



Awareness Raising Workshop

Part 3: Country Specific Criteria

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Overview

- Sectoral Priorities
- Sustainable Development Criteria (SDC)
- Environmental impact assessment
- Sink specific requirements
- Evaluation criteria
- National guidelines to present project
- Approval Letter
- Memorandum of Understanding



Sectoral priorities

GREENHOUSE GASES EMISSION REDUCTIONS

| Energy | Industrial Processes | Agriculture | Waste |
|---|--|---|---|
| CO ₂ – CH ₄ - N ₂ O | CO ₂ – N ₂ O – HFCs – PFCs – SF ₆ | CH ₄ – N ₂ O | CH ₄ |
| Fuel combustion • Energy industries • Manufacturing industries • Construction • Transport • Other sectors Fugitive emissions from fuels • Solid fuels • Oil and natural gas | • Mineral products • Chemical industry • Metal production • Production and consumption of halocarbons and sulphur hexafluoride • Solvent use • Others | • Enteric fermentation • Manure management • Rice cultivation • Agricultural soils • Prescribed burning of savannas (cerrado) • Field burning of agricultural residues • Others | • Solid waste disposal • Wastewater handling • Waste incineration • Others |
| CO₂ Removals* | | | |
| Reforestation / Afforestation | | | |
| Remove: CO ₂ Emit: CH ₄ – N ₂ O – CO ₂ | | | |

* Removals by sinks can be used to meet the commitments assumed, as authorized by Decision 17/CP.7 of the Marrakech Accords. Even though there are greenhouse gas emissions, the net result is removal.

