

Climate Change:

“Existing Technical Capabilities and Activities Related to the Clean Development Mechanism (CDM) in the Countries of Latin America and the Caribbean”

Working Paper

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Executive Summary

The Clean Development Mechanism (CDM) was established as part of the Kyoto Protocol in 1997, within the context of progress made in the international negotiation of climate change schemes attempted by the nations of the world under the United Nations Framework Convention on Climate Change (UNFCCC).

The basic aims of the Clean Development Mechanism (CDM) are centered on achieving sustainable development in developing countries, as well as contributing to mitigation efforts and meeting the goal of stabilizing greenhouse gasses.

In accordance with the regulations of the Kyoto Protocol, emissions reduction within the context of the CDM should be achieved on the basis of voluntary participation, in agreement with each participating country, thus obtaining real, measurable, long-term benefits in relation to climate change mitigation and the "additionality" of activities over those produced in absence of the mechanism.

The CDM has required considerable effort to achieve agreements regarding operational frameworks of reference in which this mechanism can be developed. The Modes and Procedures agreed to as part of the Marrakech Agreements, in the Conference of the Parties to the UNFCCC in 2001, established a real basis for achieving the institutional CDM development, in order to bring international demand closer to emissions reduction supply in developing countries.

The participation of diverse stakeholders on an international and national level has contributed decisively to the CDM going through important learning stages in their construction as a mechanism for international emissions reduction. There is much regulatory activity on an international level, through processes directed by the CDM Board of Directors, as well as institution building and development activities in each country signing the Protocol that is interested in participating in the CDM.

Domestic activities have to do with correct development of the Designated National CDM Authorities, as guarantors of the approval and participatory processes for CDM projects, within the context of the sustainable development of each country, as well as with the structuring of the climate change mitigation project supply.

The Latin American Energy Organization (OLADE), together with the University of Calgary, and with financing from the Government of Canada, is developing a Sustainable Energy Program, one of whose components is a Climate Change Project aimed to provide policy and strategy guidelines for the effective participation of countries from Latin America and the Caribbean in the Clean Development Mechanism (CDM), and to help these countries enhance their opportunities to attract project investments under this mechanism.

The study identifies the current CDM institutional structure in the region of Latin America and the Caribbean, with a special focus on OLADE's Member Countries.

This study has required diverse stages focused on: 1) compiling and reviewing available information and documents on CDM institutional development in the region; 2) establishing contacts with the Designated National Authorities of the CDM, as well as other cognizant national authorities; 3) preparing and using a consultation instrument on aspects of institutional structures, roles and functions, development of approval standards / guidelines, domestic CDM capacities, and determining strengthening needs; 4) building an indicative portfolio of CDM project activities in the region, with emphasis on energy sector projects; and 5) developing a process for synthesizing the lessons learned re the development of institutions and project environments for the purpose of helping to define a few actions that could be used by OLADE to support CDM development in this goal region.

Details of the different institutional capacities were identified in the countries of the region, based on criteria such as institutional structure, institutional CDM roles, status of domestic standards development for CDM project approval and formulation, scopes and criteria for domestic project approval, mechanisms and criteria used to value the participation of involved stakeholders, participation in different types of international support or CDM purchase programs, and development of CDM strengthening activities.

The information that was generated is presented in the main text, in the form of regional tables, and is broadly detailed in the respective institutional annexes of the document, which present information for each of the 20 countries consulted in sample for this work.

The countries of the sample¹ were selected on the basis of information that was made available and compiled through diverse means, such as personal contact with National CDM Authorities, consulting reference sources in publications, and surveys. The countries that were not selected for the study are mostly those that have not ratified the Kyoto Protocol or have not named their National CDM Authorities: Venezuela², Guyana, Barbados, Grenada, Haiti, and Suriname. This does not mean that these countries are not developing institutional and/or political processes regarding the issue of climate change, but simply that it has not been possible, while developing this work, to compile information on these countries.

Latin America and the Caribbean is still one of the regions of the world with most accumulated CDM experience to date. With regard to naming their Designated National Authorities for the CDM, 24 countries of the region have ratified the Protocol and 19 have complied with the official designation of their CDM authorities. Most countries of the region have participated actively in international initiatives for institutional development and CDM promotion,

1 Argentina, Bolivia, Brazil, Colombia, Costa Rica, Cuba, Chile, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Trinidad and Tobago, and Uruguay.

2 We should mention that Venezuela has recently ratified the Kyoto Protocol but that it has not completed the procedures before the UNFCCC, as it has decided to ratify in block when the OPEC countries do so.

although institutional vulnerabilities are still seen with regard to financial sustainability and sustaining the human resources that were trained in these CDM offices.

The status of CDM state institutions shows large asymmetries among the different countries of the region, which is especially notorious when speaking of small countries, especially in the Caribbean region. Because the CDM market is still under construction and has not yet entered into effect, it still has the characteristics of markets for purchasers that are interested in volume and price signals as well as a tendency to seek out projects³, meaning that some countries have not found clear niches for participation in the CDM.

Most countries of the region have institutional CDM models that in some way combine the regulatory principles of participation, as well as elements of promoting the involvement of project development groups.

There is much diversity with regard to ways for operationalizing National CDM Authority development, both in their institutional functional form and in the preparation of guidelines and criteria for domestic approval. At this time it would be very important to take the lessons learned from the first projects being validated and requesting inscription in the international CDM registry, to determine how effective domestic CDM project approval processes are.

Although institutional development has been important, there are still important elements that should be deepened and have been pointed out by the National CDM Authorities themselves, such as enhancing response capacities in new and emerging areas (such as legal and ownership issues); increasing the ability to influence the sectoral environment of each country, making it possible to increase relations among climate change topics; improving the understanding how to design baseline and impact assessment criteria for managing domestic circumstances in CDM project formulation.

Regional participation in the project formulation environment has heightened, as shown by information presented previously, indicating that the region owns nearly 40% of all CDM projects in the world, although at the level of expected yearly reductions, this total is approximately 28% of all emissions foreseen in a portfolio that was recently reviewed by the OECD / IEA.

With regard to the size of investment portfolios in the energy sector, and considering price trends for emission reductions in “emerging” markets, one could say that the expected impact of the CDM over the next years may be limited in comparison to direct and indirect technology transfer and foreign investment flows in the Latin American region. However, taking into account the interests of project developers and the development goals of sustainable energy policies, the CDM may be an important instrument in the processes of technology transfer and of diversifying the bases for renewable energy sources to participate in the energy markets of the region.

³ Both on a project sector level and in international valuation of the CDM development climate in different countries. For example, Point Carbon is in a process of classifying countries internationally according to market criteria, institutions, supply, and risks (see www.pointcarbon.org).

The identified portfolio of nearly 80 projects clearly shows a significant bias towards the share of hydropower in the CDM potential of the region, associated with project activities in the energy sector. Taking into account the status of Latin American projects that are in the process of being validated, one could conclude that the regional level of effort should be increased in order to expedite projects through the CDM approval process, and to augment CDM project portfolio prospecting and diversification in the energy sector.

Experience in project formulation indicates that CDM transaction cost structures are still high and represent barriers to project developers who are interested in relating their normal project formulation activities to their possible participation in the CDM.

The region has had significant experience in the formulation of methodologies in the field of CDM energy projects. However, few of these methodologies have been approved. This indicates that for many of the countries in the region there is much work to be done in this methodological area, and that we need to build technical capacities for formulating and managing the methodological issues of CDM projects in this sector. This approach of new sectoral actors will be very important for promoting the CDM portfolio in the energy field. Domestic players in energy information management, as well as power market management and technical elements, may add clarity to many of the methodological developments required by the CDM.

Due to the support provided by the Designated National CDM Authorities of the region, as well as other consultations held, the document identifies a series of areas that were marked for CDM institutional development and for help in removing supply side barriers to CDM projects.

Taking into account the information generated during its development, OLADE is posed with a few possible areas of intervention in support of CDM issues, within the context of developing its Sustainable Energy Program:

1. Support efforts aimed at deepening links between the topics of climate change and energy. The creation of platforms of influence and common consideration of these topics may be very important for building frames of reference for the different stakeholders in this topic related to a commitment to sustainable development. Support for the development of forums and regional programs on the topic of energy and climate change is very important to promote the agenda of decarbonizing the economies of the region's countries and thus help meet the goals within the context of Latin America's participation in the UNFCCC. In this way, OLADE can help catalyze the participation of our countries through a necessary technical discussion on the impacts of different platforms of analysis for the post-Kyoto negotiations that will soon begin on an international scale. Attracting the interest of energy policy makers in the countries of the region will result in greater commitment to participation and discussion among the countries of the region, thus making Latin American leadership thinkable in engaging developing countries in the new rounds of negotiation that begin in 2005. A concrete way to help these efforts is through support and

sponsorship for the establishment or strengthening of Latin American think tanks to back up Latin American negotiators during discussions in negotiation rounds, especially on the issue of commitment-making schemes regarding greenhouse gas emissions reduction.

2. Help strengthen the Designated National CDM Authorities' understanding of national circumstances regarding the management of pertinent energy sector variables, as well as the implications of establishing baseline scenarios for the different countries of the region. Given that the Latin American portfolio is so oriented towards short-term energy sector projects, it is essential to ensure that these projects progress rapidly through the different stages of the CDM project cycle, especially as regards formulation. The management of suitable information and timely provision of sectoral information is fundamental for correct project formulation and validation. We recommend beginning with strengthening activities related to sectoral information management and the implications of different methodological approaches for baseline formulation and CDM project monitoring in this sector. An important action to support small scale CDM project execution may be helping to develop estimates of carbon emission factors for projects under 15 MW, whose publication by the national energy sector authorities may be an important contribution to facilitate their development.
3. OLADE may make an important contribution to short-term discussions on the issue of the applicability of consolidated methodologies for power generation projects, through developing a comparative technical study on the representativity and applicability of said methodologies adopted by the CDM Board of Directors, within the Latin American context. The information that is generated may be very useful in defining common or differentiated methodological elements that may be applied by the countries of the region as new methodological applications in this field.
4. Help start diversifying CDM project portfolios in the region, especially in relation to project activities in fields such as energy efficiency, demand management and energy distribution. This is due to possible changes in purchaser interest in the CDM and to support for market instrument approaches such as the CDM in order to ensure technology transfers in new areas of the energy field. For this purpose, OLADE might develop a support project with the Designated National Authority, and important stakeholders in the energy sectors that could promote the presence of new types of CDM projects.
5. Taking into account the financial and information needs that characterize the development cycles of renewable energy and energy efficiency projects, OLADE should consider helping to strengthen / develop support for innovative financial aid schemes in order to facilitate these projects in management stages by capitalizing a fund to support small carbon emission reduction projects. In this regard, the synergisms established by the on-going program with the University of Calgary, in the diverse topics of sustainable energy and rural energy,

may be an important contribution to achieving making projects visible and differentiated in this changing market.

6. In response to asymmetries detected in CDM capacities and institutional development in diverse sub-regions of Latin America and the Caribbean, it is important to support the dissemination of lessons learned among the different countries of the region. For this purpose, through its on-going Sustainable Energy Program, OLADE could support activities aimed to reduce barriers to learning in topics regarding national circumstance management and other aspects of energy sector project formulation and approval, and at the same time could support exchange activities among Designated National Authorities in smaller countries that have not yet fully begun CDM project development. Likewise, OLADE could support the discussion of emerging topics such as property rights and contracting schemes in the carbon market field, thus taking a qualitative leap towards helping to build domestic capabilities in this topic.

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1. Introduction

The Clean Development Mechanism (CDM) was established as part of the Kyoto Protocol in 1997 within the context of the international negotiations on climate change that were undertaken by the nations of the world as part of the United Nations Framework Convention on Climate Change (UNFCCC).

The Clean Development Mechanism (CDM) has three fundamental objectives: to assist the non-Annex I parties of the United Nations Framework Convention on Climate Change to achieve sustainable development, to help stabilize greenhouse gas emissions to the atmosphere, and to assist the Annex I parties to fulfill their commitments to reduce emissions.

The regulations of the Kyoto Protocol state that the reduction in emissions under the CDM should involve the voluntary participation of each participating country, the achievement of real, measurable and long term benefits relating to the mitigation of climate change and the additionality of the activities that would have occurred without the mechanism.

Considerable effort was required for the CDM to reach agreement on the operating frames of reference for implementing the mechanism. The Methods and Procedures that were agreed to in the Marrakech Agreements, the Conference of the Parties to the UNFCCC of 2001, established real bases for the institutional development of the CDM to match international demand to the supply of emissions reduction in developing countries.

The participation of the different stakeholders internationally and nationally has helped the CDM through important learning stages in its development as a mechanism for reducing emissions at the international level. Considerable regulatory activity occurs at the international level through processes directed by the Board of Directors of the CDM, as well as development activity and institutional strengthening in each signatory country of the protocol that is interested in participating in the CDM.

National activities include the proper development of Designated National CDM Authorities to guarantee the approval and participatory processes of CDM projects within the context of each country's sustainable development, as well as the structuring of projects for mitigating climate change.

Considerable international experience has been gained over the past decade involving the formulation of projects for mitigating greenhouse gases in several sectors of the economy. This experience was acquired during the negotiation of international agreements in this area. The Latin American region has ample experience participating at different levels, especially in the energy sector, which has participated relevantly in the formulation of projects of this type.

The Latin American Energy Organization (OLADE) and the University of Calgary are developing a Sustainable Energy Program with financing from the

Canadian Government. One of its components is a Climate Change Project for providing policy guidelines and strategies to ensure the effective participation of the countries of Latin America and the Caribbean in the Clean Development Mechanism (CDM) and to help countries improve their ability to attract investment for projects involving this mechanism.

The objective of this study is to identify the current CDM institutional structure of the region, as well as obstacles and limiting factors that hamper more effective participation in the mechanism, current capacity for implementing project activities, and future strengthening requirements and needs.

The objective of this document entitled “Existing Technical Capacity and Current CDM Activities in Latin America and the Caribbean” is to contribute to an understanding of the institutional development and background of the CDM projects in several countries of the region, specifically the “OLADE” group, the countries that belong to this regional international energy organization for Latin America and the Caribbean. It also analyzes the current CDM situation of these countries for later analysis by OLADE as part of its mission in the energy sector of the region.

The study involves several stages:

1. Compiling and reviewing available information and documents on CDM development in the region.
2. Contacting National Designated CDM Authorities in each country of the region and other relevant stakeholders involved in climate change.
3. Preparing a survey of institutional structures, roles, and functions, developing regulations and approval guides, national CDM capacities, and determining the specific strengthening needs that this group of local / national stakeholders identifies.
4. Developing a portfolio of CDM project activities in the region with emphasis on energy sector projects, from the (renewable or non-renewable) energy industry, energy efficiency or energy distribution. This portfolio has received contributions from project development stakeholders actively involved in implementing opportunities provided by CDM as a global environmental instrument to support local environmentally friendly action and sustainable development processes in these countries.
5. Summarizing lessons learned about institutional development and projects to help define innovative actions that OLADE could include in support of CDM development in this goal region.

This type of study is relevant for the region and will allow an evaluation of the many developments and competencies that have been achieved, and will contribute to strengthening the competitive advantages of the region.

2. Institutionalization of the Clean Development Mechanism in Latin America and the Caribbean

This chapter describes the CDM institutional development in the region of Latin America and the Caribbean and the existing technical capacity. This was done by selecting countries where information was available on CDM institutions and current activities involving the mechanism. The following criteria were used for making the selection:

- Ratification status of the Kyoto Protocol
- Designation (official or non-official) of an agency for the CDM.
- Availability of information.

Ratification Status of the Member Countries of OLADE

As of July 2004, 23 of the 26 LAC member countries of OLADE (88.5%) had ratified the Kyoto Protocol. El Salvador was the first country to carry out the ratification procedure with the United Nations in November 1998, while Peru and Guyana were the last to do so in September 2002 and August 2003, respectively. Surinam and Haiti have yet to carry out the necessary procedures, and Venezuela, where the National Assembly passed a law⁴ approving the Kyoto Protocol, is awaiting the joint ratification of the member countries of OPEC before notifying the Convention of its acceptance of the Protocol.

Table 1
Ratification Status of the Framework Convention on Climate Change and the Kyoto Protocol in the Latin American Region

Country	Framework Convention on Climate Change			Kyoto Protocol		DNA reported to the UNFCCC
	Signed	Ratified	Takes Effect	Signed	Ratified	
Argentina	12/06/92	11/03/94	21/03/94	16/03/98	28/09/01	✓
Barbados	12/06/92	23/03/94	21/06/94	--	07/08/00 (Ac)	
Bolivia	10/06/92	03/10/94	01/01/95	09/07/98	30/11/99	✓
Brazil	04/06/92	28/02/94	29/05/94	29/04/98	23/08/02	✓
Chile	13/06/92	22/12/94	22/03/95	17/06/98	26/08/02	✓
Colombia	13/06/92	22/03/95	20/06/95	--	30/11/01 (Ac)	✓
Costa Rica	13/06/92	26/08/94	24/11/94	27/04/98	09/08/02	✓
Cuba	13/06/92	05/01/94	05/04/94	15/03/99	30/04/02	✓
Ecuador	09/06/92	23/02/93	21/03/94	15/01/99	13/01/00	✓
El Salvador	13/06/92	04/12/95	03/03/96	08/06/98	30/11/98	✓
Grenada	03/12/92	11/08/94	09/11/94	--	06/08/02 (Ac)	

⁴ Law Approving the Kyoto Protocol of the United Nations Framework Convention on Climate Change. July 22, 2004. File Number 335. <http://www.asambleanacional.gov.ve>

Country	Framework Convention on Climate Change			Kyoto Protocol		DNA reported to the UNFCCC
	Signed	Ratified	Takes Effect	Signed	Ratified	
Guatemala	13/06/92	15/12/95	14/03/96	10/07/98	05/10/99	
Guyana	13/06/92	29/08/94	27/11/94	--	05/08/03 (Ac)	
Haiti	13/06/92	25/09/96	24/12/96	--	--	
Honduras	13/06/92	19/10/95	17/01/96	25/02/99	19/07/00	✓
Jamaica	12/06/92	06/01/95	06/04/95	--	28/06/99 (Ac)	✓
Mexico	13/06/92	11/03/93	21/03/94	09/06/98	07/09/00	✓
Nicaragua	13/06/92	31/10/95	29/01/96	07/07/98	18/11/99	✓
Panama	18/03/93	23/05/95	21/08/95	08/06/98	05/03/99	✓
Paraguay	12/06/92	24/02/94	25/05/94	25/08/98	27/08/99	
Peru	12/06/92	07/06/93	21/03/94	13/11/98	12/09/02	✓
Dominican Republic	12/06/92	07/10/98	05/01/99	--	12/02/02 (Ac)	
Surinam	13/06/92	14/10/96	12/01/98	--	--	
Trinidad & Tobago	11/06/92	24/06/94	22/09/94	07/01/99	28/01/99	✓
Uruguay	04/06/92	18/08/94	16/11/94	29/07/98	05/02/01	✓
Venezuela	12/06/92	28/12/94	28/03/95	--	22/07/04	

Source: <http://www.unfccc.org/> y <http://cdm.unfccc.int/DNA>

Designation of National CDM Authorities

Seventeen countries have notified the Convention about the designation of a national authority for the CDM. Barbados, Grenada, Guatemala, Guyana, Haiti, Paraguay, Dominican Republic, Surinam, and Venezuela have not yet made the notification, though some of these countries have identified the responsible authorities and/or mechanisms that will allow them to fulfill the obligations established in the Protocol, in the case of possible CDM projects. This is the case for Paraguay, Guatemala, and Dominican Republic.

In October 2001, Paraguay created the *Oficina Nacional de Cambio Climático*, and assigned to it, among other things, the task of evaluating and approving projects to be implemented under the CDM⁵; however, to date no notification procedure has taken place.

In Guatemala, which has not yet officially appointed its Designated National Authority, there is the *Oficina Guatemalteca de Implementación Conjunta* performing the corresponding activities. As of recently, the government of Guatemala is conducting the necessary studies required for legal implementation of the national designated authority for the CDM.

Dominican Republic hopes to sign a presidential decree in the next few days that will allow the Secretariat of Environment and Natural Resources to be designated as the Designated National Authority and will create an office for

⁵ Executive Decree No. 14.943 of October 2001

operative activities relating to the CDM inside that secretariat. For the time being, the coordinator of climate change in that secretariat is in charge of matters relating to the CDM.

Availability of Information

A search and preliminary review was made of the information available on CDM institutions in the region. The principal sources included information provided by OLADE; web sites, most of which were institutional; other institutional studies that have been carried out in the region during recent years and studies of national CDM strategy and institutions, among others. The offices previously identified were also contacted to request additional information and an instrument for compiling information was developed⁶. The information compiled in this way was complemented by telephone interviews with the members of some of the offices.

Based on the above criteria a group of twenty countries was identified⁷ for the analysis of the status of CDM institutional development in the region. Details of the information compiled can be found in Institutional Annex II – Country Details.

2.1. Institutional Structure of the CDM in the LAC Region

The administrative institutions of the environmental sector in the region are principally the national CDM authorities (80%), with the exception of Brazil, Costa Rica, Guatemala, and Mexico⁸.

In Brazil and Mexico, the authorities are inter-ministry commissions that were created for that purpose. In Mexico, the *Secretaría de Medio Ambiente y Recursos Naturales* (SEMARNAT) presides over the respective commission, which is called the “*Comité Mexicano para Proyectos de Reducción de Emisiones y Captura de Gases de Efecto Invernadero*”.

After the joint implementation pilot stage ended⁹, the role of the national CDM authority in Costa Rica and Guatemala was undertaken by the former joint

⁶ Institutional Annex III – Form for Compiling Information

⁷ These countries are: Argentina, Bolivia, Brazil, Colombia, Costa Rica, Cuba, Chile, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Trinidad & Tobago and Uruguay.

⁸ Thirteen of the twenty authorities studied are also the focal points of the Convention. Detailed information on Focal Points is found in Institutional Annex I – Status of the Ratification and Focal Points in the LAC Region

⁹ Other joint implementation offices in the region became CDM offices in Argentina, Paraguay and Honduras. In Argentina, National Provision 167 / 01 gave the joint implementation office a new identity as the CDM office, and resolution 56 / 03 changed the institutional structure and created the Climate Change Unit and assigned it the task of providing technical and administrative assistance to the office. In Paraguay, the joint implementation office was transformed institutionally to take on the other activities relating to the national climate change policy, including that of the CDM. In the case of Honduras, the *Oficina Hondureña de Implementación Conjunta* performed national CDM authority activities until 2002, when the *Secretaría Nacional de Recursos Naturales y Ambiente* assumed that responsibility.

implementation offices – in the first case it is mixed and includes the public, private, and non governmental sectors and in the second case it is private. In the particular case of Costa Rica, the *Ministerio de Ambiente y Energía* modified the legal structure of the office by means of an Executive Decree¹⁰, converted it into one of its superior agencies, and assigned it specific CDM functions.

The nature of the obligations established by the Kyoto Protocol and Marrakech Agreements involving the contribution to sustainable development of non-Annex I countries has led to the environmental authorities of the region being designated as the national CDM authorities. Though this partially resolved the argument about the evaluation of sustainable development projects, it creates the false impression that the CDM is a merely environmental matter that should be promoted by those offices, and ignores the “commercial” component of the mechanism.

2.1.1 Operational CDM Offices

In 14 of the 20 national authorities, operative activities involving the CDM have been delegated to the internal offices of environmental management, climate change, or offices specifically created for the CDM. This is the case for Ecuador, Bolivia, Colombia, Argentina, Brazil, Paraguay, Uruguay, Peru, the Caribbean and Central American countries, with the exception of Costa Rica and Guatemala. In the latter case, the designated offices and persons carry out the operative activities relating to the mechanism directly.

On the other hand, Chile, whose Designated National Authority is the *Consejo de Ministros de la Comisión Nacional de Medio Ambiente*, did not create an additional institution for the mechanism and delegated the operative functions to an Executive Committee for the CDM, which includes representatives from several governmental institutions¹¹ and is presided over by the executive director of the Commission. The situation is similar in Mexico, where the *Comité Mexicano para Proyectos de Reducción de Emisiones y Captura de GEI* is the Designated National Authority and carries out all the operative activities involving the CDM.

¹⁰ Decree 31676-MINAE of March 17, 2004. Costa Rica. Published in La Gaceta No 54.

¹¹ CONAMA, *Ministerio de Relaciones Exteriores, Ministerio de Agricultura, Comisión de Energía, Secretaría de Producción Limpia*, and another Ministry if required by the project.

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Table 2
Institutional Structure of the CDM in the Region

Country	National CDM Mechanism	FP	Operational Activities	DES	NAT	Special Council or Committee for CC and/or CDM
Argentina	<i>Secretaría de Ambiente y Desarrollo Sustentable</i>		OAMD L	YES	P	- Executive Committee (EC) - Advisory Committee (AC)
Bolivia	<i>Viceministro de Recursos Naturales y Medio Ambiente</i>	✓	ODL – National Climate Change Program	YES	P	Project Evaluating Commission (PEC)
Brazil	<i>Comisión Interministerial de Cambio Global del Clima CICGC</i>		General Coordination of Global Climate Change of the Ministry of Science and Technology (CGMCT)	YES	P	CICGC
Colombia	<i>Ministerio de Ambiente, Vivienda y Desarrollo Territorial</i>		OCMCC	YES	P	Inter-sectoral Committee for Mitigating Climate Change (CTIMCC)
Costa Rica	OCIC	✓	OCIC	YES	P	Consultative Committee on Climate Change (CCCC)
Cuba	<i>Ministerio de Ciencia, Tecnología y Medio Ambiente</i>	✓	Department of Environment	YES	P	National CDM Implementation Group (GNIMDL)
Chile	Council of Ministers of CONAMA		Executive Committee for the CDM	YES	P	Executive Committee for the CDM (CEMDL)
Ecuador (Regulation)	<i>Ministerio del Ambiente</i>		Climate Change Unit (UCC)	YES	P	National Climate Committee (CNC)
Ecuador (Promotion)	CORDELIM		CORDELIM	No	M	Board of Directors (CD)
El Salvador	<i>Ministerio del Ambiente y Recursos Naturales</i>	✓	Climate Change Program PCC	YES	P	Board of Directors of PCC (CDPCC)
Guatemala	<i>Under definition</i>					
Honduras	<i>Secretaría de Recursos Naturales y Ambiente</i>	✓	National Department of Energy	Appointed to the UNFCCC. The appointment	P	

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Country	National CDM Mechanism	FP	Operational Activities	DES	NAT	Special Council or Committee for CC and/or CDM
				has not yet been made official in the country.		
Jamaica	Ministry of Land and Environment			YES	P	Tripartite Agreement: Ministry of Land and Environment, Council of Scientific Research and Ministry of Meteorological Services (ATri)
Mexico	<i>Comité Mexicano para Proyectos de Reducción de Emisiones y Captura de GEI (CMPRECGEI)</i>	✓	CMPRECGEI	YES	P	CMPRECGEI
Nicaragua	<i>Ministerio del Ambiente y Recursos Naturales</i>	✓	ONDL	YES	P	Board of Directors of ONDL (JDONDL)
Panama	<i>Autoridad Nacional del Ambiente</i>	✓	PNCC, mitigation subprogram	YES	P	Consultative Group on Environmental Services (GCSA)
Paraguay	<i>Secretaría del Ambiente</i>	✓	Office of Clean Development under the PNCC	The appointment has not yet been officially reported to the UNFCCC	P	National Climate Change Commission (CNCC)
Peru (Regulation)	<i>Consejo Nacional Ambiental</i>	✓	Climate Change Unit	YES	P	National Climate Change Commission (CNCC) Ad Hoc Committees (Cah)
Peru (Promotion)	FONAM		FONAM	Not Applicable.	PRI *	
Dominican Republic	<i>Secretaría de Medio Ambiente</i>	✓	Eventually an Office for CC and CDM will be Established.	No	P	Not Available
Trinidad and Tobago	Ministry of Public Services and Environment	✓	Environmental Management Authority	YES	P	CDM Committee (CMDL)

Country	National CDM Mechanism	FP	Operational Activities	DES	NAT	Special Council or Committee for CC and/or CDM
Uruguay	<i>Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente</i>	✓	Climate Change Unit of the National Department of Environment	YES	P	National Board of Joint Projects on Climate Change (JNCC) Technical Advisory Committee (CTA)

FP = UNFCCC Focal Point, DES = There is an authority designated for the CDM, NAT = Juridical Nature of the CDM: P = Public, PRI = Private, M = Mixed

* Private entity with a mixed Board of Directors

2.1.2. CC and/or CDM Councils, Committees or Commissions

In addition to the offices that act as CDM executive units, many of the countries studied have created special councils, committees, or commissions on climate change and/or CDM, that monitor the fulfillment of the national climate change policy and specifically the implementation of the CDM.

