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**SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE**

**Twenty-fifth session**

**Nairobi, 6–14 November 2006**

**Item 11 of the provisional agenda**

**Progress reports**

**Activities implemented jointly under the pilot phase**

**Seventh synthesis report**

**Note by the secretariat\***

*Summary*

This report provides a synthesis of the most recent information submitted for the 157 projects under the pilot phase of activities implemented jointly (AIJ). The report is based on reports submitted by Sweden on its 52 AIJ projects, including lessons learned by the country in implementing the projects, and a submission from Austria, on behalf of the European Community and member States, on general experiences with AIJ.

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\* This document was submitted late because analysis of information took longer than expected.

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## **I. Introduction**

### **A. Mandate**

1. The Conference of the Parties (COP), by its decision 5/CP.1, encouraged Parties involved in activities implemented jointly (AIJ) under the pilot phase to report to the COP through the secretariat. By the same decision, the COP requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) to prepare, with the assistance of the secretariat, a synthesis report for consideration by the COP.

2. The COP, by its decision 14/CP.8, decided to continue AIJ under the pilot phase, and further decided to change the frequency of the preparation and consideration of the synthesis report on AIJ from annually to biennially. In accordance with decision 10/CP.10, the deadline for submitting reports to be considered for the seventh synthesis report was 1 June 2006. One Party, Sweden, submitted project reports within the deadline. In accordance with decisions 5/CP.1 and 8/CP.7, the secretariat has prepared the seventh synthesis report for consideration by the COP at its twelfth session.

### **B. Scope of the note**

3. This report includes information synthesized from reports submitted by Sweden on its 52 AIJ projects, including lessons learned by the country in implementing the projects, and information taken from a submission from Austria, on behalf of the European Community and member States, on general experiences with AIJ under the pilot phase.

4. No new AIJ projects have been reported by any Party under the pilot phase since the sixth synthesis report<sup>1</sup>. Hence in terms of total number of projects and their regional distribution, the information reported in the sixth report holds true for the seventh.

### **C. Possible action by the subsidiary bodies**

5. At the twenty-fifth session of the SBSTA, Parties may wish to:

- (a) Take note of the seventh synthesis report;
- (b) Forward the seventh synthesis report to the SBI, with a view to an agreed report being forwarded for consideration by the COP at its twelfth session;
- (c) Recommend a draft decision for adoption by the COP at its twelfth session.

## **II. Findings**

### **A. Activities implemented jointly under the pilot phase**

6. The total number of AIJ projects remains at 157, as reported in the sixth synthesis report. A total of 42 Parties are hosting AIJ projects under the pilot phase. Of these, 11 are Parties not included in Annex I to the Convention (non-Annex I Parties).

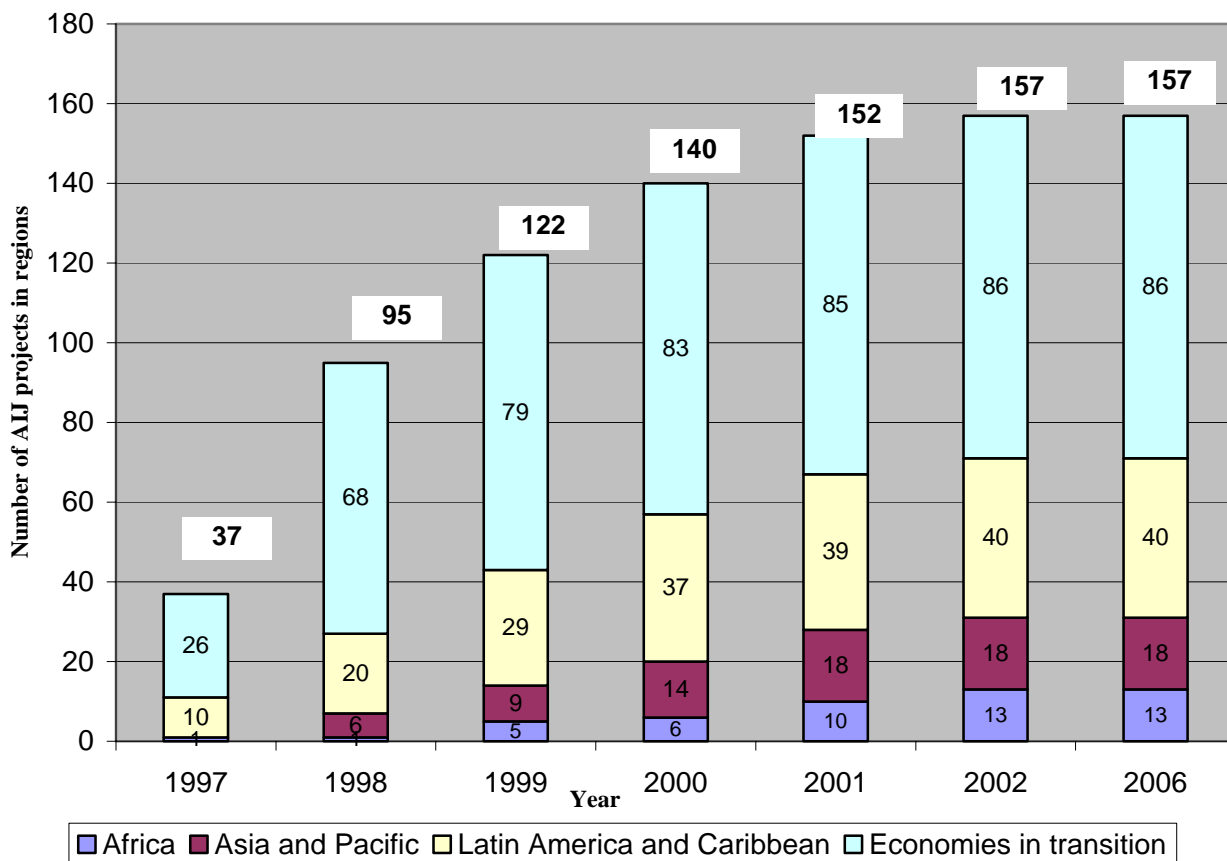
7. A total of 86 projects are being implemented in countries with economies in transition (EIT countries). Among these, 92 are in the energy sector (48 per cent energy efficiency, 36 per cent renewable energy, and 8 per cent fuel switching). District heating systems are the primary focus of the energy efficiency activities.

