

# 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](mailto: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:

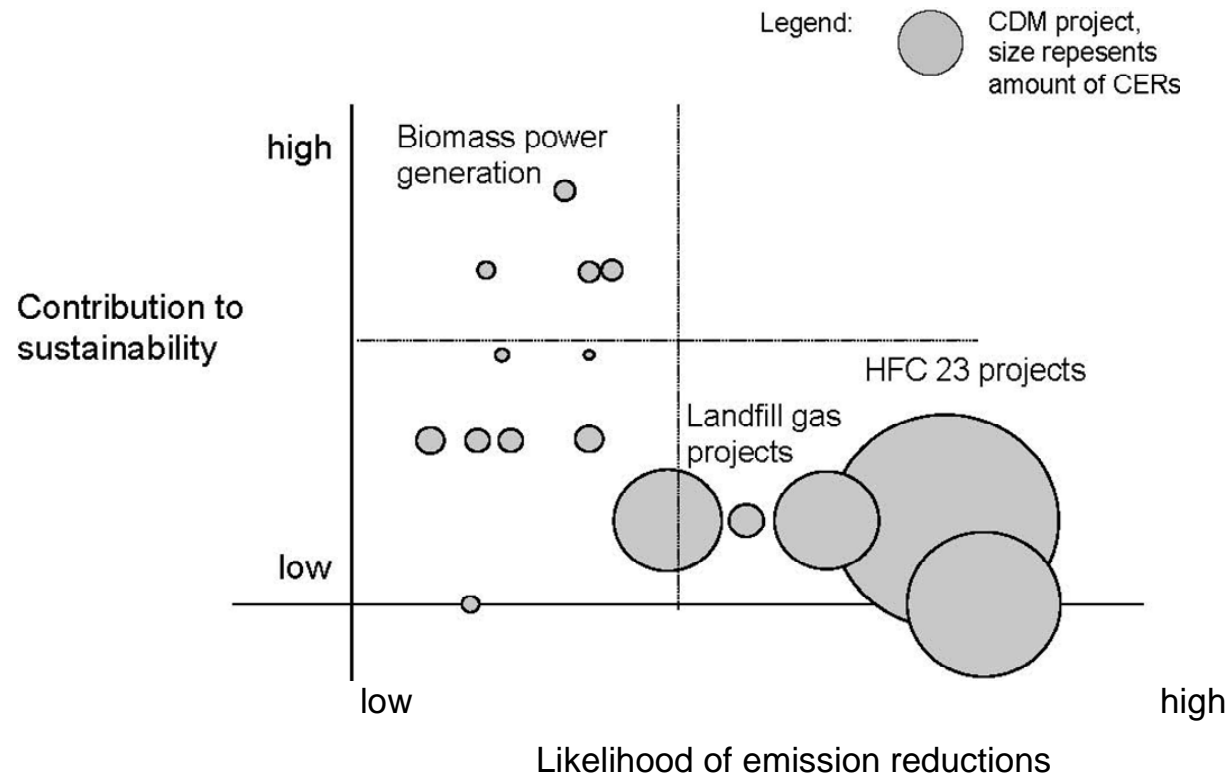
- The CDMs twin objective reflects political differences between the North and the South over framing CC as an environmental problem or a development problem
- In Marrakech 2001 at COP-7 it was decided approval of CDM projects SD contribution is the responsibility of host countries, i.e. DNAs
- Hence, 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

	<b>India</b>	<b>China</b>
<b>SD criteria</b>	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
<b>Other eligibility criteria</b>	None	-at least 51% Chinese ownership of enterprises -CER sales belong to the Chinese Government and project developers -revenue sharing by other entities forbidden
<b>Documentation required</b>	PDD + presentation: LoA	PIN: LoE PDD: LoA
<b>Approval process and monitoring</b>	-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

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

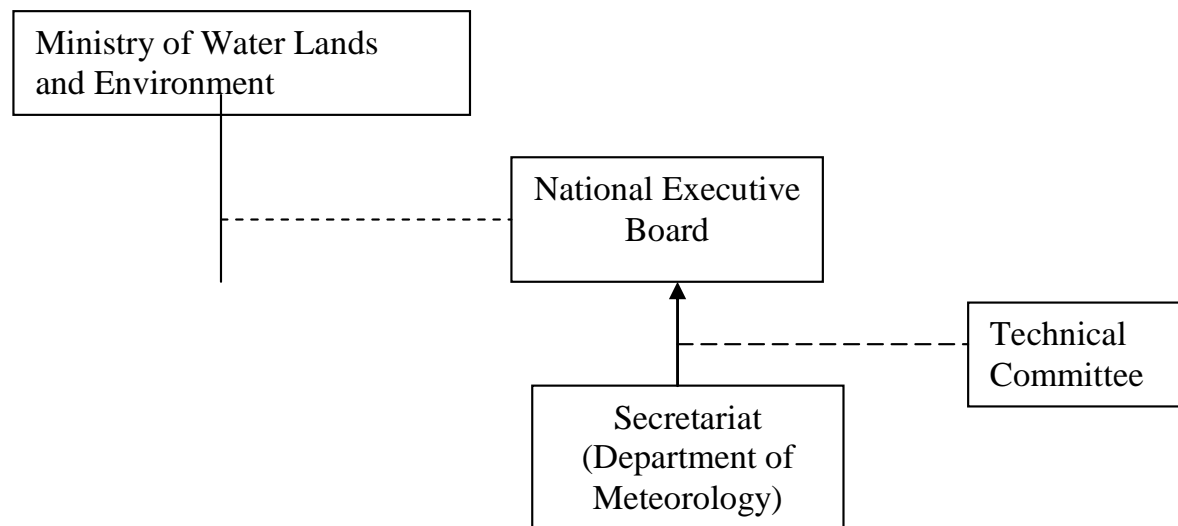


# Examples of national project approval and monitoring procedures

	<b>Ghana</b>	<b>South Africa</b>
<b>SD criteria</b>	Checklist for: - social - economic - environmental - technological well being	Checklist for: -economic -social -environmental development
<b>Other eligibility criteria</b>	Document additionality	None
<b>Documentation required</b>	PIN: LoE Validated PDD + EIA: LoA	PIN: LoE PDD: LoA
<b>Approval process and monitoring</b>	- 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