In many cases these groups have helped develop criteria and procedures for the national evaluation and approval of projects and participate actively in the evaluation and approval process, though few implement or participate in activities for promoting the mechanism nationally and/or by sectors.

These councils, committees, or commissions usually consist of representatives from the public sector, though in some cases representatives from the private, non-governmental, scientific, and academic sectors also participate, especially if they carry out activities that involve the project evaluation process.

Table 3
CDM Support Groups

Country	Support Group	Members	Participates in		
			CRI & PRO	EV & AP	PROM
Argentina	CE	P	✓	✓	✓ *
	CA	PRI, AC, NGO, LP	✓	✓	--
Bolivia	CEP	P, PRI		✓	
Brazil	CICGC	P	✓	✓	
Colombia	CTIMCC	P, CT		✓	✓ *
Costa Rica	CCCC	P, AC, NGO			
Cuba	GNIMDL	P		✓	✓
Chile	CEMDL	P	✓	✓	✓
Ecuador (Regulation)	CNC	P	✓	✓	
	Cah	P, PRI, AC, others		✓	
El Salvador	CDPCC	P, PRI	--	--	--
Guatemala	CGIC	P, PRI, NGO, AC	✓	✓	✓
Honduras					
Jamaica	ATri	P	✓	--	--
Mexico	CMPRECGEI	P	✓	✓	✓
Nicaragua	JDONDNL	P, PRI		✓	✓
Panama	GCSA	P		✓	
Paraguay	CNCC				
Peru (Regulation)	CNCC	P, PRI, NGO, AC, CT	--	✓	
	Cah	P, LP, PRI, NGO		✓	
Dominican Republic	Not Available				
Trinidad and Tobago	CMDL	P		✓	✓
Uruguay	JNCC	P	✓	✓	--
	CTA	P, PRI, AC, NGO		✓	

* Only for finding and obtaining funds for CDM projects.

-- No information was available

P = Public, **PRI** = Private, **AC** = Academic Community, **ST** = Science and Technology Sector, **NGO** = Non governmental organizations, **LP** = Liberal professions

CRI & PRO = Development of Criteria and procedures, **EV & AP** = Project Evaluation and Approval, **PROM** = Promotional Activities

For details on symbols, see the table of symbols at the end of this document.

2.1.3. Financing and Sustainability

All or almost all the offices have, or have had at some time, financial support from international aid agencies for performing their activities. Agencies such as the World Bank, UNEP, and CAF, with the financial support of Annex I governments, have financed the establishment of CDM offices throughout the region, and have contributed to the development of mechanisms and capacities for implementing the CDM.

However, up to the present time many of these offices have been unable to develop financing schemes that allow them to ensure the long-term sustainability of their actions, and are facing the loss of their work teams due to the lack of resources to continue hiring them once the international cooperation funds have run out.

Offices that currently depend on state financing and could thus be less stable also do not have sufficient resources to carry out effectively and efficiently their responsibilities, given the scope of the tasks that have been assigned to them. This limitation is found principally in offices that perform CDM promotional activities, as well as activities relating to the national project approval process. Given the small number of projects in the region, this activity by itself does not justify a large budget.

2.2. Institutional Roles in the CDM

According to the Kyoto Protocol and the Marrakech Agreements¹², the principal role of the Designated National Authority in the international context of the CDM is to regulate the process of national evaluation and approve projects according to their contribution to sustainable development. However, in most countries national office mandates also specify project dissemination, promotion, and in some cases, even the marketing. Often, given the current supply of projects, promotion of the CDM has become one of the principal activities of those offices.

Ecuador, Peru, and Brazil are exceptions. In the latter country, the Designated National Authority performs only regulatory functions, and leaves promotional activities to the private sector, while in Ecuador and Peru, the creation of the Designated National Authority included the establishment or designation of a special institution for all promotion, dissemination, and technical support activities involving the projects.

In Ecuador, the institution responsible for these activities is the *Corporación para la Promoción del MDL en Ecuador* (CORDELIM), and in Peru, the Institutional Strategy for the Promotion of the CDM (UNEP Risø, 2004) identified the *Agencia de Promoción de la Inversión Privada* (PROINVERSION) as the institution that would perform these functions in the future. For now, while *Proinversión* undergoes institutional strengthening to be able to carry out that task, the *Fondo Nacional del Ambiente de Perú* (FONAM) is responsible for the corresponding activities.

¹² Annex 17 / CP.7

Table 4
Roles of Designated National CDM Authorities

Country	Role	
	Regulation	Promotion
Argentina	✓	✓
Bolivia	✓	✓
Brazil	✓	
Colombia	✓	✓
Costa Rica	✓	✓
Cuba	✓	✓
Chile	✓	✓
Ecuador	✓ (MA)	✓ (Cordelim)
El Salvador	✓	✓
Guatemala		
Honduras	✓	✓
Jamaica	Not Available Its intention is to undertake both roles	
Mexico	✓	✓
Nicaragua	✓	✓
Panama	✓	✓
Paraguay	✓	✓
Peru	✓ (CONAM)	✓ (Fonam)
Dominican Republic	Not Available Its intention is to undertake both roles	
Trinidad and Tobago	✓	✓
Uruguay	✓	✓

2.3. Development of Standards and Guidelines for CDM Projects

The development of clear and simple regulations and procedures for evaluating projects at the national level can help reduce the uncertainty of the project developers and reduce national transaction costs that are linked to the project cycle.

Some type of guide, specific document, or regulation on the procedure for evaluating and approving projects is available in 65% of the countries. In the others, some type of process has been identified, but generally it has not been formalized, or there are no official documents to support it.

The old joint implementation offices in some countries developed criteria and procedures for evaluating projects, which, in some cases, are still being applied, though not strictly. This is the case of Guatemala, which is currently revising and adapting the procedures and criteria to meet CDM characteristics, as well as Honduras and Paraguay. In the latter case, the legislation states that until specific criteria and procedures for CDM projects are

developed, the ones developed by the *Oficina Paraguaya de Implementación Conjunta*¹³ will continue to be applied.

Countries such as El Salvador, Honduras, and Mexico are currently developing regulations on evaluation criteria and procedures. Jamaica is still developing the necessary institutions for the CDM, and expects that a procedure, which has already been applied provisionally for the evaluation of a project, will be legislated; it includes a review by a specific CDM unit or committee and subsequent approval by the Designated National Authority.

Table 5
Development of National Guidelines and Regulations for Approving CDM Projects

Country	FG	NAG	Comments
Argentina	✓	✓	Nationally approval procedural guidelines are not applied in practice and are being modified. Though there are no specific guidelines for preparing projects, they have developed several forms for submitting projects for the prior consultation process
Bolivia	✓	✓	Defined in the National Strategy Study
Brazil		✓	There is a resolution specifying the requirements for applications to participate in the national approval process
Colombia	✓	✓	Guidelines that are regulated by means of an executive decree
Costa Rica			An Ad hoc support process is applied to obtain government approval.
Cuba	✓	✓	Procedural guidelines that are regulated by means of a resolution. There is also a Guide for CDM Investors.
Chile			The basic procedure for evaluating and approving projects has not been regulated. The law specifies the requirements for participating in the process. The NSS specifies the format for submitting projects but there are no officially prepared guidelines.
Ecuador	✓	✓	The procedures for national approval and requesting the letter of support are described in official documents AN-MDL / CA / 2003 and AN-MDL / CR / 2003 CORDELIM has developed a PIN format for projects that wish institutional support and guidelines for preparing projects.
El Salvador			There are no official documents on procedures or guidelines for preparing projects. The office is presently working on preparing documents to support those procedures
Guatemala			Existing office has used criteria and procedures for the joint pilot implementation stage. Presently the criteria and procedures are to be revised to adapt them to the characteristics of the CDM.
Honduras			No procedures or criteria have been established formally.
Jamaica			They are in the development stage. An evaluation by a CDM Unit is planned that will later be approved by the Designated National Authority.
Mexico			Not Available
Nicaragua	✓	✓	The criteria and procedures for requesting national approval can

¹³ The procedures developed by OPIC would include the evaluation of the technical aspects of the project. In practice, the present evaluation would emphasize only its contribution to sustainable development.

Country	FG	NAG	Comments
			be found on the National Clean Development Office web site.
Panama	✓	✓	Guidelines and procedures were developed by the <i>Fundación Panameña de Servicios Ambientales</i> , which supported the National Environmental Authority of Panama in activities involving the regulation and promotion of the CDM.
Paraguay	✓	✓	The criteria and procedures for evaluating and approving a project were established by the old Paraguayan joint implementation office. According to the law, these criteria and procedures will be used until the new specific procedures for the CDM are established.
Peru	✓	✓	The procedures and criteria were established by CONAM in official document CONAM-P-34
Dominican Republic			The country is only now establishing the Designated National Authority, the office that will later develop these procedures
Trinidad and Tobago		✓	A procedure that has been established includes a review by a CDM committee and later review by the Designated National Authority.
Uruguay	✓	✓	The National Strategy Study established the evaluation procedure and a guide for submitting projects

FG = Formulation Guidelines, NAG = National Approval Guidelines

Other documents that the offices normally prepare are the guidelines or recommendations for preparing and formulating CDM projects; their purpose is to provide information to project developers on how to structure a CDM project.

Many of the documents that have been developed in the region are guidelines or recommendations for preparing Project Idea Notes (PINS), most of which follow the format initially established for initiatives such as PCF or CERUPT- or documents explaining the different components of the official Project Design Document of the CDM Board of Directors. Some offices have developed special formats for submitting project ideas or for requesting letters of support, such as Argentina.

In the particular case of Cuba, the Designated National Authority developed a CDM Project Investor’s Guide explaining the measures stipulated by the Cuban government for investing in this type of project, which must meet the requirements of the National Law on Foreign Investment.

2.3.1. Domestic Project Approval: Scope and Evaluation Criteria

All the countries that now have national evaluation and approval criteria and procedures for projects have limited the scope of the letter of approval to guaranteeing CDM projects that contribute to sustainable development in which the country participates voluntarily. In some of these countries, however, mainly in those that defined their procedures at an early stage in the implementation of the mechanism¹⁴, project evaluation prior to granting the

¹⁴ The Argentine office issued the regulations for the approval and evaluation procedure for CDM projects in October 2001. It requires a review of CDM technical aspects and establishes no specific criteria for evaluating the project’s contribution to sustainable development. In practice, the office’s current evaluation does not follow the established procedure or criteria, and the regulation in question is being revised.

letter includes a review of CDM technical criteria, such as the baseline, additionality, monitoring and verification protocol, estimate of leaks, etc., in addition to its contribution to sustainable development. In a few of them, however, the fulfillment of these regulations is an essential requirement for granting the national letter of approval¹⁵.

Few countries have defined specific criteria for evaluating the contribution of projects to sustainable development. In many cases, the criterion used for that review is the performance of the environmental impact assessments that are required by national environmental legislation, and the obtaining of the respective permits, licenses, and authorizations, with the assumption that the obtaining of that permission is a sufficient guarantee that the project will be carried out under sustainable conditions¹⁶.

Other criteria used by the countries of the region include:

- Congruence with and contribution to current national, regional and sectoral policies
- Fulfillment of national and local legislation (environmental and non environmental)
- Contribution to improving the quality of life measured by means of indicators such as income levels, net creation of employment, respect for local culture, etc.
- Technological criteria: technology transfer, use of new sources of renewable energy
- Relations with local communities.
-

Table 6
National Criteria for CDM Project Approval.

Country	Scope of the Letter of National Approval			Project Evaluation Criteria ⁽¹⁾
	SD	VP	Commentaries	
Argentina	✓	✓		There are no criteria for defining the contribution to sustainable development. They evaluate: - compliance with current environmental legislation - congruency with Environmental Policy
Bolivia	✓	✓		Environmental Criteria

¹⁵ Nicaragua is the only country whose Designated National Authority does not grant a letter of national approval to projects that do not meet CDM technical requirements. Ecuador and Peru also review these criteria, but only for the purpose of making recommendations to the developers on matters relating to the formulation of projects; however the review is not binding, although the Ecuadorian Designated National Authority reserves the right to issue a letter to a project whose formulation does not meet the Kyoto criteria until the corresponding modifications are made. In the case of Costa Rica, the national office has developed an ad hoc procedure that accompanies the developer in the early stages of formulation to ensure that the project meets the technical criteria of the mechanism.

¹⁶ The contribution to sustainable development in this case is evaluated according to the environmental (and socioeconomic in some cases) impact assessments which are included in many of the Environmental Impact Evaluation Systems of the countries of the region.

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Country	Scope of the Letter of National Approval			Project Evaluation Criteria ⁽¹⁾
	SD	VP	Commentaries	
				<ul style="list-style-type: none"> - Reduction of particulate and other emissions - Sustainable use of local resources - Reduction of the pressure on the local environment - Environmental Impacts of the project on local health <hr/> <p style="text-align: center;">Social Criteria</p> <hr/> <ul style="list-style-type: none"> - Improvement of the quality of life of the local community - Impacts on poverty levels - Increase in levels of equality - Respect for local culture <hr/> <p style="text-align: center;">Economic Criteria</p> <hr/> <ul style="list-style-type: none"> - Level of income of local stakeholders - Effects on the level of local production - Generation of new investment - Transfer of technology
Brazil	✓	✓	The letter is subject to the ratification of the Kyoto Protocol	<ul style="list-style-type: none"> - Local environmental sustainability - Development of working conditions and net creation of employment - Distribution of income - Technological development and strengthening of capacity - Regional integration and linking of sectoral participation
Colombia	✓	✓		<ul style="list-style-type: none"> - Compliance with current sectoral regulations - Contribution, pertinence and coherence with government policy and planning - Contribution to the long term improvement of the economic and social well-being of local communities and society in general - Implementation of cleaner production systems
Costa Rica	✓	✓		The principal criterion used is the overall benefit versus the local environmental cost, and compliance with national policies governing the matter. Each project must also include an Environmental Impact Assessment approved by the competent national technical authority. The congruency with national development plans is also reviewed
Cuba	✓	✓		Not Available
Chile	✓	✓		There are no specific criteria. The law requires: <ul style="list-style-type: none"> - Compliance with the provisions of the Environmental Impact Assessment System
Ecuador	✓	✓	The Designated National Authority reserves the right to grant a letter of	<ul style="list-style-type: none"> - Agreement with national and regional development objectives, policies and priorities - Compliance with the national, provincial and county legal framework - Compliance with current environmental legislation, including the Environmental Impact

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Country	Scope of the Letter of National Approval			Project Evaluation Criteria ⁽¹⁾
	SD	VP	Commentaries	
			approval to a project that has weaknesses relating to the technical requirements of the CDM.	Assessment - Socioeconomic, technological, and environmental impacts.
El Salvador	✓	✓		No specific criteria have been defined. In practice, the office requires an Environmental Impact Assessment and that the respective environmental permit be obtained. The office also reviews certain aspects of the project, such as: - Economic variables: generation of new jobs, technological flexibility, efficient use of resources, replicability. - Social variables: social adaptation of the technology, level, and quality of service, low cost of access, minimization of health risks. - Environmental variables; low environmental impact, contribution to biodiversity, etc.
Guatemala	--			No criteria established yet.
Honduras	--			--
Jamaica	✓	✓		In process, through general CDM criteria (SD, additionality, participation of local stakeholders, etc.) have been used temporarily to evaluate a specific project.
México	✓	✓		--
Nicaragua	✓	✓	A letter of approval is not granted to projects that do not comply with CDM technical characteristics.	Specific criteria have not been developed. For the time being, the evaluation criteria are: - To contribute to sustainable development, and improve the social, economic and environmental living condition of the country. - To contribute to achieving current national policies and strategies - To be congruent with the provisions of the National Plan of Nicaragua, the National Action Plan for climate change, the National Strategy on Biodiversity, the Hydro Resources Plan, and other national strategic instruments. - The contribution of the project to the adoption of environmentally friendly technologies and the creation of knowledge
Panama	✓	✓		Specific criteria have not been developed for the CDM. In practice, the environmental impact assessment and the fulfillment of the guidelines specified by the <i>Ley General de Ambiente de Panamá</i> are sufficient criteria for considering that a project can receive the national guarantee.
Paraguay	✓	✓		The current criteria are defined by OPIC: - Sustainable use of renewable natural resources for energy purposes. - Promotion of productive projects under sustainable management, - Support of projects that promote processes that do not produce greenhouse gases or environmental contamination.

Country	Scope of the Letter of National Approval			Project Evaluation Criteria ⁽¹⁾
	SD	VP	Commentaries	
Peru	✓	✓	During the evaluation stage the technical characteristics are reviewed and the proposer is given an opinion, but no value judgment is issued.	<ul style="list-style-type: none"> - Productive and efficient use of energy. - Consistency of CONAM's quality policy and environmental policy. - Coherence of environmental goals. - Coherence with the legal framework. - Relations of the project with the local community. <hr/> They also evaluate the technical components of the CDM project in order to make recommendations (not binding for national approval)
Dominican Republic	--			--
Trinidad and Tobago	✓	✓		Set of temporary criteria that include CDM technical components.
Uruguay	✓	✓		Five groups of criteria have been established for evaluating a project: <ul style="list-style-type: none"> - Environmental - Social - Economic - Political - Involving restrictions The details are available in the National Strategy Study http://www.cambioclimatico.gub.uy/mdl/publicaciones.htm

⁽¹⁾ The criteria in some cases also include an evaluation of CDM requirements such as additionality, baseline, PMV, etc., though rarely does the granting of the letter of national approval depend on the fulfillment of these requirements.

SD = Contribution to sustainable development, **VP** = Voluntary participation

2.3.2. Mechanisms for Evaluating Stakeholder Participation

A consultation or public meeting is the principal instrument that is used in the region to receive stakeholder comments on CDM projects. In many cases, the level of participation in these activities is evaluated by the Designated National Authority's only according to a review of section G of the Project Design Document. Some offices also request a document that supports this section detailing all the comments received and explaining how those comments have been taken into consideration in formulating the project.

Other mechanisms include:

- Request for a digital or magnetic record of the public meeting
- Oral presentation of the project by the developer, which includes a period for responding to comments made during the consultation process
- Visits to the project area by the Designated National Authority to discover the opinion of the local population

- Publication of non-confidential project information on the Designated National Authority web page with an invitation to make comments.

Some national authorities avoid the need to carry out an exhaustive evaluation of this matter by assuming that the operative agency responsible for validating the project has carried out a review. This is the case of OAMDL in Argentina and ODL in Bolivia.

2.4. National CDM Capacity

2.4.1. International CDM Aid Programs

UNEP / Risø CD4CDM Project

Implemented by the UNEP Risø Centre on Energy, Climate, and Sustainable Development¹⁷ and financed by the Government of Holland, the project seeks to help establish projects for reducing greenhouse gases that are consistent with the national sustainable development objectives of the participating countries, particularly in the energy sector. Bolivia, Ecuador, and Guatemala are currently participating in this project, which has the following general objectives:

- To generate a strong understanding of the opportunities offered by the CDM in the participating countries
- To develop institutional and human capacities for formulating and implementing projects under this mechanism.

The project also developed the Institutional Strategy for implementing the CDM in Peru, and in El Salvador the UNEP Risø Centre participated in the formulation of the Baseline Study for the Electrical Sector.

World Bank NSS Program

The National Strategy Studies Program of the World Bank was initially created with the collaboration of the Swiss Government, and its objective is the formation of capacities for joint Implementation mechanisms (IC) and the CDM. Within the framework of the program and with the financial support of other governments¹⁸, six countries from the Region – Argentina, Bolivia, Colombia, Chile, Peru and Uruguay – have completed their national strategy studies, which include an analysis of the institutional arrangements necessary for national participation in the mechanism, the national potential for mitigating greenhouse gases, and a potential portfolio of projects, among others.

¹⁷ Previously known as the UNEP Collaborating Centre on Energy and Environment

¹⁸ Germany, Australia, Austria, Finland and Canada.

Table 7
Participation of the Region in International Carbon Programs

Country	MoU / PIC / PAI ¹	Training Activities ²	Strategy Documents ³	CDM Support Groups ⁴
Argentina	MoU / PIC / PAI	✓	EEN ⁵	✓
Bolivia	MoU / PIC / PAI	✓	EEN	--
Brazil	PIC		--	✓
Colombia	MoU / PIC / PAI	✓	EEN / EIMDL	✓
Costa Rica	MoU / PIC	--		✓
Cuba	MoU	✓		✓
Chile	PIC / PAI	✓	EEN	✓
Ecuador	MoU / PIC / PAI	✓	OEE	✓
El Salvador	PIC / PAI	✓	--	--
Guatemala	PIC / PAI	--		--
Honduras	MoU / PAI	✓	--	--
Jamaica	MoU	✓	--	--
Mexico	MoU / PIC	--		--
Nicaragua	PIC	✓		--
Panama	MoU / PIC / PAI	✓		--
Paraguay		--		--
Peru	PIC	✓	EEN / EIMDL	✓
Dominican Republic	MoU / PIC			--
Trinidad and Tobago	--	✓		--
Uruguay	MoU / PIC / PAI	✓	EEN / OEE	--

-- No information was found

¹ MoU = memorandums of understanding with governments, PIC = participation in emissions reduction purchase initiatives such as PCF, CERUPT and others, PAI = participation in international assistance programs or projects for the CDM of multilateral agencies, international cooperation agencies, etc.

² Includes the implementation of workshops, seminars, conferences, and training courses at the local level.

³ EEN = National Strategy Study for the CDM, EIMDL = Institutional Strategy Studies for the Implementation of the CDM, OEE = Other Strategy Studies

⁴ Understood to be support groups, initiatives, institutions, organizations, and private and public national agencies that support processes of project formulation, marketing, approval, or capacity building.

⁵ Study on Flexibility Mechanisms within the Context of the UNFCCC and the Kyoto Protocol

Latin American Carbon Program – Corporación Andina de Fomento (PLAC / CAF)

Currently three countries from the region (Bolivia, Colombia and Ecuador) receive CAF financial support for CDM institutional strengthening. The Corporation has also financed several CDM training events in the region. PLAC seeks to help the member countries of the Corporation to participate in the emerging carbon market. The objectives of the program are:

- To involve the private sector in the identification, preparation and implementation of CDM projects
- To expand the financing base through strategic alliances and co-financing mechanisms
- To identify investment projects in the region
-

Government of Canada (CIDA / CCCDF)

The Canadian International Development Agency (CIDA) has participated actively in the capacity building process for the CDM through specific projects and financial support to diverse training activities in numerous countries of the region. Through the Canadian Climate Change and Development Fund, CIDA is presently carrying out capacity building and/or mitigation projects in Chile, Honduras, Brazil and Argentina, among others. It established the Argentine-Canadian Initiative with Argentina to Improve CDM Capabilities (CACBI); it is directed toward government, industry and the non-governmental sector and includes courses, workshops and seminars. (See section 2.4.4. **Capacity Building Activities**)

2.4.2. Participation in Purchase Initiatives

There are several types of carbon purchase initiatives at the international level. Currently about \$ 800 million in existing funds has been committed for purchasing emissions reduction, through either CDM initiatives or purchase initiatives that involve both CDM projects and Joint Implementation projects.

The following are a few of the emissions reduction purchase initiatives at the world level:

Table 8
International Emission Reduction Purchase Initiatives in CDM projects

Name / Scheme / Country	Coverage	Stakeholders	Amounts	Open to Latin American Participation
Austria	IC / MDL	Government	EUR 72 m	✓
Bio Carbon Fund	IC / MDL	Government / Companies	\$ 30-50 m	✓
CDCF	MDL	Government / Companies	\$ 40-70 m	✓
CERUPT	MDL	Government	EUR 32.5 m	✓
Denmark	IC / MDL	Government	EUR 120 m	✓
Finland Pilot Program	IC / MDL	Government	EUR 10 m	✓
Germany	IC / MDL	Federal / State Government	EUR 25 m	✓
INCaF	MDL	Government	EUR 44 m	✓
Italian Carbon Fund	IC / MDL	Government / open to Companies	\$ 20 m	Information Not Available
Japanese Carbon Fund	IC / MDL	Country Development Bank	EUR 52 m	Information Not Available
NCDF	MDL	Government	\$ 140 m	✓
PCF	IC / MDL	Government / Companies	\$ 180 m	✓
Sweden (SICLIP)	IC / MDL	Government	EUR 15 m	✓

It should be mentioned that the great majority of these carbon purchase “facilities” include IC projects as well as the CDM. This immediately produces a high level of competition between the resources assigned for purchasing the CDM (which can include larger elements of risk / supply of emissions reduction).

The region has a large share of initiatives such as the World Bank carbon funds, CERUPT and others.

Fifteen¹⁹ OLADE countries are members of the Committee of Host Countries of the World Bank carbon initiatives. As of June 2004, 12 energy sector projects in the PCF portfolio in Latin America have a Project Design Document for a total of almost 5,589,000 tons of CO₂ by 2012.

The region participated in previous CERUPT (Certified Emission Reduction Unit Procurement Tender) initiatives and obtained contracts for seven projects in four countries (a high efficiency power plant in Sucre, Bolivia; a landfill project in Temembe, Brazil; the *Rio Azul* Biothermal Project and the INCSA Project to expand a cement plant in Costa Rica; and the Bayano Hydroelectric project and the el Esti hydroelectric project in Panama).

