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**Open-ended Working Group of the Basel Convention  
on the Control of Transboundary Movements of  
Hazardous Wastes and Their Disposal**

Sixth session

Geneva, 3–7 September 2007

Item 11 of the provisional agenda\*

**Resource mobilization and sustainable financing:  
review of the implementation of decision VIII/34**

**Climate change and the Basel Convention linkages to the clean  
development mechanism and carbon trading: alternative funding  
mechanisms for consideration**

**Note by the Secretariat**

**I. Introduction**

1. This note provides information on the potential of environmentally sound management of hazardous and other wastes to contribute to achieving national climate change and energy security objectives, and on the potential, in turn, of the Clean Development Mechanism established under the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC) as well as other mechanisms to contribute new and additional financial resources to support the environmentally sound management of wastes. The present note draws on UNFCCC technical work and other related documents such as a study on the Waste Sector's Contribution to Climate Protection commissioned by the German government. Information contained in the note has not undergone a technical review by the Secretariat Technical Unit.

**II. Background**

2. In decision VIII/34, paragraph 5, the Conference of the Parties to the Basel Convention encouraged individual developing country Parties and Parties with economies in transition which are also Parties to the Kyoto Protocol to prepare proposals under the Kyoto Protocol's Clean Development Mechanism or Joint Implementation mechanism, which both contribute to climate protection and the environmentally sound management of wastes, particularly in reducing methane emissions from landfills.

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\* UNEP/CHW/OEWG/6/1/Rev.1.

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3. The Ministerial Statement on Partnerships for Meeting the Global Waste Challenge, adopted by Ministers and heads of delegations at the seventh meeting of the Conference of Parties, emphasizes that “The challenge is to promote a fundamental shift in emphasis from remedial measures to preventive measures such as reduction at source, reuse, recycling and recovery. This new emphasis not only supports demands for a changing world, it is the most promising way forward to deal with hazardous and other wastes in an environmentally sound manner. It is also good for business.” The Ministerial Statement calls for Parties and other States present to devote more efforts to, *inter alia*, “building sustainable partnerships between Parties and all stakeholders” and “mobilizing new and additional financial resources, including by using existing multilateral financial institutions and mechanisms”.

4. Understanding and responding to the linkages between waste, climate and energy provides a significant opportunity to undertake activities which both contribute to climate protection and the environmentally sound management of wastes, while mobilizing new and additional financial resources through existing multilateral institutions and mechanisms – such as the Clean Development Mechanism – as well as building sustainable partnerships, enhancing the transfer of technology and improving international synergies and cooperation in a manner that furthers the objectives of the Basel Convention and its Parties.

#### A. The contribution of waste management to climate and energy objectives

5. Enhancing practices for the environmentally sound management of hazardous and other wastes offers an opportunity to support the achievement of national objectives relating to climate change and energy production and use.

6. Germany submitted an information document to the eighth meeting of the Conference of Parties (UNEP/CHW.8/INF/12) summarizing the results of a report entitled, *Environmental Study: Waste Sector’s Contribution to Climate Protection* (“German Report”).<sup>1</sup> The German Report identifies potential linkages between waste management and the reduction of climate change gases. Summarizing the German Report, the information document submitted by Germany (UNEP/CHW.8/INF/12) emphasizes the importance of waste recycling and treatment, and states that “high rates of waste recovery and the pretreatment of wastes to be landfilled, combined with different measures to reduce the emissions from incinerators and landfills, contribute to more than 20 percent to the German Kyoto targets for 2005.”<sup>2</sup>

7. The German Report notes a number of areas where waste management can contribute to reducing greenhouse gas emissions, and to reducing energy use or increasing the production of renewable energy. These are summarized in the associated information document (UNEP/CHW.8/INF/12), as including:

- (a) Improved management of “biological processes (methane) and uncontrolled burning (CO<sub>2</sub>) in landfills”;
- (b) The use of “waste energy to replace CO<sub>2</sub> emissions in power plants”; and
- (c) The “recycling of waste materials to avoid energy intensive refining processes for primary resources”.<sup>3</sup>

8. As well as helping to achieve waste and climate change objectives, existing and new technologies can convert waste products such as used tyres, plastics and biological wastes into commercially valuable commodities including oil, combustible gasses, carbon black char and/or other products, offering waste managers an opportunity to transform waste materials into new products and revenues while implementing best practices in environmentally sound management and addressing goals relating to climate change and energy production and use.