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<sup>1</sup> FCCC/SBSTA/2002/8.

8. Of the projects being implemented in non-Annex I Parties, most are in the Latin America and Caribbean region, 57 per cent; followed by the Asia and Pacific region, 26 per cent; and the Africa region, 17 per cent (figure 1). This indicates a high level of interest in the Latin America and Caribbean region for climate change mitigation activities, and a need for capacity-building in the Africa region.

**Figure 1. Regional distribution of AIJ project activities, 1997–2006**



9. A total of 12 Parties included in Annex I to the Convention (Annex I Parties) are involved as investors in the AIJ under the pilot phase. Sweden continues to sponsor the largest number of activities, followed by the United States of America. Some investing Parties (e.g. United States of America, Netherlands and Norway) have a diversified portfolio in terms of host countries, others focus on particular regions (e.g. Australia and Japan mainly support activities hosted by countries in the Asia and Pacific region, whereas Sweden supports projects in three EIT countries).

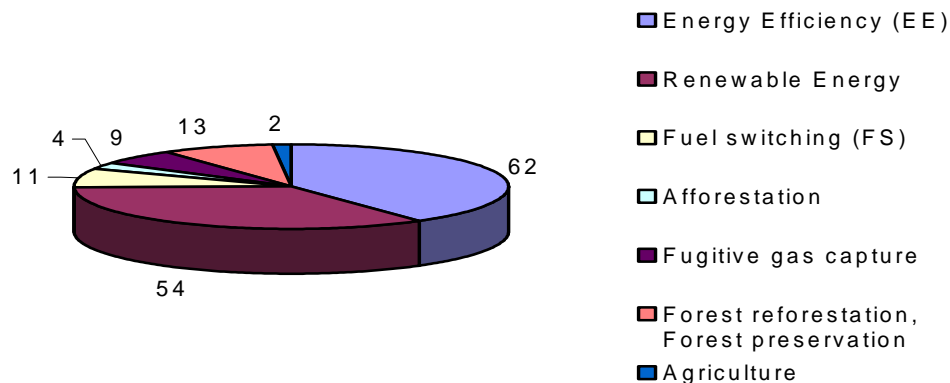
10. It may be noted that most projects (22 per cent) are focussed on the energy sector (energy efficiency, renewable energy and fuel switching). Despite the large number of projects focussed on the energy sector, their contribution to greenhouse (GHG) gas reduction is relatively low. Projects focused on fugitive gas capture and forestry are projected to contribute the most to greenhouse gas (GHG) reduction, 42 per cent and 34 per cent of the total reduction from AIJ projects, respectively, in terms of lifetime GHG reductions.

11. All of Sweden’s 52 projects are in EIT countries, namely Latvia, Lithuania and Slovakia, primarily in the energy sector and involve improvements in energy efficiency (improvement of district

heating system renovation) and renewable energy (conversion of fossil-fuel-fired boilers to biofuels). All are small-scale projects, account for 33 per cent of all AIJ projects and contribute about 1 per cent<sup>2</sup> of the total GHG emission reductions projected from AIJ projects.

12. Figure 2 below reflects the number of AIJ projects by sector.

**Figure 2. Number of AIJ projects by sector**



### B. Reporting on national AIJ programmes

13. Sweden's report on its national AIJ programme described the origins and development of the programme and included detailed information on its 52 projects. The report makes the point that important benefits, in addition to emission reductions, are derived from the projects. For example, they contribute to improved local air quality, development of a local market for biofuels, and increased awareness about the UNFCCC and environment-friendly energy use.

14. The report also listed some important lessons learned by Sweden in implementing its AIJ projects:

- (a) The need for closer cooperation with national and local authorities and organizations;
- (b) The engagement of local experts is advantageous;
- (c) The need for training and outreach programmes in local languages;
- (d) Technology transfer and capacity-building should be packaged together;
- (e) The need for follow-up and/or feedback;
- (f) The need for long-term commitment by both Parties.

<sup>2</sup> This percentage includes reductions from some similar non-AIJ projects.

### **C. Views on general experiences**

15. Austria, on behalf of the European Community (EC) and its member States, made a submission describing general experiences with AIJ under the pilot phase. The submission indicated that about 20 EC member States have participated in AIJ as investors or host countries. In all, the EC has invested in 87 projects in 21 countries, which are expected to result in reductions in GHG emissions amounting to 23,163,226 tonnes of carbon dioxide equivalent. Seventy-five of these projects are in EIT countries.

16. The submission from Austria also highlighted some of the difficulties with the approval and implementation of AIJ projects. The submission cited complicated aid rules of the EC, the Organisation for Economic Co-operation and Development and the World Trade Organization.

17. The submission also included some recommendations on use and elaboration of more information in the synthesis reports as provided in the uniform reporting format (URF). For example, it pointed out that the URF does not include a section in which the evolution of a project can be shown. The submission suggested that a specific section concerning the previous reported facts and figures of a project be introduced in the URF, in order to provide insight into the progress made by specific projects.

18. The United States of America submitted a letter expressing its support on the continuation of AIJ under the pilot phase.

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