PLAC / CAF has also supported projects in the region under the Facility established with the Government of Holland²⁰, one in Colombia and four in Panama, with prospects for other projects in Costa Rica, Ecuador and Nicaragua.

The participation of other projects from the region in purchase initiatives has also been found, such as the Finland Program of IC / CDM, which involves several projects including the cluster of hydroelectric plants in Honduras and several projects in Costa Rica.

Participation in these programs has allowed the region to benefit from training activities in several areas relating to the CDM (see section d. Capacity Building Activities) and acquire expertise for preparing and negotiating projects.

2.4.3. Memorandums of Understanding

Nineteen of the twenty countries studied have signed memorandums of understanding with the governments of Annex I countries to facilitate the development of CDM activities, most of which include dissemination and training activities of the mechanism. The countries that have participated most in the region by signing of this type of agreements are Canada (eight Memorandums of Understanding have been identified in the region) and Holland (six Memorandums of Understanding). France and Japan are also involved in the region with this type of agreements, though to a lesser extent.

2.4.4. Capacity Building Activities

Capacity building activities in the region have mostly involved courses, seminars and workshops on technical, political and institutional themes that are related

¹⁹ These are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Peru and Uruguay. Guyana, which is not part of this study, is also on the Committee.

²⁰ CAF-Netherlands CDM Facility. In this case CAF agreed to help the Government of Holland purchase 10 million tons of emissions reduction distributed over the sectors of energy, industry and transportation.

to the mechanism, though some programs have supported pilot projects for mitigating greenhouse gases in different sectors of interest and institutional strengthening in support of the CDM.

These activities have been the responsibility of agencies such as the World Bank through its national strategies program and the PCF Plus program, CAF, United Nations Development Program and cooperation agencies such as the Canadian International Development Agency (CIDA), the German Cooperation Agency (GTZ) and the Japanese International Cooperation Agency (JICA).

Training Events

The subjects covered most in events held in the region are the project cycle, general information on baselines, the carbon market, eligibility criteria, bases for formulating and preparing project ideas, and the identification and analysis of the potential of different sectors. A few of these training activities are mentioned below²¹:

- CD4CDM. National and Regional Workshops
- CACBI²². Project Cycle. The CDM Market and the Energy Sector, Sustainable Development Criteria and Indicators in CDM Projects, Capacity for Energy Efficiency Feasibility Studies.
- World Bank / PCF Plus. Workshops on preparing and formulating projects in different countries of the region; PCF project cycle, baselines, carbon market, risk management, legal aspects.
- World Bank / NSS Program. Workshops for socializing national CDM strategy studies, Bases for formulating projects.
- World Bank / Distance Training Program with the participation of Mexico, Peru, Argentina and Chile.
- CERUPT. Workshops on disseminating CDM opportunities and preparing project ideas.
- CAF. Diverse activities for disseminating opportunities and project formulation.

Though the themes of some of the events involved the formulation of CDM projects, the complexity of the mechanism did not permit certain key themes to be covered in detail, such as the preparation of baselines and the development of monitoring and verification protocols. In general, the events were more informative than educational, though they provided the developers with the necessary grounding for preparing project ideas.

Other Activities

Several of the specific capacity building activities identified in the region are:

²¹ Details of capacity building activities in each country can be found in Institutional Annex II – Country Details

²² Argentine – Canadian Initiative for Improving CDM Capabilities. Details on the training activities can be found at http://www.delphi.ca/cacbi/es/actividades_y_recursos/index.html

- UNITAR. Evaluation of Capacity Building Needs for CDM in Latin America
- PCF-Plus. Technical assistance to the *Instituto Colombiano de Normas Técnicas y Certificación* in its accreditation process as an operational entity.
- PLAC / CAF. Support for institutional processes in Ecuador, Bolivia and Colombia.
- CIDA / CCCDF
 - ✓ The Caribbean and the CDM. Strengthening Regional Capacities and Baselines
 - ✓ Strengthening the Sustainable Development Capabilities of the Chilean Transport Sector within the Framework of the CDM.
 - ✓ Energy Efficiency in the Industrial and Commercial Sectors of Honduras
 - ✓ Strengthening Institutional Capacities in Climate Change and the Preparation of Viable Practices in the Solid Waste Management Sector of Argentina
- UNEP / Risø Project CD4CDM. Details of activities carried out within the framework of the project can be found at:
<http://www.cd4cdm.org/countries%20and%20regions/Latin%20America/>

2.4.5. National CDM Support Groups

The initiatives found²³ include the CDM Advisory Commissions in Argentina – whose purpose is to identify mitigation options, select opportunities, contribute to the identification of methodologies and analyze technical documents – entrepreneurial and/or institutional initiatives such as PATAGONICO2 in Argentina and the *Centro Andino para la Economía en el Medio Ambiente* in Colombia – dedicated to feasibility studies, project formulation, negotiation and marketing of certified emissions reductions²⁴-, participation in private initiatives for promoting investments such as Prochile in Chile and Proinversión in Peru, and non governmental organizations such as ASOCIC in Costa Rica.

2.5. Identified Restrictions and Needs for Strengthening

2.5.1. Restrictions Identified by Project Development Offices

Financial Structure of Projects: Perhaps the most important limitations currently faced by CDM project developers in the region is the lack of financing for the pre-investment and investment stages of projects. Financial closure has become a major barrier to some projects being able to make purchase agreements with some of the principal groups of investors in the area. This situation is due in part to the financial sector’s lack of knowledge of the mechanism and the low energy prices in some countries of the region; these,

²³ It was not possible to identify rigorously the national CDM support groups that complement the activities of disseminating and promoting the national offices of the region or which participate in training and project marketing activities. The information given in this section cannot be considered indicative of the development status of these groups in the region.

²⁴ Normally known as Certified Emission Reductions (CERs)

coupled with current purchase prices of certified emission reductions do not produce interesting profitability indicators.

Transaction costs during all stages of the project cycle continue to be high in the region. In the majority of the countries studied, installed capacity for formulating projects is minimal, so international consulting firms often provide these services. The costs for validation and certification activities are perceived by national authorities to be very high, and there is a feeling that Latin American Regional operative agencies could offer these services at a lower cost. Presently only one institution, the *Instituto Colombiano de Normas Técnicas y Certificación* (ICONTEC) is in the process of being accredited.

Lack of national capacity for formulating projects: In the majority of the countries of the region, there are many consulting firms, independent consultants, and NGOs involved in environmental matters, but they are not yet providing CDM services. The lack of knowledge of the technical requirements of the mechanism (baselines methodologies, additionality estimation, monitoring protocols) and the lack of experience with managing more integrated projects that include a strong social and economic component, which is the case for CDM projects, limit their ability to serve this market efficiently and effectively. The same situation occurs in the case of project promotion agencies. Today, the projects they manage in some of their portfolios include significant development of the environmental component, but they tend to ignore the local and national social and economic characteristics that are involved.

Current characteristics of the demand: The current prices of Certified Emission Reductions are causing the demand to concentrate on the acquisition of large projects where the cost benefit ratio is greater. This reduces interest and possibilities for participating in the CDM. The perception of the DNAs is that as long as the CDM is the only way to participate in the carbon²⁵ market, few projects in the region will be able to be placed, because few countries, with the exception of Brazil, have the capacity to develop large-scale projects.

Lack of knowledge and understanding of the Mechanism. In the majority of the countries of the region, knowledge of the CDM and its potential benefits is very limited. National offices do not yet have the necessary mechanisms for working more efficiently with the private sector and other official agencies, to promote the mechanism and include the matter in planning and sectoral policies. The multi-sectoral committees and commissions that support the regulatory processes for national approval of projects in almost all cases do not function as well when identifying project opportunities in each particular sector. The uncertainty generated around the ratification of the Kyoto Protocol also reduces interest and inhibits investment in this type of project.

Reduced financial and human capacity in the offices: Some national offices have very limited resources for performing CDM functions and activities. On

²⁵ Occasionally some market alternatives for emission reduction projects include voluntary markets in some parts of United States, as well as the European emission transactions initiative.

one hand the magnitude of the supply, and on the other the limited availability of human resources in the institution, mean that many professionals who work in this area work on other matters relating to climate change, and dedicate a considerable part of their time to activities outside the area of the CDM

Often they do not have the necessary resources to carry out promotion and dissemination activities, much less participate in international negotiations. The capacity building and dissemination activities they are carrying out, or that have been carried out up to now, are financed by international cooperation agencies from Annex I countries, or programs such as PCF Plus of the World Bank, the CAF's Latin American Carbon Program, and the CD4CDM program of UNEP / RISØ.

Offices that were opened with resources from international cooperation and which still have resources, face problems of long-term financial sustainability.

Delayed development of the CDM institutional structure: In some cases (Paraguay and Dominican Republic), the delay in establishing CDM support institutions has delayed the initiation activities for disseminating the mechanism and the development of an institutional strategy for its implementation. This situation hampers even more the project identification process, which, in these cases, is left to the private sector and/or non-government organizations. This is the case of Dominican Republic, which just submitted a project to one of the carbon funds of the World Bank thanks to the support of The Nature Conservancy. A similar situation is occurring in Paraguay, where some NGOs have kept themselves informed about the evolution of the CDM, and they are currently carrying out dissemination processes, and in some cases, capacity building around the mechanism.

Delayed development of criteria and procedures for national project evaluation and approval: The lack of criteria for approving projects increases the regulatory uncertainty around the CDM and causes higher transaction costs for developers. The validation of projects in advanced stages of formulation can be delayed due to the lack of a concrete evaluation procedure.

Lack of a strategy for developing the CDM. Though several countries of the region have developed national strategies for implementing the mechanism, in general, the activities in some are still isolated and are more related to individual initiatives than to a national plan that gives continuity to the actions. In some countries the subject has no priority and funds are not assigned to existing programs, and it is perceived to be a matter for private rather than government initiative.

Little technological knowledge: There is little knowledge about the existence and/or operation of new technologies, which reduces the possibility of developing projects, especially in some of the Caribbean countries studied (Jamaica and Trinidad & Tobago).

Complex Methodologies: There is much uncertainty regarding the methodologies the CDM Board of Directors is evaluating. The methodologies used up to now are very complex and significantly reduce the possibility of developing projects in the region due to the high transaction costs involved and the limited national capacity for applying them.

2.5.2. Needs for Strengthening Identified by the Offices

Training and Capacity Building

a. Technical Capacity for the CDM

In the offices and at the national level: The needs exist mainly in the area of knowledge and application of baseline methodologies, additionality estimation, development of monitoring and verification protocols, and estimating and managing leaks²⁶. It is also considered necessary to improve national capacities for promoting projects. Though due to the current size of the market there is no perceived need to emphasize these matters, the expectations of some offices regarding the evolution toward a general emission reduction market, encourages a search for mechanisms to improve national installed capacity for preparing and promoting projects in the future.

b. Legal aspects involving the CDM

In the offices: There are presently at least four themes involving the CDM that require clarity:

- Interpretation of the concept of original ownership for energy and forestry projects. In practice, the biggest problems have arisen when defining the original ownership of the CER for forestry projects.
- Definition of the bases of the current taxation system. Which laws on foreign investment affect the development of projects and Certified Emission Reduction transfers and transactions.
- Incentives and fees that could eventually be applied to some projects, principally state owned forestry projects.
- Scope and binding nature of the national letter of approval.
-

Structuring schemes to ensure long-term financial sustainability: In the offices. One of the major challenges faced by offices today is that of ensuring the continuity of the actions they have been carrying out up to the present time, given their limited resources and the low priority that is sometimes assigned to the mechanism in the national priorities; this is exacerbated by uncertainty about the ratification of the protocol, low market prices and consequent reduced supply of projects. This problem is encountered principally by countries that developed a specific CDM institutional structure, due to the difficulty in justifying budgetary resources in a scenario with few or very reduced investments in the mechanism.

²⁶ The offices highlight the need for support in interpreting and adapting regulations presently being developed around these themes by the Board of Directors of the CDM.

Some offices are currently seeking mechanisms that will allow them to finance at least some of their activities. Offices that are dedicated exclusively to promoting projects have a comparative advantage because they can sell different types of services to project developers. However, to develop that strategy, offices require a minimum level of capacity in several areas.

Dissemination: At the national level. It is necessary to restructure the way in which activities of the mechanism have been disseminated up to now. Despite the large number of training activities, these seem not to have permeated certain levels within the group of project promoters and there is still a great lack of knowledge about the mechanism in some sectors.

Mechanisms for working and coordinating with other sectors: At the national level. In relation to the foregoing point, it is necessary to develop more efficient coordination mechanisms with other sectors of the economy than those that have been used up to now. Inter-sectoral meeting points that have been available up to now do not appear to be sufficient for encouraging and implementing sectoral plans and policies that include the CDM systematically in a high priority manner that would encourage a methodical search for and identification of project activities.

3. CDM Energy Sector Project Development in the LAC Region

3.1. Identifying CDM Projects in the Region

Latin America is one of the regions of the world with the highest level of early activity in the development of emission reduction projects. Early activities predate the establishment of the Marrakech Agreements and in the initial stages of the establishment of the CDM support that statement.

Under the CDM, project activities include sectoral focuses or categories that help identify and classify mitigation activities. The following involve the electrical sector:

1. The Energy Industry that involves electrical generation (using either renewable or non-renewable energy)
2. Energy Distribution
3. Energy Demand
4. In addition to this classification, it should be noted that several additional categories involve so-called small-scale CDM projects that are subject to several special regulations under the Mechanism. The small-scale project designation applies to generation projects of up to 15 MW, energy savings of up to 15 kWh and net emission reductions of 15 kt of CO₂ equivalent per year.

Recent international²⁷ as well as Latin American²⁸ studies suggest that the Latin American region is playing a leading role in the early development of CDM projects.

Information recently²⁹ published internationally suggests that about 1,114 projects have currently been proposed; of these, 220 have reached the so-called Project Design Document (PDD) stage, and have a potential of about 304 million tons of carbon dioxide equivalent.

Of the total number of projects identified, 41 have completed the public commentary stage of their validation process; the Board of Directors has not yet recorded any projects; however, at least three projects have submitted that request to the CDM Board. At the present time (October 2004) 27 projects from Latin America are undergoing the validation process and of these, 17 are

²⁷ OECD. Taking stock of progress under the CDM. Organization for Economic Cooperation and Development, International Energy Agency. June 2004

²⁸ Econergy International, authored by Cristiana Figueres. Institutional capacity to integrate economic Development and climate change considerations: an assessment of Designated National Authority in Latin American and the Caribbean. Submitted as a draft to Inter American Development Bank. June 2004.

²⁹ CDM & JI Monitor. October 13, 2004. available at www.pointcarbon.com

energy sector projects that involve renewable energy-based generation, or LFG collection from landfills for electrical generation, and two are energy efficiency projects; the remainder are from other sectors.

Available information from the above-mentioned studies shows that about 28% of the projects are from the Latin American region, and the CDM is distributed as follows: Brazil (13%), the rest of LAC (15%), China (11%), India (23%), the rest of Asia (32%), Africa (5%), Eastern Europe (1%).

International studies also agree on the principal elements that characterize the current CDM supply. The distribution of the projects by sectoral areas and type of project is as follows: electrical generation using biomass (13%), electrical generation using hydroelectricity (12%), electrical generation using other renewables (12%), Energy efficiency (3%), LFG (12%), other methane reductions (11%), F gas decomposition (17%), fuel substitution or replacement (3%), cement (7%), transport (2%), other projects (4%), and reforestation (4%).

It is presently not easy to obtain a completely clear idea of the regional distribution of proposed emission reductions in tons of carbon because until very recently companies that submit intelligence reports on carbon markets have not compiled international information, for example, Point Carbon, Inc, which provides some of that information for the public use on its web page at www.pointcarbon.com.

A study carried out by OECD / IEA and published in June 2004, found 60 CDM projects in the Latin American region that are active in the CDM project development cycle. That number of projects demonstrates the level of activity of projects in the development cycle that are characterized by a real desire to develop in the CDM market.

Baseline studies and monitoring of new methodologies in CDM projects showed that of 64 methodologies considered almost 40% were projects located in the Latin American region.

The following sources of information were used to find CDM project portfolios in the energy sector:

1. Official CDM information available on its web site <http://cdm.unfccc.int>
2. Information provided by Designated National Authorities of the countries of the region through interviews as well as documentation that is available in CDM project portfolios on official web sites.
3. Information on world or regional studies of the development of CDM projects.
4. Information on results of CDM exploration studies generally produced within the context of the National CDM Strategy Studies that several countries of the continent have performed.

3.2. Characterizing Energy Sector CDM Projects: Capacities and Potential for Emissions Reduction

The information that has been documented on energy sector CDM projects is not exhaustive regarding all the project activities that could be taking place in Latin America and the Caribbean; the objective is rather to provide a representative spectrum of CDM activities, from which it will be feasible to extract different types of lessons learned that will be of interest to the development of this work.

At least 80 CDM project activities that relate to energy sector projects have been found in the region. The table in this section provides a representative portfolio of CDM projects that have been found in the region’s energy sector (located at some level of development in the CDM cycle, defined as exploration, formulation, national approval, and validation).

It can be initially concluded that:

1. A high percentage of CDM project activities (close to 95%) involve electrical generation, i.e. the sectoral focus of the energy industry (renewable or otherwise).
2. Project activities involving energy distribution and energy demand, in other words energy efficiency, are very rare and only three have been identified.
3. Electrical generation projects based on renewable energy predominate in energy industry projects; hydroelectricity occupies an important position followed by cogeneration using biomass residues, and wind generation is in third place.
4. There is an interesting set of at least five projects for capturing methane emissions from landfills for use in electrical generation; this demonstrates initial interest in carrying out high volume emission reduction projects involving the destruction of methane, which in turn generates energy for the electrical grid.
5. At least 27 projects are small-scale projects, i.e. less than 15 MW of installed power.
6. Very few CDM projects were found in the Caribbean, where only one project was identified, a wind energy project in Jamaica that has requested methodological approval. Cuba and other Caribbean islands have additional projects that are still in the development or conceptualization stage.

Table 9
Portfolio Indicative of CDM Projects in the Latin American and the Caribbean
Energy Sector

Project	Country	Type of Project	Capacity (MW)	Annual Emissions Reduction (ton CO ₂ eq/yr)
A y P Gas	Bolivia	Efficiency/Generation	Not Available	35.300
Unagro	Bolivia	CHP	Not Available	Not Available
Mini Hidro Ixiamas	Bolivia	Generation / Hydro	Not Available	Not Available
Mini Hidro Isla Marine	Bolivia	Generation / Hydro	Not Available	Not Available
Hidroeléctrica Boliviana	Bolivia	Generation / Hydro	Not Available	Not Available
San Matías	Bolivia	Generation / Gas	Not Available	Not Available
Vale do Rosario	Brazil	Biomass CHP / Energy Efficiency	35	95.700
Nova Gerar	Brazil	LFG Collection / electrical generation	12	345.000
Barreiro	Brazil	Electrical generation	Not Available	35.310
Hidroeléctrica Aquarius	Brazil	Generation / Hydro	4,2	14.900
Relleno Lara	Brazil	LFG Collection / generation	Not Available	664.000
PCH Passo do Meio	Brazil	Generation / Hydro	30	94.400
Cogeneración Metrogas	Chile	Energy distribution / CHP	3	11.600
Chacabuquito	Chile	Generation / Hydro	26	79.000
Guardia Vieja	Chile	Electrical generation	Not Available	250.000
Planta Graneros	Chile	Fuel switch	Not Applicable	16.100
Hydroelectric plants (cluster of different capacities)	Chile	Generation / Hydro	425	330.128
Codelco	Chile	Generation / wind	40	127.000
Laja	Chile	Generation / biomass	8	
La Vuelta / La Herradura	Colombia	Generation / Hydro	37	71.100
Jepirachi	Colombia	Generation / wind	19,5	37.850
Río Amoyá	Colombia	Generation / Hydro	83	361.000
Furatena	Colombia	Energy efficiency	Not Applicable.	11.900
Santa Ana	Colombia	Generation / Hydro	12	21.700
Saret Rio Azul	Costa Rica	LFG Collection / generation	4	78.000
Generadora 2000	Costa Rica	CH4 Collection / generation	Not Available	41.500
Hidro Cote	Costa Rica	Generation / Hydro	8	11.980
Vara Blanca	Costa Rica	Generation / wind	Not Available	20.300
Chorotega	Costa Rica	Generation / wind	Not Available	18.730
Río General	Costa Rica	Generation / Hydro	40	128.000
30 Noviembre	Cuba	Generation / biomass	12	55.280
FNTA	Cuba	Generation / biomass	6	54.325
Mario Muñoz	Cuba	Generation / biomass	9	46.516
Antonio Sanchez	Cuba	Generation / biomass	20	115.000

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Project	Country	Type of Project	Capacity (MW)	Annual Emissions Reduction (ton CO ₂ eq/yr)
Cayo Coco	Cuba	Generation / wind	4	7.184
Isla Juventud	Cuba	Generation / wind	1,5	2.520
Cervecería	Cuba	Energy efficiency	2.2 Gwh / yr	11.070
Cluster Hidro	Cuba	Generation / Hydro	29	Not Available
Guanabacoa	Cuba	Efficiency	9.4 Gwh / yr	7.600
Sabanilla	Ecuador	Generation / Hydro	20	130.000
Sibimbe	Ecuador	Generation / Hydro	15	68.400
Guachala	Ecuador	Generation / Hydro	2	7.840
Perlabi	Ecuador	Generation / Hydro	2,8	13.200
Sigchos 1	Ecuador	Generation / Hydro	18	130.000
Salinas	Ecuador	Generation / wind	13,5	12.000
Pilalo 3	Ecuador	Generation / Hydro	11,8	74.100
Loja	Ecuador	Generation / wind	15	
EEDN	El Salvador	Generation / biomass	5,0	8.000
Ing. Cabaña	El Salvador	Generation / biomass	7,5	24.740
El Canadá	Guatemala	Generation / Hydro	43	144.000
Candelaria	Guatemala	Generation / Hydro	4	21.000
La Esperanza	Honduras	Generation / Hydro	12,7	34.250
Guyamapa	Honduras	Generation / Hydro	12,2	35.762
Cortecito	Honduras	Generation / Hydro	9,3	37.419
Yojoa	Honduras	Generation / Hydro	0,6	1.150
Cececapa	Honduras	Generation / Hydro	2,8	2.029
Rio Blanco	Honduras	Generation / Hydro	5	17.800
Zacapa	Honduras	Generation / Hydro	0,5	779
Wigton	Jamaica	Generation / wind	18	49.200
El Gallo	Mexico	Generation / Hydro	30	70.784
Bemito Juárez	México	Generation / Hydro	15	40.769
Chilatán	México	Generation / Hydro	15	51.794
Trojes	México	Generation / Hydro	8	22.562
FEI Oaxaca	México	Generation / wind	51	214.000
CLN	Nicaragua	CH ₄ Collection / generation	12	98.000
Fortuna	Panama	Generation / Hydro	Not Available	22.400
Esti	Panama	Generation / Hydro	120	357.000
Bayano	Panama	Generation / Hydro	80	39.000
Huanza	Peru	Electrical generation	Not Available	220.000
Tarucani	Peru	Electrical generation	Not Available	222.800
Poechos	Peru	Electrical generation	Not Available	45.340
Paramonga	Peru	Generation / biomass CHP	2	77.000
Rural Electrification	Peru	Generation / rural	Not Available	84.000
Malabrigo	Peru	Generation / wind	Not Available	4.000
San Gaban	Peru	Generation / Hydro	120	506.775
Cartavio	Peru	Fuel switch / biomass	1.8 million gallons of fuel oil	32.280
Chiclayo	Peru	Generation / biomass	9	14.891
La Virgen	Peru	Generation / Hydro	50	175.968
Iquitos	Peru	LFG / generation	10	165.000
Quitaracsa	Peru	Generation / Hydro	114	246.417

Note: It should be mentioned that this portfolio shows development activities and is not an accurate reflection of the situation country by country; the portfolio is therefore useful for identifying trends, and based on those trends, for identifying key aspects of project development.

The information presented in the above table highlights some technological aspects of the supply of emissions reduction in the region at this time:

1. The total emissions reduction in equivalent tons of CO₂ is about 6 million tons of CO₂ equivalent per year. About 1 million tons of CO₂ equivalent per year of this total pertains to a small number of projects that capture LFG in landfills and include an electrical generation component that can be connected to the grid (however, most expected reductions in these projects come from the destruction of methane due to its high global warming potential and not so much to the emissions that are removed from the electrical grid).
2. Excluding those landfill projects, the portfolio can be seen from the point of view of CDM technologies or sectoral focuses. The expected emissions reductions of the portfolio involve about 98.75% from the energy industry, about 0.5% from energy distribution, and the remaining 0.75% from energy efficiency. This distribution shows that most project development is currently centered on adding capacity to the electrical grid, and that project developers have not undertaken energy efficiency projects or emissions reduction projects in energy distribution.
3. The distribution by electrical generation source / technology is also clear, and show that about 84% of the reductions of the portfolio are from hydroelectric generation, about 5% from biomass cogeneration, and 8% from wind generation plants. Although exploration stages found several geothermal projects in the region, it has not been possible to determine their possible state of development in the CDM. The foregoing clearly shows that the CDM portfolio is consistent with the technological tendencies of the region regarding the knowledge, development, and capabilities for managing hydroelectric project concepts. This tendency has very important implications for the region with respect to the methodological development necessary to be able to classify these projects in the CDM.
4. Generation projects for providing decentralized rural energy services constitute about 1.75% of the emissions reduction of the portfolio. This is due to the small size of these projects (although unmet rural energy needs in the region are high).
5. The contribution of small-scale CDM projects to reducing emissions is about 15% of the total portfolio.

A review of the portfolios of several of the larger emissions reduction purchasers in the region underlines the importance of renewable energy projects and hydroelectric projects in their portfolios. World Bank programs currently³⁰ include

³⁰ IRN, CDM Watch. CDM large hydro status note for the World Bank / IETA Carbon Expo. June 2004

14 renewable energy projects that have a Project Design Document (PDD) for the CDM. This portfolio represents a reduction of almost 6.7 million tons of CO₂ equivalent by 2012. About 67% of that emissions reduction comes from hydroelectric projects larger than 15 MW in the Latin American region. Regarding projects in the pipeline, the World Bank is presently preparing descriptions of the formulation and purchase of emissions reduction for three projects in the region involving an additional total of about 4.7 million tons of CO₂ equivalent by 2012. Based on these totals it can be said that hydroelectric projects larger than 15 MW have the larger share compared to other types of renewable energy projects.

Recent publications on the approval of projects in the region³¹ indicate that the different Designated National Authorities of the CDM have reviewed about 184 CDM projects, 39 of which are currently going through national approval process; nine projects have received letters of national approval and another fifteen have received letters of endorsement or non-objection so that they can continue the steps of the CDM project cycle.

