



**MINISTRY FOR SUSTAINABLE DEVELOPMENT
VICEMINISTRY FOR NATURAL RESOURCES AND THE
ENVIRONMENT
NATIONAL PROGRAM ON CLIMATE CHANGE
NATIONAL CLEAN DEVELOPMENT OFFICE**

HALF-YEAR REPORT 001/2003

Name of the project: "CAPACITY BUILDING FOR THE CLEAN DEVELOPMENT MECHANISM (CDM)"

Project Code: 1215103-20/CDM
Phase of the Project: implementation of Activities
Lifetime: 3 years (up to December 2005)
Implementing Agency: NATIONAL PROGRAM ON CLIMATE CHANGE –
NATIONAL CLEAN DEVELOPMENT OFFICE

Date of Report: 14th July 2003
Period in Report: From: 1st January 2003
To: 30th June 2003

1.- Background:

The Kyoto Protocol to the UN Framework Convention on Climate Change has established, among the so-called flexibility mechanisms, the Clean development Mechanism (CDM). It is expected that developing countries could benefit from CDM not only by the investment initiatives that could be executed through the Mechanism itself, but also through the requirement for CDM projects to reduce greenhouse gas emissions while, at the same time, promoting sustainable development objectives.

With the purpose of setting up the institutional framework required to comply with the steps of the CDM project cycle, the Government of de Bolivia has established its National Clean Development Office (NCDO). The main objective of the NCDO is to design and implement a regulatory framework in line with the rules and procedures defined for the CDM. This implies acquiring new skills, new organization levels and, in general, the capacity to coordinate de the participation of heterogeneous actors in the CDM process.

With the financial support of the Government of the Netherlands, the UN Environment Program de has launched the Project for "Capacity Development for the CDM". The UNEP Collaborating Centre on Energy and Environment (UNEP/RISØ) is the agency appointed by UNEP to implement this Project.

2.- General Purpose and Objectives under the Cooperation Agreement:

The Project will assist in the implementation of activities of reduction of greenhouse gas (GHG) emissions, in line with the national goals of sustainable development, in particular in the energy sector. The Project aims to: 1) generate, in participating developing countries, a broad understanding of the opportunities offered by the CDM; and 2) developing the necessary institutional and human capacities to formulate and implement projects under the CDM.

General Objective

To enhance the abilities and improve the capacities to: 1) define the regulatory framework to sustain CDM activities in the country, 2) identify eligible projects for the CDM, 3) formulate investment plans, 4) validate projects for the CDM, and 5) monitor and report about the results of CDM activities.

Specific Objectives

- 1) Establish a national agency for the CDM (the NCDO) fully operational, equipped with the necessary human and material means, with clear mandates and political support to manage the different steps in the CDM project cycle (Activities 1 and 7 of the Terms of Reference).
- 2) Define a set of clear and consistent rules, procedures and criteria, to constitute the regulations and the regulatory framework for the life cycle of CDM projects. This includes the formulation and selection of projects, validation, monitoring, verification, report, and the distribution of CER units (Activities 2, 3 and 4 of the terms of Reference).
- 3) To promote the establishment of a national market of CDM projects, including a project portfolio and a private sector interested in developing, finance and implementing projects eligible to the CDM (Activities 5, 6, 8 and 9 of the TOR).

3.- Processes and activities undertaken in the period under report.

- Objective 1:

- o Definition of procedures for the hiring process of the consultants attached to the NCDO - Definition of Terms of Reference for the following tasks: **a)** analysis of the legal framework for investments in Bolivia; **b)** development of the basic elements of the information system; **c)** formulation of essential elements for the National Strategy for the CDM
- o First draft of rules of procedure of the NCDO, with a consistency analysis.
- o Launch of the Working Group on CDM Forestry Issues; Distribution of materials for the Group's work.
- o Technical support in the negotiations at the Framework Convention on Climate Change, in the issue of modalities for the inclusion of LULUCF activities in the CDM, with assistance to three informal international meetings and one formal international session (18th Session of the Subsidiary Bodies of the Convention).

- Objective 2:

- o First Technical Consultation of the First Draft Project for the Carbon Law, collection of suggestions and adjustments, and interaction with the Technical Unit for Economic Policy, Ministry of the Presidency, for technical inputs.
- o Approval of terms of reference for the Guide of CDM Projects, proposed for its co-financing to the Andean Financing Corporation (CAF).

