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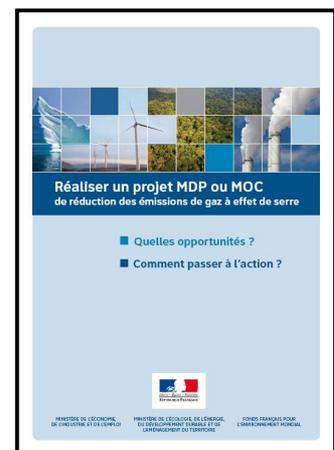


Interview: Marc-Antoine Martin, General Secretary of the French Global Environment Facility (Fonds Français pour l'Environnement Mondial)

Question: Last December, you participated to the United Nations Climate Change Conference in Poznan as a member of the French Delegation. What is your opinion about it and the ongoing negotiation towards Copenhagen?

M.A. Martin: Poznan played its expected role between the 13rd Conference of the Parties in Bali and the next conference in Copenhagen. The discussions were mainly related to the adaptation fund, the best ways to improve the functioning of the Clean Development Mechanism (CDM) and solutions to attract more CDM projects in the Agriculture, Forestry, and Other Land Use (AFOLU) sector.

During the conference, the adoption of the European Energy Climate package was also a very satisfying signal. In the ongoing negotiation, the European Union is willing to continue to be a leader with tangible policies such as the Emission Trading Scheme. European countries wish to see others like the USA, Japan or Canada to be firmly committed as well. And emerging countries such as China, India or Brazil should set quantitative targets of emissions reduction. A last point to mention in Poznan is that the voice of the least developed countries became strong. These countries, which are not responsible for climate change, are the most affected by the impacts of global warming and they ask for support to tackle adaptation issues.



Question: What are the main issues concerning the post-Kyoto regime?

M.A. Martin: The French and the European positions are very similar and their interests are closely linked. France and its European partners are expecting a lot from the new US Administration in terms of commitment and involvement in the international negotiation. As I said, the EU pays attention to see large emerging countries taking steps in emissions reduction and in adopting policies and measures. Since 2005, the CDM and the JI mechanisms contributed to the adoption of the *additionality* concept opening the way to innovation and transfer of technology. As you know, most of the projects are located in China, India, Mexico or Brazil. Beyond the necessary improvement of the CDM in the short term towards the least developed countries, there is a need to find new mechanisms covering specific social and environmental situations.

Question: How the financing strategy of the FGEF may evolve after 2012?

M.A. Martin: First, it is important to understand that the French Global Environment Facility provides only grants. Established in 1994 after the Earth Summit in Rio, the FGEF contributes to official development assistance with an amount of 201 million EUR between 1994 and 2006. After 2012, it is expected to continue to support CDM and JI projects, and the facility should be dedicated to the same type of projects and cover the same geographic areas as today. It will mainly provide grants to projects focusing on energy efficiency, renewable energy, and carbon sinks through afforestation/reforestation. We want to strengthen our efforts in the Mediterranean region and in Sub-Saharan Africa. The objective is to reach a level of 2/3 of our total grants provided to the countries of these areas.

Question: How do you measure the success of the projects funded?

M.A. Martin: We monitor each project by measuring the environmental, social and economic benefits. A couple of projects are particularly interesting from this point of view. For instance, in Tunisia, we co-funded a project on energy efficiency in the construction and building sector. The beneficiary was the Tunisian Energy Management Agency. This project permitted the appropriation by the Tunisian government of some of the recommendations to adopt a new energy efficiency legislation. It also led to the adoption of good practices in the whole country. Another example is a project of rural electrification in Morocco. At the end of the project, we were able to measure a significant improvement of the environmental and social conditions in the project area. A last example can be given in Afghanistan where we observed a strong cooperation between nations on greenhouse gas emissions reduction.



Question: You contribute financially since 2005 to the Carbon Finance Assist program managed by the World Bank Institute. The purpose is to widespread CDM expertise and know-how through capacity building. Could you say a few words about it?

M.A. Martin: The Carbon Finance Assist program allows organizing workshops in countries in which CDM expertise is missing. The first workshops took place in 2007 and were held in African countries. Measured by the number of new projects registered, we can confidently state that it favoured knowledge of the CDM project cycle and lowered project development risks. Almost 30 projects have now been registered in Africa by the UNFCCC and some of them would not have been possible without the support of the program.



However a lot remains to be done and we are working on it. We co-finance a program for the Congo Basin Forest Partnership (CBFP), concerning seven African countries in order to preserve carbon sinks through post-2012 CDM projects. Forest conservation and exploitation certification is one of our hobbyhorse and we will be watchful at Copenhagen on this matter.

Marc-Antoine Martin is the General Secretary of the French Global Environment Facility

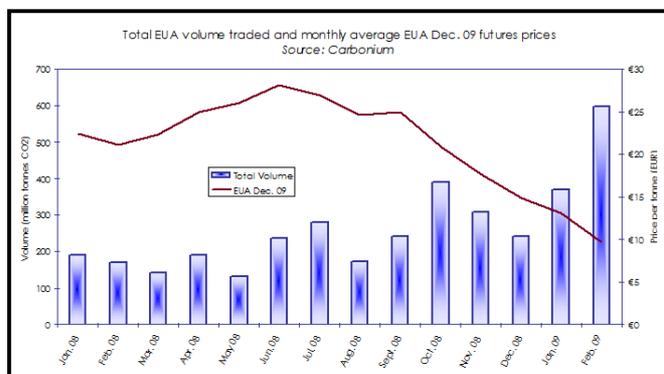


<http://www.ffem.fr>

Fluctuating carbon prices: technical rebound or real rally?