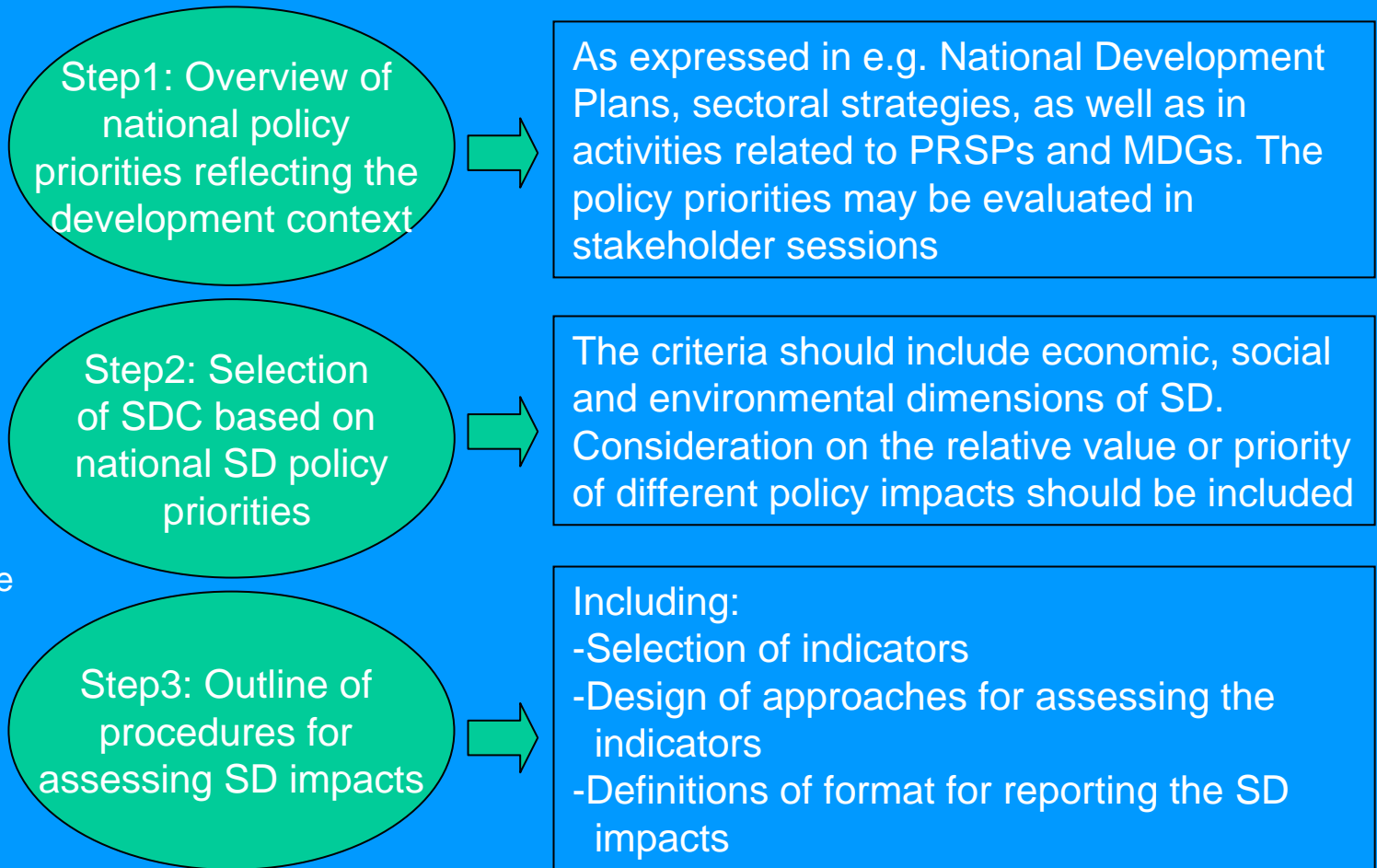


Sustainable Development

- "The purpose of the CDM shall be to assist Parties not included in Annex I in achieving sustainable development...."
Art. 12.2 KP
- "*Affirming* that it is the host Party's prerogative to confirm whether a clean development mechanism project activity assists it in achieving sustainable development"



Major steps in assessing SD of CDM projects



Source: UNEP:
CDM Sustainable
Development
Impacts



National SD Objectives

- Does a sustainable development agenda, a National Action Plans for social and economic development, sustainable development programs or national environmental plans exist?
- What are the Sustainable development objectives?
- Is there a need for a stakeholder session?



Examples for SD Criteria

For more details see: UNEP: CDM SD Impact

- **Economic dimension:**

- generate employment

- reduce economic burden of energy inputs

- **Social dimension**

- increase equity

- education and training

- **Environmental dimension**

- local environmental benefits e.g. air pollution, water, soil, waste



Procedure of assessing impacts (from Brazil)

Project proponent has to demonstrate, whether and how the project will contribute to:

- **local environmental sustainability:** Assess the mitigation of local environmental impacts (e.g. on water) caused by the project. **Indicator:** water quality
- **distribution of income:** Assess the direct and indirect effects of the quality of life of low-income population, noting the socio-economic benefits provided by the project. **Indicator:** e.g. earned income
- **development of working conditions and net job creation:** Assess the commitment of the project to social and workplace responsibilities, health, and education programs. **Indicator:** additional jobs



Environmental Impact Assessment

- Marrakech Accords: "Project participants have submitted to the accredited independent entity documentation on the **analysis of the environmental impacts** of the project activity, including transboundary impacts, in accordance with **procedures** as determined by the **host Party**, and, if those **impacts** are considered **significant** by the project participants or the host Party, have undertaken an **environmental impact assessment** in accordance with procedures as required by the **host Party**."



Special requirements for sink projects

- What social impacts will have to be checked?
- What economic impact will have to be checked?
- How to treat projects which involve genetic modified organisms (GMOs)



Environmental Impacts

- What are the requirements of an environmental impact analysis?
- What is the relation between the environmental impact analysis and the environmental related sustainable development criteria?
- Are there national rules for environmental impact assessment? (if not see international funding agencies)
- For which project types should an environmental impact assessment be required?