- Objective 3:

- o Reception, processing and technical assistance to the following projects: AyP of Sucre (energy efficiency); Tahuamanu / Isla Marine, in Pando (Establishment of a hydroelectric facility); CETEFOR project in the Chapare region (afforestation / reforestation); Inquisivi Project (afforestation / reforestation); Enhancement of the Santa Isabel Central, Empresa Corani (energy efficiency); Projects of Energy Generation from methane emissions, La Paz, Cochabamba and Santa Cruz landfills, and others.

4.- Activities undertaken and planned

In line with the work program of the Project for Capacity Development for the CDM and the document of description of activities for the year 2003, issued on 26th March 2003, and submitted to the regional coordinators of the Project (the Bariloche Foundation), the attached table describes the tasks implemented for each activity and those tasks still pending for the second half of the year. It is necessary to highlight that there was a delay in the launch of the del project, since

the resources destined to the project were not available until the month of April, as detailed in the en la point related to implementation problems.

ACTIVITY	ACTIONS EXECUTED ON THE FIRST SEMESTER	ACTIONS PENDING FOR THE SECOND SEMESTER
1.1. Consolidation of the National Clean Development Office	<ul style="list-style-type: none"> • Operations were launched with the hiring of the Coordinator • Preparation of terms of reference for consultants • First consistency analysis of the rules of procedure • Consultations with public and private institutions on institutional arrangements and capacity building necessities • Set-up of the Forestry Working Group 	<ul style="list-style-type: none"> • Consolidation of the hiring of an Assistant in Marketing and Project Promotion • Hiring of the remaining consultancies defined by TOR • Last revision and technical validation • Approval by internal regulation • Contacts with economic and financial sectors • Follow-Up of the work of the Forestry Working Group • National Informative Workshops
1.2. Analysis of the legal framework for investments in the CDM	<ul style="list-style-type: none"> • Consistency Analysis of the First Draft Project of the Carbon Law • First Technical Consultation of the Draft Project • Adjustments and suggestions collected 	<ul style="list-style-type: none"> • Review of regional norms and regulations • Analysis of local circumstances • Identification of potential sources of conflict with existing norms
1.3. Project Evaluation and approval mechanisms	<ul style="list-style-type: none"> • Manual for project submission in first review • Approval of TOR for the CDM Project Formulation Guide, proposed to be co-financed by CAF. 	<ul style="list-style-type: none"> • Identification of indicators and criteria • Technical consultation at the MSD for the establishment of national procedures for evaluation and approval of projects
1.4. Establishment of an information centre and clearinghouse	<ul style="list-style-type: none"> • TOR finished for the development of ground elements for the information system 	<ul style="list-style-type: none"> • Identification of existing information levels of the relevant institutions • Design of the preliminary proposal on the information system structure
1.5. Formulation of a CDM policy and strategy	<ul style="list-style-type: none"> • Design of TOR for hiring the Strategy coordinator 	<ul style="list-style-type: none"> • Hiring of the consultant • Start of the definition of strategy elements
1.6. Technical support in climate change negotiations	<ul style="list-style-type: none"> • Analysis of negotiation documentation • Drafting of national submissions on the CDM • Participation in Inter. – sesional consultations • Assistance to official events (SBSTA 18) 	<ul style="list-style-type: none"> • Analysis of national positions on LULUCF • Analysis of Draft Negotiation Document on LULUCF - CDM • Follow-Up on the Executive Board work • Participation in inter – sesional informals • Assistance to COP9
1.7. Capacity – building	<ul style="list-style-type: none"> • National Workshop for Consultation of the Carbon Law • Technical support provided by UCC/FB team in May 2003 Mission • Interaction with the Project of Dutch Cooperation to 	<ul style="list-style-type: none"> • One National Workshop on strategic definitions in November 2003. • Capacity building workshops on the CDM project cycle, approximately in September, in coordination with the Dutch Cooperation Project

ACTIVITY	ACTIONS EXECUTED ON THE FIRST SEMESTER	ACTIONS PENDING FOR THE SECOND SEMESTER
	<p>implement a course on Project formulation</p> <ul style="list-style-type: none">• Participation of a member of the NPCC team in the Regional Course on Scenarios and Methods for Prospective Analysis, San Carlos de Bariloche, June.	<ul style="list-style-type: none">• Assistance to the Regional Seminar on Sustainable Development Frameworks for CDM Projects, Buenos Aires, September 2003

5.- Implementation problems:

The expected disbursement for the second phase of the current project only reached the UNDPO local office on the last week of March, due to which, the majority of the activities programmed for this year started to be implemented since the 1st April 2003, looking to recover the lost time at the launch of the project until December 2003. The lack of an assistant for project promotion and marketing for the project, envisaged in the phase of operative programming, delayed some indispensable processes, since the bulk of the work was supported by the work of the Project Coordinator.

La Paz, 14th July 2003.