

Sustainable Development Benefits of CDM Projects

- An international perspective on project approval and monitoring issues

Karen Holm Olsen

UNEP Risø Centre on Energy, Climate and Sustainable Development (URC)

Risø National Laboratory, P.O. Box 49, 4000 Roskilde, Denmark

E-mail: karen.olsen@risoe.dk, Phone: +45 4677 5135

Contents

- An international perspective on sustainability assessment of CDM projects
- Exampels of national project approval and monitoring procedures
- Lessons from Uganda
- Conclusion

An international perspective

Policy issues:

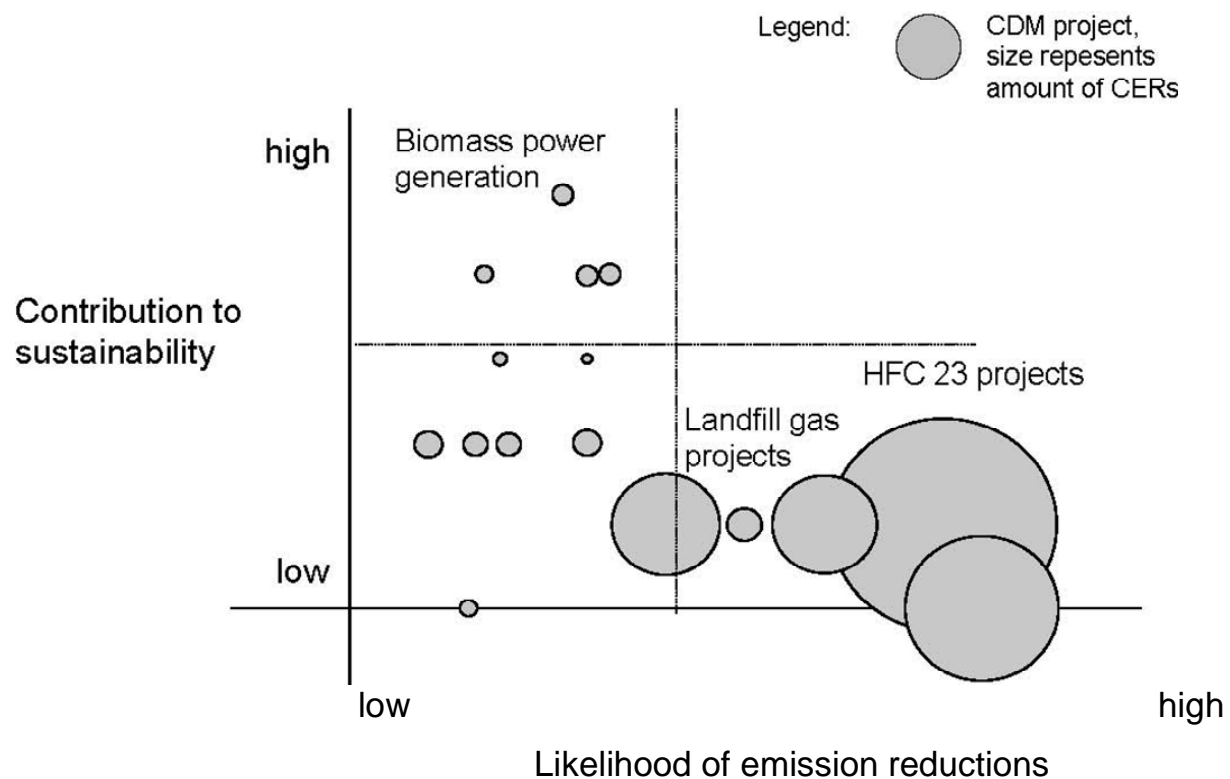
- The CDMs twin objective reflects political differences between the North and the South over framing CC as an environmental problem or a development problem
- In Marrakech 2001 at COP-7 it was decided approval of CDM projects SD contribution is the responsibility of host countries, i.e. DNAs
- Hence, definitions of SD vary from one country to another and no international standard exists

An international perspective

Research findings:

- Left to the market forces the CDM does not significantly contribute to SD (Olsen 2006)
- Trade-offs exist in favour of cost-effective reduction of GHGs (Sutter 2005)

Sutter 2005:



An international perspective

Initiative by UNEP, UNDP and IISD:

- Develop an international standard for sustainability assessment additional to national SD criteria to enhance the market value of CDM projects with a high DD

Examples of national project approval and monitoring procedures

	India	China
SD criteria	Checklist for: -social -economic -environmental -technological 'well-being'	Discrimination by project type: - priority areas: EE, RE, CH4 -gas-based approach: 2% tax on CERs from priority areas, 30% for N2O and 65% for HFCs and PFCs
Other eligibility criteria	None	-at least 51% Chinese ownership of enterprises -CER sales belong to the Chinese Government and project developers -revenue sharing by other entities forbidden
Documentation required	PDD + presentation: LoA	PIN: LoE PDD: LoA
Approval process and monitoring	-DNA is a single window clearance for LoA -max 60 days	-DNA issues LoE -DNA + Expert review + National CDM Board -> LoA -max. 60 days