International evaluation criteria

- Eligibility of the project activity
- Additionality
- Measurability (permanence)
- Externalities (leakage, risks)
- Monitoring plan



National evaluation criteria

- Compliance with relevant policy and regulatory regimes (national, sectoral, local scope)
 - Sustainable development objectives
 - Political and legal framework
- Environmental (socio-economic) impacts
- Financial Review
 - Cost assessment
 - Use of official development aid
- Technical and institutional feasibility
 - Management capacity, infrastructure, technology transfer



Approval Letter (i)

- Confirmation that project assists in achieving SD
- Confirmation of voluntary participation
- Statement that DNA is authorized body to issue CDM Letters of Approval
- Host Country has ratified Kyoto Protocol



Approval Letter (ii)

- In case of Sale of CERs the DNA:
 - Authorizes the participation of project participants in the CDM project
 - States that the transfer of CERs will be free of any taxes or levies by host country
 - Endorses the further development of CDM projects and commits itself to cooperate and provide necessary assistance for validation, registration, verification, certification and issuance of credits
 - States that project is in compliance with relevant host country national laws
 - Recognizes the rights of Project Proponent for CERs
 - Authorization of transfer of CERs to the CER purchase



Memorandum of Understanding - Aim

- Facilitate investments in CDM by affirming to:
 - Express the political will that the Parties will co-operate under the Kyoto Protocol
 - Make CDM approval easier
 - Exchange information and views



Memorandum of Understanding - Content

- Preamble: who is who, expression of political-will
- Scope of activities / Project types
- Overall aim of activities
- General principles, coordination between the Parties and framework cooperation structure



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Part 4: Action Plan

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Overview: Action Plan

- Objectives and role of DNA
- Structure of the DNA
- Funding Issues
- Approval process
- Time table and responsibilities



Main Mission and Objective of DNA

- Evaluate CDM projects
- Ensure Stakeholder participation
- Approve CDM projects – Letter of Approval
- Further functions?



Other functions of the DNA

- Manage Information Database
- Information Dissemination and Training
- Support Policy Development
- Support Project Development (MoU)
- Support Operational Entities
- Support Credit Sharing
- Marketing



Official Status and legal framework

- Does the DNA has an official status (legislation, ministerial decree etc.)?
- Which statements are included (who, how, what, where)?
- What is the legal framework for foreign investment (taxation, foreign participation in domestic companies, rules for foreign owned power generation, constructing permits)



Structure of the DNA

- Same institution for DNA and National Focal Point?
- Public, private, non-profit, mixed?
- What is the preferred structure?
 - Single government department model
 - Two tier (Board – Secretariat)