The project approval process in the CDM involves several stages that include the approval of methodologies, project validation, etc. Up to now, a major part of the approval process has involved the approval of methodologies. The Board of Directors of the CDM has received 64 methodologies for consideration. Thirteen of them were approved (though only 11 have been published in the final format of the Board of Directors of the CDM), 12 were rejected, and 39 are being evaluated. Four of the approved methodologies involve grid-connected renewable energy projects. Nineteen of the methodologies considered are for the electrical sector and of these, 11 are for projects in Latin America and the Caribbean (see <http://cdm.unfccc.int>).

The methodologies submitted to the approval process were:

- NM 0001. Cogeneration Project using Bagasse in Vale do Rosario, Brazil.
- NM 0006. El Canada Hydroelectric Project, Guatemala.
- NM 0008. Peñas Blancas Hydroelectric Project, Costa Rica.
- NM 0012. Wigton Wind Farm in Jamaica.
- NM 0016. Fuel Replacement Project at the Graneros Power Plant, Chile
- NM 0020. La Vuelta and La Herradura Hydroelectric Project in Colombia.
- NM 0023. El Gallo Hydroelectric Project, Mexico.
- NM 0024. Jepirachi Wind Project, Colombia.
- NM 0027. Alternative Investment Analysis: Catanduva Sugar Factory, Brazil
- NM 0043. Expansion of the Bayano Hydroelectric Project, Panama.
- NM 0054. Sibimbe Hydroelectric Project, Ecuador

The Board of Directors of the CDM approved three of the methodologies in the above list, two of which have already been published in the methodological record of the CDM, namely:

³¹ Ecomenergy International, authored by Cristiana Figueres. Institutional capacity to integrate economic Development and climate change considerations: an assessment of Designated National Authority in Latin American and the Caribbean. Submitted as a draft to Inter American Development Bank. June 2004.

- AM 0005. Baseline methodology for generating renewable grid-connected electricity (using barrier analysis, a baseline scenario, and calculating emission coefficients using combined margins). This approved methodology is based on NM 0023.
- AM 0008. Industrial replacement of carbon fuels and petroleum derivatives with natural gas in an industrial plant without increasing its capacity or extending the life of the plant. Methodology based on NM 0016.
- AM 0015. Grid-connected electrical cogeneration using bagasse. Based on NM 0001.

The Board of Directors rejected two methodologies, namely NM 0006 and NM 0008, for projects located in Guatemala and Costa Rica.

As of July 2004, the following Designated Operative Agencies were officially accredited with the CDM:

Table 10.
Designated Operative Agencies (October 04)

Name	Sectoral Focuses Applied	Sectoral Focuses Accredited	Projects submitted for consideration	Projects with a validation decree
Japan Quality Assurance Organization (Japan)	1, 4, 5, 8, 9, 11-15	4-7, 10-12	Lsc: 1, SSC: 1	Lsc: 1, SSC: 0
Det Norske Veritas Certification Ltd (DNV cert) (Europe)	1-15	1-3, 4-7, 10-12, 13	Lsc: 10, SSC: 17	Lsc: 6, SSC: 17
JACO (Japan)	1-13	Indicative letter	Lsc: 0, SSC: 1	Lsc: 0, SSC: 1
Societe Generale de Surveillance UK LTD (Europe)	1-15	4-7, 10-12	Lsc: 1, SSC: 0	Lsc: 1, SSC: 0
TUV Industrie Service GMBH TUV SUD (Europe)	1-15	1-3	Lsc: 2, SSC: 1	Lsc: 0, SSC: 1
TUV Rhein (Europe)	1-15	Indicative letter	-	-

Note: See attached table for details on CDM sectoral focuses, Lsc: Large-scale projects, SSC: small scale projects in the CDM.

Source: CDM Monitor July 2004.

The officially accredited agencies working in the Latin American region are SGS, DNV, and TUV SUD³². Depending on the needs of emissions reduction

³² Based on the information on projects awaiting validation that is available at <http://cdm.unfccc.int>

purchasers, in response to the interest of Japanese purchasers for example, some Japanese DOE groups may work in Latin America in the future.

The following Agencies are currently seeking accreditation from the Board of Directors of the CDM.

Table 11.
Agencies Applying to the CDM that are in the Approval Process

Name	Applied focuses
Azsa and Co (previously Asahi & Co)	1,2,3,10
British Standards Institution (BSI)	1 to 13
BVQI Holdings Ltd.	1 to 15
Chuo Aoyama Pwc Research Institute Corporation (previously Chuo Sustainability Research Institute Co. Ltd. (CSRI))	1 to 5, 8, 13, 14, 15
Clouston Environmental Sd Bhd.	1 to 13
Instituto Colombiano de Estandares Técnicos y Certificación (ICONTEC)	1 to 5, 8, 13, 14, 15
Conestoga Rovers & Associates Limited (CRA)	1, 4, 5, 10, 12, 13
Det Norske Veritas Certification Ltd. (DNV Certification Ltd.)	1 to 15
ERM Certification and Verification Services Limited (ERM CVS)	1 to 5, 7 to 11, 13
Japan Audit and Certification Organization for Environmental Quality	1 to 4, 6 to 15
Japan Consulting Institute (JCI)	1, 2, 4, 5, 9, 10, 13
Japan Quality Assurance Organization	1 to 15
Korean Foundation for Quality (KFQ)	1 to 6, 8 to 13
KPMG Certification B.V.	1 to 15
Lloyd’s Register Quality Assurance (LRQA)	1 to 13
Nexant Inc.	1, 2, 3
RWTUV Systems Gmbh	1 to 13
Spanish Association for Standardization and Certification (AENOR)	1 to 15
SGS UK Ltd.	1 to 15
The Korea Energy Management Corporation (Kemco)	1, 4, 5
Tohmatsu Evaluation and Certification Organization (TECO)	1 to 4, 6, 9, 13
TUV Industrie Services Gmbh TUV Rheinland Group	1 to 15
TUV Industrie Service Gmbh TUV SUV Sud Grupp	1 to 15
URS Corporation Limited	1 to 13

Source: <http://cdm.unfccc.int> October 2004.

The above table shows a geographical concentration of operative agencies in Japan and Europe, and very few companies or groups in developing countries, the only ones being from Korea and Colombia.

The classification used to define CDM sectoral focuses is given in the following table.

Table 12.
Sectoral Focuses that Apply to CDM Projects

Identification Number of Sectoral Focus	Name and applicability
1	Energy Industries (renewable and non-renewable)
2	Energy Distribution
3	Energy Demand
4	Manufacturing Industries
5	Chemical Industries
6	Construction
7	Transportation
8	Mining / Minerals Production
9	Metals Production
10	Fuel Emissions
11	Emissions of Halocarbons / Sulfur Hexafluoride
12	Solvent Use
13	Waste Handling and Disposal
14	Deforestation and Reforestation
15	Agriculture

Currently, four Designated Operative Agencies have been accredited by the Board of Directors of the CDM, and two others have received the letter indicating accreditation. DNV and TUV SUD have been accredited to validate projects in the energy field, and it is expected that indicative letters will accredit other “Applying Agencies” in sectoral focuses relating to the energy sector.

Seventeen other organizations internationally are continuing their accreditation processes, many of which are interested in the energy sector; however, only two are from developing countries; one is the *Instituto Colombiano de Normas Técnicas* (ICONTEC), which applied in May 2004 for accreditation in the energy industry, the chemical industry, mining, and waste management and disposal.

A review of the validation portfolios of the Designated Operative Agencies that have been accredited to date shows that 16 of the 33 projects awaiting validation, that is almost 50% of the initial validation portfolio (based on the number of projects), are energy projects in Latin America. A large number of these are small-scale projects in the CDM. It will be important to monitor the results of the first rounds of validation in order to obtain the lessons learned regarding project implementation in the CDM.

3.3. Experience in Baseline Formulation and CDM Project Monitoring

Previous sections of this chapter show that the Latin American and Caribbean region has been energetically involved in proposing projects. Since the beginning of the CDM, it has participated actively in developing the technical

elements of projects, baseline methodologies, monitoring, and demonstrating project additionality.

There have been multiple evaluations of schemes for determining baselines and estimating carbon emission factors for the different countries of the region; however, they are not included in this study because CDM regulations require that project proponents utilize an approved methodology, or obtain approval for a methodology that is appropriate for the conditions of its CDM project activity.

Experiences with the formulation of baselines and monitoring in the energy field involve the sectoral focuses presented above: electrical generation, energy demand, and energy distribution.

Experience in Latin America principally involves electrical generation (renewable or otherwise), energy demand, and its efficient use.

Experiences with electrical generation projects

These are projects that fulfill the rules and procedures for small-scale CDM projects, (that is, smaller than 15 MW), and developments that apply to larger CDM projects (that is, larger than 15 MW).

As was mentioned above, several new methodologies have been proposed for electrical generation projects with renewable sources in grid-connected systems, as well as the application of small-scale methodologies in renewable generation projects smaller than 15 MW.

For projects larger than 15 MW several methods of calculation have been proposed, as shown in the following table, as well as some of the methodologies proposed by the region, and the project in which they were used.

The methods used for calculating emission coefficients for electrical sectors and their methodological application in proposing baselines for projects in Latin America include:

<p>Methods based on the electrical system's operating margins</p> <ol style="list-style-type: none"> 1. Exclusion of all low cost / high priority dispatch sources (NM 0023) 2. Exclusion of part of the low cost / high priority dispatch sources (NM 0001) 3. Exclusion of part of the non thermal plants (derived from the dispatch model) (NM 0020) 4. Marginal plants defined by the project proposer 5. Marginal plants identified according to dispatch data (NM 0024) 6. Marginal plants identified according to dispatch modeling (NM 0054)
<p>Methods based on margins of added capacity or construction</p> <ol style="list-style-type: none"> 7. Recent construction of the latest 5 plants, or the most recent 20% (NM 0023) 8. Recent construction excluding plants larger than 250 MW (NM 0001) 9. Recent construction according to growth planning projections
<p>Methods based on the combined margins of the electrical system</p>

10. Average operating margin and construction margin with equal weighting (NM 0023) 11. Average operating margin and construction margin with unequal weighting (NM 0020, NM 0001)
Methods based on the average operation of the electrical system
Methods based on determining the sources of generation identified to replace electrical generation by determining “proxy” plants; that is, plants that can be displaced (NM 0012)

It can be seen that most of the methodologies suggested by the region are based on the estimation of combined margins and the use of electrical dispatch simulation models in electrical grids.

The important lessons learned regarding this methodology will be discussed in a later section of this study, but the different arguments regarding the difficulty of having dispatch models and electrical system optimization methodologies approved by the Board of Directors of the CDM should be noted. On one hand, the argument is about how transparent and conservative the dispatch model is, and on the other hand, the argument is that in Latin America, especially in countries with a strong hydroelectric component in their electrical systems, the tendency is still to plan dispatch based on simulations. This has resulted in an argument by DNAs and project developers about the need for clarification regarding the factors the CDM uses to approve methodologies.

The Board of Directors recently approved a consolidated methodology known as ACM 0002 “Consolidated baseline methodology for grid connected electricity generation from renewable resources” that is relevant to the discussion and formulation of generation projects that use renewable energy. This methodology is available, so project proponents can choose to use it (if its applicability to the project can be demonstrated). Initial comments from several Designated National Authority national offices in the region³³ include important points for discussion about how to represent national circumstances in this methodology and how representative the resulting baseline methodology is for countries with a high level of hydro in their energy mix. Thus the door to debate is still open regarding the methodology applicable to the portfolio of Latin America, and a consolidated methodology is available that would apparently tend to make the emissions reduction estimate more conservative, or lead to the formulation of the country methodologies that can adequately represent national circumstances and provide a proper baseline scenario and can, in turn, estimate the baseline emissions reduction based on an optimum dispatch of the sources of generation.

For projects smaller than 15 MW the Board of Directors of the CDM has given prior approval to methodologies that specify procedures for estimating emissions factors in interconnected electrical grids, namely:

“For all activities of projects in the I.D. category “Generation of electricity with renewable sources for interconnected systems” the calculation of the baseline

³³ CAF. Meeting to discuss consolidated methodologies and additionality tests. Caracas, September 2004.

is the energy generated (kWh) multiplied by an emission coefficient. For project activities that include generating units that use fuel oil or diesel, the baseline will be the annual energy generated (kWh) multiplied by the emission coefficient of a modern diesel generating unit as described in Table I.D.I. of paragraph 28 of Appendix B.B.

For other project activities, paragraph 29 of Appendix B describes a simplified methodology for calculating the baseline, which is the kWh produced by the generating unit multiplied by an emission factor (measured in kg CO₂ equivalent / kWh) calculated in a transparent and conservative manner as follows:

- a) The average of the “approximate operating margin” (AOM: Approximate Operating Margin) and the “build margin” (BM: Build Margin) where:
 - (i) The “approximate operating margin” is the weighted average of the emissions (in kg CO₂ equivalent / kWh) from all sources of generation that serve the system, excluding hydro, geothermal, wind, biomass, nuclear and solar generation;
 - (ii) The “build margin” is the weighted average of the emissions (in Kg. of CO₂ equivalent / kWh) of recent additions of capacity to the system, which are defined as the largest (in MWh) of the most recent (*) 20% (**) of existing plants and the 5 most recent plants.
(*) Generation information available for the most recent year.
(**) If the 20% includes part of the capacity of a plant, that plant is included in the calculations.

The weighted average of the emissions (in kg CO₂ equivalent / kWh) of the current fleet of generating plants.”

In this case, project proponents must properly justify the criteria used to select the spatial and temporary dimensions of the data used, as well as the handling of special country conditions that affect the results of the methodologies.

Several experiences are being developed on this theme of small-scale projects:

- Colombia³⁴, for example, has carried out a study in which a national office of the electrical sector, in this case, the *Unidad de Planificación Minero Energética* (UPME), has estimated the national small-scale application parameters for grid-connected projects as a way to reduce transaction costs and improve the transparency with which the project developers will provide verification instruments to validating agencies. In this case, this work is the responsibility of national agents that have access to the relevant information and are capable of presenting solid technical arguments about national circumstances such as, for example, long-term hydrological effects on the representative operating conditions of the electrical sector, etc.

³⁴ UPME. Simplified methodology for calculating the baseline for Small Scale Projects in Colombia. Electrical generation with grid-connected renewable sources. Version 1. Bogota, Colombia. August 2004.

- There are experiences applying small-scale methodologies in other countries where projects of this type are being validated, such as Honduras³⁵ and Brazil, among others.

With respect to electrical generation projects, considerable experience has been acquired in the methodological development of baselines and monitoring, and this will allow project developers to overcome the dilemmas caused by estimations in their projects. Certain methodological elements still require adequate analysis in the Latin American region. They include the following:

1. Management and availability of information on electrical systems to support the transparency and validation capacity of data used for estimations.
2. Representativity criteria on the spatial and temporal dimensions of data that represent the characteristics of representative hydrological cycles for making estimates.
3. Support for developing estimates for small-scale projects that will provide project developers with proper and verifiable values which, in turn, can be demonstrated in validation processes and thus reduce transaction costs.
4. To evaluate the convenience of applying recently approved consolidated methodologies within the context of their applicability to the countries of the region. Based on this analysis, it will be important to discuss the need to propose methodologies that are specific to the country context in the different parts of the region.

3.4. Lessons learned on CDM Project Formulation in the Region’s Energy Sector

The information compiled in the portfolio of CDM projects that the foregoing section presents clearly demonstrates that the Latin American region has experienced strong initial development in the exploration and development of CDM projects in the energy sector. That exploratory portfolio has a heavy bias toward the energy industry and emphasizes the connection of renewable energies to the grids of the different countries.

Projects from the region have taken the lead in undertaking approval processes for new CDM methodologies, and at least 11 methodologies that were proposed in the CDM Methodology Panel’s first rounds for considering new methodologies.

It is significant that the international development of CDM project formulation has been closely linked to the exploration of the potential supply, to the consideration of the methodological aspects of baseline and project

³⁵ Finnish CDM / JI Pilot Programme. Yojoa Small Hydropower Project PDD. Honduras. September 2003.

monitoring, and to managing the transaction cost structures that a project proposer has to finance; and to structuring market relations to be able to relate to the emissions reduction market.

Some of the principal lessons learned in this process are:

Exploration of the supply of CDM projects

It was relatively easy to establish a goal portfolio of projects relating to added capacity in the electrical sector of each country. The region's electrical sector is experiencing increased demand for added capacity; as a result, diverse groups of project developers carry out project development activities, and thus there is a strong presence of hydroelectric projects in the CDM portfolio.

The regional portfolio closely follows historical trends or technological “paths” regarding hydroelectric project development and its share of electrical markets.

The portfolio includes a wide range of projects from small-scale projects to very large projects in the order of hundreds of MW. This is possibly due to market entry conditions as well as the very large differences in capacity of the groups of developers in the countries of the region. Considering the differences between the different countries and the entry conditions for new electrical projects in the different markets, there is a tendency for the projects that are proposed to be generally small-scale or very large (without being projects with large reservoirs).

Given the reformed markets' barriers to entry by renewable energy, and the large size of the potential CDM portfolio, it will be very important in the coming months to observe the rate of implementation of prospective projects. This is due to the high level of competition for added capacity in the electrical markets of the region, and in this dynamic environment, it is not always clear which projects will manage to be implemented.

Other renewable energies, with the possible exception of cogeneration with biomass, are not strongly represented in the portfolios. This could be due to the strong technological inclination toward hydroelectricity in the region and the corresponding specialization of local developers, as well as the existence of several regulatory barriers against other renewable energies and their participation in the markets.

The portfolio contains few energy efficiency and energy distribution projects, so their potential contribution to emissions reduction is low. This could be a reflection of the limited development of this type of project, the lack of promotion of the potential impact of the CDM on these sectors, or a perception of the particular things this type of project faces when formulated in the CDM.

In recent years, there has been a considerable flow of economic resources toward Latin America for exploring and developing carbon programs; this has

resulted in emissions reduction portfolios. There are large asymmetries, especially in the potential participation of small countries such as those of the Caribbean.

The absence of clear rules at the beginning of the market building process has contributed to delays in project development. The conceived style of “precedent cases” the CDM uses (in diverse aspects such as baselines) helps to ensure that certain types of projects whose normal development cycle is advancing, suddenly are no longer considered possible CDM projects because they reach implementation points that do not permit them to expect CDM approval and therefore they are removed from some CDM development portfolios.

Methodological Aspects of Baseline, Project Monitoring and Formulation

The approval process for new project methodologies applied to added capacity projects in electrical grids has been a complex subject in the CDM. On one hand, there has been an interactive process for reviewing those methodologies, while at the same time the normal regulation “building” process has helped to cause delays.

Up to now, the CDM methodologies panel has reviewed 11 methodologies from the region that involve the electrical sector. The principal methods used involve managing concepts of combined marginal use, that is, to understand the dynamic by which the operation of plants and added capacity reduces emissions. Some projects have also used methodologies based on electrical dispatch simulation models and their projections over time.

Two of these methodologies were approved for biomass projects (NM 0001 Vale do Rosario Cogeneration Project) and for AM 0000 El Gallo Hydroelectric Project). Both methodologies are based on the principal that emissions reduction in an electrical grid connected project will originate from a component due to the effect caused by the dispatch of that project on the operation of the rest of the generation fleet, and another component originates from the effect on the grid’s tendency to add capacity projected into the future (or due to the tendency of plants recently incorporated into the system).

Based on the specific dispatch and electrical system planning characteristics of the region, some of the methodologies submitted for consideration and registration in the CDM use the so-called optimum dispatch analysis using electrical system simulation models. Up to now, project developers from Costa Rica, Guatemala, Ecuador, Chile, and Colombia have proposed methodologies of this type; however, they have still not obtained approval. Diverse reasons have been given during the consideration of these methodologies about why they were not recommended for approval, the most important of which involve conservatism and transparency in the use of simulation models.

Progress in developing the Latin American portfolio, which is strongly linked to renewable energy projects, especially hydroelectric projects, will depend largely on the approval of adequate methodologies that are applicable to the context of the countries of the region, especially those whose electrical systems include a large component of renewable sources in their current dispatch. The failure to approve baseline methodologies that use dispatch models has become a barrier to the participation of many hydroelectric projects.

The possible approval of consolidated baseline methodologies and project monitoring in the electrical sector could significantly influence the direction the Latin American carbon portfolio will take. On one hand, having those methodologies would help to resolve entry problems for those projects, however, as was shown for some countries, it could significantly reduce the number of emission reduction certificates received by those projects.

There has been a certain concentration of project formulation capacity in the region, and a review of PDD documents shows that a number of consulting firms have been behind the formulation of projects. Often these consulting firms have formed alliances with market participants to facilitate access. Only in recent months has a greater presence of local / country providers of CDM project development and formulation services been noticed.

Managing Transaction Cost Structures

Although CDM project transaction costs have been coming down somewhat, most project developers feel that these costs are still very high and that they involve large uncertainties. Currently, a large number of the projects that are advancing in the CDM development cycle have received some type of support to cover their initial formulation and validation cost. PCF³⁶ studies have provided some indications of formulation and validation costs of projects and it is evident that for both small-scale and large projects, transaction costs continue to be a financial challenge for project developers.

Although the requirements a CDM project must fulfill is public knowledge, many project developers consider that efficient, low cost administrative approval processes do not necessarily exist.

Transaction costs can be high and constitute barriers to project development. Normal projects, i.e. those to which the so-called CDM “fast tracks” do not apply, can range from \$ 30,000 to \$ 265,000 (including exploration, preparation, and feasibility development costs, the ERPA negotiation, and the cost of its international validation and registration stages). In the best case, the above signifies that a project must at least generate about 10,000 equivalent tons of carbon dioxide in order to cover the transaction costs. The studies mentioned above that apply to small-scale projects have transaction costs in the order of \$ 23,000 - \$ 110,000.

³⁶ De Gouvello, Christophe, and Oscar Coto. Transaction Costs and Carbon Finance Impact on Small Scale CDM Projects. PCF Plus Report 14. www.carbonfinance.org

Structuring Market Relations

There is a great deal of experience in the region with joining the different emerging carbon market chains. Starting with the activities of carbon funds, specialized purchase facilities, the structuring of memorandums of understanding, etc., much has been learned in these relations.

The prices of emission reduction certificates are relatively low; currently for the CDM³⁷ they are in the order of US\$ 4.5-6 per ton of CO₂ equivalent, and they vary from one project to another according to their characteristics and risks. The signal given by low prices is discouraging for many project developers; however, considering how the CDM business is structured, which has included advance coverage or payments to cover those costs, project promoters have been able to continue with their projects. It should be remembered that for many project developers, the CDM is an additional ingredient that allows their projects to achieve the necessary approvals, and is a complementary instrument for financing their undertakings.

Many international CDM carbon purchasers have been involved in different types of activities in the region (training, institutional support, formulation, etc.), so it could be said that there has been a certain commitment to the portfolios; once the projects are identified, they are negotiated in such a way that the purchasers' portfolios capture them in order to participate in their development.

³⁷ Point Carbon. CDM & JI Monitor, October 13 / 2004.

4. Conclusions and Recommendations

This work has presented a detailed synthesis of the current CDM status in the Latin American and Caribbean region with regard to institutional development, as well as the status of energy sector development projects. In consistency with the interests of OLADE, the sample of countries for this study was taken from its total of 26 Member Countries.

The countries in the sample, 20 in total, were selected based on available information and the ability to compile it through diverse means, such as personal contacts, consultations and surveys. The countries that were not selected for this study are mostly those that have not ratified the Kyoto Protocol or else have not designated their National CDM Authorities: Venezuela,³⁸ Guyana, Barbados, Grenada, Haiti, and Suriname. This does not mean that these countries are not developing institutional and/or political processes around this issue, but rather that, for the purposes of this study, it was not possible to establish the necessary contacts to gather the required information.

Latin America and the Caribbean is still one of the world's regions with most accumulated CDM experience to date. As regards naming the Designated National Authorities for the CDM, 24 countries of the region have ratified the Protocol and 19 have complied with the official designation of their CDM Authorities.

International participation in project formulation has been outstanding, as shown by the information presented above, indicating that this region has nearly 40% of all CDM projects in the world. However, in terms of expected yearly reductions, this total is approximately 28% of all emissions that were anticipated in a recently portfolio study by the OECD / IEA.

This work also presented a valuation of the CDM project development status in the region, paying special attention to energy sector projects. This made it possible to detect a large portfolio with a greenhouse gas reduction potential of over 6 million tons of CO₂ equivalent per year.

The CDM market is still “under construction,” as is the demand for emissions reduction. This has led to evolutionary processes in institutional development, as well as regulations for transactions in the Kyoto environment (aside from progress made in political processes of international ratification, of course). Therefore, the conclusions arrived at in this report should be viewed within the context of the necessary on-going change that is seen in this type of developments.

A few conclusions can be established from this analysis: although the CDM is still under construction, there has been much institution building and development

³⁸ We should mention that Venezuela has recently ratified the Kyoto Protocol but has not gone through the procedures with the UNFCCC, as it has decided to ratify as a block when the OPEC countries do so.

among the different players involved. On an international level, the work carried out by the Board of Directors has been instrumental in starting up its regulation. On a country level, there is clear interest on a political level in relating to instruments deriving from international climate change linkages. Meanwhile, there has been much national institutional development in the region, although a review of the sample indicates the existence of significant asymmetries in this area.

One conclusion is that institutional aspects such as legal existence and the definition of roles are being defined. Progress is also seen in topics relating to the development of standards for domestic CDM project approval, within the context of sustainable development considerations in the different countries of the region.

Country level institutional development maintains significant asymmetries in terms of the depth of this strengthening in the sub-regions of the continent. Less development is clearly seen in smaller countries, especially in the Caribbean.

The CDM Institutional development is facing significant, immediate challenges regarding financial sustainability and the availability of the human resources required to maintain and deepen the assigned roles of domestic approval and promotion of the mechanism, which are prevalent in most countries.

Another important topic arising from this review has to do with the effectiveness of institutional efforts and CDM promotion to build a given project supply. There are significant asymmetries in this regard, making it impossible to conclude that institutional development always results in project creation. Rather, this supply seems to be a product of the synergism between innovative efforts and the joint participation of diverse types of stakeholders who are interested in the CDM, including a proactive interest among a country's institutions.

Although institutional development has been significant, important elements remain to be deepened, as pointed out by the National CDM Authorities themselves, such as improving response capacities in new, emerging areas (such as legal and ownership issues); building the capacity to influence sectoral environments in each country in order to enhance linkages among climate change topics; improving the understanding of criteria for formulating baseline and impact assessments for national circumstance management in CDM project formulation, etc.

Monetary flows for CDM construction have been significant, as seen in the valuation of existing international carbon purchase programs / instruments and development in training received over the past years. The region has been an “early” actor in this emergence of markets, and most of these purchase instruments and training suppliers are interested in and open to acting in the countries of the region.

With regard to the size of energy sector investment portfolios, considering price trends for emissions reductions in the “emerging” markets, one could say that the expected impact from the CDM in the coming years may be low in

comparison to the direct and indirect technology transfer and foreign investment flows in the Latin American region. However, taking into account the interest of project developers and the aim of developing sustainable energy policies, the CDM may become an important instrument in technology transfer and diversifying the bases for renewable energy participation, in the energy markets of the region.

