



Financing Co-Benefits Projects

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Climate Change
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by Putu Kamayana, Deputy Country Director
Viet Nam Resident Mission
Asian Development Bank



This presentation will introduce ADB activities related to co-benefits and provide insights on how to scale up co-benefits.



1. What are co-benefits?



Co-benefits: 2 definitions

Co-benefits from the **global climate change perspective**: additional benefits beyond GHG reductions resulting from climate change mitigation measures

- Reduced air pollution
- Associated health benefits
- Improved energy security through reduced energy costs and dependency on oil imports
- Increased access to energy
- Poverty alleviation

Co-benefits from the **Asian regional/local perspective**: additional GHG reductions resulting from measures aimed to address

- Improved local air quality
- Problems, lack of energy access and security, and other socio-economic problems
- Improved employment opportunities and conditions
- Consistent with local sustainability criteria



Co-benefits: 2 Messages

Climate change
Climate change
Climate change
Climate change
Climate change

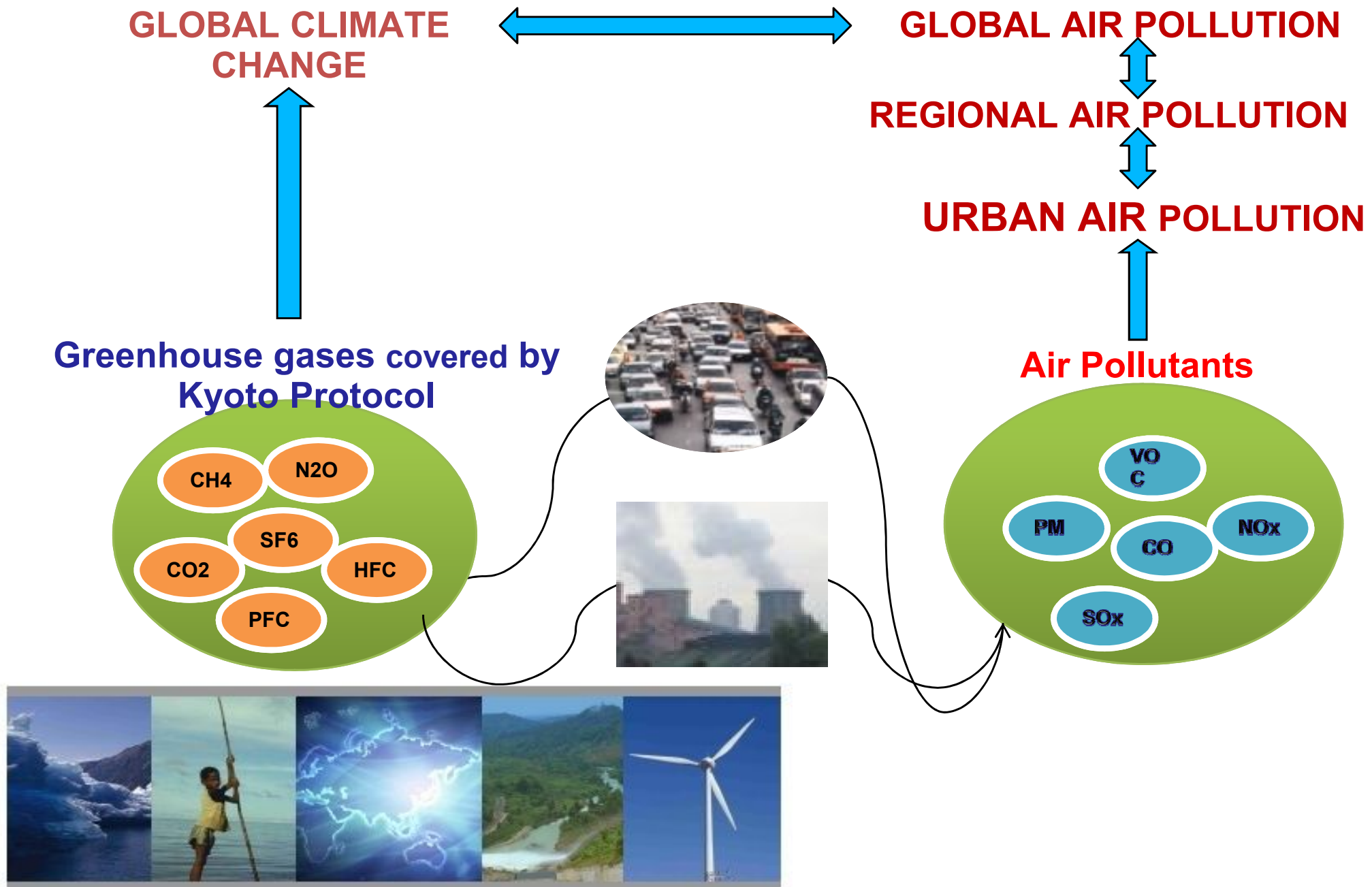
Air pollution
Traffic congestion
Energy security
Public health
GDP

