

November

2001

# UCCEE news

News from the UNEP Collaborating Centre  
on Energy and Environment

## UNF workshop on *Sustainable Development and Climate Change*

A workshop on Sustainable Development and Climate Change was held on 24 and 25 October 2001 in Paris. The workshop was organised by UCCEE and RIVM (National Institute of Public Health and Environment) and sponsored by the United Nations Foundation. Experts and government delegations from a number of developing countries including Brazil, Argentina, China, India, Iran, South Africa, South Korea, and the Alliance of Small Island States (AOSIS) participated.

The objectives of the workshop were, first, to discuss the close linkage between sustainable development (SD) and climate change (CC) priorities; second, to identify developing countries needs and priorities that would contribute addressing CC while meeting their SD objectives; and finally, to develop long-term action plans at domestic and international levels to incorporate CC concerns into SD priorities. The workshop initiated a dialogue among major developing countries to exchange views and ideas on their perspectives to address CC and SD issues.

All of the participating countries presented their current activities and future plans regarding CC and SD. Following the presentation from the business sector, participants raised issues such as how to build a system that links business interests and sustainable development objectives and how to involve the business sector in the long-term implementation of policies and measures for SD and CC. The importance of public awareness in both industrialised and developing countries was recognised by all the participants who also requested for more active participation of inter-governmental organisations and industrialised countries on this issue.

It was agreed that SD is the appropriate framework for integrating economic development and environmental protection. The theme of SD and CC will be an important activity for UCCEE in the coming years. A summary report will be made available at the UCCEE web site by the end of this year. For additional information please mail [uccee@risoe.dk](mailto:uccee@risoe.dk)



Photo: Provided by DOE ARCEL

## African Climate Change Negotiators prepare for COP7

UNEP convened a meeting on 27-28 September, 2001, in Kampala, Uganda, for the African Climate Change Negotiating Group to the COP7. The main purpose was to assist the negotiators from the 24 represented African countries to consolidate the positions of the Group on issues of importance to them at the COP7 negotiations. The outcomes of COP6bis meetings were used as the basis for the discussions in Kampala. UCCEE provided substantive support to UNEP in organising the meeting and participated with expert input.

The meeting was officially opened by the Ugandan Minister of State for Environment. On the first day, experts from various institutions including UNEP, EURONATURA, Canadian and Belgian Foreign Ministries, presented their views on the specific issues, including the Mechanisms set forth in the Kyoto Protocol. The discussions focused on those issues most relevant to the African Group, like CDM, LULUCF, Adaptation, Compliance and Finance. The presentations looked at the implications of various de-

cisions for Africa. The second day was reserved for the group to consolidate and articulate its negotiation positions on the fundamental issues at COP7. The constraints facing the African Group in the negotiations were also highlighted in the meeting. Notable among these is the under-representation of Africa in the Compliance negotiations, where the African Group has only one negotiator. This is a result of lack of resources to support additional negotiators. The Group hopes to enhance its negotiating capacity through the future cooperative long-term capacity building program with UNEP. The streamlining of GEF was also discussed. The Group underscored the importance of articulating the GEF-related problems encountered by African countries and provided a number of recommendations along these lines as its contribution to the COP towards guidance to GEF. In addition, African representatives to the Technology Transfer Expert Group were nominated at the meeting. For additional information please mail [njeri.wamukonya@risoe.dk](mailto:njeri.wamukonya@risoe.dk)

**UCCEE Branches out into**

# **Sustainable Energy Financing**

## **and Project Implementation**

Since its inception in 1991, UCCEE has developed an international reputation for developing methods to assess the costs and benefits of greenhouse gas mitigation measures and the capacity to implement these methods in developing countries. Over the years, UCCEE has extended its methodology and capacity building work in a number of directions, most recently by assisting the UNFCCC Secretariat in the development of baseline methodologies for the Clean Development Mechanism (CDM) and building the institutional capacity of public and private sector institutions in developing countries to assess and implement CDM projects. However, in the last several years, the Centre has broadened its focus, helping UNEP to implement sustainable development and energy programmes that focus more on integrating the Centre's expertise in project financing, renewable energy technologies and project development with the energy development policies of developing countries. Three relatively new UNEP programmes, the Renewable Energy and Energy Efficiency Investment Advisory Facility (IAF), the Rural Energy Enterprise Development (REED) programme and the Sustainable Energy Advisory Facility (SEAF) serve to highlight UCCEE's wider role in assisting developing countries to reshape their energy economies.