The identified portfolio clearly shows a significant bias towards the share of hydropower in the CDM potential of the region, associated with project activities in the energy sector. This poses important challenges for project participation in national circumstance formulation and management within the context of registering this type of projects on the carbon markets.

Experience in project formulation indicates that cost structures for CDM transactions are still high and have become barriers to project developers who are interested in relating their normal project formulation activities to potential participation in the CDM.

The region has much experience in formulating methodologies for CDM energy projects, but few of these methodologies have been approved. This indicates that for many countries in the region there is much work to be done in developing this methodological area, as well as a need to enhance technical capacities for CDM project formulation and management methodologies in this sector. This approach by new players in the sector will be very important for promoting the CDM portfolio in the energy field. National players in energy information management, as well as in power market management and technical elements, may add clarity to many of the methodological developments required by the CDM.

Some of the areas that offer intervention opportunities in the near future are:

- Support efforts aimed at deepening the links between the themes of climate change and energy. The creation of platforms of influence and common consideration for these topics may be very important when building frames of reference for the different actors on these issues, related to a commitment with sustainable development. Support for the development of forums and regional programs on energy and climate change is very important in order to move forward the agenda of decarbonizing the economies of the region's countries and thus helping meet goals in the context of Latin America's participation in the UNFCCC. In this way, OLADE can help catalyze the involvement of our countries through a much-needed technical discussion on the impacts of different platforms of analysis for the post-Kyoto negotiations that will soon begin on an international level. Attracting the interest of energy policy-makers from the countries of the region will result in greater, more deeply committed participation and discussion among the countries of the region, suggesting a Latin American leadership in engaging the developing countries in the new negotiation rounds to begin in 2005. One concrete way to aid these efforts is to support and sponsor the creation or strengthening of Latin American "think tanks" as part of the

assistance to Latin American negotiators in discussions during the negotiation rounds, especially on the issue of ideas for achieving commitment to reduce greenhouse gas emissions.

- It is important to help strengthen the Designated National CDM Authorities in their understanding of national circumstances regarding the management of important energy sector variables as well as the implications of establishing baseline scenarios for the different countries of the region. In the Latin American region, having a portfolio with such a short-term orientation to energy sector projects, it is fundamental for the progress of said projects to be rapid in the different stages of the CDM project cycle, especially as regards formulation. The appropriate management of information and provision of timely sectoral information is basic to an adequate project formulation and validation. We recommend beginning by strengthening activities for sectoral information management and the implications of different approaches for baseline formulation and CDM project monitoring in this sector. An important action for promoting the execution of small-scale CDM projects may be support for the development of carbon emission factor estimates in projects under 15 MW, whose publication by National Authorities of the energy sector may be an important contribution to facilitate their development.
- OLADE may make an important contribution to short-term discussions on the issue of applicability of consolidated methodologies for power generation projects through the development of a technical comparative study on the representativity and applicability of said methodologies adopted by the CDM Board of Directors in the Latin American context. The information that is generated may be very useful for defining common or differentiated methodological elements that might be applied by the countries of the region to new methodological applications in this field.
- Is important to help start to diversify CDM project portfolios in the region, especially as relates to the work of projects in fields such as energy efficiency and demand management, as well as energy distribution. This is due to possible changes of interest among CDM purchasers, and in order to support the market instrument approaches such as the CDM to ensure processes of technology transfer in new areas of the energy field. For this purpose, OLADE could develop a project to help the Designated National Authority and important players in the energy sectors, who might promote the presence of new types of CDM projects.
- Taking into account the financial and information needs that characterize the development cycles of renewable energy and energy efficiency projects, OLADE should consider helping to strengthen / develop support for innovative financial aid schemes that facilitate these projects during execution stages to capitalize a fund for small carbon emission reduction projects. In this regard, the synergisms established by the ongoing program with the University of Calgary in

diverse areas of sustainable energy and rural energy, may be an important input to make projects visible and differentiated in this changing market.

- In answer to the asymmetries detected in CDM capacity and Institutional development in diverse sub-regions of LAC, it is important to help transmit lessons learned among the different countries of the region. For this purpose, through its on-going Sustainable Energy Program, OLADE could support actions aimed to reduce learning barriers in topics relative to the management of national circumstances and other formulation elements, as well as energy sector project approval. At the same time, it could also support exchange activities among Designated National Authorities in smaller countries that have not begun to develop many CDM projects. Likewise, OLADE could support the discussion of emerging topics such as property rights and contracting schemes in the field of carbon markets, thus taking a qualitative leap ahead in helping strengthen national capacities in this issue.

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Colombia: http://www.cecodes.org.co/cambio_climatico/ocmcc.htm
Argentina: http://www.medioambiente.gov.ar/cambio_climatico/OAMD/L/
Bolivia: <http://www.odl.gov.bo/>
Ecuador: <http://www.cordelim.net/>
Nicaragua: <http://www.ondl.gob.ni/>
Panama: <http://www.anam.gob.pa/portadanew/cambioclimatico/index.html>
Peru: <http://www.conam.gob.pe/cambioclimatico/mecanism.htm>
Uruguay:
<http://www.cambioclimatico.gub.uy/marcoinstitucional/marcoinstitucional.htm>
Chile: <http://www.conama.cl/coain/article-27777.html>
Mexico: <http://www.semarnat.gob.mx/wps/portal>
El Salvador: http://www.marn.gob.sv/cambio_climatico.htm
Brazil: <http://www.mct.gov.br/clima/espan/>
Peru: <http://www.fonamperu.org>
Cuba: <http://www.citma.gov.cu>
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http://www.ises.org/CDM/Estrada_Spanisch.pdf
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<http://www.eclac.cl>
<http://www.panda.org>
<http://www.wri.org>
<http://prototypecarbonfund.org>
<http://cdm.infccc.int>
<http://www.cd4cdm.org>
<http://www.cdmwatch.org>
<http://www.ji-cdm-austria.at>
<http://www.iisd.org>
<http://www.cdmmonitor.org>
<http://www.senter.nl>

Institutional Acronyms

ACOPE	<i>Asociación Costarricense de Productores de Energía</i> (Costa Rican Energy Producers' Association)
Ahc	Ad hoc committee
ANAM	<i>Autoridad Nacional del Ambiente de Panamá</i> (National Environmental Authority of Panama)
ANDE	<i>Administración Nacional de Electricidad de Paraguay</i> (National Electricity Administration of Paraguay)
AN-MDL	<i>Autoridad Nacional para el MDL del Ecuador</i> (National CDM Authority for Ecuador – Ministry of the Environment)
ASOCIC	<i>Asociación Oficina Costarricense de Implementación Conjunta</i> (Association of the Costa Rican Office of Joint Implementation)
ATri	Tri-partite Agreement between the <i>Ministerio de Tierras y Medio Ambiente</i> (Ministry of Land and the Environment), the <i>Consejo de Investigación Científica</i> (Scientific Research Board), and the <i>Ministerio de Servicios Meteorológicos</i> (Ministry of Meteorological Services) of Jamaica
BioCF	BioCarbon Fund
BoD	Board of Directors of the CDM
CA	<i>Comité Asesor</i> (Advisory Committee of Argentina)
CACBI	Canadian – Argentinean Capacity Building Initiative for the CDM
CAF	<i>Corporación Andina de Fomento</i> (Andean Development Corporation)
CC	Climate Change
CCCC	<i>Comité Consultativo de Cambio Climático</i> (Consultative Committee on Climate Change of Costa Rica)
CCF	<i>Cámara Costarricense Forestal</i> (Costa Rican Chamber of Forestry)
CD4CDM	Capacity Development for CDM Program
CDCF	Community Development Carbon Fund
CDM	Clean Development Mechanism
CDPCC	<i>Consejo Directivo del Programa de Cambio Climático</i> (Board of Directors of the Climate Change Program for El Salvador)
CE	<i>Comité Ejecutivo</i> (Executive Committee of Argentina)
CEDENMA	<i>Comité Ecuatoriano para la Defensa de la Naturaleza y del Medio Ambiente</i> (Ecuadorian Committee for the Defense of Nature and the Environment)
CEMDL	<i>Comité Ejecutivo para el MDL</i> (Executive Committee for the CDM of Chile)
CEP	<i>Comisión Evaluadora de Proyectos</i> (Project Assessment Commission of Bolivia)
CER	Certified Emissions Reductions
CERUPT	Certified Emission Reduction Unit Procurement Tender
CET	<i>Centro para la Eficiencia Tecnológica</i> (Center for Technological Efficiency of Peru)
CFCCD	Canadian Fund for Climate Change and Development
CGES	Consultative Group of Environmental Services
CGMCT	<i>Coordinación General de Cambio Climático Global del Ministerio de Ciencia y Tecnología</i> (General Coordinator of Global Climate Change of the Ministry of Science and Technology of Brazil)
CICGC	<i>Comisión Interministerial de Cambio Global del Clima</i> (Inter-ministerial Commission of Global Climate Change of Brazil)

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CIDA	Canadian International Development Agency
CITMA	<i>Ministerio de Ciencia, Tecnología y Medio Ambiente</i> (Ministry of Science, Technology and the Environment of Cuba)
CMDL	<i>Comité MDL</i> (CDM Committee of Trinidad & Tobago)
CMPRECGEI	<i>Comité Mexicano para Proyectos de Reducción de Emisiones y Captura de Gases de Efecto Invernadero</i> (Mexican Committee for Greenhouse Gas Emissions Reduction and Capture Projects)
CNC	<i>Comité Nacional del Clima</i> (National Climate Committee of Ecuador)
CNFL	<i>Compañía Nacional de Fuerza y Luz</i> (National Power and Lighting Company of Costa Rica)
CONAM	<i>Consejo Nacional del Ambiente</i> (National Environmental Board of Peru)
CONAMA	<i>Comisión Nacional de Medio Ambiente</i> (National Environmental Commission of Chile)
CONCYTEC	<i>Consejo Nacional de Ciencia y Tecnología</i> (National Science and Technology Board of Peru)
CONELEC	<i>Consejo Nacional de Electricidad</i> (National Electricity Board of Ecuador)
CONFIEP	<i>Confederación de Instituciones de la Empresa Privada</i> (Confederation of Private Enterprise Institutions of Peru)
COP	Conference of the Parties
CORDELIM	<i>Corporación para la Promoción del MDL</i> (Ecuadorian Corporation for the Promotion of the CDM)
CORFO	<i>Corporación para el Fomento de la Producción</i> (Chilean Corporation for the Promotion of Production)
CTIMCC	<i>Comité Técnico Intersectorial de Mitigación del Cambio Climático</i> (Inter-sectoral Technical Committee for Climate Change Mitigation of Colombia)
DNA	Designated National Authority for the CDM
EIS	Environmental Impact Study
ERPA	Emission Reductions Purchase Agreement
FONAFIFO	<i>Fondo Nacional de Financiamiento Forestal</i> (National Fund for Forestry Financing of Costa Rica)
FONAM	<i>Fondo Nacional del Ambiente</i> (National Environmental Fund of Peru)
FUNDECOR	<i>Fundación para el Desarrollo de la Cordillera Volcánica Central</i> (Costa Rican Foundation for the Development of the Central Volcanic Range)
GEF	Global Environment Facility
GHG	Greenhouse Gas / Gasses
GNIMDL	<i>Grupo Nacional de Implementación del MDL</i> (National CDM Implementation Group of Cuba)
GTZ	Technical Cooperation Agency of Germany
ICE	<i>Instituto Costarricense de Electricidad</i> (Costa Rican Electricity Institute)
ICONTEC	<i>Instituto Colombiano de Normas Técnicas y Certificación</i> (Colombian Institute for Technical and Certification Standards)
IEA	International Energy Agency
IFC	International Finance Corporation
INCaF	IFC-Netherlands Carbon Facility
JDONDL	<i>Junta Directiva Oficina Nacional de Desarrollo Limpio</i> (Board of Directors of the National Clean Development Office of Nicaragua)
JI	Joint Implementation
JICA	Japan International Cooperation Agency
JNCC	<i>Junta Nacional de Proyectos Conjuntos de Cambio Climático</i> (National

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	Board of Joint Climate Change Projects of Uruguay)
LAC	Latin America and the Caribbean
MA	<i>Ministerio del Ambiente</i> (Ministry of the Environment of Ecuador)
MARENA	<i>Ministerio del Ambiente y los Recursos Naturales</i> (Ministry of the Environment and Natural Resources of Nicaragua)
MARN	<i>Ministerio del Ambiente y Recursos Naturales</i> (Ministry of the Environment and Natural Resources of El Salvador)
MAVDT	<i>Ministerio de Ambiente, Vivienda y Desarrollo Territorial</i> (Ministry of the Environment, Housing and Territorial Development of Colombia)
MINAE	<i>Ministerio del Ambiente y Energía</i> (Ministry of the Environment and Energy of Costa Rica)
MVOTMA	<i>Ministerio de Vivienda, Ordenamiento Territorial y Medio Ambiente</i> (Ministry of Housing, Land Use and the Environment of Uruguay)
NCCC	National Climate Change Commission
NCCP	National Climate Change Program
NCDF	Netherlands Clean Development Facility
NGO	Non-governmental Organization
NSS	National Strategy Studies
OAMDL	<i>Oficina Argentina del Mecanismo de Desarrollo Limpio</i> (Argentine Office for the Clean Development Mechanism)
OCIC	<i>Oficina Costarricense de Implementación Conjunta</i> (Costa Rican Office for Joint Implementation)
OCMCC	<i>Oficina Colombiana para la Mitigación del Cambio Climático</i> (Colombian Office for Climate Change Mitigation)
ODL	<i>Oficina de Desarrollo Limpio</i> (Clean Development Office of Bolivia)
OECD	Organization for Economic Cooperation and Development
OGIC	<i>Oficina Guatemalteca de Implementación Conjunta</i> (Guatemalan Office for Joint Implementation)
OICH	<i>Oficina de Implementación Conjunta de Honduras</i> (Joint Implementation Office for Honduras)
OLADE	Latin American Energy Organization
ONDL	<i>Oficina Nacional de Desarrollo Limpio</i> (National Office for Clean Development of Nicaragua)
OPIC	<i>Oficina Paraguaya de Implementación Conjunta</i> (Paraguayan Joint Development Office)
PCF	Prototype Carbon Fund
PDD	Project Design Document / Documento de Diseño de Proyecto
PI	Project Idea
PIN	Project Idea Note
PLAC	<i>Programa Latinoamericano de Carbono</i> (Latin American Carbon Program)
PROCHILE	<i>Dirección de Promoción de Exportaciones</i> (Export Promotion Department of Chile)
PROCLIM	<i>Programa de Fortalecimiento de Capacidades Nacionales para Manejar el Impacto del Cambio Climático y la Contaminación del Aire</i> (Peruvian National Capacity Building Program for Managing the Impacts of Climate Change and Air Pollution)
PROINVERSION	<i>Agencia de Promoción de la Inversión Privada</i> (Private Investment Promotion Agency of Peru)
SAGARPA	<i>Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y</i>

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	<i>Alimentación</i> (Mexican Secretariat of Agriculture, Animal Husbandry, Rural Development, Fishing, and Food Supply)
SCT	<i>Secretaría de Comunicaciones y Transporte</i> (Mexican Secretariat of Communications and Transportation)
SE	<i>Secretaría de Economía</i> (Mexican Secretariat of the Economy)
SEMARNAT	<i>Secretaría de Medio Ambiente y Recursos Naturales</i> (Mexican Secretariat of the Environment and Natural Resources)
SENER	<i>Secretaría de Energía</i> (Mexican Secretariat of Energy)
SERNA	<i>Secretaría de Recursos Naturales y Ambiente</i> (Secretariat of Natural Resources and the Environment of Honduras)
SETENA	<i>Secretaría Técnica Ambiental</i> (Costa Rican Technical Secretariat of the Environment)
SICLIP	Swedish International Climate Investment Program
SOFOFA	<i>Sociedad de Fomento Fabril</i> (Chilean Society for the Promotion of Manufacturing)
TAB	Technical Advisory Board
UCC / MA	<i>Unidad de Cambio Climático del Ministerio del Ambiente</i> (Climate Change Unit of the Ministry of the Environment of Ecuador)
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
UNEP Risø	Centre on Energy, Climate and Sustainable Development of the United Nations Environmental Program
UNFCCC	United Nations Framework Convention on Climate Change
UNITAR	United National Institute for Training and Research
UPME	<i>Unidad de Planeación Minero Energética</i> (Mining and Energy Planning Unit of Colombia)

Annexes

**Institutional Annex I:
Status of Ratification and
Directions of Focal
Points in LAC**

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
Argentina	12/06/92	11/03/94	21/03/94	Raul Estrada Oyuela Special Representative for international environmental affairs Ministry of Foreign Relations, International Trade and Religion Esmeralda 1212 P.14 Buenos Aires Tel: (5411) 4819-7414 Fax: (5411) 4819-7309 e-mail: eoy@mrecic.gov.ar	16/03/98	28/09/01	Argentine Office for the Clean Development Mechanism Secretariat of the Environment and Sustainable Development San Martín 459, 4 th floor, office 441 C1004AAI, Buenos Aires Mr. Nazareno Castillo oamdl@medioambiente.gov.ar , amb@mrecic.gov.ar Tel: (5411)4348-8648/9, (5411) 4348-8200
Barbados	12/06/92	23/03/94	21/06/94	----	--	07/08/00 (Ac)	----
Bolivia	10/06/92	03/10/94	01/01/95	Oscar Paz Rada General Coordinator National Climate Change Program Vice-ministry of the Environment, Natural Resources and Forestry Development Av. 20 de Octubre, No. 2330 Esq. Guachalla Ed. Ex Conavi. 4 th floor, Office 401 La Paz Tel / Fax: (5912) 242-3497 pncc.bol@mds.gov.bo	09/07/98	30/11/99	National Climate Change Program Office of Clean Development Vice-ministry of Natural Resources and Environment Federico Suazo 1972, First Floor La Paz Alejandra Perez Projects@odl.gov.bo Mobile: 591 1 70689713

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
Brazil	04/06/92	28/02/94	29/05/94	<p>Andre Corrêa do Lago Head of the Division of Environmental Policy and Sustainable Development Department of the Environment Ministry of Foreign Relations Esplanada dos Ministerios Anexo II 2o. Andar Bloco H Tel: (5561) 411-6640 Fax: (5561) 224-2667 alago@mre.gov.br</p>	29/04/98	23/08/02	<p>Comissão Interministerial de Mudança Global do Clima Esplanada dos Ministerios, Bloco E - 2 andar - sala 242 70.067-900, Brasília DF • Mr. Jose Domingos Gonzalez Miguez miguez@mcTel.gov.br Tel: (55-61)317-7923 Fax: (55-61)317-7657</p>
Chile	13/06/92	22/12/94	22/03/95	<p>Ministry of Foreign Relations Catedral 1143. 2nd floor Santiago Tel: (562) 679-4200 Fax: (562) 679-4202 info@minrel.gov.cl</p>	17/06/98	26/08/02	<p>National Environment Commission (CONAMA) Obispo Donoso 6, Providencia, Santiago Mr. Javier García jgarcia@conama.cl, and-chile@conama.cl Tel: (56-2) 241 1814, (56-2) 241 1885 Tel: (56-2) 244 3437</p>

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
Colombia	13/06/92	22/03/95	20/06/95	<p>Jaime Girón Duarte Vice-minister of Multilateral Affairs pmdirect@minrelExt.gov.co Tel: (571) 562-8092/93 Fax: (571) 562-7610 Ma. Andrea Alban Duran Coordinator Environmental Affairs Group pmambient@minrelExt.gov.co Tel: (571) 566-7077 Fax: (571) 562-7610</p> <p>Ministry of Foreign Relations Calle 10 No. 5-51 Bogota</p>	--	30/11/01 (Ac)	<p>Colombian Office for Climate Change Mitigation Ministry of the Environment Cll 37 No. 8-40 P.2 Mrs. Martha Patricia Castillo mpcastillo@minambiente.gov.co Tel: (571) 340-6279 Fax: (571) 288-9540</p>
Costa Rica	13/06/92	26/08/94	24/11/94	<p>Paulo Manso Director Costa Rican Office for Joint Implementation Ministry of the Environment and Energy Av. 8 Cll. 25 P.O. Box 10104-1000 San Jose Tel: (506) 222-4290 Fax: (506) 222-4814 ocicgm@racsa.co.cr</p>	27/04/98	09/08/02	<p>Costa Rican Office of Joint Implementation Ministry of Environment and Energy Av. 8 Cll. 25 P.O. Box 10104-1000 San Jose Paulo Manso Tel: 506 222 5616 Ext 108 ocicgm@racsa.co.cr pmanso@imn.ac.cr</p>

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
Cuba	13/06/92	05/01/94	05/04/94	<p>Fabio Fajardo Moros Vice-minister Tel: (537) 867-0600 Fax: (537) 867-0601 fabio@citma.cu</p> <p>Jorge Fernandez Chamero Director Tel: (537) 867-0606 Fax: (537) 833-8054 chamero@citma.cu</p> <p>Ministry of Science, Technology and the Environment Capitolio Nacional Industria y San Jose La Havana</p>	15/03/99	30/04/02	<p>Ministry of Science, Technology and Environment (CITMA) Address: Capitolio Nacional Avenida Prado y San Jose 12400, La Havana omar@citma.cu,orlando@citma.cu Tel: (537)867-0598 Fax: (537)867-0615</p>
Ecuador	09/06/92	23/02/93	21/03/94	<p>Ministry of Foreign Relations Av. 10 de Agosto y Carrion Quito Tel: (5932) 256-1215 Fax: (5932) 250-7077</p>	15/01/99	13/01/00	<p>Climate Change Unit National Climate Committee Ministry of Environment AV. Amazonas y Eloy Alfaro; MAG Building, Mr. Cesar Narvaez / Luis Caceres lcaceres@Environment.gov.ec National Office for CDM Promotion Mr. Marcos Castro mcastro@Environment.gov.ec Tel: (593) 2 35 63 462, (593) 2 25 63 462 (593) 2 25 08 510 Fax: (593) 2 25 00 041</p>

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
El Salvador	13/06/92	04/12/95	03/03/96	<p>Ernesto López Zepeda Coordinator of the Natural Heritage Tel: (503) 289-6092 Fax: (503) 289-6127</p> <p>Martha Munguía de Aguilar Coordinator, Climate Change Unit Tel: (503) 260-8900, Ext: 248 Fax: (503) 260-3117 and.aguilar@salnet.net</p> <p>Ministry of the Environment and Natural Resources San Salvador</p>	08/06/98	30/11/98	<p>Mitigation Component National Climate Change Program Department of Environmental Management Ministry of the Environment and Natural Resources Mr. Mauricio Ayala ayalam@marn.gob.sv Tel: (503) 283-2269 Fax: (503)275-9864</p>
Grenada	03/12/92	11/08/94	09/11/94	<p>Rickie Morain Project Officer Department of Economic Affairs Ministry of Finance Financial Complex – Carenage St: George's Tel: (1473) 440-2731 Fax: (1473) 440-4115 ricketm@hotmail.com</p>	--	06/08/02 (Ac)	----

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
Guatemala	13/06/92	15/12/95	14/03/96	<p>Juan Mario Dary Tel: (502) 5512-2595 Fax: (502) 5201-8560 Carlos Mansilla Director, Climate Change Unit TEL:/Fax: (502) 220-3792 eyamansi@concytel.gob.gt</p> <p>Ministry of Environment and Natural Resources 20 Calle 28-58 Zona 10 Guatemala City</p>	10/07/98	05/10/99	<p>Guatemala Office of Joint Implementation Mr. Eduardo Alvarez ogic@uvg.edu.gt Tel: (502) 364 0336 Fax: (502) 364 0212</p>
Guyana	13/06/92	29/08/94	27/11/94	<p>Dilip Jaigopaul Chief, Hydro-meteorological Officer (ag) Hydro-meteorological Department 18 Brickdam Georgetown Tel: (5922) 5-4247 Fax: (5922) 6-1460 dkjhym@guyana.net.gy</p>	--	05/08/03 (Ac)	----
Haiti	13/06/92	25/09/96	24/12/96	----	--	--	----
Honduras	13/06/92	19/10/95	17/01/96	<p>Patricia Panting Minister Tel: (504) 232-1386 Fax: (504) 232-6250 despacho@serna.gob.hn Mirza Osiris Castro National Climate Change Coordinator Tel: (504) 235-3091 Fax: (504) 230-4998 mosiris@yahoo.com</p> <p>Secretariat of Natural Resources and the</p>	25/02/99	19/07/00	<p>Secretariat of Natural Resources and the Environment</p> <p>Mr. Gerardo Antonio Salgado Ochoa Undersecretary of Natural Resources and Energy osalgado@serna.gob.hn Tel: (504) 231 1918, (504) 232 5813 Mr. Oscar Pinto</p>

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
				Environment 100 m. Sur del Estadio Nacional Tegucigalpa			opintor47@yahoo.com Director Office of Joint Implementation and CDM of Honduras Tel: (504) 235 7833
Jamaica	12/06/92	06/01/95	06/04/95	Jeffrey Spooner Head Climate Branch National Meteorological Services 65 ¾ Half Way Tree Road P.O. Box 130 Kingston 10 Tel: (1876) 929-3700 Fax: (1876) 960-8989 metja@infochan.com	--	28/06/99 (Ac)	Ministry of Land and Environment 16A Half-Way-Tree Road, Kingston 5, Jamaica W.I Mrs. Anastasia Calnick anastasia.calnick@cwjamaica.com Director, Pollution Control Phone: (876) 960-5632/3 Fax: (876) 920-7267
Mexico	13/06/92	11/03/93	21/03/94	Ernesto Cespedes Oropeza Director General for Global Topics Secretariat of Foreign Relations Av. Paseo de la Reforma 255, P. 6, Col. Cuauhtemoc C.P. 06500 Mexico City (5255) 5062-3030 (5255) 9157-4251 ecespedes@sre.gob.mx Jose Manuel Bulas Montoro International Affairs Coordinating Unit SEMARNAT Av. San Jerónimo 458, P.3 Col. Jardines del Pedral, Col. Alvaro Obregón C.P. 01900 Mexico City	09/06/98	07/09/00	Cognizant National Authority Blvd. Adolfo Ruiz Cortines 4209, 4 th floor Fracc. Jardines en la Montaña Col. Tlalpan C.P. 14210 Mexico City M. en C. Miguel Angel Cervantes Sanchez miguel.cervantes@semarnat.gob.mx Coordinator of the Mexican Committee for Greenhouse Gas Emissions Reduction and Capture Project Phone: (52-55) 5490 0987 (52-55) 5490 2100 Ext. 12056