Examples of national project approval and monitoring procedures

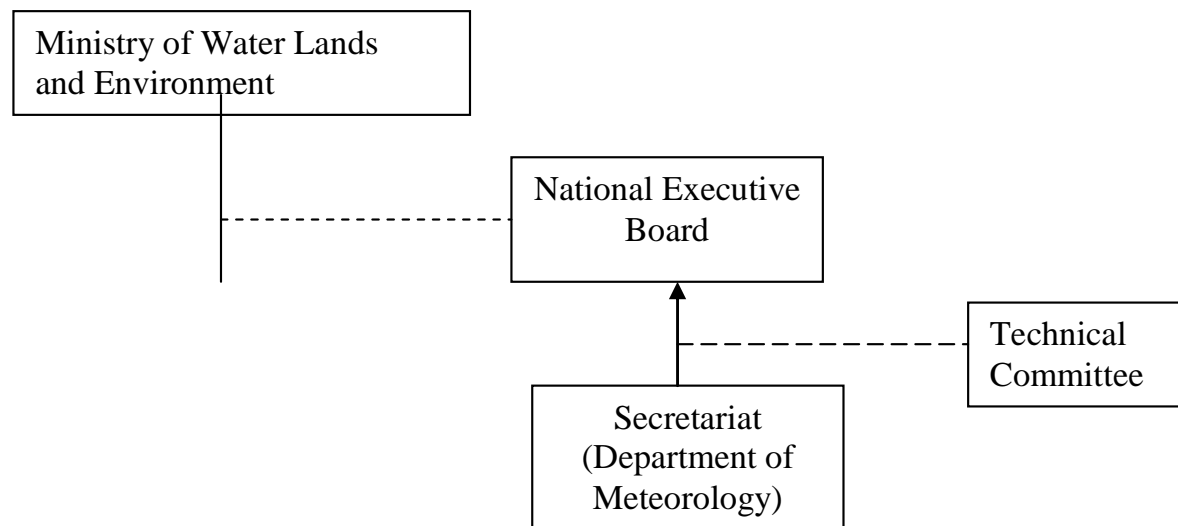
	Brazil	Mexico
SD criteria	Checklist for congruence with existing SD policies	Checklist for congruence with existing SD policies
Other eligibility criteria	<ul style="list-style-type: none"> -submission of validation report in Portuguese before LoA is given -documentation for stakeholder consultation -commitment to report on the CERs produced 	<ul style="list-style-type: none"> -documentation of the legal and physical existence of the requesting Party -commitment to report on the CERs produced annually
Documentation required	PDD: LoA	PIN: LoE PDD: LoA
Approval process and monitoring	<ul style="list-style-type: none"> -DNA is a single window clearance for LoA -max. 60 days 	<ul style="list-style-type: none"> -DNA incl. consultation with ministries + audit -> LoA - max. 30 days

Examples of national project approval and monitoring procedures

	Ghana	South Africa
SD criteria	Checklist for: - social - economic - environmental - technological well being	Checklist for: -economic -social -environmental development
Other eligibility criteria	Document additionality	None
Documentation required	PIN: LoE Validated PDD + EIA: LoA	PIN: LoE PDD: LoA
Approval process and monitoring	- DNA issues LoE within 15 days - DNA + public consultation for 21 days: LoA - max. 60 days	-DNA issues LoE within 30 days -DNA + public consultation for 30 days + Advisory Committee -> LoA - max. 45 days

Lessons from Uganda

The institutional set-up:



Lessons from Uganda

Approval Process:

- The national EB recommends issuing a LoA or rejection
- The LoA is signed by Minister of Land and Environment
- The process of developing of a legal framework delegating decisionmaking powers to the DNA (as a semi-autonomous body) has for years delayed the process of DNA establishment

Lessons from Uganda

Monitoring:

- Ideas exist for the DNA monitoring the SD benefits by requesting documentation and reporting of SD achievements throughout the process of project implementation
- Most countries, however, do not monitor SD achievement after issuing a LoA

Conclusion

- Development of an institutional set-up and SD approval procedures are essentially a national political process. The CD4CDM project can provide information and facilitate the sharing of experiences across countries.

Issues to consider in Tanzania:

- Keep the approval and monitoring process simple and transparent. A well developed homepage is important.
- Is a legal framework required in Tanzania delegating decisionmaking powers to the DNA?
- Broad stakeholder representation in the definition and approval of national SD criteria to ensure legitimacy