### **A. Climate Change and Sustainable Development Report.**

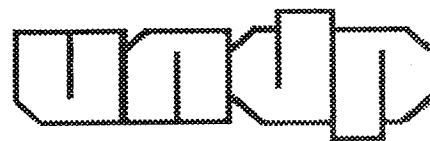
A primer that could build on and integrate research from each country-specific activity and, where appropriate, draw wider lessons about the relationship between climate change and sustainable development. Rather than aim at the usually small circle of policymakers directly involved in climate negotiations or issues, such a report might target policy makers in other relevant sectors (energy, transportation, health, education), and at non-governmental actors (industry groups, educational institutions, and civil society organizations). The publication would try to reach an educated audience, but one that does not traditionally focus on climate change issues. The objective is to create a wider constituency, and to produce a report that presents a compelling picture of how and why climate change affects a broader set of development interests.

### **B. Climate Change and Development: Exploring the Governance Challenge**

A research report that might explore the institutional and political obstacles to better management of the global commons--in this case, the atmosphere. The growing number of institutions and actors involved in policy decisions and in shaping economic development makes effective protection of these resources difficult. The interaction of parallel efforts or dynamics at national, regional and international levels creates additional challenges. Unfortunately, these problems are rarely considered together. Such a report could analyze how the various pieces of the puzzle do or do not fit, and where the opportunities for more effective management of global resources exist.

<b>Post Kyoto Climate Change Policies: China</b>							
<b>GLO/98/G24/A/1V/31</b>							
<b>UNOPS Budget</b>							
<b>10 Project Personnel</b>		<b>TOTAL</b>	<b>1999</b>	<b>2000</b>			
1196	Consultant	53,944	24,407	29,537			
1197	Consultant	15,500	8,000	7,500			
1601	Missions	46,296	27,778	18,518			
1701	Nat. Professionals	23,149	13,889	9,260			
<b>1999 Component Total</b>		<b>138,889</b>	<b>74,074</b>	<b>64,815</b>			
<b>20 Sub-Contracts</b>							
2101	WRI Experts	416,666	370,370	46,296			
2102	WRI China Team	69,445	64,815	4,630			
2103	WRI Publication	69,445	64,815	4,630			
2190	UNOPS	62,000	55,000	7,000			
<b>2999 Component Total</b>		<b>617,556</b>	<b>555,000</b>	<b>62,556</b>			
<b>30 Training</b>							
3201	Workshops	27,847	18,518	9,329			
3202	Workshops	25,000	18,518	6,482			
<b>3999 Component Total</b>		<b>52,847</b>	<b>37,036</b>	<b>15,811</b>			
<b>50 Miscellaneous</b>							
5201	Reporting	23,148	9,259	13,889			
5301	Sundries	24,703	9,259	15,444			
<b>5999 Component Total</b>		<b>47,851</b>	<b>18,518</b>	<b>29,333</b>			
<b>9900 Grand Total</b>		<b>857,143</b>	<b>684,628</b>	<b>172,515</b>			

UNITED NATIONS DEVELOPMENT PROGRAMME  
BUREAU FOR DEVELOPMENT POLICY (BDP)  
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## Inter-Office Memorandum

To: Leon Thomas  
Finance Analyst, BPRM

Date: 23 March, 1999

Cc: Anne Forrester, Senior Advisor  
Ken Lewis, BDP  
Serene Ong, UNOPS

Ext: 6085

From: Susan McDade, Technical Specialist  
Energy and Atmosphere Programme  
Sustainable Energy and Environment Division

File: GLO/98/G24

Ref: Post Kyoto Climate Change Policies: China

Further to the memo from Thomas Johansson dated 22 February 1999 concerning the budget format and presentation for this project, please find attached somewhat revised budgets which I believe now meet UNDP standards pertaining to UNF projects. I request your clearance on these budgets so that I may proceed with seeking BDP Directorate signature and forwarding the complete project document to UNOPS for execution.

The attached reflect the following:

1. UNDP Budget Format: as agreed UNOPS support costs which have been negotiated as \$62,000 (approximately 7%) are included in BL 21.90 as a project cost. As this is the budget which will govern UNOPS execution and reporting, the 5% UNDP overheads are not included as they will not be managed by UNOPS and therefore the budget totals \$857,143 reflected in line 99.
2. UNFIP Budget Format: as agreed UNDP total support costs are 5% (\$42,857) and are reflected in budget item 8 in the UNFIP budget format. The total project costs as shown in line item 7 are \$857,143 bringing the total project budget to \$900,000 which is reflected in item 11.
3. Cover Page: since the cover page of the UNDP project document should show the total financial picture of a given project, I have presented it in a manner consistent with the UNFIP format showing total project costs and UNDP overheads. There is no reference to UNOPS "AOS" as this item has been budgetized. I hope this presentation is acceptable.

The action I request from you is BPRM clearance so that I can move forward to seek document clearance/signature by Ken Lewis/Eimi Watanabe in BDP. I look forward to hearing from you. Thank you.

*Cleared*  
*[Signature]*  
24/3/99