Through the Investment Advisory Facility (IAF), UCCEE is assisting UNEP to help financing institutions better evaluate loans and investments in renewable energy (RE) and energy efficiency (EE) projects. Begun in 1999 with funding from the GEF, the IAF makes expert advisory services available to financial institutions for evaluating specific RE/EE investments in developing countries. The idea behind the IAF is that, while many RE and EE projects in developing countries may meet the conventional lending criteria of financial institutions, these projects often fail to receive financial support from these institutions due to such factors as lack of in-house skills to evaluate or negotiate projects, limited access to reliable technical information and operational data, and the lack of flexibility to adopt new financing practices. To counter these problems, the IAF can provide grants of up to \$50,000 to assist them in their evaluation of specific EE and RE projects. Some examples of the types of issues that can be addressed through the IAF include environmental liability risk analysis, legal review of performance or power purchase agreements, pro-

duct marketing studies and valuation of carbon credits. As part of the project UCCEE is reviewing project proposals and collaborating with the Canadian Centre for Mineral and Energy Technology to develop software that will allow loan officers in developing countries to quickly and consistently evaluate RE and EE project loan proposals. To date, the IAF has issued 12 grants that have contributed to the evaluation of investment decisions on projects totaling \$ 47.9 million.



Photo: Eletronorte

### **Rural Energy Enterprise Development in Brazil gets started**

DEERB (Desenvolvimento de Empresas de Energia Rural no Brasil) is aimed at meeting the energy needs of under-served rural populations in selected states of the Northeast of Brazil. Like its predecessor AREED, DEERB will seed small enterprises that use clean renewable technologies to produce energy in remote locations not served by conventional means. DEERB will also build the capacity of Brazilian NGOs to identify and support these small enterprises through their critical start-up phase. It will as well help financial institutions better understand and ultimately invest in the renewable energy sector, and support government in creating sound policy frameworks.

DEERB is structured in three phases. Phase I started last July with a detailed assessment of current renewable energy and rural electrification activities in the Northeast. The states of Alagoas, Bahia and Pernambuco were initially selected. A market-opening workshop will follow to identify local NGO partners, financing institutions, and early candidate enterprises. Phase II will develop the capacity of Brazilian NGOs and financial institutions to support rural energy enterprises. Phase III will focus on packaging investment opportunities for DEERB's environmental venture funds and others.

For additional information, please visit <http://www.uneptie.org/energy/breed/index.htm> or contact Juan Zak (juan.zak@risoe.dk).

One of the key problems facing renewable energy and energy efficiency projects in developing countries is the lack of business planning and enterprise development. Financed by the UN Foundation and implemented by UNEP with the help of UCCEE and E&Co, a US-based non-profit organisation, the REED program addresses this problem by helping to develop successful enterprise development expertise in rural areas. REED does this in a number of ways. First, it works with the private sector and local NGOs to identify potential business opportunities in the rural energy sector that can be supported by the programme. Once a project is selected, REED works with the developers to prepare a sound business model and financial proposal for the project. REED provides financing to support these activities, as well as project construction and operation, either through loans or by purchasing a minority share in the business. Finally, REED works with financial institutions in rural areas to help them assess the rural energy business sector and integrate these kinds of projects into their portfolios. UCCEE is responsible to UNEP for the overall project and financial management and administration. UCCEE also provides direct staff support to the partner organisations on activities relating to the national energy policy and

regulatory environment. Further, UCCEE is responsible for the institutionalisation of the programme in each of the participating countries in order to establish the delivery of enterprise development services as an ongoing and sustained activity. Launched in 2000, REED has been successfully implemented in Africa (AREED) where four projects in three countries (Ghana, Senegal and Zambia) received a total of \$201,500 in investment. A similar project, DEERB (Desenvolvimento de Empresas de Energia Rural no Brasil) is now beginning in Brazil. See information box .