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
				(5255) 5490-2115 (5255) 5490-2194 ucaj@semarnaTel.gob.mx			Fax: (52-55) 5628 0794
Nicaragua	13/06/92	31/10/95	29/01/96	Marina Stadthagen Icaza Coordinator National Clean Development Office Ministry of the Environment and Natural Resources P.O. Box 5123 Managua Tel: (505) 233-1868 Fax: (505) 263-2596 marinas@ibw.com.ni	07/07/98	18/11/99	National Clean Development Office Ministry of the Environment and Natural Resources P.O. Box 5123 Managua Marina Stadthagen Icaza Coordinator marinas@ibw.com.ni Tel: (505) 233-1868 Fax: (505) 263-2596
Panama	18/03/93	23/05/95	21/08/95	Jose Miguel Aleman Minister Ministry of Foreign Relations Zona 4 Panama Tel: (507) 211-4103 Fax: (507) 211-4109 medioamb@mire.gob.pa Ricardo Anguizola General Administrator National Environment Authority P.O. Box 2016, Paraiso-Ancón Panama Tel: (507) 315-0527 Fax: (507) 315-0663 ranquizola@anam.gob.pa	08/06/98	05/03/99	National Environment Authority P.O. Box C 0643, Balboa-Ancon, Panama, Ricardo Anguizola (Political level), ranquizola@anam.gob.pa Gonzalo Menendez (Operational level) Subadm.general@anam.gob.pa General Administrator Tel: (507)315-1117, (507)315-0663 Fax: (507)315-0663, (507)315-0654

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
Paraguay	12/06/92	24/02/94	25/05/94	<p>Luis Alberto López Zayas Minister llz@paraguaygobierno.gov.py llz@seam.gov.py Victor Eduardo Agüero Zorrilla Director of Strategic Planning vaguero@seam.gov.py</p> <p>Secretariat of the Environment Madame Lynch No. 3500 Asuncion Tel: (59521) 61-5806 Fax: (59521) 61-5814</p>	25/08/98	27/08/99	<p>National Climate Change Program Secretariat of the Environment Av. Madame Lynch No. 3500 Rossana Escribano Technical Advisor rescribano@seam.gov.py Tel: (59521) 61-5803 Ext. 269 Fax: (59521) 61-5814</p>
Peru	12/06/92	07/06/93	21/03/94	<p>Mariano Castro Sanchez Executive Secretary conam@conam.gob.pe Patricia Iturregui Head of Climate Change Unit patricia.iturregui@conam.gob.pe</p> <p>National Environment Board Av. Guardia Civil 205 San Borja Lima Tel: (511) 225-5370 Fax: (511) 225-5369</p>	13/11/98	12/09/02	<p>National Environment Board Av. Guardia Civil 205 San Borja Lima Patricia Iturregui Head, Climate Change Unit patricia.iturregui@conam.gob.pe Tel: (511) 225-5370 Fax: (511) 225-5369</p>
Dominican Republic	12/06/92	07/10/98	05/01/99	<p>Frank Moya Pons Secretary of State Tel: (1809) 567-4300 Fax: (1809) 540-2667 ceiba@codetel.net.do Juan Mancebo</p>	--	12/02/02 (Ac)	----

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
				Coordinator Climate Change Project TEL:/Fax: (1809) 472-0626 Juan.Mancebo@codetel.net.do Secretariat of Status of Environment and Natural Resources Av. Tiradente Esquina Presidenta Gonzalez Ensanche Naco Edificio El Cumbre. P. 10 Sto. Domingo			
Suriname	13/06/92	14/10/96	12/01/98	Clifford Marica Minister Ministry of Labor, Technological Development and Environment Wagenwegstraat 22 Paramaribo Tel: (597) 47-7045 Fax: (597) 41-0465 clirm@sr.net	--	--	----
Trinidad & Tobago	11/06/92	24/06/94	22/09/94	Anthony Bartholomew Permanent Secretary Ministry of the Environment Eric Williams Plaza Independence Square South Eric Williams Financial Bldg. Level 16 Port of Spain Tel: (1888) 625-6658 Fax: (1888) 625-1585 environment@tst.net.tt libplan@trinidad.net	07/01/99	28/01/99	Ministry of Public Utilities and the Environment 16-18 Sackville Street Port of Spain Mr. Anthony Bartholomew cfdd@carib-link.net Permanent Secretary Tel: (1-868) 623-7544 Fax: (1-868) 623-2477
Uruguay	04/06/92	18/08/94	16/11/94	Luis Alberto Santos Technical Coordinator, Climate Change Unit	29/07/98	05/02/01	Climate Change Unit Direction National of

Institutional Annex I – Status of Ratification and Focal Points in the LAC Region

Country	Climate Change Framework Convention				Kyoto Protocol		Designated National Authority for the CDM*
	Signature	Ratification	Effective Date	Focal Point	Signature	Ratification	
				National Environmental Department Ministry of Housing, Land Use and the Environment Rincon 422, 3 rd Floor, Office 5 P.O. Box 11000 Montevideo Tel: (5982) 917-0710, Ext. 4306 Tel: (5982) 917-0710, Ext. 4321 lsantos@cambioclimativo.gub.uy			Environment Ministry of Housing, Land Use and THE Environment Rincon 422, 3 rd Floor, Office 5 P.O. Box 11000 Montevideo Luis Alberto Santos Technical Coordinator lsantos@cambioclimativo.gub.uy Tel: (5982) 917-0710 ext 4306 Tel: (5982) 917-0710 ext 4321
Venezuela	12/06/92	28/12/94	28/03/95	Oscar Hernandez Bernalette Director General of International Economy and Cooperation Ministry of Foreign Relations Esquina de Carmelitas Torre SRE. P. 14 1010 Caracas Tel: (58212) 860-6657 Fax: (58212) 864-1662 dgseci@mre.gov.ve	--	--	----

* In some cases, the above offices have not been officially declared as the Designated National Authority, but act as the CDM contact.

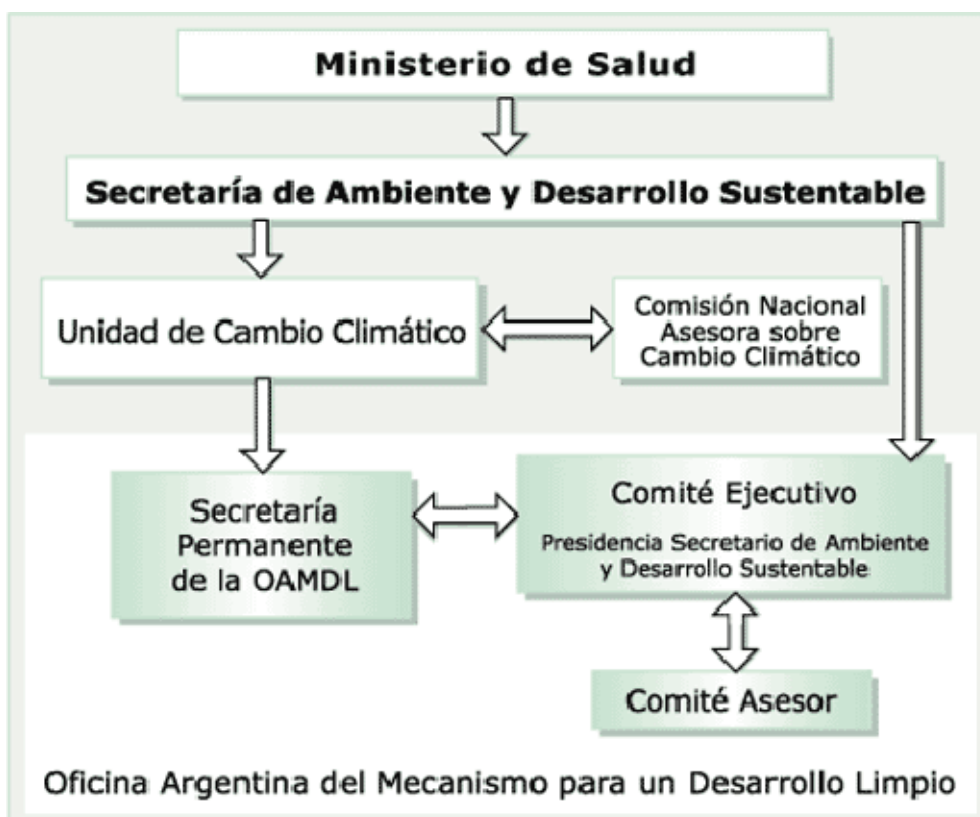
Institutional Annex II: Country Details

Institutional Annex II – Country Details
Country: ARGENTINA

I. Institutional Structure

National Authority in Charge	Designated before UNFCCC	Nature
Secretariat of the Environment and Sustainable Development. Work activities are delegated to the Argentinean Office for the Clean Development Mechanism.	Yes	Public entity

Organizational chart, Financing, Work team



Source: http://www.medioambiente.gov.ar/cambio_climatico/OAMD/organization.htm

Financing	Team (6)
National Budget	1 Coordinator 4 Consultants 1 Attorney

Special Boards or Committees for CC and/or CDM Yes

The Permanent Secretariat of the Argentinean Office for the Clean Development Mechanism is in charge of carrying out all of its technical and administrative activities. This secretariat reports to the Climate Change Unit of the Secretariat of the Environment and Sustainable Development, and receives support from two committees, an Executive Committee and an Advisory Committee.

Executive Committee

It is made up of one representative from each one of the following institutions:

- The Secretariat of the Environment and Sustainable Development of the Ministry of Health
- The Secretariats of Energy and Transportation of the Ministry of Federal Planning, Public Investment and Services

Institutional Annex II – Country Details

Country: ARGENTINA

I. Institutional Structure

- The Secretariat of Agriculture, Animal husbandry, Fishing, and Food Supply, and the Secretariat of Industry, Trade and Small and Medium Enterprises, both of the Ministry of Economy and Production
- Secretariat of Foreign Relations of the Ministry of Foreign Relations, International Trade and Religion
- Secretariat of Science and Technology for Productive Innovation, of the Ministry of Education

Advisory Committee

Representatives of the private sector who are interested in carrying out CDM projects, entities representing the non-governmental sector related to climate change topics, both academic and scientific, whether professionals or technicians.

Duties of the Boards or Committees

Executive Committee

Advise the Secretary of the Environment and Sustainable development in UNFCCC - related climate change policy making, especially identifying priority sectoral areas for implementing related activities and defining the national position on CDM. In particular, this committee must:

- Establish methodologies and procedures for identifying, formulating and evaluating CDM projects
- Advise on CDM project approval
- Identify sources of financing for CDM projects and establish links to those sources

Advisory Committee

- Provide counsel to the Executive Committee in all scientific and technical matters related to its responsibilities.
- Review projects that are presented for domestic approval and recommend their approval or denial to the Minister in charge of the Secretariat of the Environment.

Institutional Annex II - Country Details

Country: ARGENTINA

II. Institutional Role and Duties

Role of the Office
<p>The Argentinean Office for the Clean Development Mechanism is in charge of carrying out all the technical and administrative activities concerning the Clean Development Mechanism. Its main duties are related to domestic approval and project promotion on a national level. The office does not carry out marketing duties.</p>
Duties Defined for the Office
<ul style="list-style-type: none">- Identifying specific sectoral areas for implementing mitigation activities- Identifying and reviewing mitigation options in the different sectors that would be able to develop CDM projects- Formulating specific directives for presenting CDM projects- Establishing methodologies and procedures for identifying, formulating and evaluating those projects- Designing project approval procedures- Developing preliminary project evaluation activities- Developing promotion activities for marketing CDM projects nationally and internationally- Supervising the design of project monitoring and verification activities- Identifying sources of financing for CDM projects- Preparing periodic reports on their performance
Main Activities of the Office
<p>The Argentinean Office for the Clean Development Mechanism is in charge of carrying out all technical and administrative activities concerning the Clean Development Mechanism, including:</p> <ul style="list-style-type: none">- In representation of the Climate Change Unit, receive and control the contents of project documents that request procedures of prior consultation or letter of no objection and of domestic project approval.- Review the information contained in the project and proceed to develop a project idea note (PIN), in cases where they have not been provided by the project proposer- Advise project proposers in preparing the project design documents (PDD), as per the standard of the CDM Board of Directors- Carry out activities for disseminating the CDM among the different sectors with a potential for developing projects for this mechanism.

Institutional Annex II - Country Details

Country: ARGENTINA

III. Project Standards and Guidelines

Formulation Guidelines	Yes	Guidelines for Requesting National Approval	Yes
<p>National Provision No. 169/01 of October 16, 2001, established the procedural standards for managing projects presented to the Argentinean Office for the Clean Development Mechanism during the domestic approval stage. Resolution 239/04 of March 2004, established the prior consultation procedure.</p>			
<p>There are no particular guidelines to accompany the formulation process other than those set forth for preparing the official PDD of the CDM Board of Directors, although the office developed a specific form for presenting the information to accompany the Prior Consultation Procedure request.</p>			
<p>Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>The Argentinean Office for the Clean Development Mechanism carries out two procedures:</p>			
<p>Prior Consultation (Letter of No Objection)</p>			
<p>This procedure has two objectives:</p> <ul style="list-style-type: none"> - To help proposers develop emissions reduction project ideas - Grant a letter of no objection, which is an indispensable requirement for some investor funds such as the World Bank carbon funds, or else to support project fund-raising efforts. 			
<p>In order to request the procedure, the proposer should provide the pertinent information on the form established by the Office. The information is received by the Climate Change Unit. With said information, the office proceeds to register the project, analysis and prepare a PIN. The proposer may at this point request the Letter of No Objection that is signed by the Secretary of the Environment and Sustainable development.</p>			
<p>National Approval</p>			
<p>The procedure established by National Provision 169/01 established an evaluation done by an evaluating entity recorded in the Registry of Assessment Institutions. In practice, this procedure is not carried out.</p>			
<p>Currently, for requesting domestic approval, the project should present the Project Design Document (PDD) on the official form established by the CDM Board of Directors. The information is received by the office, which reviews it, issues a report with a grounded opinion on the project and remits it to the Executive Committee, which determines whether the project is granted domestic approval.</p>			
<p>Scope of National Approval</p>			
<p>The Letter of Domestic Project Approval that is issued expresses the country's voluntary participation in the CDM activity and the project's contribution to sustainable development. However, the letter is only granted to projects that comply with the international technical requirements established for CDM projects.</p>			
<p>Requirements for Beginning the Evaluation Process</p>			
<ul style="list-style-type: none"> - Present proposer's request note addressed to the Argentinean Office for the Clean Development Mechanism on the form provided. - Present the completed Project Design Document (PDD). 			
<p>Requirements for Obtaining National Approval</p>			
<ul style="list-style-type: none"> - Contribution to sustainable development 			

Institutional Annex II - Country Details

Country: ARGENTINA

III. Project Standards and Guidelines

- Compliance with the international requirements for a CDM project: baseline, additionality, monitoring and verification plan, etc.

Criteria for Assessing Contributions to Sustainable Development

There are no criteria defined for assessing contributions to sustainable development. Projects must comply with the current national legislation and abide by the Environmental Policy.

Mechanisms for Assessing Related Stakeholder Participation

Projects hold a public consultation and open comments from interested stakeholders, but the Argentinean Office for the Clean Development Mechanism prefers to leave the assessment of the effectiveness of these mechanisms to higher institutions such as the operational entities that do project validation.

Institutional Annex II - Country Details

Country: ARGENTINA

IV. CDM Capacity

National Capacity for Project Formulation
<p>There is limited national capacity for project formulation. The academic sector has participated in formulating at least one project, although formulation service supply comes mainly from international consultant firms, or else from the investment groups themselves (PCF)</p>
In Country CDM Capacity Building Activities
<p>A few workshops have been held, primarily to disseminate the CDM nationally among various production sectors. These initiatives come mainly from international cooperation agencies (CIDA, JICA) or else from investment groups such as PCF and CERUPT. They cover diverse topics, such as the project cycle, baseline generalities, the carbon market, bases for formulating and preparing the PIN, etc.</p> <p>In 2002, with the support of the Canadian International Development Agency, the Canadian – Argentinean CDM Capacity Building Initiative (CACBI) was started. This initiative included training courses, workshops and seminars, and the target group was made up of the government, Industry and NGOs. The last seminar held within the framework of this initiative was held in June 2004. A list of activities carried out can be had at: http://www.delphi.ca/cacbi/is/activities_and_resources/index.html</p>
Participation in CDM Programs
Memorandums of Understanding
<ul style="list-style-type: none">- Canada- France- PCF- Member of the Host Country Committee
CDM Supporting Entities
<p>CDM Advisory Commissions: Their purpose is to identify mitigation options, select the best opportunities, help define sectoral methodologies and analyze technical CDM documents. The commissions work in the following areas: Farming, Cross-cutting issues (NGOs), Energy, Industry and Transportation, Forestry, Wastes</p> <p>Entrepreneurial Initiatives such as PATAGONICO2, dedicated to reviewing project feasibility, contribute to project generation and execution, and to credit trade for emissions reduction.</p>
Strategy Documents Prepared
<ul style="list-style-type: none">- greenhouse gas Inventories for 1990, 1994, 1997- Energy sector Baselines and Additionalities

Institutional Annex II - Country Details

Country: ARGENTINA

V. Barriers / Needs for Strengthening

Restrictions for the developing projects
<ul style="list-style-type: none">- There is no true understanding of the CDM in the sectors that could be interesting for project development. The dissemination activities of the office have not sufficed to reach all sectors. An attempt has been made to solve this through the work of Advisory Commissions to the Argentinean Office for the Clean Development Mechanism, although they have yet to achieve a systematic sectoral work of identifying potential CDM projects.- Prevention of sectors that understand the mechanism due to the uncertainty generated around the Kyoto Protocol certification.- Lack of resources for project financing (financial closure), which limits marketing.
Institutional Restrictions
Financial resources: although the office is funded through the national budget, which ensures certain continuity, available resources are quite restricted, which limits the activities of the office in CDM dissemination and participation in some of the international CDM negotiation activities and the Convention.
Needs to Strengthen the Office
<ul style="list-style-type: none">- Financial resources
Needs to Strengthen the CDM Nationally
<ul style="list-style-type: none">- More work with sectors for CDM dissemination and promotion- Financial structuring of projects

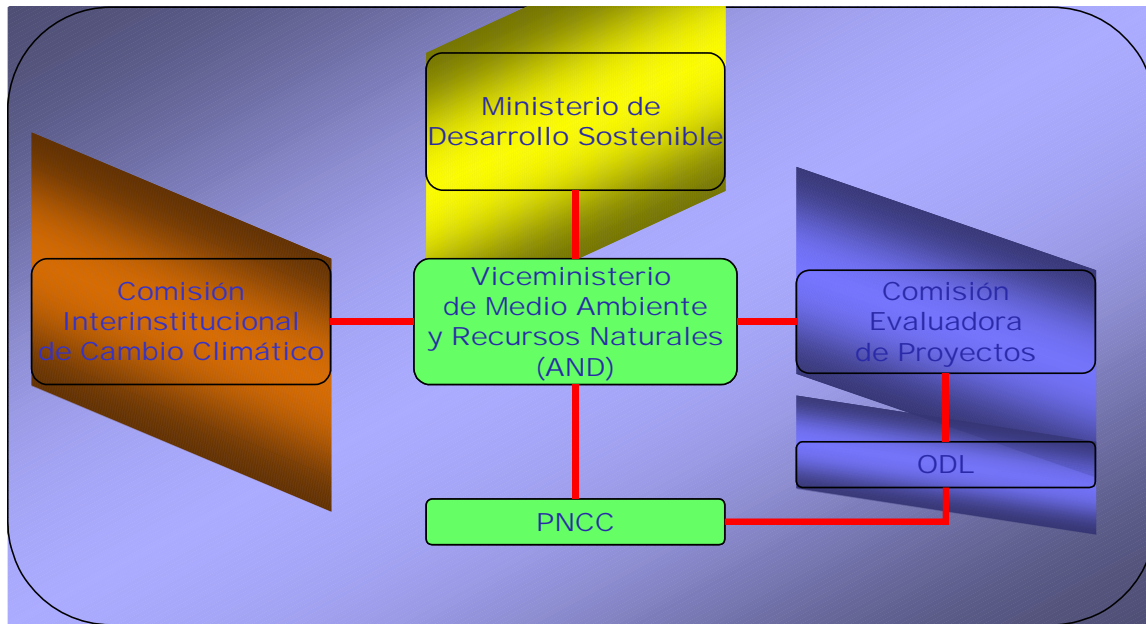
Institutional Annex II - Country Details

Country: **BOLIVIA**

I. Institutional Structure

National Authority in Charge	Designated before the UNFCCC	Nature
The Designated National Authority (DNA) for the CDM is the Vice-minister of The Environment and Natural Resources, and its operational arm is the Clean Development Office (ODL from the Spanish)	Yes	Public entity

Organizational Chart



Source: Clean Development Office, 2004 b

Financing	Team (6)
international cooperation funds: - Project CD 4 CDM 1215103-20 (UNEP / RISØ) - Dutch Government Funds	1 Coordinator 4 Consultants (technical, legal, forestry, capacity building) 1 Coordination and communication assistant

Special Boards or Committees for CC and/or CDM	Yes
The Clean Development Office reports to and coordinates with the National Climate Change Program (PNCC from the Spanish). There is a <u>Project Assessment Commission</u> presided by the Designated National Authority and made up of permanent representatives of the public and private sector.	

Duties of the Boards or Committees
To assess all projects presented to the country within the framework of the CDM

Institutional Annex II - Country Details

Country: **BOLIVIA**

II. Institutional Role and Duties

Role of the Office
<p>The principles and policies sustained by the Clean Development Office itself, are aimed toward:</p> <ul style="list-style-type: none">a) Promoting sustainable development activities by capturing financing from the carbon market and other voluntary markets.b) Promoting the generation, development, implementation and marketing of CDM projects in Bolivia.c) Achieving the country's participation in innovative ways to jointly implement and trade in greenhouse gas emission rights.
Duties Defined for the Office
<p>The primary duties of the Clean Development Office son:</p> <ul style="list-style-type: none">a) Promote the development of project activities that are eligible for the CDM in the country;b) Evaluate proposals and recommend their approval by the Designated National Authority, in terms of sustainable development criteria;c) Provide technical assistance for project proposersd) Promote technical training for important stakeholders (private business people, local and indigenous communities) in CDM project formulation and assessment;e) Support the formation of a regulatory framework for CDM activities in Bolivia.
Main Activities of the Office
<p>The Clean Development Office carries out the following activities:</p> <ul style="list-style-type: none">a) Promoting potential CDM projects and encouraging those proposed;b) Continuously studying the carbon market status (supply, demand and prices under the different regimes);c) Relating with potential investors (companies and governments);d) Consulting a draft Emissions Right Trade Act;e) Consolidating inter-institutional relations and relations with entities involved in the topic;f) Providing technical assistance in the CDM to the Designated National Authority, Vice-ministry of Natural Resources and the Environment;g) Holding training workshops in the CDM;h) Designing a National Strategy for Bolivia's participation in the CDM and the International Trade of Emission Rights;i) Carrying out missions to represent Bolivia at international events and meetings;j) Others.

Institutional Annex II - Country Details

Country: **BOLIVIA**

III. Project Standards and Guidelines

Formulation Guidelines	Yes	Guidelines for Requesting National Approval	Yes
<p>The Clean Development Office prepared the document "Procedure Guidelines" for presenting projects to the Clean Development Mechanism in Bolivia. It establishes the procedure, requirements and criteria for domestic approval, and also guidelines for preparing projects.</p>			
<p align="center">Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>The Clean Development Office carries out two procedures related to CDM projects:</p>			
<p align="center">Project Profile Assessment and Issuance of the Note of Interest</p>			
<p>The purpose for this procedure is to ensure that the project is CDM eligible and that, in a preliminary estimation, it is able to comply with the criteria of sustainable development in Bolivia and with the standards and regulations of the Status.</p>			
<p>In order to fulfill the procedure, the proposer should present the project profile to the Clean Development Office or the Designated National Authority, on the forms established for that purpose. The Clean Development Office registers the profile and evaluates it with the help of the technical and/or sectoral bodies it deems suitable. If the profile complies with all requirements, the Clean Development Office recommends that the Designated National Authority approve it. At this point, at the request of the interested party, a note of state interest will be issued in order to continue with project development. Before issuing this note of interest, certification should be requested of the sectoral governing body related to the project.</p>			
<p align="center">National Approval</p>			
<p>For domestic approvals, the Clean Development Office receives, reviews and evaluates the Project design document, which should comply with the requirements specified by the CDM Board of Directors. Once evaluated, the project is submitted to the consideration of the Project Assessment Commission, which gives its recommendations regarding its approval. If the recommendation is positive, the Designated National Authority issues the letter of domestic approval.</p>			
<p align="center">Scope of National Approval</p>			
<p>The letter of domestic approval states the project contribution to the sustainable development of the country and Bolivia's voluntary participation in the CDM. However, the Clean Development Office reserves the right to issue the letter of domestic approval if it considers that the project does not meet the technical requirements demanded for this type of projects.</p>			
<p align="center">Requirements for Beginning the Evaluation Process</p>			
<ul style="list-style-type: none"> - Present a letter requesting the procedure - Present the PDD on the forma established by the Executive Board of the CDM. - Present any other information requested by the Clean Development Office to ensure compliance with all requirements and the quality of the CDM project. 			
<p align="center">Requirements for Obtaining National Approval</p>			
<ul style="list-style-type: none"> - Contribute to and be compatible with government policies (national, local, regional, sectoral and compliance with international agreements and commitments) - Comply with the sectoral development regulations and plans: property rights, rights over natural resources, certificates, licenses, rights of indigenous and local communities - Avoid harming the wellbeing of indigenous and native peoples - Comply with the Environmental Impact Study (EIS) - Comply with profit sharing by the CERs as per the institutional provisions 			

III. Project Standards and Guidelines

Criteria for Assessing Contributions to Sustainable Development
Environmental Criteria
<ul style="list-style-type: none"> - Emissions reduction of particulates and other elements that negatively affect local environmental quality - Sustainable use of local resources - Reduction of pressure on the local environment - Effect of environmental impacts by the project on local health
Social Criteria
<ul style="list-style-type: none"> - Enhance the quality of life for individuals in the local community, on a social plane - Effects on the levels of poverty - Increase in the levels of equity - Respect for the local culture
Economic Criteria
<ul style="list-style-type: none"> - Level of financial income of the local social actors - Effects on the level of local production - Generation of new investments - Effective technology transfer
Mechanisms for Assessing Related Stakeholder Participation
<p>Reviewing the PDD, and requesting meeting minutes when deemed necessary. Assessing how these comments were taken into account when project formulation is left in the hands of the operational entity in charge of validating the project.</p>

Institutional Annex II - Country Details

Country: BOLIVIA

IV. CDM Capacity

National Capacity for Project Formulation
Limited. Most projects being formulated are in the hands of international entities.
CDM Capacity Building Activities held in the Country
<ul style="list-style-type: none"> - Departmental workshops for socialization and validation of the CDM Strategy and emissions trade with the private and public sectors involved. - June 2003: Workshop on forestry options in the Department of Cochabamba - November 2003: International course on CDM projects. <p>The Clean Development Office has planned workshops within the framework of the UNE / RISØ Initiative, including regional workshops on the project cycle, legal structure, baseline and scenario approaches and methodologies, and monitoring and verification protocol.</p>
Participation in CDM Programs
Memorandums of Understanding
<ul style="list-style-type: none"> - Holland: Investment in CDM projects, Five-year Action Plan of the National Climate Change Program for implementation of the UNFCCC agreements - Canada: Cooperation for CDM project implementation
World Bank / Carbon Funds
<ul style="list-style-type: none"> - Member of the Host Country Committee - BioCF: 2 Project Idea Notes (PIN). The projects are seeking financing
CDM Supporting Entities
<ul style="list-style-type: none"> - Forestry Work Group, whose aim is to study and define national positions and technical requirements for incorporating forestry projects in the CDM. - Inter-institutional Environmental Services Committee – Cochabamba - Work Commissions with the Vice-ministries of Electricity, Hydrocarbons, Transportation and Planning, for discussing and developing the sectoral and inter-sectoral policy and for identifying potential priority projects
Strategy Documents Prepared
<ul style="list-style-type: none"> - Study of the Bolivia's National Participation Strategy in the Kyoto Protocol's CDM - Assessment of the National CDM Strategy and the International Trade of Emissions Rights. - The CDM and Opportunities for the Forestry Sector, Santa Cruz, October 1999

Institutional Annex II - Country Details

Country: BOLIVIA

V. Barriers / Needs for Strengthening

Project Development Restrictions
<ul style="list-style-type: none">- Lack of human and financial resources for the project formulation stage- Lack of resources for project financing (financial closure), which limits marketing.
Institutional Restrictions
<ul style="list-style-type: none">- Instability of consultant staff working for the office
Needs to Strengthen the Office
<ul style="list-style-type: none">- Improve the facilities, equipment, and communication systems of the Office- Long-term financial sustainability
Needs to Strengthen the CDM Nationally
<ul style="list-style-type: none">- Financial structuring of projects- National capacity building for project development, design and evaluation, including aspects such as baseline methodologies, additionality, emissions calculation, leak control, etc.- Improve the understanding that national decision makers have of the mechanism, to ensure better, faster implementation of the carbon trade system- Enhance other sectors' understanding of the CDM, including communities and other locales stakeholders, to facilitate project identification.

