Comparative Analysis on Differences of Capacity Building needs for KP and CDM: China Vs. India

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21, Nov, 2002
Background

1. Kyoto Protocol and three flexible mechanisms at COP3 in 1997:

2. Twofold purpose of CDM:
   - Assists developing country Parties in achieving sustainable development and ultimate objectives under UNFCCC.
   - Assists developed country Parties in achieving complying with their part of QELRC under KP.

3. Up to Oct, 16, 2002, the number of signature countries is 86, the number of RAAA countries is 96, accounts for 37.4% of global GHGs emission
4. China government approved the Kyoto Protocol, India government accepted the Kyoto Protocol.

5. China and India plan to implement the Clean Development mechanism.

6. The State Development Planning Commission will be the Designated National Authority for CDM activities in China.

7. The present system of project approval is through an adhoc committee formed for approving AIJ projects in India.
Survey Background

- capacity building to obtain enabling environment in developing countries for implementation of CDM
- CDM projects will center on those developing countries with good social, economic and political environment, as well as excellent capacity building
- In order to initiate the implementation of CDM in developing countries, once the Kyoto Protocol enters into force, the World Bank pay a lot attention to CB in developing countries
Survey Background

◆ Purpose:
  – assessment of various demands for capacity building
  – Determine the best way and approaches to meet the demand,
  – Contribution to establish an action plan for the capacity building for the implementation of Kyoto Protocol mechanism.
Survey Background

Contents of the survey:

- What are the most effective types and models of the capacity building?
- Who are the demander and supplier of the capacity building?
- What institutions/organizations are the most likely provider of capacity building services?
- By what means can facilitate the supplier of capacity building to meet the demander of CB?
- How to harmonize the capacity building activities stipulated by UNFCCC with those under the Kyoto Protocol?
The comparative Analysis Each Question

major hurdles for the Kyoto Mechanisms

◆ China
1. lack of development of international Kyoto markets
2. limited capacity among various stakeholders
3. lack of local/regional financing sources

◆ India
1. lack of development of international Kyoto markets
2. existing domestic legal/institutional frameworks
3. the limited understanding of the opportunities that CDM
The comparative Analysis Each Question

Are national action plans for capacity building an effective approach for the obligations under the UNFCCC?

- China-YES
  national action plan for capacity building is an effective approach

- India-YES
  national action plan for capacity building is an effective approach
The comparative Analysis Each Question

promising sectors to generate CDM projects

◆ China
  1. Energy supply / electricity generation
  2. industry: energy-intensive sector
  3. transportation

◆ India
  1. Agriculture / forestry
  2. Industry: waste incineration power generation and energy conservation of building
The comparative Analysis Each Question

Rank the level of understanding of the opportunities from CDM

◆ China
  1. Energy supply / electricity generation -- highest
  2. transportation sector and agriculture / forestry sector -- lowest.

◆ India
  1. Energy supply / electricity generation sector, industry sector -- highest
The comparative Analysis Each Question

rank the capacity to formulate and execute CDM projects

◆ China
1. Results are similar with above question—high positive correlation
2. no interviewee feels that the capacity to participate CDM projects is enough

◆ India
1. Results are similar with above question-high positive correlation
2. all respondents thought that the capacity to participate CDM projects is high
The comparative Analysis Each Question

The most important target groups for capacity building

- **China**
  1. state administration
  2. private sector decision-makers / managers
  3. academia/experts

- **India**
  1. state administration
  2. private sector decision-makers / managers
  3. NGOs
The comparative Analysis Each Question

Capacity must be as a priority for CDM

♦ China
  1. further research/analysis on key issues such as abatement costs
  2. capacity to identify and prepare CDM project proposals
  3. capacity to maximize local benefits of CDM projects

♦ India
  1. capacity to identify and prepare CDM project proposals
  2. a National Authority for the CDM and procedures for project approval
The comparative Analysis Each Question

types of organizations/institutions as the most likely providers of CDM capacity building services

◆ China
  1. Domestic government initiatives
  2. International and bilateral organizations

◆ India
  1. Domestic government initiatives
  2. International and bilateral organizations
  3. centers of excellence” and “think tanks”
The comparative Analysis Each Question

Rate public and private decision makers’ understanding of the issues

- China
  1. most public and private decision maker’s understanding of Kyoto market is very low

- India
  1. understanding of costs of generating CERs in their own projects is medium.
  2. readiness of entering into CERs price negotiations with an Annex B investor is medium
The comparative Analysis Each Question

The next urgent steps to implement CDM

◆ China
  1. Awareness raising
  2. setting up of national CDM authority
  3. training in project formulation and market behavior

◆ India
  1. Awareness raising
  2. setting up of national CDM authority
  3. training in project formulation and market behavior
Summary

• urgent need to deploy various capacity building activities

  China ≅ India

• advantages of invest and institutional circumstance

  China > India

• enthusiasm of participating in CDM projects

  China < India
Summary

• Integration the CDM with national sustainable development
  
  China > India

• concerning about acquiring the CDM market share
  
  China < India

• the priorities of capacity building needs
  
in China will focus on
  ➢ energy sector and energy intensive industry sector

India, will focus on
  ➢ those sectors with low carbon abatement cost