*Western countries
& donors*

Developing countries



Air pollution and climate change linkages



3. Co-benefit examples



Co-benefits: ADB in Vietnam

Country: Viet Nam

Project Name and Description: Household Biogas Digesters. Provide energy for cooking and lighting needs for 40,000 households (Phase I) and 140,000 households (Phase II).

Local Benefit:

- Supplies independent low cost sources of household energy (heat and light)
- Improves household air quality
- Reduction of household fuel bills
- Creates local employment (masonry biogas digesters)

Global Benefit: reduce 40,000-60,000 tCO₂e per year.

Finance: via (i) ADB loan, (ii) Credit guarantee households via local bank, and (iii) Pre-payment of carbon credits (CERs) in ADB Carbon Fund.



ADB in Vietnam



Co-benefits: ADB and Private Sector

Country: India

Project Name and Description: 50.4 Wind Power Generation in India (Tata Power Company Ltd), Khandke, Maharashtra

Local Benefit:

- Energy supply continuity in region of high energy shortage (brownouts)
- Increase energy reliability for local industry and residents
- Improved local air quality
- Less reliance on imported and indigenous fossil fuels.

Global Benefit: reduce 130,000 tCO₂e per year.

Finance: via (i) ADB private sector and (ii) Pre-payment of carbon credits (CERs) in ADB Carbon Fund.



ADB and Private Sector



Co-benefits: ADB and Agwaste Project

Country: PRC (Henan Province)

Project Name and Description: Agricultural Waste CDM Program

Local Benefit:

- Improved animal waste management on large swine farms
- Local renewable energy generation for farmers
- Reduction of farm operating cost via reduces fuel inputs
- Removal of open lagoons and improved local health conditions
- Creation of organic waste from biodigester sludge
- Employment and local economic stimulus
- Technology transfer

Global Benefit: reduce 100,000 tCO₂e per year.

Finance: Via (i) ADB Public Sector Loan and (ii) Pre-payment of carbon credits (CERs) in ADB Carbon Fund.



Co-benefits: ADB and Agwaste Project



Co-benefits: ADB and Waste Management

Country: India

Project Name and Description: Composting CDM Project Bundles in Tamil Nadu, Rajasthan, Punjab and Kerala

Local Benefit:

- Removal and treatment of organic fraction in MSW waste stream
- Production of high quality fertilizers and avoidance of synthetic fertilizers (and associated GHGs)
- Extend life of existing landfill operations
- Improves local air quality, vermin management, health
- Creation of employment and skills for workers and working conditions
- Technology transfer

Global Benefit: reduce over 300,000 tCO₂e per year.



