Glossary

Adaptation
Actions taken to help communities and ecosystems cope with changing climate conditions, such as the construction of flood walls to protect property from stronger storms and heavier precipitation, or the planting of agricultural crops and trees more suited to warmer temperatures and drier soil conditions.

Additionality
According to the Kyoto Protocol, greenhouse gas emission reductions generated by CDM and JI project activities must be additional to those that otherwise would occur. Additionality is established when there is a positive difference between the emissions that occur in the baseline scenario (business as usual) and the emissions that occur in the proposed project.

Afforestation
Planting of new forests on lands that historically have not contained forests.

Annex I Parties
The countries listed in Annex I of the UNFCCC and in Annex B of the Kyoto Protocol.

Assigned Amount Unit (AAU)
The quota of Annex I parties' permissible emissions under the Kyoto Protocol.

Bagasse
The fibrous residue left after crushing sugarcane.

Baseline
The emission of greenhouse gases that would occur without the contemplated policy intervention or project activity.

Biomass Fuel
Energy sources that are renewable as long as the vegetation producing them is maintained or replanted, such as firewood, alcohol fermented from sugar, and combustible oils extracted from soy beans. Their use in place of fossil fuels cuts greenhouse gas emissions because the plants that are their sources recapture carbon dioxide from the atmosphere.

Carbon Asset
The potential of greenhouse gas emission reductions that a project is able to generate and sell.

Carbon Finance
Resources provided to projects generating (or expected to generate) greenhouse gas (carbon) emission reductions in the form of the purchase of such emission reductions.

Carbon Finance Document (CFD)
A project document, which contains a more advanced project description than the project idea note, including financials, is submitted by the project sponsor and reviewed by the Carbon Finance Unit, which submits it for clearance to the Fund Management Committee (in the case of the PCF) and the respective Participants' Committees.

Carbon Market
A popular term for a trading system through which countries may buy or sell units of greenhouse gas emissions in an effort to meet their national limits on emissions, either under the Kyoto Protocol or under other agreements. The term comes from the fact that carbon dioxide is the predominant greenhouse gas and other gases are measured in units called "carbon dioxide equivalents."

Certification
In relation to emission reductions, certification is the written assurance by an independent third party or designated operational entity that, during a specific time period, a project achieved the reductions in emissions by sources or the removal of greenhouse gases by sinks.

Certified Emission Reduction (CER)
A unit equal to one metric ton of carbon dioxide equivalent, which may be used by Annex I parties towards meeting their binding emission reduction commitments under the Kyoto Protocol.

Clean Development Mechanism (CDM)
The mechanism provided by Article 12 of the Kyoto Protocol, designed to assist developing countries in achieving sustainable development by permitting industrialized countries to finance projects for reducing greenhouse gas emissions in developing countries and receive credit for doing so.

Glossary *continued*

CDM Executive Board

A 10–member panel elected at COP7, which supervises the CDM.

Community Benefits

Community benefits are identifiable and quantifiable improvements in the quality of life of a local group of people who are identified by the trustee and the project entity as in the vicinity of or affected by a CDCF project.

Conference of the Parties (COP)

The supreme body of the UNFCCC. It meets once a year to review the Convention's progress.

Conference of the Parties/Meeting of the Parties (COP/MOP)

Conference of the Parties to the UNFCCC serving as the Meeting of the Parties to the Kyoto Protocol.

Designated National Authority (DNA)

An office, ministry, or other official entity appointed by a Party to the Kyoto Protocol to review and give national approval to projects proposed under the CDM.

Emission Reduction (ER)

The measurable reduction of release of greenhouse gases into the atmosphere from a specified activity or over a specified area and a specified period of time.

Emission Reductions Purchase Agreement (ERPA)

Agreement which governs the purchase and sale of emission reductions.

Flexible Mechanisms

Three procedures established under the Kyoto Protocol to increase the flexibility and reduce the costs of making greenhouse gas emissions cuts; they are the Clean Development Mechanism, International Emissions Trading and Joint Implementation.

G8 Gleneagles Summit

The G8 Summit at Gleneagles that took place in summer of 2005 focused among other issues on the problem of climate change. The World Bank was asked to take a leading role to work with partners in the creation of a new, long-term oriented investment framework for clean energy and sustainable development.

Greenhouse Gases (GHGs)

These are the gases released by human activity that are responsible for climate change and global warming. The six gases listed in Annex A of the Kyoto Protocol are carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_20). Less prevalent—but very powerful—greenhouse gases are hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).

Green Investment Scheme

A financing mechanism in which the proceeds from emissions trading under the Kyoto Protocol are reinvested in projects in the host country's economy with the objective of further reducing emissions.

HFC–23 (trifluoromethane)

Greenhouse gas that has 11,700 times the global warming potential of carbon dioxide and is a by-product in the manufacturing process of HCFC22, used in air conditioning and refrigeration.

Host Country

The country where an emission reductions project is physically located.

Host Country Committee (HCC)

The committee known as the Carbon Finance Host Country Committee established by the World Bank for the purposes of facilitating interaction between the host countries and the Bank in relation to the development and operation of CDM projects.

Intergovernmental Panel on Climate Change (IPCC)

Established to assess scientific, technical and socio-economic information relevant for the understanding of climate change, its potential impacts and options for adaptation and mitigation.

International Development Association (IDA)

One of five institutions comprising the World Bank Group, which focuses exclusively on the world's poorest countries.

International Emissions Trading

International Emissions Trading as defined in Article 17 of the Kyoto Protocol is an allowance-based system that permits Annex I parties to buy or sell among each other any

Glossary *continued*

"part of an assigned amount," which is also referred to as a collection of assigned amount units.