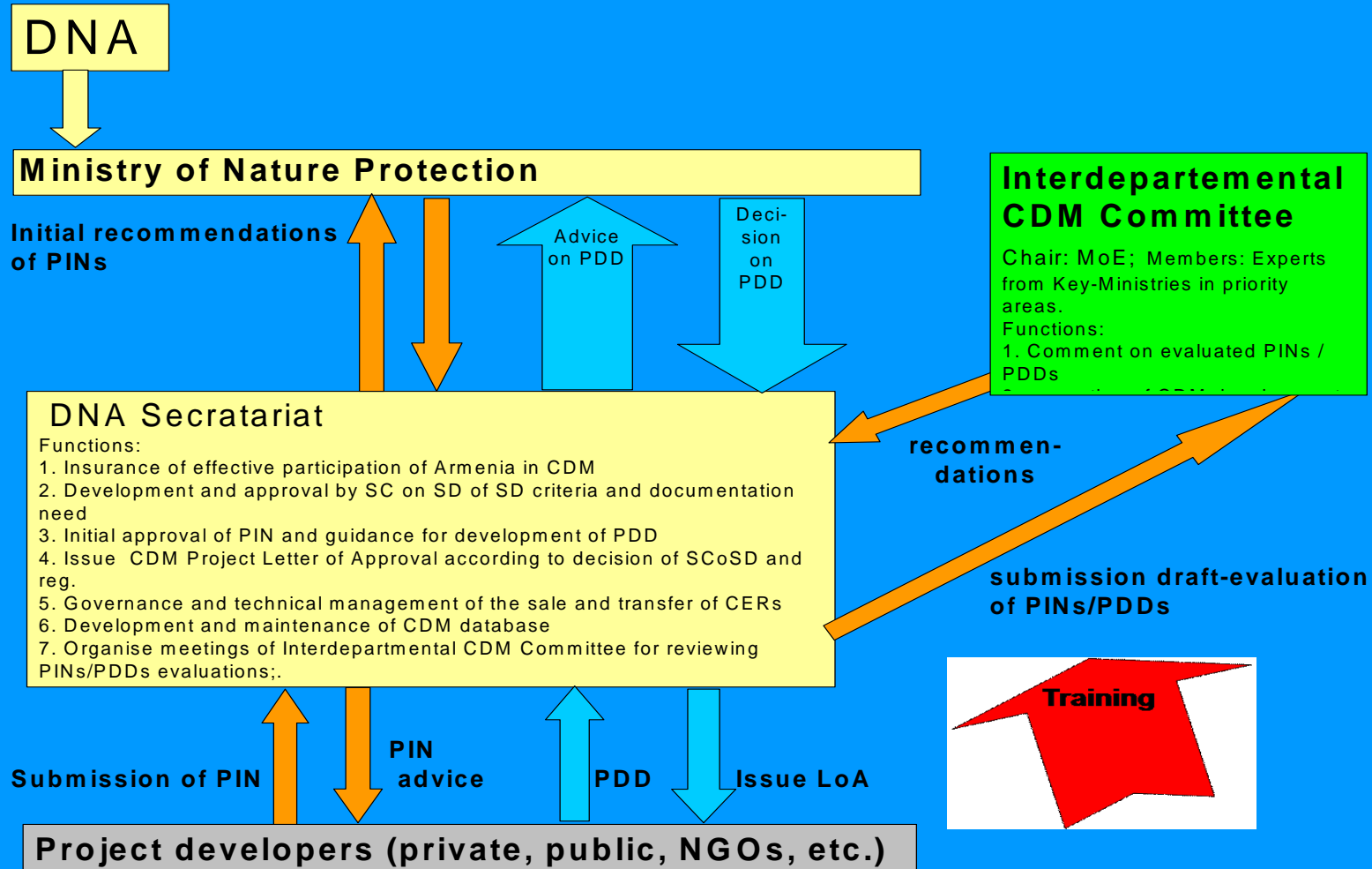


Parties to be involved?

- Which Ministries?
- Which private sector associations?
- Which non-governmental institutions?
(Universities, environmental NGOs)
- Who will be the leading institution for final approval?



Proposed DNA structure





Proposed national process

Project Idea Note (PIN)

Preliminary Approval of PIN

Project Design Document

Checks conformity with:
* Sustainable Development,
* Environmental Impact Analysis,
* Voluntary participation
* Consultation on project

Official Approval of PDD

Project Design Document

Validation...

Project participant

**Interdepartmental
CDM Committee**

DNA Secretariat

Project participant

**Interdepartmental
CDM Committee**

DNA Secretariat

**Operational Entity (OE)
CDM Executive Board**



Questions related to approval process (I)

- Who develops and approves the national criteria (SD, EIA etc.)?
- Which expertise is necessary in DNA-secretariat and other key-ministries (depends on only core-tasks or also unilateral CDM project development)?
- What other functions should/could be included in the DNA (besides the core-tasks)?



Questions related to approval process (II)

- What are the estimated costs of the DNA and how will it be financed?
 - Interdepartmental resources?
 - Donor financing?
- How much time should the approval process take?
 - Avoid unnecessary bureaucracy!!!
 - Think about investor interest!!