SEAF, which was launched in 2000 by UNEP, with funding from Danida, was designed to address a persistent problem in energy policy-making and project implementation in developing countries, namely: the fact that conventional energy policies are often at cross purposes, or inconsistent, with sustainable energy goals and policies. At the local level, this problem can result in the development of inappropriate projects and poor project performance. At the national level, SEAF interventions are intended to help governments to integrate energy sector programmes into overall sustainable development strategies and to provide support to implement such strategies. At the local and project level, SEAF aims to strengthen local capabilities to assess and select environmentally sound technologies and to support both the completion and efficient operation of sustainable energy projects. A particularly important component of SEAF interventions at the local level involves addressing the low performance of some community-run projects due to poor management and planning by creating a business organisation that bridges the gap between private market economic objectives and the broader goals of community-based organisations. In addition to being responsible to UNEP for the management of the SEAF, UCCEE provides technical support for both national and project-level interventions. Thus far, UCCEE has undertaken seven interventions in six countries, Botswana, Ghana, Jamaica, Mali, Namibia, and Uganda. A continuation of SEAF is planned for 2002 and beyond in which UCCEE will collaborate with existing "centres of excellence" to conduct future interventions. For additional information, please mail to [uccee@risoe.dk](mailto:uccee@risoe.dk)



## Web Site on Health Impacts of Air Pollution

The International Expert Workshop on the Analysis of Economic and Public Health Impacts of Air Pollution was held in Garmisch-Partenkirchen on September 6th 2001. One of the strongest recommendations from this workshop was the need to promote and facilitate the collection, exchange and dissemination of information on the economic and health impacts of air pollution in developing countries. As a follow-up, UNEP, UCCEE, the US Environmental Protection Agency (EPA), the World Bank (WB), the World Health Organisation (WHO), Carnegie Mellon University (CMU), the US Agency for International Development (USAID), the National Renewable Energy Laboratory (NREL), the Asian Development Bank (ADB), and the Health Effects Institute (HEI) have agreed to establish a web site where this information could be stored and easily accessed from developing countries. It will also serve to present information for policymakers on the possible solutions (technology, policy, etc.) that could help mitigate the health effect problems. The web site will be coordinated and hosted by UNEP/UCCEE, and it is expected to be operational in the beginning of 2002. For additional information contact Jorge Rogat at [jorge.rogat@risoe.dk](mailto:jorge.rogat@risoe.dk)

## New Risø Strategy

The UCCEE is part of the Systems Analysis Department at the Risø National Laboratory (RNL), the largest energy research institution in Denmark. Core funding is provided to RNL by the Ministry of Information Technology and Research through four year performance contracts.

A new contract period will commence in 2002 and, as part of the preparations, RNL has established a new research strategy with a strong focus on energy technologies. One of the key elements in the new Risø strategy, being developed in close consultation with UCCEE, involves a focus on "post Kyoto" energy technologies and the potential of different technologies to meet current and future environmental challenges, with special emphasis on global warming.



This strategy framework will significantly strengthen the links between traditional UCCEE activities and the new focus of RNL in the coming years. The links with the UCCEE activities are further highlighted by the fact that one of the four central research topics identified in the new RNL strategy is "integration of environment and development concerns in energy and climate strategies", which is one of the main objectives of the UCCEE.

A new four-year contract for UCCEE, currently being negotiated between Danida and UNEP, will contribute to the successful implementation of the new Risø strategy, running in parallel with the Risø contract. For additional information please mail [uccee@risoe.dk](mailto:uccee@risoe.dk)

# International evaluation of the UCCEE

In early 2001 an international evaluation of UCCEE was organised by UNEP as part of the normal procedures for large scale programmes. The evaluation was performed by Prof. Emilio La Rovere from Federal University of Rio de Janeiro and completed in July.

The evaluation has been published and is available from UNEP. The overall conclusions of the evaluation are that the Centre's performance has been excellent and that the present level of core funding is appropriate, given that an increasing number of the Centre's projects are being funded by other sources. The evaluation also concluded that the Management and Policy Committee and the Scientific Advisory Panel, which help to guide and evaluate the Centre's work, are working well and that the flexibility associated with this set-up is essential for the continued success of the Centre. The evaluation also recommended the strengthening of internal administrative support in the Centre. This recommendation has re-

cently been followed by hiring of a Centre administrator (see New Staff section). In addition, the evaluation recommended that more emphasis be placed by the Centre on broader development priorities and sustainable energy projects. This focus is reflected in the Centre's work programme for 2002 and a major new initiative is under development with a focus on sustainable development and climate change (see article on UNF workshop). The evaluation finally recommended that the core contract with UNEP in future should run for four years instead of the current two-year period. Subsequently, UNEP, Danida and Risø have incorporated this in the proposal for funding, which is now being negotiated. A four year contract would provide a solid and sound basis for the continued expansion of the activities at the Centre. For additional information please mail [john.christensen@risoe.dk](mailto:john.christensen@risoe.dk)