Joint Implementation (JI)
Mechanism provided by Article 6 of the Kyoto Protocol, whereby Annex I parties may acquire emission reductions when they help to finance projects that reduce net emissions in another industrialized country (including countries with economies in transition).

Kyoto Protocol
The Kyoto Protocol, an international and legally binding agreement to reduce greenhouse gas emissions worldwide, entered into force on February 16, 2005.

Land Use, Land-Use Change, and Forestry (LULUCF)
Refers to the impact of land use by humans—and changes in such land use—on greenhouse gas emissions: expanding forests reduce atmospheric carbon dioxide; deforestation releases additional carbon dioxide; various agricultural activities may add to atmospheric levels of methane and nitrous oxide.

Least Developed Countries (LDCs)
Least developed countries are countries (i) listed in the World Bank's IDA list of countries; (ii) countries commonly referred to as "IDA blend," with a population of less than 75 million; or (iii) countries designated as least developed countries by the United Nations.

Marrakesh Accords
Agreements reached at COP7 that set various rules for "operating" the more complex provisions of the Kyoto Protocol. Among other things, the Accords include details for establishing a greenhouse gas emissions trading system, implementing and monitoring the Protocol's CDM and setting up and operating three funds to support efforts to adapt to climate change.

Methodology Panel
The CDM Executive Board at its fourth meeting held on June 9 to 10, 2002, in Bonn agreed to establish a Methodology Panel, which develops recommendations to the Board on guidelines for methodologies for baselines and monitoring plans.

Mitigation
Actions to cut net emissions of greenhouse gases and so reduce global warming potential. Examples are using fossil fuels more efficiently for industrial processes or electricity generation, switching to solar energy or wind power, improving the insulation of buildings and expanding forests and other "sinks" to remove greater amounts of carbon dioxide from the atmosphere.

Monitoring Plan
A set of requirements for monitoring and verifying of emission reductions achieved by a project.

Project Idea Note (PIN)
A document prepared by a project proponent regarding a project proposed for the World Bank's carbon funds. The PIN is set forth in a format provided by the Carbon Finance Unit and available on its website http://carbonfinance.org

Reforestation
Replanting of forests on land that was previously forested but subsequently converted to other use.

Registration
The formal acceptance by the CDM Executive Board of a validated project as a CDM project activity.

Sequestration
The process of capturing carbon dioxide in a manner that prevents it from being released into the atmosphere for a specified period of time.

Small-Scale Projects
Projects that are compatible with the definition of "Small-Scale CDM Project Activities" set out in decision 17/CP.7. by the Conference of Parties to the UNFCCC.

Sustainable Development
Development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

Ton of Carbon Dioxide Equivalent (tCO_2e)
The universal unit of measurement used to indicate the global warming potential of each of the six greenhouse gases. Carbon dioxide—a naturally occurring gas that is a byproduct of burning fossil fuels and biomass, land-use

Glossary *continued*

changes and other industrial processes—is the reference gas against which the other greenhouse gases are measured.

Trustee

The World Bank, acting not in its individual or personal capacity but solely in its capacity as trustee of the Fund.

United Nations Climate Change Secretariat

The main functions of the secretariat are to make practical arrangements for sessions of the Convention bodies, to assist Parties in implementing their commitments, to provide support to on-going negotiations and to coordinate with the secretariats of other relevant international bodies, notably the Global Environment Facility (GEF) and its implementing agencies (UNDP, UNEP and the World Bank), the Intergovernmental Panel on Climate Change (IPCC) and other relevant conventions.

United Nations Framework Convention on Climate Change (UNFCCC)

The international legal framework adopted in June 1992 at the Rio Earth Summit to address climate change. It commits the Parties to the UNFCCC to stabilize human induced greenhouse gas emissions at levels that would prevent dangerous manmade interference with the climate system. In December 1997, the Parties to the UNFCCC adopted the Kyoto Protocol. In February 2005, the Kyoto Protocol entered into force thus becoming a legally binding instrument.

Validation

The assessment of a project's project design document, which describes its design, including its baseline and monitoring plan, by an independent third party before the implementation of the project against the requirements of the CDM.

Verification

The periodic independent review and ex post determination by an independent third party of the monitored emission reductions that have occurred as a result of a registered CDM project activity during the verification period.

Verified Emission Reduction (VER)

A unit of greenhouse gas emission reductions generated from either CDM or JI projects and verified by the Designated Operational Entity and measured in metric tons of carbon dioxide equivalent.

Acronyms

AAU	Assigned amount unit
CDM	Clean Development Mechanism
CER	Certified emission reduction
CFD	Carbon finance document
CF-SEA	Carbon finance to support sustainable energy services in Africa
CFU	Carbon finance unit
CMM	Coal mine methane
COP	Conference of the Parties
COP/MOP	Conference of the Parties/Meeting of the Parties
DNA	Designated national authority
EB	Executive Board
EIB	European Investment Bank
ER	Emission reduction
ERPA	Emission reductions purchase agreement
EU ETS	European Union Emissions Trading Scheme
FaL-G	Fly ash-Lime-Gypsum
GHG	Greenhouse gases
HCC	Host Country Committee
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IETA	International Emissions Trading Association
IFC	International Finance Corporation
JI	Joint Implementation
LFG	Landfill gas
LULUCF	Land use, land-use change and forestry
N_2O	Nitrous oxide
PIN	Project idea note
PHRD	Japan's Policy and Human Resources Development Fund
tCO_2e	Tons of carbon dioxide equivalent
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
VSBK	Vertical shaft brick kiln
WBI	World Bank Institute