ADB Compost Projects

ADB



ADB Compost Projects

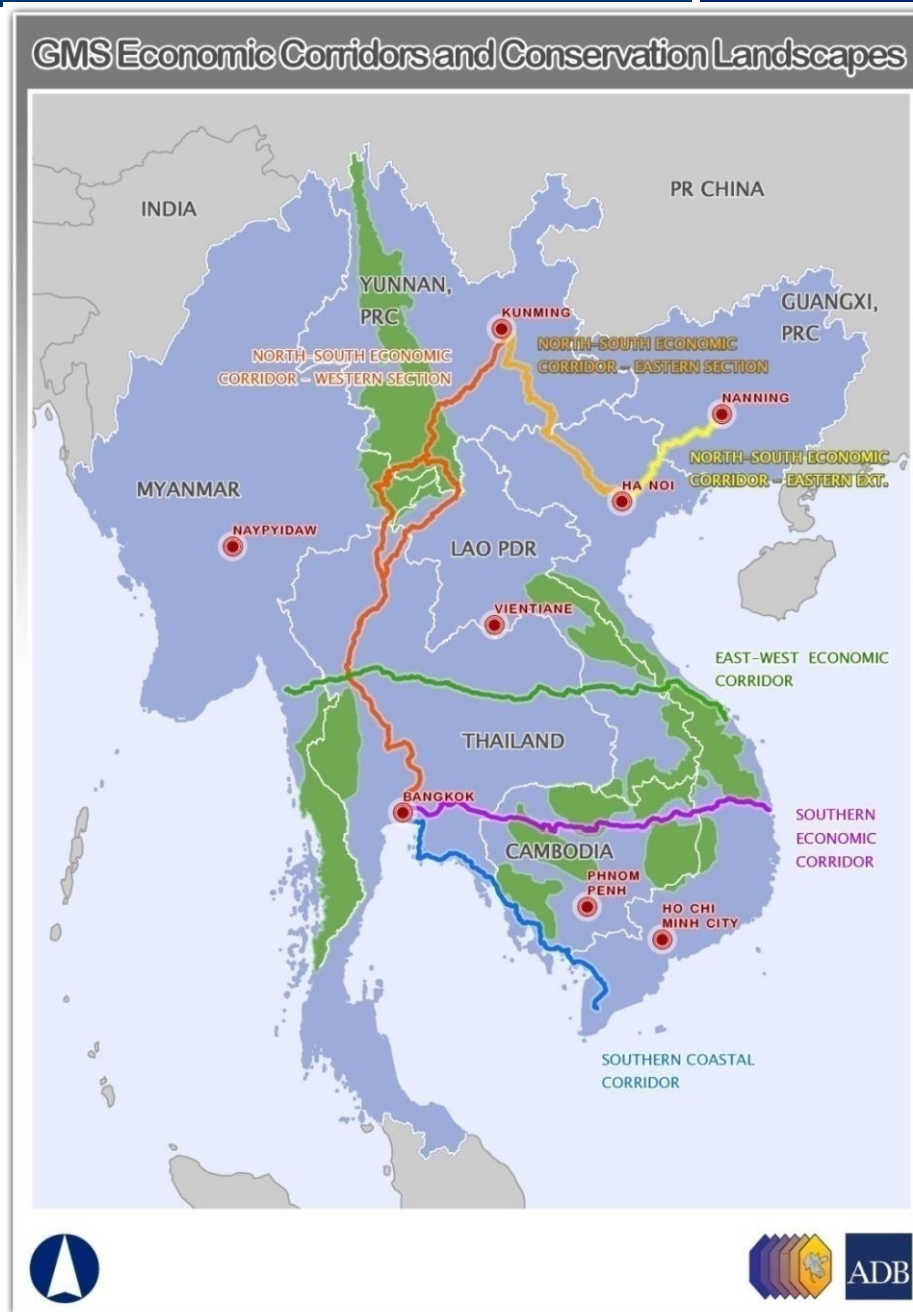


Greater Mekong Subregion (GMS): Core Environment Program (CEP)/Biodiversity Conservation Corridor Initiatives (BCI):

- BCI provides a platform for optimizing environmental management and developmental co-benefits