<sup>1</sup> Oeko-Institute, *Environmental Study: Waste Sector’s Contribution to Climate Protection*, Research Report 205 33 314, Commissioned by German Federal Environmental Agency (August 2005) available at: [www.bmu.de/english/waste\\_management/downloads/doc/37847.php](http://www.bmu.de/english/waste_management/downloads/doc/37847.php)

<sup>2</sup> See, UNEP/CHW.8/INF/12, entitled *Summary on the results of the report on the waste sector’s contribution to climate protection and possible potentials: linkages to waste management to the reduction of climate change gases*, at paragraph 1

<sup>3</sup> *Id.*, at paragraph 2

## B. The contribution of climate institutions and mechanisms to waste management

9. Just as environmentally sound waste management practices can help to achieve national climate and energy objectives, the institutions and mechanisms established to address climate change can help to improve waste management practices by providing new and additional financial resources, enhancing the transfer of technology and facilitating investment by the private sector.

10. The Kyoto Protocol includes three “flexibility mechanisms” designed to lower the overall costs of achieving its greenhouse gas emissions targets<sup>4</sup>:

(a) The Clean Development Mechanism permits developed country Parties listed in Annex I of the UNFCCC to implement projects to reduce emissions in non-Annex I (developing country) Parties, or to absorb carbon through afforestation or reforestation activities, in return for certified emission reductions.<sup>5</sup>

(b) The Joint Implementation mechanism permits certain Annex I Parties to implement emission-reducing projects, or projects that enhance removal by sinks (e.g. forests), in certain other Annex I Parties and to count the resulting emission reduction units towards meeting their own Kyoto targets.<sup>6</sup>

(c) Emissions trading permits Annex I Parties to acquire emission reduction units from other Annex I Parties.<sup>7</sup>

11. The Clean Development Mechanism (CDM) is defined in Article 12 of the Kyoto Protocol.<sup>8</sup> CDM project activities are designed to assist developing country host Parties to achieve sustainable development and to contribute to the ultimate objective of the UNFCCC.<sup>9</sup> The CDM provides an opportunity to generate investment in developing countries, particularly from the private sector, and to secure the transfer of technologies for the environmentally sound management of wastes and other activities with the potential to reduce greenhouse gas emissions.<sup>10</sup>

12. CDM project activities can be established through collaboration between public, private-sector and non-governmental entities and must have the approval of the Parties involved, which is usually gained from Designated National Authorities established in accordance with the modalities and procedures for the CDM.<sup>11</sup>

13. The CDM provides considerable coverage of waste-related activities. The CDM Executive Board has currently approved 17 methodologies relating to waste handling and disposal.<sup>12</sup> These include, *inter alia*, methodologies for avoided emissions from organic wastes through alternative waste treatment processes; fuel switching from fossil fuels to biomass in boilers for heat generation; methane emissions reduction from bioorganic solid waste and organic waste water using co-composting; and electricity generation from biomass residues.<sup>13</sup> These methodologies, and others, are available to waste managers to improve the efficiency and effectiveness of waste management practices while earning emissions reduction credits under the CDM. Approximately 20% of the projects registered under the CDM relate to waste handling and disposal.<sup>14</sup>

<sup>4</sup> For a summary of these mechanisms, see, [http://unfccc.int/kyoto\\_protocol/mechanisms/items/2998.php](http://unfccc.int/kyoto_protocol/mechanisms/items/2998.php)

<sup>5</sup> For more information on CDM participation requirements see section F of the Modalities and procedures, as set out in decision 3/CMP.1 of the UNFCCC Conference of Parties serving as the meeting of the Parties to the Kyoto Protocol, available at: <http://unfccc.int/resource/docs/2005/cmp1/eng/08a01.pdf#page=6>

<sup>6</sup> For more information on JI participation requirements see in section D in the Guidelines for implementation of Article 6 of the Kyoto Protocol, as set out in decision 9/CMP.1 of the UNFCCC Conference of Parties serving as the meeting of the Parties to the Kyoto Protocol, available at: <http://unfccc.int/resource/docs/2005/cmp1/eng/08a02.pdf#page=2>

<sup>7</sup> For more information on Emission Trading participation requirements see the Modalities, rules and guidelines for emissions trading under Article 17 of the Kyoto Protocol, as set out in decision 11/CMP.1 of the UNFCCC Conference of Parties serving as the meeting of the Parties to the Kyoto Protocol, available at: <http://unfccc.int/resource/docs/2005/cmp1/eng/08a02.pdf#page=17>

<sup>8</sup> For a detailed summary of the CDM see, [http://unfccc.int/kyoto\\_protocol/mechanisms/clean\\_development\\_mechanism/items/2718.php](http://unfccc.int/kyoto_protocol/mechanisms/clean_development_mechanism/items/2718.php)

<sup>9</sup> *Id.* (first paragraph)