UCCEE News provides regular information on the activities at UCCEE and UNEP Energy. The views expressed here do not necessarily represent those of UNEP, Risø National Laboratory or Danida. The newsletter and back issues are available on the Internet at <http://www.uccee.org/newsletters.htm>. If you would like to receive a printed copy of UCCEE news or a text-only, register on our website or contact Maria Andreassen at [maria.andreasen@risoe.dk](mailto:maria.andreasen@risoe.dk) or fax: +45 46 32 19 99 or phone +45 46 32 22 88. For all other information contact the editors.

Editors: Stine Skipper, John M. Callaway and Jorge Rogat ([uccee@risoe.dk](mailto:uccee@risoe.dk))

Layout: Finn Hagen Madsen ([finn@studio8.dk](mailto:finn@studio8.dk))

UNEP Collaborating Centre

on Energy and Environment (UCCEE)

Risø National Laboratory

P.O. Box 49

DK 4000 Roskilde

Denmark

UCCEE News is printed on 100% recycled and chlorine bleach free paper.

UCCEE at Risø National Laboratory, Denmark, supports the United Nations Environment Programme (UNEP) in pursuing its aim of incorporating environmental aspects into energy planning and policy world-wide, with special emphasis on developing countries. UCCEE works catalytically, encouraging, promoting and supporting research by local research institutions, coordinating projects and disseminating information, as well as carrying out a full in-house research programme in close collaboration with colleagues at Risø National Laboratory – the main public scientific research institute in Denmark.

## New publication

Kirsten Halsnæs, Anil Markandya, and Jayant Sathaye:  
*Transport and the Global Environment – Accounting for GHG Reductions in Policy Analysis*, UNEP 2001.



The transport sector is among the fastest growing economic sectors world wide. The environmental consequences are often overlooked when transport planning decisions are made. The book provides a guide to technical experts and policy makers concerned with environmental policies for the transport sector. It offers an analytical structure for examining environmental aspects of transport choices, defines key economic and environmental concepts for policy analysis, and gives information on technological, environmental impacts, and cost effectiveness of various policy options. The book also describes international financial mechanisms to support sustainable transportation policies and programmes. The report is available at the Centre's web site ([www.uccee.org](http://www.uccee.org))

## New Staff



**Jesper J. Kühl** joined the UCCEE as a Ph.D. student in October 2001. He recently received a Masters degree in agricultural and resource economics from the University of California, Davis. He is currently pursuing a Ph.D. in economics at the University of Copenhagen in institutional economics. His work at the Centre will focus on the role of national institutional frameworks in the success of environmental programs in developing countries and on factors influencing national institutional frameworks, such as the technological and informational potential, the history and the distribution of power and wealth in a community.



**Stine Skipper** joined the UCCEE as the Centre's administrator in October 2001. She holds a Masters degree in international development studies and economics from Roskilde University Centre. She spent the last five years working in Danida's Private Sector Development Programme, both in Copenhagen and New Delhi, India. Prior to that she worked for UN Industrial Development Organisation in Ghana. Her prime responsibilities at the Centre will be to coordinate project management functions and to assist the Head of Centre on a variety of administrative tasks.



**Ivan Nygaard** joined the UCCEE as a Ph.D. student in August 2001. He holds a Masters degree in Engineering from the Technical University of Denmark from 1985. Prior to joining the UCCEE, he worked for the Danish Energy Agency (DEA) for 10 years. He was responsible for aid-programs to Eastern Europe and was also a technical adviser to the DANCED programme. From 1986 to 1991 he was a consultant for Carl Bro. He is currently working on a Ph.D. at the International Development Studies at Roskilde University Centre. His Ph.D. thesis focuses on organisational aspects of decentralised rural electrification in Burkina Faso.