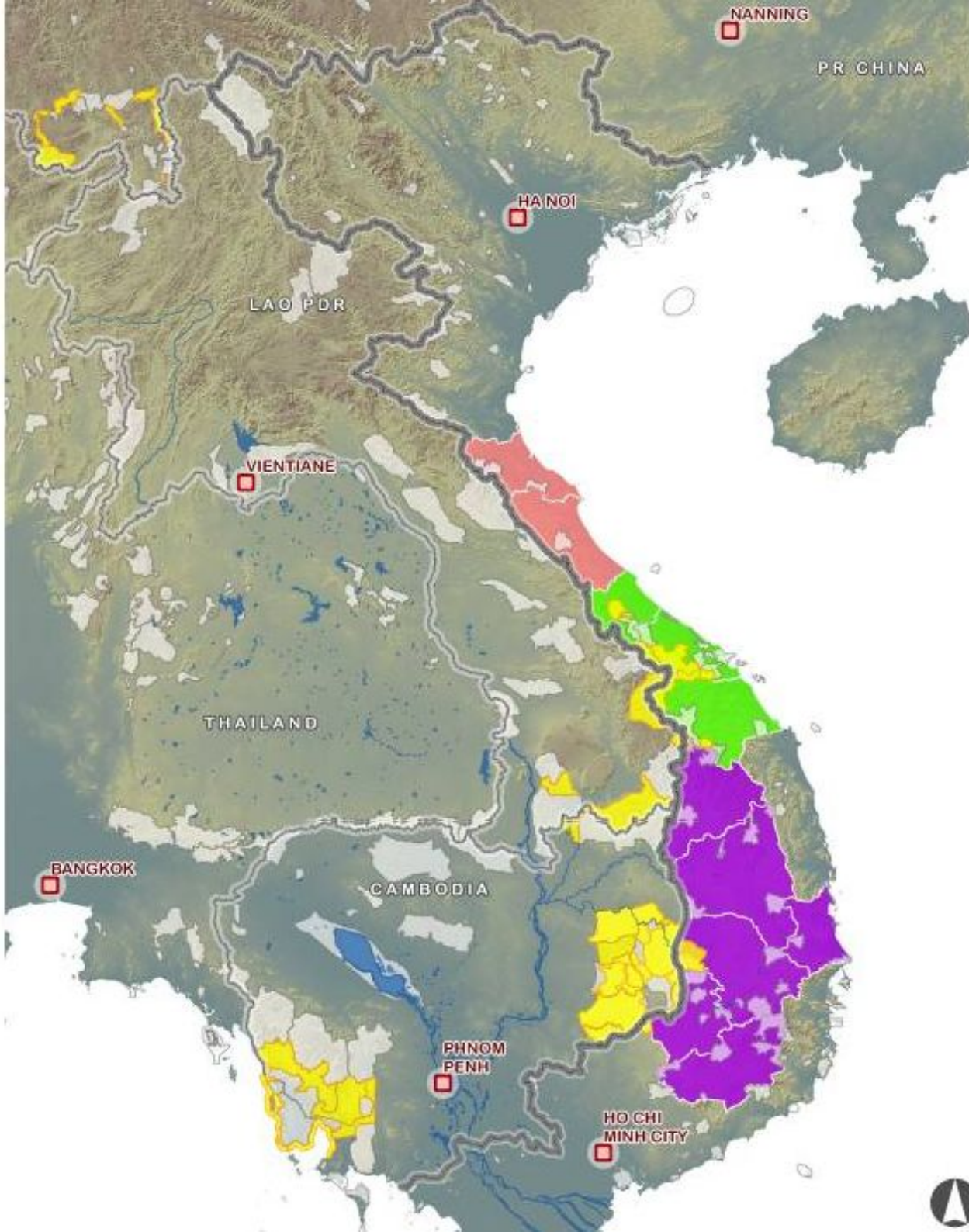
Co-benefits:

- Protection of ecosystem services (corridors as gene pools, protection of water resources, developmental infrastructure)
- Landscape/eco-regional planning for increased climate change resiliency and reduced socio-ecological vulnerability
- Pro-poor benefit sharing models for **local /community levels**
- Aligning global targets (MDGs- Goal 1 and 7) with national commitments (e.g. UNFCCC, CBD)



- Institutionalization of pro-poor conservation and livelihood improvement through social mobilization for improved natural resource asset management and utilization
- Payment for Ecosystem Services including payment for environmental protection and management services to local communities within BCI landscapes
- REDD preparedness: aligning global mechanisms with subregional, national and local planning frameworks to optimize benefit sharing
- Leveraging Strategic Environmental Assessments (SEAs) to facilitate internalization of co-benefits in development infrastructure and conservation investment plans