<sup>10</sup> *Id.* (fifth paragraph)

<sup>11</sup> *Id.* (sixth paragraph)

<sup>12</sup> See, <http://cdm.unfccc.int/Statistics/Methodologies/ApprovedMethPieChart.html>

<sup>13</sup> See, <http://cdm.unfccc.int/methodologies/PAMethodologies/approved.html>

<sup>14</sup> See, <http://cdm.unfccc.int/Statistics/Registration/RegisteredProjByScopePieChart.html>

14. The Joint Implementation (JI) mechanism is defined in Article 6 of the Kyoto Protocol.<sup>15</sup> Joint Implementation projects require the approval of the Parties involved. Host Parties may use a “Track 1” procedure to verify projects if they meet all relevant eligibility requirements, and a “Track 2” procedure if they meet certain minimum eligibility requirements and have their emission reductions or removals verified by the Joint Implementation Supervisory Committee.<sup>16</sup> The mechanism can be used to encourage private sector involvement and the transfer of technologies for the environmentally sound management of wastes, including through the reduction of methane emissions from landfills.

15. In addition to the CDM and JI mechanisms, separate finance and technology transfer commitments are established under the UNFCCC and Kyoto Protocol.<sup>17</sup> Developed country Parties to the UNFCCC have agreed to provide resources through a financial mechanism to assist developing country Parties implement the UNFCCC.<sup>18</sup> Operation of the financial mechanism has been assigned to the Global Environment Facility, which provides funding for a range of climate-related activities.<sup>19</sup> In addition three special funds are available: the Special Climate Change Fund (SCCF) and Least Developed Countries Fund (LDCF), under the Convention; and the Adaptation Fund (AF), under the Kyoto Protocol.<sup>20</sup>

### **C. Improving synergies among waste, climate and energy activities and programmes**

16. Existing and new commercial opportunities associated with environmentally sound waste management, and the availability of new and additional financial resources through mechanisms and commitments under the Kyoto Protocol and UNFCCC, suggest significant opportunities to improve synergies among activities and programmes in the areas of waste management, energy and climate change.

17. Efforts to explore these synergies are timely. The Intergovernmental Panel on Climate Change has expressed very high confidence that human activities are causing global warming<sup>21</sup>; the International Energy Agency estimates that without major policy changes global primary energy demand, and associated emissions of carbon dioxide, could increase by more than half by 2030<sup>22</sup>; the volume of hazardous and other wastes is increasing globally. Addressing the triple challenge of waste management, energy demand and climate change is thus an urgent priority.

18. As suggested in this document, exploring linkages between waste, climate and energy activities and programmes also offers the potential to address these challenges in an innovative manner that responds to the concerns outlined in the Ministerial Statement on Partnerships for Meeting the Global Waste Challenge and that supports the implementation of the Basel Convention by mobilizing new and additional financial resources, enhancing the transfer of technology and improving international synergies and cooperation.

### **D. The role of partnerships in the fields of waste management, energy and climate change**

19. Partnerships can play a key role in helping to achieve these goals. The Conference of the Parties to the Basel Convention, in decision VI/32, invited Parties, Signatories and other governments to promote partnerships with industry and business sectors and non-governmental organizations, and encouraged industry or business organizations, as well as environmental and development nongovernmental organizations, to get involved in concrete activities at the regional and national levels.

20. The Conference of the Parties, in decision VIII/5, adopted the workplan of the Basel Convention Partnership Programme for 2007-2008, which notes the need for training, capacity-building and other activities to assist in the concrete implementation of the Basel Convention, and identifies a number of

<sup>15</sup> For a detailed summary of the JI mechanism, see

[http://unfccc.int/kyoto\\_protocol/mechanisms/joint\\_implementation/items/1674.php](http://unfccc.int/kyoto_protocol/mechanisms/joint_implementation/items/1674.php)

<sup>16</sup> *Id.* (paragraph 8)

<sup>17</sup> See, [http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/items/2807.php](http://unfccc.int/cooperation_and_support/financial_mechanism/items/2807.php)

<sup>18</sup> *Id.* (paragraph 2)

<sup>19</sup> *Id.* (paragraph 3)

<sup>20</sup> *Id.* (paragraph 5)

<sup>21</sup> IPCC, Summary for Policymakers in Climate Change 2007: The Physical Science Basis, Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (2007) ([www.ipcc.org](http://www.ipcc.org))

<sup>22</sup> International Energy Agency, World Energy Outlook 2006, Summary and Conclusions ([www.iea.org](http://www.iea.org))

Strategic Plan focus areas including the environmentally sound management of household wastes mixed with hazardous wastes.

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