BILLIONS OF pounds are being wast-ed in paying industries in developing countries to reduce climate change em-issions, according to two analyses of the UN's carbon offsetting programme. Leading academics and watchdog
groups allege that the UN's main offset fund is being routinely abused by chemical, wind, gas and hydro compa-nies who are claiming emission reduc-

tion credits for projects that should not qualify. The result is that no genuine pollution cuts are being made, under-mining assurances by the UK govern-ment and others that carbon markets are dramatically reducing greenhouse gases, the researchers say.
The criticism centres on the UN's cl-
ean development mechanism (CDM),
an international system established by
the Kyoto process that allows rich cou-
ntries to meet emissions targets by fu-
nding clean energy projects in devel-

EVERETT KENNEDY BROWN/AP

An overview of the G-8 Environment Ministers' Meeting in Kobe, western Japan.

oping nations.
Credits from the project are being
bought by European companies and
governments who are unable to meet
their carbon reduction targets.
The market for CDM credits is grow-
ing fast. At present it is worth nearly $20bn a year, but this is expected to grow to over $100bn within four years. More than 1,000 projects have so far been approved, and 2,000 more are

making their way through the process. A working paper from two senior
Stanford University academics exam-ined more than 3,000 projects applying for or already granted up to $10bn of credits from the UN's CDM funds over the next four years, and concluded that the majority should not be considered for assistance. "They would be built anyway," says David Victor, law profes-sor at the Californian university "It

looks like between one and two thirds of all the total CDM offsets do not rep-resent actual emission cuts."
Governments consider that CDM is
vital to reducing global emissions un-der the terms of the Kyoto treaty. To earn credits under the mechanism, emission reductions must be in addi-tion to those that would have taken place without the project. But critics argue this "additionally" is impossi-ble to prove and open to abuse. The Stanford paper, by Victor and his colleague Michael Wara, found that nearly every new hydro, wind and nat-ural gas-fired plant expected to be built in China in the next four years is applying for CDM credits, even though it is Chinese policy to encourage these industries.
"Traders are finding ways of gain-
ing credits that they would never have had before. You will never know accurately, but rich countries are clearly overpaying by a massive amount," said Victor.
A separate study published this
week by US watchdog group Interna-tional Rivers argues that nearly three quarters of all registered CDM proj-ects were complete at the time of ap-proval, suggesting that CDM money was not needed to finance them.

The Guardian

John Vidal
London, May 26

'UN wastes climate funds'
Offset fund routinely abused by gas, wind, hydro and chemical companies, watchdog groups and experts say

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