During the last weeks, carbon prices fluctuated significantly. While EUA reference prices fell below 9 EUR in February 2009, CER prices dropped below 8 EUR to hit a record low in Phase 2. As a first consequence, it led to the weakening of the EUA-CER spread. And the floor price for Chinese primary CER of 8 EUR did not act as a support for CER prices.

This can be explained by several factors. The economic slowdown and the difficulties for the utilities sector to obtain financing are certainly among them. The desperate quest for liquidity from financial institutions is also playing a role, with carbon funds shortening their position. It is interesting to notice that the last four months have seen a spike in traded volume correlated with a straight decrease of prices.



If the high fuel consumption due to bitter winter temperatures across Europe and the gas shortage related to the conflict between Russia and Ukraine did not affect emissions trading positions, the fundamentals are remaining, explaining partly the rebound in March 2009. Countries like Poland or Bulgaria have still not received their allowances for 2008. Besides, the mid- to long-term projections show that the market will be short. The amount of CERs/ERUs from CDM/JI projects, while becoming less attractive for project developers, will contribute to an adjustment by drying the market. Hence, we believe that the prices will increase in the mid-term.

JI projects opportunities: Focus on Ukraine



Ukraine has ratified the Kyoto Protocol in April 2004 and set-up a Designated Focal Point, now called the National Environmental Investment Agency of Ukraine. This gave a strong incentive for the Ukrainian's Joint Implementation market in establishing a successful domestic institutional system.

According to the national Federation for the Development of Environmental and Energy Markets (FDEEM), Ukraine would have the annual potential of selling 150 million emission reduction units (ERUs) and around 360 million AAU per year.

Project developers usually regard Ukraine as one of the best host country for JI projects, because the promptness of the country for preparing international climate policies. The government supports the continuation of JI or JI-like mechanisms to be used for instance as a tool to finance air purification.

The main abatement potentials of the country are in the improvement of the energy efficiency in electricity and district heating sector and coal mine methane reduction (the coal industry being one of the most significant contributors in terms of greenhouse gas emissions). Methane is stored in coal seams and the surrounding strata and released during coal mining.



Although the project approval process is sometimes slow, the drivers for the development of JI projects in Ukraine are there. With the entry into force of the new decree (order n°206) on September 1st, 2008, Ukraine became the first country to introduce formalize track 1 procedures and early and late credits.

More recently, Ukraine and Japan signed an agreement (18 March 2009) allowing Ukraine to raise its first cash from selling greenhouse gas emissions allowances under the Kyoto Protocol. According to the agreement, 30 million Assigned Amount Units will be transferred to Japan.

Ukraine JI Legislation Time Frame	
12 Apr. 2004	The Kyoto Protocol is ratified by the Ukrainian Parliament
18 Aug. 2005	The National Action Plan for the implementation of the Kyoto Protocol (approved by a Prime Minister's Decree, n°346)
22 Feb. 2006	The Government of Ukraine adopts a Resolution on the Approval of the Procedures for Consideration, Approval and Implementation of Projects aimed at Anthropogenic Emissions Reduction or Greenhouse Gas Absorption (approved by the Cabinet of Minister's Decree n°206)
17 Jul. 2006	Establishment of the requirements for the issuance of a Letter of Endorsement (LoE), Order n°341 Establishment of the requirements for the issuance of a Letter of Approval (LoA), which indicates that the host government is willing to support the project, Order n°342
2 Aug. 2006	Requirements regarding the PIN and the PDD contents (approved by the Ministry of Environmental Protection of Ukraine, agreed by other Ministries. MEP: PIN n°341, Ministry of Justice: n°925/12799, MEP: PDD n°342, Ministry of Justice: n°926/12800)
26 Oct. 2006	Launching of Track 2 JI procedures
30 Jun. 2007	The National Environmental Investment Agency of Ukraine is the Central Executive Body guided and coordinated by the Minister of Environmental Protection of Ukraine under the governance of the Cabinet of Ministers of Ukraine (Regulation n°977)
20 Aug. 2008	ew edition of the Decree n°206 allowing Track 1 JI procedures projects (approved and into force on 1 st September 2008)

Ukraine's Designated Focal Point

JI Office
National Environmental Investment Agency of Ukraine
35, Urytskogo str.
03035 Kiev
Ukraine
<http://www.neia.gov.ua>

Climate Change Initiative
<http://www.climate.org.ua>

Corporate News

Conferences

Alexandre Borde participated to the roundtable on the “Typical Problems in CDM Projects Development, Registration and CERs Issuing” during the *2008 CDM Forum: Experience and Lessons* held in Beijing, China, December 19 & 20, 2008.



More information at:

<http://www.ambafrance-cn.org/Programme-d-appui-au-montage-de-projets-MDP-dans-quatre-provinces-du.html>

The Chamber of Commerce of Versailles organized with EcoAct a meeting on *Fossil fuel scarcity and Climate Change* in Versailles on February 10, 2009. Alexandre Borde contributed to a roundtable by presenting the benefits of photovoltaic technology for electricity production.

In the Press

In December 2008, Verdantix, a London-based independent research firm, published a report in which Carbonium was ranked among the leading project developers in the global carbon market and the development of Clean Development Mechanism (CDM) projects.



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