Institutional Annex II - Country Details

Country: BRAZIL

III. Project Standards and Guidelines

National Authority in Charge	Designated before UNFCCC	Nature						
Inter-ministerial Global Climate Change Commission. Work activities are delegated to the General Coordinator of Global Climate Change of the Ministry of Science and Technology	Yes	Public						
Organizational Chart, Financing, Team								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" data-bbox="240 600 1377 663" style="text-align: center;">Organizational Chart: Not available</td> </tr> <tr> <td data-bbox="240 663 760 957" style="text-align: center;"><u>Financing</u></td> <td data-bbox="760 663 1377 957" style="text-align: center;"><u>Team</u></td> </tr> <tr> <td data-bbox="240 726 760 957"> <ul style="list-style-type: none"> - Sources of international cooperation: GEF - National sources: National Electric Energy Agency, Brazilian Institute of the Environment and Renewable Natural Resources, Research Support Fund of Sao Paulo, etc. </td> <td data-bbox="760 726 1377 957" style="text-align: center;"> <p>5 Professionals technical</p> <p>5 administrative and support staff</p> </td> </tr> </table>			Organizational Chart: Not available		<u>Financing</u>	<u>Team</u>	<ul style="list-style-type: none"> - Sources of international cooperation: GEF - National sources: National Electric Energy Agency, Brazilian Institute of the Environment and Renewable Natural Resources, Research Support Fund of Sao Paulo, etc. 	<p>5 Professionals technical</p> <p>5 administrative and support staff</p>
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<u>Financing</u>	<u>Team</u>							
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Special Boards or Committees for CC and/or CDM		Yes						
<p>Inter-ministerial Global Climate Change Commission, which is also the Designated National Authority for the CDM, made up of:</p> <ul style="list-style-type: none"> - Ministry of Foreign Relations; - Ministry of Agriculture and Food Supply; - Ministry of Transportation; - Ministry of Mines and Energy; - Ministry of Budget and Management; - Ministry of the Environment; - Ministry of Science and Technology; - Ministry of Development, Industry and Trade; - Civilian Hall of the President of the Republic; - Cabinet of the Minister of Extraordinary Status for Special Projects. 								
Duties of the Boards or Committees								
<p>Identifying projects and making recommendations to the Designated National Authority on domestic project approval. Its powers include:</p> <ul style="list-style-type: none"> - Issuing concepts on sectoral policy proposals, legal instruments and standards containing important factors for mitigation and adaptation to global climate change. - Defining as additional eligibility criteria those considered by the Convention Bodies in charge of the CDM, in conformity with national sustainable development strategies - Evaluating project concepts that result in an emissions reduction and that are considered eligible for the CDM, and approving them, if appropriate; 								

Institutional Annex II - Country Details

Country: BRAZIL

III. Project Standards and Guidelines

Roles and Duties of the Office
The General Coordinator of Global Climate Change carries out activities for the CDM only in the area of regulation.
Main Activities of the Office
Assessment and domestic project approval procedures

Formulation Guidelines		Guidelines for Requesting National Approval	Yes
The basic requirements and criteria for domestic assessment and approval of CDM projects were established in ministerial resolution No. 1 of September 11, 2003. Furthermore, the CDM Orientation Guidelines were published in 2002.			
Procedure for Requesting Domestic Approval and/or No Objection			
Not available.			
Scope of National Approval			
Contribution to sustainable development. The letter granted by the Designated National Authority is conditional, subject to ratification of the Kyoto Protocol.			
Requirements for Beginning the Evaluation Process			
<ul style="list-style-type: none"> - Present the PDD on the official form of the CDM Board of Directors - Present an additional document with a description of how the project contributes to sustainable development - Copy of proposer's invitation to make comments, addressed to stakeholders related to the project, detailing the sectors that were invited - Report of the operational entity on the project validation process - Declaration signed by all project participants, stating the responsible party and the means of communication with the Commission's Executive Secretariat, as well as the time period in which the latter agrees to submit the documentation related to the distribution of CERs issued during each verification. - Documents that ensure compliance with all environmental and labor standards currently in effect. 			
Requirements for Obtaining National Approval			
Not available.			
Criteria for Assessing Contributions to Sustainable Development			
<ul style="list-style-type: none"> - Contribution to local environmental sustainability - Contribution to developing local labor conditions and to net generation of employment - Contribution to income distribution - Contribution to capacity building and the technological development of the country - Contribution to regional integration and to articulation with other sectors 			
Mechanisms for Assessing Related Stakeholder Participation			
Not available.			

Institutional Annex II - Country Details

Country: BRAZIL

IV. CDM Capacity

National Capacity for Project Formulation
Four of the projects approved by the Methodological Panel of the CDM Board of Directors come from Brazil
In Country CDM Capacity Building Activities
<p>The Inter-ministerial Global Climate Change Commission does not carry out capacity building activities, as its role is only regulatory. However, it has had capacity building activities and participated in several training workshops held in different regions of the country.</p> <p>Also, the private sector and the educational institutions of the country are involved in promoting the mechanism and probably training and dissemination activities will come in the future for these sectors.</p>
Participation in CDM Programs
CERUPT
- Biogas project, Tremembe sanitary land-fill
PCF
Member of the group of host countries
CDM Supporting Entities
NGOs, private sector, academic sector of the country.
Strategy Documents Prepared
<ul style="list-style-type: none">- Greenhouse gas inventories- National Communication

Institutional Annex II - Country Details

Country: BRAZIL

V. Barriers and Needs for Strengthening

Restrictions for the developing projects
<ul style="list-style-type: none">- Uncertainty generated by the delay in ratifying the Kyoto Protocol- Current energy sales prices are very low, and do not allow for project financial feasibility- Skepticism on behalf of the private sector, due to the delay in the developing the market
Institutional Restrictions
<ul style="list-style-type: none">- Before an eventual ratification of the Kyoto Protocol and consequential increase in project supply, the logistic and human resources of the office may be limited.
Needs to Strengthen the Office
Given a situation of greater project supply, improved quantity and quality of office team members
Needs to Strengthen the CDM Nationally
Eventually: <ul style="list-style-type: none">- Training in project formulation and preparation: baseline studies and other technical aspects of the CDM,- Developing certain legal aspects regarding the CDM- Enhancing the understanding of sectors with potential for developing projects- Capacity building in project negotiation

Institutional Annex II - Country Details
Country: COLOMBIA

I. Institutional Structure

National Authority in Charge	Designated before UNFCCC	Nature							
The Designated National Authority for CDM is the Minister of Environment, Housing and Territorial Development. In the interior, the Colombian Office for Climate Change Mitigation is the unit responsible for work activities related to the CDM.	Yes	Public entity							
Organizational Chart, Financing, Work team									
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Financing	Team								
National Budget World Bank (NSS study) CAF (PLAC)	1 Coordinator 2 Specialists: Forestry and Energy 1 Administrative Assistant								
Special Boards or Committees for CC and/or CDM		Yes							
<p>Inter-sectoral Technical Committee on Climate Change Mitigation</p> <p>Made up of permanent members and thematic members. Its permanent members are:</p> <ol style="list-style-type: none"> a) The Coordinator of the Climate Change Mitigation Group (Colombian Office for Climate Change Mitigation) of the Ministry of Environment, Housing and Territorial Development. b) The Director of the Office for Urban Development and Environmental Policy of the National Planning Department or his / her delegate. c) The Director of the <i>Instituto Colombiano del Desarrollo de la Ciencia y la Tecnología "Francisco Jose of Caldas"</i> (COLCIENCIAS) or his / her delegate. <p>The thematic members are proposed by the Technical Secretariat of the Inter-sectoral Technical Committee on Climate Change Mitigation, or else by their permanent members, in accordance with their pertinence to the topics in question.</p>									
Duties of the Boards or Committees									
<p>The mission of the Inter-sectoral Technical Committee on Climate Change Mitigation is to orient and develop proposals related to greenhouse gas mitigation and marketing the associated service. Likewise, it acts as a consultative body to the Ministry of Environment, Housing and Territorial Development in Domestic CDM project approval. Its main duties are:</p> <ul style="list-style-type: none"> - Develop proposals related to mitigation for the National Climate Change Policy. - Propose recommendations for domestic project approval with a CDM option. - Follow up on implementation of the Clean Development Mechanism within the country. - Propose the strategy for raising national or international funds for mitigation programs and/or projects. - Further studies and analysis according to the requirements that are established. 									

Institutional Annex II - Country Details

Country: COLOMBIA

II. Institutional Role and Duties

Roles and Duties of the Office

The Colombian Office for Climate Change Mitigation is in charge of duties relating to domestic approval and project promotion for the CDM. Its mission is to develop lines of action for promoting the execution of high quality greenhouse gas reduction and capture projects to make it possible to consolidate the country in the world carbon market. These lines of action are:

- Developing tools and capacities for a suitable process of evaluation and project approval as per the requirements and criteria of the Kyoto Protocol.
- Identification and capacity building to promote a portfolio of projects of quality that are competitive on the international carbon market
- Design, develop and implement a national project marketing strategy for the international carbon market.

Main Activities of the Office

- Developing project approval criteria
- Preparing forms and guidelines for presenting projects
- Reviewing documents on projects requesting domestic approval and preparing technical concepts with recommendations on the approval or denial of those projects
- Developing tools for project formulation, evaluation and registry
- Technical assistance for project formulation
- Coordinating and work jointly with entities and sectors pertaining to the CDM
- Developing and promoting risk mitigation measures
- Training through seminars and workshops
- Supplying pertinent information to project developers and interested sectors
- Defining project financing schemes and identifying sources of financing
- Promoting the Colombian portfolio of projects
- Publicizing regional and sectoral market opportunities

Institutional Annex II - Country Details

Country: COLOMBIA

III. Project Standards and Guidelines

Formulation Guidelines	No	Guidelines for Requesting National Approval	Yes
<p>The Procedure, requirements and criteria for granting domestic approval to CDM projects were regulated through Resolution No. 0453 of April 2004 by the Ministry of Environment, Housing and Territorial Development.</p>			
<p>There are no particular guidelines to accompany the formulation process, aside from the guidelines for preparing the Official PDD of the CDM Board of Directors, and the forms for presenting the Designated National Authority with projects requesting domestic approval.</p>			
<p>Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>The Colombian office carries out two project-related procedures: issuing the letter of no objection and issuing the letter of domestic approval.</p>			
<p>The Letter of No Objection or Support Letter</p>			
<p>This pertains to the requirements of certain investment funds such as the World Bank Carbon Funds, or else to support the fundraising efforts of project developers. This letter is issued at the request of interested parties and enables developers to receive comments on projects, such as technical recommendations for improving project formulation.</p>			
<p>The documentation review is done by the Colombian Office for Climate Change Mitigation, which prepares comments and a letter with the comments and/or the no objection to the project, for the signature of the Vice-minister of the Ministry of Environment, Housing and Territorial Development. This process lasts approximately 21 days.</p>			
<p>National Approval</p>			
<p>The documents and request forms are received, reviewed and assessed by the office, which issues a technical concept. This concept goes to the Inter-sectoral Technical Mitigation Committee for its comments. Lacking these comments, the project is received by the Ministry. The Office prepares a written notice to be signed by the Vice-minister, saying whether or not the Ministry grants domestic approval for the project. The evaluation and domestic approval process lasts an average of 30 days.</p>			
<p>Scope of National Approval</p>			
<p>The letter of domestic project approval issued by the Designated National Authority in Colombia states the country's voluntary participation in the CDM activity and the project's contribution to sustainable development.</p>			
<p>Requirements for Beginning the Evaluation Process</p>			
<ul style="list-style-type: none"> - Present the request with the forms established for this purpose - Present a copy of the constitution and legal representation instruments. 			
<p>Requirements for Obtaining National Approval</p>			
<ul style="list-style-type: none"> - Comply with the normative framework sectoral in effect (non-environmental normative framework) - Have all permits, licenses, concessions and authorizations prior to carrying out activities that cause impacts - Legally demonstrate the right to the use, development or affectation of the natural resource, waste or natural element used by the project activities - Guarantee respect for the rights of local ethnic groups and/or traditional communities when the project develops activities on their territories 			

Institutional Annex II - Country Details

Country: COLOMBIA

III. Project Standards and Guidelines

- Demonstrate having gone through the due processes of consultation among locales stakeholders and parties interested in the project

Criteria for Assessing Contributions to Sustainable Development

- Compliance with the sectoral rulings in effect
- Contribution, pertinence and coherence with State policies and plans
 - ✓ The project is part of or in consistence with national, regional, local or sectoral plans, programs or projects
- Contribution to the long-term enhancement of the economic and social wellbeing of local communities and society in general
 - ✓ The project contributes to the long-term enhancement of the economic and social wellbeing of the local communities
 - ✓ The project prioritizes the labor participation of persons from local communities
 - ✓ The project supports and prioritizes the participation and consolidation of local markets related to the project
 - ✓ The project positively affects the trade balance of the country
 - ✓ The project has mechanisms for identifying social impacts and defining actions to prevent negative ones and promote positive ones
- Implementation of cleaner production systems
 - ✓ The project uses cleaner equipment, technologies and/or processes
 - ✓ Where applicable, the project should foresee the implementation of a program for technology transfer or understanding processes

Mechanisms for Assessing Related Stakeholder Participation

There are two provisions:

- The project should submit duly signed minutes of prior consultations, showing that local ethnic groups and/or traditional communities on whose territories the project is carried out were consulted with regard to the land use and development or affectation of natural resources, wastes or natural elements used in project activities. The project should also submit an explication of how said comments were taken into account when formulating of the project.
- The project should present supporting documentation indicating the invitations that were extended to local interested parties to make comments, a summary of comments received, and an explication of how these comments were taken into account.

Institutional Annex II - Country Details

Country: COLOMBIA

IV. CDM Capacity

National Capacity for Project Formulation
Colombia has experience with domestic groups of consultants or academic and governmental entities that have participated in pilot project formulation for the CDM or formulating national baseline proposals, some of which participated in developing the National Strategy Study.
In Country CDM Capacity Building Activities
<ul style="list-style-type: none"> - Training workshops in CDM project formulation, within the framework of the National CDM Strategy Study, 2001 (World Bank) - Technical assistance for ICONTEC in its accreditation process as an Operational Entity (PCF-Plus) - Evaluation of CDM capacity building needs in Latin America (UNITAR, 2001) - CERI – CIDA / Colombia Project: Capacity building for projects preparation
Participation in CDM Programs
Memorandums of Understanding
<ul style="list-style-type: none"> - Canada - France - Netherlands
PCF
<ul style="list-style-type: none"> - Member of the Host Country Committee - Jepirachi Wind Power Project. Emissions Reduction Purchase Agreement signed.
PLAC / CAF
"Transmilenio" Mass Transport Project.
CDM Supporting Entities
<ul style="list-style-type: none"> - Andean Center for the Economy and the Environment: CDM Promotion and project marketing - Mining and Energy Planning Unit: Identification, characterization and prioritization of project activities and development of tools for project preparation and formulation. - Colombian Institute for Technical and Certification Standards: It could become the first Operational Entity designated in the LAC Region.
Strategy Documents Prepared
<ul style="list-style-type: none"> - National Strategy Study for CDM Implementation in Colombia - Institutional Strategy for the Sale of Climate Change Mitigation Environmental Services - First National Notice

Institutional Annex II - Country Details

Country: COLOMBIA

V. Barriers / Needs for Strengthening

Restrictions for the developing projects
- Lack of resources for project financing (pre-investment and financial closure stage).
Institutional Restrictions
- Long-term financial sustainability
Needs to Strengthen the Office
- Human and financial resources
Needs to Strengthen the CDM Nationally
- Improvement of capacities for financial structuring of projects
- Legal assistance to developers during project negotiation stages
- Information system aimed at developers with information on the consultancy services for project formulation and marketing available in the country, market situation, trends, etc.
- Development of a strategy for managing CDM transportation projects
- Development of tools for CDM forestry project implementation, according to the modalities and procedures established by COP 9.

Institutional Annex II - Country Details
Country: COSTA RICA

I. Institutional Structure

National Authority in Charge	Designated Before UNFCCC	Nature
The Designated National Authority for CDM is the Costa Rican Office for Joint Implementation, which reports its activities directly to the Ministry of the Environment and Energy (MINAE from the Spanish), organized under its Decree No. 31676 of March 17, 2004.	Yes	Public entity
Organizational chart, Financing, Work team		
<pre> graph TD MINAE["MINAE MINISTERIAL OFFICE"] --- Department["Department"] Department --- TU["Technical Unit"] TU --- SFA["Special Forestry Advisor"] TU --- AA["Administrative Assistant"] </pre>		
Financing	Team	
National Budget	Director 1 forestry specialist 1 energy specialist 1 administrative assistant	
Special Boards or Committees for CC and/or CDM		Yes
Climate Change Consultative Committee: <ul style="list-style-type: none"> - Ministries of the Environment and Foreign Relations - National Emergency Commission - National Meteorological Institute - National Academy of Sciences - National University Rectors' Commission - FUNDECOR (a forestry NGO) 		
Duties of the Boards or Committees		
To serve as a mechanism for dialog, coordination and consensus with regard to policies and measures taken for climate preservation, climate change mitigation and the introduction of adaptation measures.		

Institutional Annex II - Country Details

Country: COSTA RICA

II. Institutional Roles and Duties

Roles and Duties of the Office

The Costa Rican Office for Joint Implementation is in charge of duties relating to domestic approval as well as registration, follow-up and promotion of projects. Some of its specific duties are:

- To propose national goals and objectives for greenhouse gas emissions mitigation to the Minister.
- Based on national sustainable development goals, propose national policies and criteria to the Minister for greenhouse gas emissions mitigation project development, evaluation, approval and monitoring.
- Establish procedures for reception, evaluation, approval and monitoring of greenhouse gas emissions mitigation projects.
- Evaluate and recommend ministerial approval of greenhouse gas emissions mitigation projects that meet the criteria defined for that purpose.
- Review, identify and promote, in public and private sectors, the formulation and execution projects whose aims include the use and improvement of technologies that mitigate greenhouse gas emissions, the conservation and development of carbon sinks, and the generation of renewable energy and energy savings, which are in accordance with national goals and objectives for that purpose.
- Establish mechanisms for facilitate the international marketing of certificates for emissions reduction that are attributable to greenhouse gas emissions mitigation project activities.
- Coordinate actions with different public and private, national or international institutions and organizations that carry out greenhouse gas emissions mitigation projects.
- Present the Minister with baseline methodologies and mechanisms for project monitoring, making it possible to verify the decrease in emission levels and greenhouse gas capture, for their approval.
- Proceed as a focal point of the United Nations Framework Convention on Climate Change and act as the Designated National Entity for the Clean Development Mechanism before the Secretariat of said Convention, both in representation of the Ministry of Environment and Energy.
- Propose that the Minister establish cooperation agreements and strategic alliances with publics and private, national and international individuals and corporations who wish to help with the State in the duties conferred upon the Costa Rican Office for Joint Implementation.

Main Activities of the Office

Presently, the Costa Rican Office for Joint Implementation is primarily carrying out activities aimed to develop and promote the national CDM project portfolio. It also has activities related to domestic project approval and provides technical assistance to developers in matters relating to CDM project formulation.

Likewise, in some instances, it may have direct contact with operational entities, in order to seek a reduction in project related transaction costs.

Institutional Annex II - Country Details

Country: COSTA RICA

IV. CDM Capacity

Formulation Guidelines		Guidelines for Requesting National Approval	Yes
<p>During the pilot stage of joint implementation, the Costa Rican Office for Joint Implementation developed criteria and procedures for project evaluation. Some of these criteria are currently for CDM project assessment.</p>			
<p style="text-align: center;">Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>The Costa Rican Office for Joint Implementation establishes an ad hoc process that seeks to help project developers to comply with what is established in CDM agreements.</p>			
<p>Evaluations are based on a review of the project design document, specifically with regard to the baseline methodology, environmental additionality, investment additionality and conditioning barriers and risks, monitoring protocol, and compatibility with standards and requirements such as those demanded by the domestic power sector, business plan, Environmental Impact Study, and stakeholder comments.</p>			
<p>If the Costa Rican Office for Joint Implementation feels that the project meets the Marrakech criteria, it recommends its approval to the Ministry of the Environment and Energy, as the entity that is responsible to sign the domestic approval letter.</p>			
<p style="text-align: center;">Scope of National Approval</p>			
<p>The Domestic Approval Letter states the country's voluntary participation in the CDM activity and the project contribution to sustainable development. However, for project assessment, the Costa Rican Office for Joint Implementation implements a process that includes verification of compliance with CDM technical requirements.</p>			
<p style="text-align: center;">Requirements for Beginning the Evaluation Process</p>			
<p>Not available.</p>			
<p style="text-align: center;">Minimal Requirements for Obtaining National Approval</p>			
<ul style="list-style-type: none"> - To have the Environmental Impact Study approved by the Technical Secretariat of the Environment 			
<p style="text-align: center;">Criteria for Assessing Contributions to Sustainable Development</p>			
<p>The primary criterion used is that of overall benefit versus local environmental costs, and compliance with national policies established for this purpose.</p>			
<p>Also, each project should include an Environmental Impact Study approved by the Technical Secretariat of the Environment and a review of the comments by project related stakeholders to determine the social and environmental costs and benefits related to the project.</p>			
<p>Furthermore, the project's contributions to fulfilling national sustainable development priorities are reviewed:</p>			
<ul style="list-style-type: none"> - Conservation of biodiversity - Reforestation and forest conservation - Sustainable use of soils - Protection of watersheds - Reduction of the water and air pollution - Reduction in fossil fuel consumption - Increase in the use of renewable resources - Enhancement of energy efficiency 			
<p style="text-align: center;">Mechanisms for Assessing Related Stakeholder Participation</p>			
<p>The project should present a detailed document of any comments made on the project.</p>			

National Capacity for Project Formulation
Not available,
In Country CDM Capacity Building Activities
Not available.
Participation in CDM Programs
<u>Memorandums of Understanding</u>
<ul style="list-style-type: none"> - Holland - Canada
PCF
<ul style="list-style-type: none"> - Two (2) projects with signed ERPAs <ul style="list-style-type: none"> o Chorotega Wind Project o Cote Small Hydroelectric Project - One (1) project under preparation <ul style="list-style-type: none"> o Vara Blanca Wind Project
CERUPT
<ul style="list-style-type: none"> - INCSA Expansion Project - Rio Azul Biogas Project
CDM Supporting Entities
<p>ASOCIC. The entity that brings together beneficiaries and potential beneficiaries of the CDM and that promotes the development of projects that:</p> <ul style="list-style-type: none"> - Use cleaner technologies, - Produce energy from renewable sources - Reduce energy consumption <p>The members of ASOCIC are:</p> <ul style="list-style-type: none"> - The <i>Instituto Costarricense de Electricidad</i> (ICE) - The <i>Compañía Nacional de Fuerza y Luz</i> (CNFL) - The <i>Fondo Nacional de Financiación Forestal</i> (FONAFIFO) - The <i>Asociación Costarricense de Productores de Energía</i> (ACOPE) <ul style="list-style-type: none"> - The <i>Cámara Costarricense Forestal</i> (CCF)
Strategy Documents Prepared
<ul style="list-style-type: none"> - Greenhouse gas inventory - First National Notice - Power sectors baseline studies

Institutional Annex II - Country Details
Country: COSTA RICA

V. Barriers / Needs for Strengthening

Restrictions on Developing Projects
- High transaction costs
Institutional Restrictions
- Financial resources, primarily for participating in negotiations
Needs to Strengthen the Office
- Financial and human resources - Institutional strategic plan
Needs to Strengthen the CDM Nationally
Not available.

