

Biomass energy in Hungary

The final project consists of the refurbishment and fuel-switch from coal to biomass of the Borsod power plant in Hungary. Central and Eastern Europe offers many opportunities to increase the use of biomass for electricity generation, the main source of which is woodchips. While the wood chips usage of the new configuration will be substantial, the forest management companies in Hungary are predicted to grow enough new trees to more than compensate for the biomass use.

The mine from which Borsod is currently receiving its coal will be closed in 2005 after the refurbishment is finished. The project boundary also envelops the forest

management, logging, and transportation activities that will supply the biomass fuel. Standard emission factors supplied by the Netherlands' Ministry of Economic Affairs were used for the baseline calculations. The plant is to produce at least 260 GWh, which will displace electricity elsewhere in the grid.

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Portile de Fier I hydroelectric generator, Romania

NSS Workshop: Capacity Building for the Kyoto Protocol

Together with the World Business Council for Sustainable Development, and with Swiss, German and Canadian government support, the National Strategies Studies (NSS) Program of the World Bank conducted a workshop on 23-25 September 2002 titled "Capacity Building for the Kyoto Protocol", which took place in Sigriswil, Switzerland.

A series of 19 national reports based on in-country surveys provided qualified, in-depth input on country readiness to engage in the Kyoto mechanisms, as well as related capacity building needs and priorities. In addition, the host-country driven workshop produced conclusions and recommendations from discussions in four working groups (institutional prerequisites CDM; institutional prerequisites JI/IET; CDM/JI project cycle; CDM/JI benefits maximization) and general conclusions regarding cross-cutting issues, some of which are described below.

One of the conclusions was that effective and efficient Kyoto markets cannot develop without immediate action to remove supply side capacity constraints. Without well planned attention to capacity building in CDM and JI/IET host countries, the Kyoto mechanisms cannot make a significant contribution to cost-effective climate change mitigation in the first commitment period and will also fail to unfold their full potential to contribute to sustainable development in host countries.

The priorities for JI/IET capacity development will depend on the strategy adopted by the state government; as a first

step, the government must decide whether to strive to meet the eligibility requirements for IET and JI Track-1 or not. Due to the procedures for and conditions associated with EU accession, EU Candidate countries are likely to have different needs than other EITs.

Host countries must manage their own capacity building processes to ensure that the available resources are used efficiently and in their own best interest. Providers of capacity building services and donors also have a responsibility to coordinate their efforts. A transparent, efficient system to serve a clearinghouse function for users and providers of capacity building services could be a helpful tool.

Capacity building programs must balance the need to ensure effective delivery of capacity building services (building the priority capacity to fulfill the tasks required to engage in the Kyoto mechanisms) with the need to sustain and disseminate the built capacity over time, so as to reach a 'critical mass' of expertise in the country or region.

Existing local institutions should be strengthened to play a key role in the delivery of capacity building services and

to enhance the prospects of sustainable outcomes. The private sector is expected to be a key partner in both funding and providing capacity development services, particularly those related to the CDM and JI project cycles.

Greater financial resources must be mobilized and these must be used efficiently. Real incentives for private sector investment in the CDM are still lacking (e.g. domestic regulatory frameworks are still being designed); financial support from governments, international organizations and NGOs is therefore crucial to enable supply-side actors to engage in the Kyoto mechanisms and to jump-start the market.

Some capacity building activities, in particular efforts aimed at developing systemic or institutional capacity, require continuous, long-term funding. Other activities might be more punctual, but should still be integrated in a strategic framework.

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¹ This article draws on the draft Workshop Report prepared by the Regional Expert Group tasked by the World Bank to prepare the Sigriswil conference: Youba Sokona (Africa), Mohan Munasinghe (Asia), Lubomír Nondek (Economies in Transition), Thomas Black-Arbelález (Latin America & Caribbean), and Anne Arquit Niederberger (overall coordination on behalf of the World Bank).