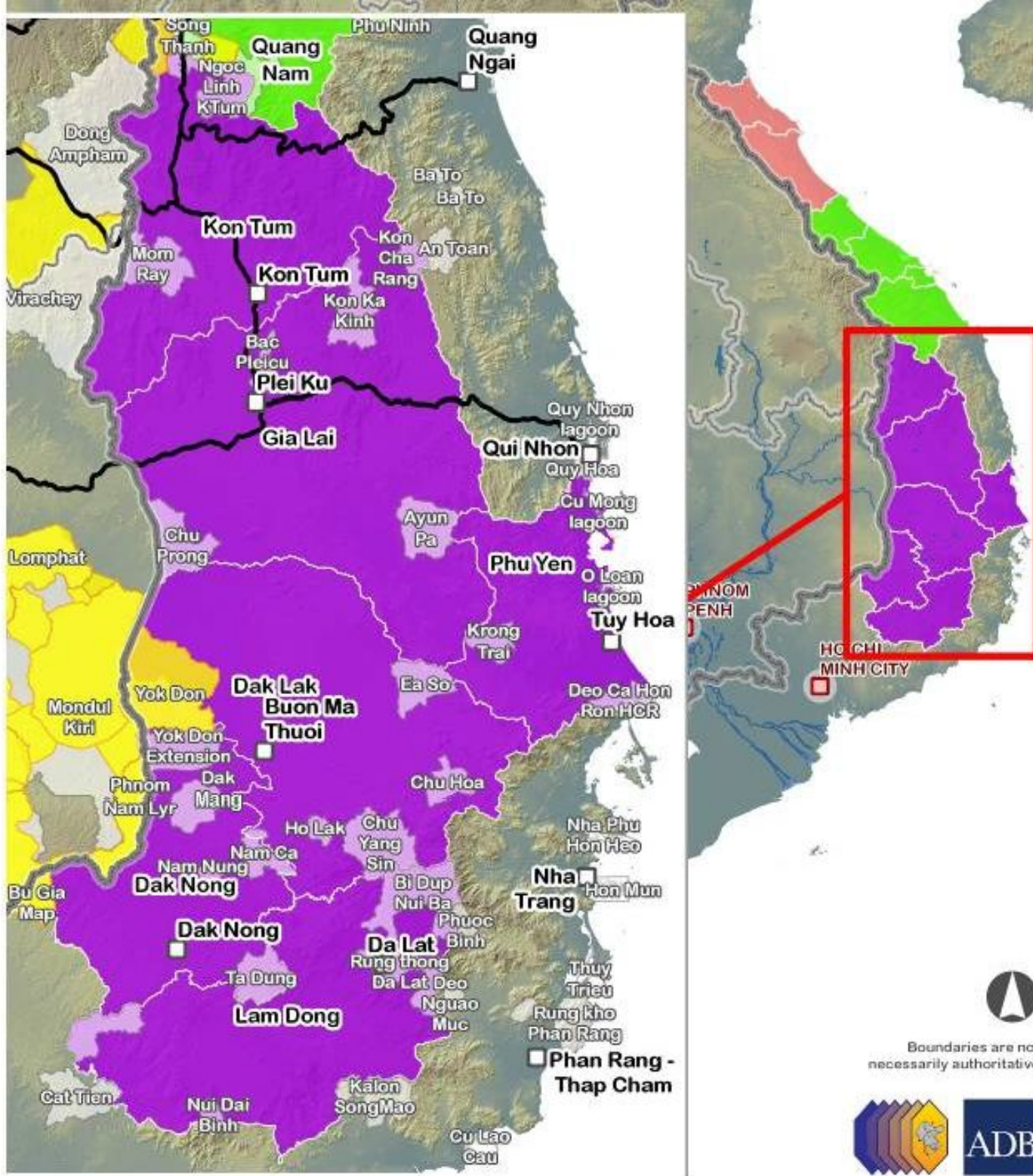




FLITCH:
Forest Sector and Biodiversity
Investments in the Annamites

Viet Nam

- Central Highlands, FLITCH (6 Provinces)
- BCI (Central Annamites) 2 Provinces plus 1 (Thu Thien Hue - GEF Green Corridor)
- Potential future linkage Nakai/Nham Theun 2 and Ha Tinh Province (Northern Annamites)



FLITCH in Central Highlands - ADB Loan with Trust Fund for Forests Co-financing

- Forest Sector investment
- Livelihood plantations
- Forest Sector capacity building and management
- Biodiversity and Forest Protection measures
- Lam Dong Biodiversity Corridor piloting

4. How to apply Co-benefits Approach



How to apply the co-benefits approach

Step 1 – Define primary project objectives. Take note of:

- local/global relevance
- long term/short term impacts

Step 2 - Scan the project design for potential co-benefits and trade-off with climate and other objectives.

Step 3 – Are there other policies/projects taking place with the co-benefits as focus?

eg. Bus Rapid Transit (BRT) project

Step 1 – Provide mass transit options to public using BRT

Step 2 – Co-benefits:

- reducing air pollution
- cheaper transport for poor and people with disabilities

Trade –off:

- less road space for cars
- biodiesel/biofuel buses may have air pollutant/land use implications

Step 3 – Electric vehicles project to reduce air pollution and oil dependence



How to apply the co-benefits approach

Step 4 – What additional measures can be added/included in the project to either maximize co-benefits or minimize trade-offs?

Step 4 – Electric buses can be powered by electricity coming from clean fuels (renewables)

Step 5 - how co-benefits of project can be measured with considerations for technical and cost feasibility?
Other indicators?

Step 5 – monitor fuel savings, correlate with air quality data

Note: if you can't measure quantitatively, the project/policy should still aim to maximize the co-benefits other than GHGs



For inquiries please email:

climatechange@adb.org

Or visit our website at:

www.adb.org

Thank you!

