

## **Opening speaking notes**

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on occasion of the

### **First UNFCCC workshop on implementation of projects under Article 6 of the KP (“JI”)**

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- Welcome to the participants. It is good to be in Moscow at this very moment in time!
- This year we are celebrating the 10<sup>th</sup> anniversary of the entry into force of the Convention. A lot has been achieved over this period. Especially relevant for this meeting: the Berlin Mandate adopted in 1995 led to the Kyoto Protocol containing binding targets and the Marrakesh accords of 2001 opened the way to its ratification. The role of our host country, as we all know, is essential for its entry into force and I am extremely pleased with the positive signals that came from Moscow last week.
- Today, only 2 and a half years after the adoption of the Marrakesh Accords, it is my pleasure to welcome you here in Moscow to the first UNFCCC workshop on implementation of projects under Article 6 of the Kyoto Protocol (“JI”) which was made possible by the financial contributions of Canada, Denmark and the Nordic Council of Ministers and the valuable cooperation and support of our host, the Russian Federation, in particular Mr. Bedritsky, Mr. Blinov, Mr Tulinov and their colleagues. I extend my sincere thanks to them.
- Parties are taking concrete action with regard to the implementation of all three mechanisms, Emissions Trading, Joint Implementation and the Clean Development Mechanism. Between them, the three mechanisms are creating a new tradable unit: carbon; a new service industry: the verification and certification of transactions in the carbon market; and a new motivation for foreign direct investment in low-carbon technologies.
- Emissions trading under Article 17, the non-project based mechanism of the Kyoto Protocol, has seen much development recently.
- A number of Parties such as Canada, Japan, the EU member states have started working on implementing national emission trading schemes. One of the most advanced systems in terms of implementation is the EU trading scheme (covering approx 4500 major companies) and its linking directive to the Kyoto mechanisms “CDM and JI”. This workshop will provide an opportunity for you to share information about the present status in this regard. I am sure you are also aware that a number of other initiatives are taking place outside the direct context of the Kyoto Protocol such as schemes that operate on a voluntary basis, the Chicago Climate Exchange, registries and trading schemes at Federal State level in the US, the World Economic Forum Global Greenhouse Gas Register and many others.

- The clean development mechanism (CDM), one of the two project based mechanisms, is being implemented under the prompt start provisions prior to the entry into force of the Protocol. It has been operationalized to the point where the first CDM project activities can be registered. We have the pleasure to have the Chair of the CDM Executive Board, Mr. John Shaibu Kilani with us to update us on the latest developments. Several other members of the Executive Board are also present.
- The focus of this workshop is however on the second project based mechanism: Projects under Article 6 of the Kyoto Protocol referred to as JI under the KP.
- It is important to note that while this mechanism does not have a prompt start provision, it still provides for the possibility that for projects that started as of the year 2000, Emission Reduction Units (ERUs) may be issued for a crediting period starting after the year 2008.
- It is a very interesting tool and a number of countries have started getting ready for its implementation. The purpose of this UNFCCC workshop is to bring together you, the experts, to discuss how best to promote, anticipate and facilitate the implementation of projects under Article 6 of the Kyoto Protocol based on your experience. We hope to have provided for you, the approximately 130 experts from Parties, intergovernmental and non-governmental organizations enough opportunities in the work programme to discuss how to make this mechanism a reality. The objectives of the workshop are:
  - **Exchange views on the rules established** for operating projects under Article 6 of the Kyoto Protocol.
  - **Share information on setting up national institutional infrastructure and supportive environments**
  - **Share experience on the development of projects from technical and financial point of view**
  - **Identify useful lessons** that can be learnt from the implementation of the clean development mechanism (CDM).
- All Parties who ratified the Convention agreed to be guided by a number of principles, one being that Parties should take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effects.
- The Kyoto Protocol is an initial step which, represents, regarding the level of targets set for Annex I Parties in the first commitment period, a small step in terms of emission level reductions. But it could also be an important step towards change in general perception of the issue and accordingly in production and consumption behaviour. It gives an important role to the private sector by providing an international regulatory framework for economic instruments through which the sectors may implement reductions. By providing rules, which are valid regionally/globally the transaction costs of achieving reductions are lowered as the same set of rules apply everywhere. Implementing the Kyoto Protocol, in particular if not all Parties are part of it,

will be a sign of leadership by industrialised countries in addressing the problem. Again, this would be in line with the principle of common but differentiated responsibilities of the Convention.

- In view of the fact that activities aimed at getting ready for the implementation of JI projects have started, it is essential that useful lessons from the implementation of the CDM are identified and learned. One of these lessons is apparent: projects have a long lead-time. It is important that this is taken into consideration in the preparations for JI projects from the outset. This workshop is thus timely indeed.
- Through sharing information and learning from experience in the implementation of Article 6 projects, we will get prepared for the period after the entry into force of the Kyoto Protocol, which, as you know, is a prerequisite for the mechanism to have value.
- Thank you very much for joining us here in Moscow. My colleagues and I are looking forward to do the best in our respective functions in order to provide you with a platform that will make this workshop and its follow up a success. A contributing factor to its success is undoubtedly a good chair and I am very pleased that Shushma Gera of the Canadian delegation has accepted to be the chair of the workshop. I am confident that under his capable leadership and with the active engagement of all participants, this workshop will make an important contribution to the work on “JI” in the UNFCCC process.
- Thank you