Institutional Annex II - Country Details

Country: CUBA

II. Institutional Roles and Duties

National Authority in Charge	Designated before UNFCCC	Nature
Ministry of Science, Technology and the Environment. CDM work activities are delegated to the National Department of the Environment	Yes	Public entity
Organizational Chart, Financing, Team		
Organizational chart: Not available.		
Financing - National Budget	Team For now, the office has no infrastructure or work team solely for CDM.	
Special Boards or Committees for CC and/or CDM		Yes
<p>National CDM Implementation Group</p> <ul style="list-style-type: none"> - Ministry of Science, Technology and the Environment, the coordinator - Ministry of Foreign Relations - Ministry for the Foreign Investment and the Economic Collaboration - Ministry of Economy and Planning - Ministry of Finance and Prices 		
Duties of the Boards or Committees		
<p>The National CDM Implementation Group should fulfill the following duties, among others:</p> <ul style="list-style-type: none"> - Evaluate and propose actions for CDM implementation - Evaluate project proposals - Prepare decisions on domestic project approval 		
Roles and Duties of the Office		
The Designated National Authority carries out CDM activities in the areas of regulation and promotion.		
Main Activities of the Office		
<ul style="list-style-type: none"> - Review the decisions of the National CDM Implementation Group and notify the Ministry of Foreign Investment of projects that may be submitted to the consideration of the Project Board, as established in the Foreign Investment Act - Establish criteria and mechanisms for project assessment and approval - Promote the participation of public and private entities in mitigation activities - Coordinate with international CDM agencies, including designated operational entities 		

Institutional Annex II - Country Details

Country: CUBA

III. Project Standards and Guidelines

Formulation Guidelines	Yes	Guidelines for Requesting National Approval	Yes
<p>In 2003 a ministerial resolution was issued establishing the criteria and procedures for CDM project assessment and approval. Then, in 2004 the Cuban Guidelines for CDM Investors were presented.</p>			
<p>Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>The respective request and information should be presented to the National Implementation Group, which does an initial evaluation and issues a decision with recommendations on project approval, which in turn is conveyed to the project proposer. In cases of favorable recommendations, the Ministry of Science, Technology and the Environment issues the letter of domestic approval. The procedure of assessment and notification to the interested party has a maximum duration of 37 working days.</p>			
<p>Scope of National Approval</p>			
<ul style="list-style-type: none"> - Contribution to sustainable development - Voluntary participation of the proposer and host country - Initial statement of project additionality 			
<p>Requirements for Beginning the Evaluation Process</p>			
<p>The proposer should present the following documents:</p> <ul style="list-style-type: none"> - Brief project description - Potential for emissions reduction - Environmental additionality - Estimated cost - Technical, economic and financial pre-feasibility and monitoring program - Project risks - Other impacts: economic, social and environmental 			
<p>Requirements for Obtaining National Approval</p>			
<p>Comply with the environmental legislation in effect, primarily as refers to the Foreign Investment Act.</p>			
<p>Criteria for Assessing Contributions to Sustainable Development</p>			
<p>Specific CDM criteria were not developed. The procedure abides by what was established in the Foreign Investment Act, with a few particulars on CDM. It takes into account:</p> <ul style="list-style-type: none"> - Investor country performance with regard to its commitments to the Convention and the Protocol - Fulfillment of what is set forth in terms of foreign investments - Compatibility with national environmental priorities - Congruence with national sectoral standards and policies 			
<p>Mechanisms for Assessing Related Stakeholder Participation</p>			
<p>Not available.</p>			

Institutional Annex II - Country Details

Country: CUBA

V. Barriers and Needs for Strengthening

National Capacity for Project Formulation
The country has some technical capacity in matters such as estimating emissions and establishing baselines, thanks to the work and research done by the National Climate Change Group.
In Country CDM Capacity Building Activities
<ul style="list-style-type: none">- International Workshop on CDM Potential and Challenges in Cuba, UNDP / Canadian Embassy- Regional Workshop and Meeting between Cuba and Norway for identifying potential CDM projects.
Participation in CDM Programs
Memorandums of Understanding
Government of Canada
CDM Support Entities
National Climate Change Group: technical support
Strategy Documents Prepared
<ul style="list-style-type: none">- Greenhouse gas inventories- First National Notice

Restrictions for Project Development
<ul style="list-style-type: none">- Complex baselines and limited project formulation capacity
Institutional Restrictions
<ul style="list-style-type: none">- Physical infrastructure and human resources
Needs to Strengthen the Office
<ul style="list-style-type: none">- Improve physical infrastructure- Increase and strengthen the work team when project supply is greater- Training in technical, legal and commercial CDM-related areas
Needs to Strengthen the CDM Nationally
<ul style="list-style-type: none">- Publicize the CDM

Institutional Annex II - Country Details
Country: CHILE

II. Institutional Role and Duties

National Authority in Charge	Designated before UNFCCC	Nature						
An additional institutionality was not developed for the CDM in Chile. The Designated National Authority for the CDM is the Board of Ministers of the National Environmental Commission, which delegates operations to an Executive Committee presided by the Executive Director of the National Environmental Commission.	Yes	Public entity						
Organizational Chart, Financing, Work team								
<table border="1"> <thead> <tr> <th colspan="2" data-bbox="240 625 1377 657">Organizational chart: Not available.</th> </tr> <tr> <th data-bbox="240 657 760 688"><u>Financing</u></th> <th data-bbox="760 657 1377 688"><u>Team</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="240 688 760 867">National Budget</td> <td data-bbox="760 688 1377 867">Chile has not developed an additional institutionality for the CDM. Three (3) professionals of the Technical Department of the National Environmental Commission manage CDM-related matters, among others</td> </tr> </tbody> </table>			Organizational chart: Not available.		<u>Financing</u>	<u>Team</u>	National Budget	Chile has not developed an additional institutionality for the CDM. Three (3) professionals of the Technical Department of the National Environmental Commission manage CDM-related matters, among others
Organizational chart: Not available.								
<u>Financing</u>	<u>Team</u>							
National Budget	Chile has not developed an additional institutionality for the CDM. Three (3) professionals of the Technical Department of the National Environmental Commission manage CDM-related matters, among others							
Special Boards or Committees for CC and/or CDM		Yes						
<p>The <u>Executive CDM Committee</u> is made up of one representative from each a of the following agencies:</p> <ul style="list-style-type: none"> - Ministry of Foreign Relations - Ministry of Agriculture - National Environmental Commission - Energy Commission - Secretariat of Clean Production - Another Ministry, if the project so requires 								
Duties of the Boards or Committees								
The Executive CDM Committee executes all CDM-related work activities and advises the Board of Ministers of the National Environmental Commission in all matters concerning CDM policy and implementation.								

Roles and Duties of the Office
No additional institutionality was developed for the CDM. The main duties of the Designated National Authority are to promote the CDM and grant the letter of domestic approval.
Main Activities of the Office
Idem above section.

Institutional Annex II - Country Details

Country: CHILE

III. Project Standards and Guidelines

Formulation Guidelines	No	Guidelines for Requesting National Approval	No
<p>There is a basic procedure for CDM project approval, but it has not been regulated.</p> <p>The NSS of Chile establishes a form for submitting projects, but no official guidelines have been developed.</p>			
<p>Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>The project is received by the Executive Committee, who reviews it and issues an opinion on project approval. If this opinion is positive, the Executive Director of the National Environmental Commission issues its letter of support or domestic approval.</p>			
<p>Scope of National Approval</p>			
<p>Contribution to sustainable development and voluntary participation.</p>			
<p>Requirements for Beginning the Evaluation Process</p>			
<ul style="list-style-type: none"> - Present the proposer's request note - Present the Project Design Document (PDD) - Declaration of the proposer's voluntary participation in the CDM 			
<p>Requirements for Obtaining National Approval</p>			
<ul style="list-style-type: none"> - Comply with all standing environmental legislation, that is, have the Environmental Impact Study. If due to its size the project does not need an EIS, it should have the appropriate sectoral environmental permit. 			
<p>Criteria for Assessing Contributions to Sustainable Development</p>			
<p>There are no specific criteria defined for evaluating contributions to sustainable development. The law establishes that if a project fulfills what is established by the Environmental Impact Assessment System, it implicitly complies with the country's sustainable development requirements.</p>			
<p>Mechanisms for Assessing Related Stakeholder Participation</p>			
<p>Not available.</p>			

Institutional Annex II - Country Details

Country: CHILE

V. Barriers / Needs for Strengthening

National Capacity for Project Formulation
Not available.
CDM Training done in the Country
<ul style="list-style-type: none"> - Training workshops in CDM project formulation jointly with the PCF - Video-conferences (Participants: Mexico, Peru, Argentina, and Chile). World Bank training program.
Participation in CDM Programs
PCF
<ul style="list-style-type: none"> - Chacabuquito Project, has the ERPA signed - Support for national CDM capacity building.
<u>Others</u>
<ul style="list-style-type: none"> - GTZ: Support for developing the National CDM Strategy
CDM Supporting Entities
<ul style="list-style-type: none"> - Prochile: Promotion of CDM projects - <i>Corporación de Fomento de la Producción</i> (CORFO): Development instruments and financing structure - <i>Federación Gremial de la Industria</i> (SOFOFA): Promotion of CDM projects
Strategy Documents Prepared
<ul style="list-style-type: none"> - Greenhouse gas inventories, 1993, 1994 - National CDM Strategy Study in Chile. GTZ. 2003 - First National Notice. 2000

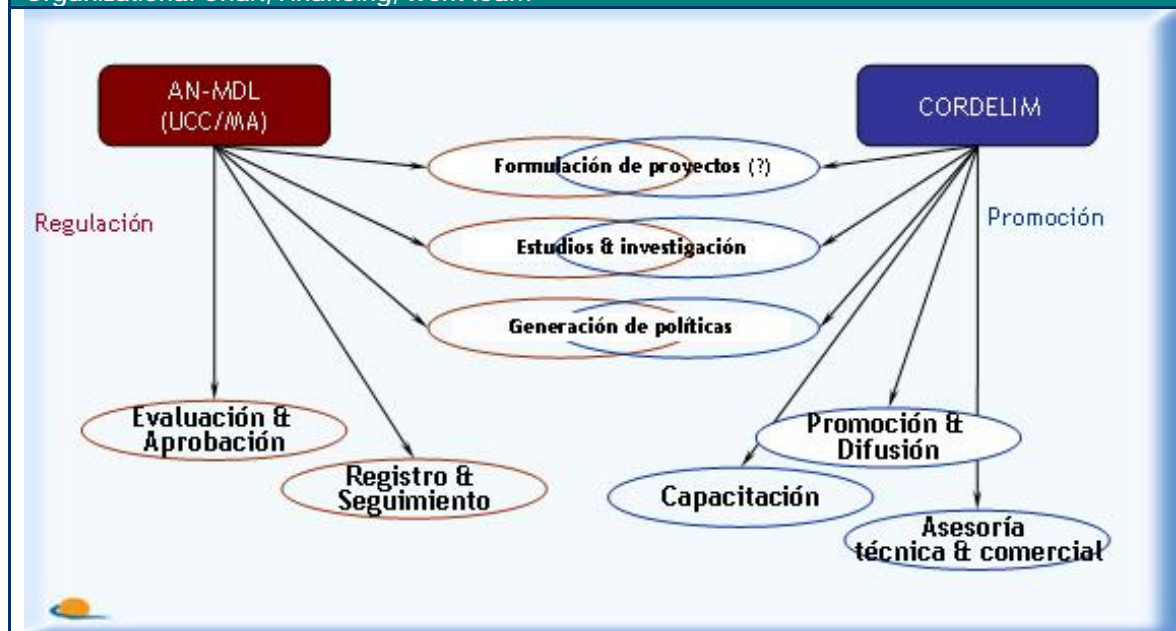
Restrictions for the developing projects
<ul style="list-style-type: none"> - Limited awareness of the mechanism among some sectors with potential for developing projects - Limited capacity for project formulation
Institutional Restrictions
<ul style="list-style-type: none"> - Technical personnel trained
Needs to Strengthen the Office
<ul style="list-style-type: none"> - Financial resources
Needs to Strengthen the CDM Nationally
<ul style="list-style-type: none"> - Training technical matters relating to CDM project formulation: baselines, additionality estimates, monitoring and verification protocol development - Review of CDM – related legal matters

Institutional Annex II - Country Details
Country: ECUADOR

I. Institutional Structure

National Authority in Charge	Designated before UNFCCC	Nature
The Designated National Authority for the CDM is the Ministry of the Environment (AN-CDM). Its Climate Change Unit is responsible for all administrative and operational activities relating to mechanism regulation.	Yes	Public entity
Activities related to CDM promotion are carried out by the Corporation for the Promotion of the CDM (CORDELIM).		Mixed entity

Organizational Chart, Financing, Work team



Financing	Team
	Climate Change Unit
- National Budget	1 Coordinator
- Project CD 4 CDM (UNEP / RISØE)	2 officials
- PLAC / CAF	
	CORDELIM
	1 Coordinator
	2 experts in forestry and energy
	1 administrative assistant

Institutional Annex II - Country Details

Country: ECUADOR

I. Institutional Structure

Special Boards or Committees for CC and/or CDM	Yes
<p>In Ecuador several agencies are related to climate change and especially with the Clean Development Mechanism. These are:</p>	
National Climate Committee	
<p>This committee is made up of:</p> <ul style="list-style-type: none">- The Minister of the Environment, who presides,- The Minister of Energy and Mines,- The President of the National Higher Education Board,- One representative of the Chamber of Production for the Coastal Region,- One representative of the Chamber of Production for the Andes Region,- The President of the Ecuadorian Committee for the Defense of Nature and the Environment (CEDENMA from the Spanish), an agency that brings together the environmentalist NGOs of Ecuador.- One representative of the <i>Instituto Nacional de Meteorología e Hidrología</i> (INAMHI), the institution where the Committee's Permanent Technical Secretariat is housed. <p>Board of Directors of the Corporation for the Promotion of the CDM in Ecuador (CORDELIM)</p> <p>Made up of one representative from each of the following institutions:</p> <ul style="list-style-type: none">- Ministry of the Environment, who presides,- Ministry of Energy and Mines- CEDENMA- Chamber of Industry- Chamber of Small Industries- Chamber of Agriculture <p>Furthermore, ad hoc committees are set up for project assessment, whose composition depends on the nature of each project.</p>	
Duties of the Boards or Committees	
<p>With regard to the Clean Development Mechanism, the National Climate Committee was entrusted with two tasks:</p> <ol style="list-style-type: none">1. Defining the procedures of the National CDM Authority for the presentation, evaluation, domestic approval, follow-up, and registry of projects.2. Promoting and implementing national capacity (both public and private) to prepare CDM projects and negotiate emissions reduction certificates, through the activities of an entity set up for this purpose. <p>In this regard, it defined and established the two CDM-related entities mentioned above, Designated National Authority for the CDM as the regulatory entity responsible for project assessment, approval, registry, and follow-up, and the Corporation for the Promotion of the CDM (CORDELIM), as the promotional entity in charge of generating and disseminating information, capacity building, and support for project formulation and negotiation.</p>	

Institutional Annex II - Country Details

Country: ECUADOR

II. Institutional Role and Duties

Role and Functions of the Office
<p style="text-align: center;">AN-CDM</p> <hr/> <p>The Climate Change Unit is responsible for articulating, coordinating, facilitating, and implementing CDM project proposal assessments and domestic approvals, as well as national registry and follow-up of ongoing CDM projects.</p>
<p style="text-align: center;">CORDELIM</p> <hr/> <p>The central aim of CORDELIM is to provide information and build local capacities in different technical, financial and socio-economic elements related to carbon certification in development projects with a potential to reduce greenhouse gas emissions.</p> <p>Its primary duties are:</p> <ul style="list-style-type: none">- Information and Dissemination: Have technical, socioeconomic and policy-related information that is accessible, up-to-date and consistent, in order to support operational and strategic planning by national and international players related to the carbon market.- Promotion and Training: Establish an efficient system to disseminate and socialize knowledge, promote domestic capacity building and institutional strengthening, and encourage the active participation of diverse levels of society with regard to the challenges and opportunities of the carbon market.- Technical and commercial assistance: Provide basic support and specialized services for local management and the international negotiation of CDM projects and other related activities: designing projects as per national and international validation criteria, identifying sources of financing, negotiating CERs and other economic and non-economic benefits arising from projects, among others.- Policy assessment and planning: Providing encouragement, input and advice to the generation of policies, guidelines and programs aimed to mitigate the greenhouse effect on a national level and, specifically, the barriers to and advantages of making local participation viable on the international carbon market. <p>Supporting project formulation: Orienting the development and management of an official project portfolio that is eligible under international CDM criteria and that is responsive to the strategic priorities of national and local development.</p>

Main Activities of the Office
<p style="text-align: center;">AN-CDM</p> <p>In its capacity as the technical advisory body of the National Climate Committee, the Climate Change Unit has activities that go from approving other climate change projects such as those financed with GEF funds, to preparing the second national notice. With regard to the CDM, the AN-CDM carries out the following activities:</p> <ul style="list-style-type: none">- Receive, analyze and review documents presented by projects that follow the request procedure of the letter of support or domestic approval.- Approve proposals that, according to established criteria and procedures, mitigate greenhouse gasses and contribute to the sustainable development of Ecuador. <p>Likewise, the AN-CDM promotes activities related to determining sectoral baselines and defining the National Carbon Compensation Policy, within the context of the future UNFCCC negotiations.</p> <p>In the future, as CDM projects begin to be implemented, the AN-CDM should:</p> <ul style="list-style-type: none">- Provide follow-up for local CDM projects during their execution, in order to ensure that ensure that implementation is given in the agreed, validated terms.- Support the job of proposers to coherently contemplate the internal monitoring and verification requirements, as well as independent certification.- Maintain a registry system that allows for domestic follow-up and control of emissions accounting, and of the possession, transfer and purchase of CERs generated by projects executed in Ecuador. <p>CORDELIM</p> <p>Currently, CORDELIM has activities related to promoting, disseminating, training workshops, and the technical accompaniment of proposal development.</p>

Institutional Annex II - Country Details

Country: ECUADOR

IV. CDM Capacity

Formulation Guidelines	Yes	Guidelines for Requesting National Approval	Yes
<p>The document AN-CDM / CA / 2003 of the Ministry of the Environment contains all information relative to procedure of requesting, assessing and obtaining the letter of domestic approval.</p> <p>Furthermore, CORDELIM has worked on developing project formulation guidelines and has developed a PIN form for presenting projects that seek the support or accompaniment of that institution. This information is available on its Web page: www.cordelim.net.</p>			
Procedure for Requesting Domestic Approval and/or No Objection			
<p>The AN-CDM carries out two project-related procedures: assessing projects for domestic approval and issuing letters of support or no objection.</p>			
The Letter of No Objection or Support letter			
<p>These are issued during the first phases of project formulation, in order to make fund-raising procedures viable.</p> <p>Requests should be submitted by the project developer to the Minister and to the AN-CDM, together with the Project Idea (PI), which should follow an established form. Information is reviewed by the AN-CDM jointly with the entity responsible for the sector the project belongs to: the National Electricity Board for mitigation projects related to energy resource emissions, and the National Forestry Department of the Ministry of the Environment for carbon fixing projects. Once the information has been evaluated, the AN-CDM informs and the Minister and recommends issuing the support letter.</p> <p>Full information on this process can be found in the document AN-CDM / CR / 2003.</p>			
National Evaluation and Approval			
<p>The procedure established by the AN-CDM has two phases, one phase for presentation, evaluation and domestic approval, and a second phase for follow-up and official registry of projects.</p> <p><u>Presentation, Evaluation and National Approval</u></p> <p>Documents are received by the AN-CDM, which reviews them and executes a preliminary technical assessment. If documents meet the requirements, it proceeds to sign a Specific Evaluation Agreement with the interested party, establishing the scope, conditions and terms of reference assessed for the project. Once the agreement has been signed, the AN-CDM proceeds to convene an Evaluation Committee, the composition of which will depend on the nature of the project, and to make available to society, any non-confidential project information, through channels such as the Web page of the Ministry of the Environment. Furthermore, at this point it makes a public request for comments.</p> <p>During the evaluation, each of the Evaluation Committee members visits the project and prepares a preliminary report, consolidated by the committee coordinator. Later, based on the project document, the comments received, and the results of public consultation processes, when necessary, each member proceeds to prepare a final report. These reports are again consolidated by the coordinator in a final evaluation report, which includes a technical recommendation on domestic approval and, where appropriate, a domestic approval proposal letter.</p> <p><u>Follow-up and Registry</u></p> <p>The purpose for this stage is to ensure that the project is validated and registered in consistency with the terms approved by the AN-CDM. The detailed procedure is in document AN-CDM / CA / 2003 and the obligations of each one of the parties during this stage are established in the Specific</p>			

Institutional Annex II - Country Details

Country: ECUADOR

IV. CDM Capacity

Project Evaluation Agreement.
Scope of National Approval
The Letter of Domestic Project Approval issued by the AN-CDM establishes the country's voluntary participation in the CDM and the project's contribution to sustainable development. Nevertheless, the AN-CDM reserves the right to issue a letter of approval if it finds that the project has deficiencies relative to the international technical requirements established for CDM projects.
Requirements for Beginning the Evaluation Process
<ul style="list-style-type: none">- Present the evaluation request along with all necessary information, as per the forms established for this purpose, in this case the Official PDD and information related to meeting the national requirements.- Pay the Final Evaluation Fee, the amount of which is established by the Ministry based on the current standard.- Sign the Specific Evaluation Agreement with the AN-CDM- Deliver all other documentation needed to evaluate the project.
Requirements for Obtaining National Approval
The primary requirements are: <ul style="list-style-type: none">- Comply with the national, regional and sectoral normative framework that is currently in effect. Projects should present the respective certificates of complying with the pertinent regulations.- Obtain the Environmental License, or else the certificate of EIS approval from the responsible entity in the sector to which the project belongs.- Do an analysis of positive and negative project impacts, at socioeconomic, environmental and technological levels.
Criteria for Assessing Contributions to Sustainable Development
The AN-CDM has defined four basic criteria to evaluate the project's contribution to the country's development. These criteria are: <ul style="list-style-type: none">- Concordance of project objectives with national and regional development goals, policies and priorities, as adopted by the country in strategies, plans, laws or other similar instruments.- Compliance with national, provincial and canton legal frameworks.- Compliance with current environmental legislation, including the Environmental Impact Study- Socioeconomic, technological and environmental impacts.
Mechanisms for Assessing Related Stakeholder Participation
<p>In accordance with the document of assessment and domestic approval procedures, during the project evaluation stage, the AN-CDM is in charge of making available to society, through its Web page, all project-related information that is not qualified as confidential. Likewise, it makes a public request for comments, which will be taken into account during the final project evaluation stage.</p> <p>Where deemed necessary, during the assessment stage, the AN-CDM will carry out the pertinent interviews and consultations among local key stakeholders who are directly or indirectly related to the project. Likewise, if required, a public consultation will be held regarding the project, coordinated by the director of the AN-CDM and the proposer. In any of these cases, the Evaluation Committee of the AN-CDM will write a report of these consultations.</p>

IV. CDM Capacity

National Capacity for Project Formulation
Limited. Many of the projects being formulated are in the hands of consultants or international agencies.
In Country CDM Capacity Building Activities
<p>Activities are carried out within the framework of two initiatives:</p> <ul style="list-style-type: none"> - The UNEP / RISØ "CD 4 CDM" program. (see following section) - PLAC / CAF: Institutional Strengthening Program: Its overriding goal is to provide support for the priority processes of CORDELIM during the initial start-up phase. These processes are : <ul style="list-style-type: none"> ▪ Implement an integral information and dissemination system that is consistent and efficient ▪ Develop specialized local capacities in carbon management activities, strengthen the availability of human resources and generate a basic national understanding of the opportunities, barriers and challenges of the emerging carbon market. ▪ Support short-term project formulation through facilitating methodological know-how. ▪ Develop basic planning tools that make it possible to delineate the activities of CORDELIM on the medium and long term.
Participation in CDM Programs
Memorandums of Understanding
<ul style="list-style-type: none"> - Canada: Facilitate the development of CDM activities. - World Bank / PCF: Host Country Committee access
Others
<ul style="list-style-type: none"> - UNEP / RISØ "CD 4 CDM" Program, a national of capacity building project in Ecuador. Information available at: http://www.cd4cdm.org/countries%20and%20regions/Latin%20America/Ecuador/ecuador.htm
CDM Supporting Entities
Not available.
Strategy Documents Prepared
<ul style="list-style-type: none"> - 1994 greenhouse gas inventories - First National Notice - Climate change vulnerability, adaptation and mitigation in Ecuador. Compendium of measures, strategies and project profiles in the sectors of energy, forestry, agriculture, coastal marine life, and water resources. <p>Other documents at:</p> <p>http://www.environment.gov.ec/ENVIRONMENT/activities/cclimatico/WEB/presentacion/FrameSet1.html</p>

Institutional Annex II - Country Detail

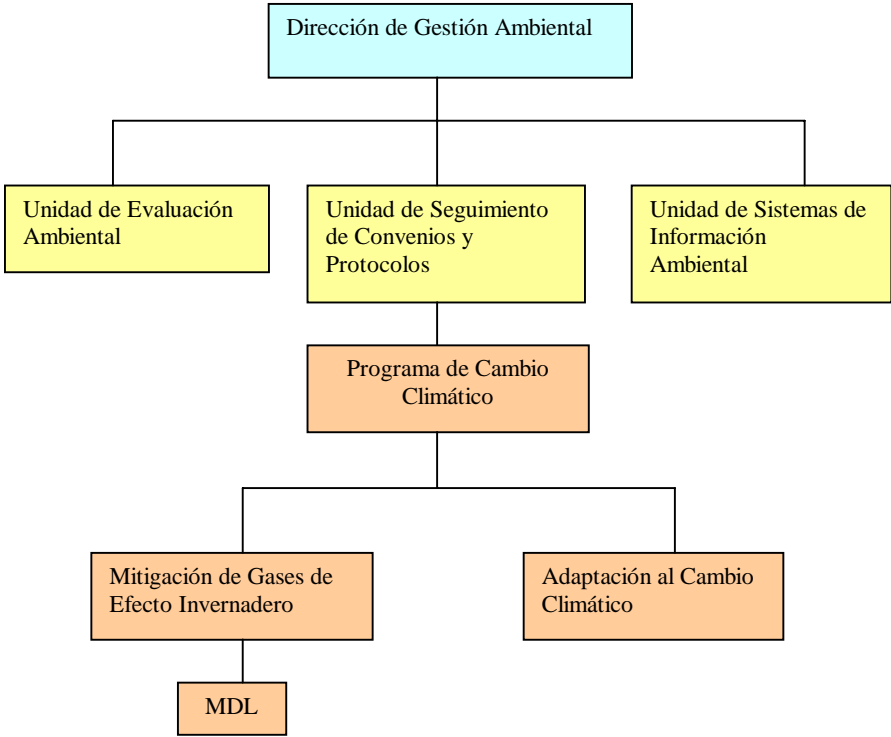
Country: ECUADOR

V. Barriers / Needs for strengthening

Restrictions for Project Development
<ul style="list-style-type: none">- Lack of resources for the pre-investment and investment stages of projects. Projects have difficulties reaching financial closure, and this makes their marketing difficult- Limited project formulation capacity. The numbers of professionals or consultants who work in CDM is very small and generally have a good environmental background, but CDM project formulation also requires an important social, economic and local component.- High transaction costs: baseline construction
Institutional Restrictions
<ul style="list-style-type: none">- Limited financial resources for the next years do not ensure the continuity of actions and trained personnel- Lack of mechanisms for the offices to work with the private sector and other official agencies- Limited sectoral planning and policies that include the CDM.
Needs to Strengthen the Office
<ul style="list-style-type: none">- Ensure schemes for the economic sustainability of the office.- Establish mechanisms to allow closer collaboration with of export promotion offices, to gain greater and better access to the private sector and NGOs.
Needs to Strengthen the CDM Nationally
<ul style="list-style-type: none">- Develop schemes to contribute to the financial structuring of projects.- Enhance national project formulation capacities. Seek more integral professionals who can approach social and economic topics with the same strength as with environmental issues. Although actually the size of the market does not justify this, in practice the market is expected to evolve towards a general emissions projects market, meaning that project demand and supply would vary.- Strengthen legal aspects. Currently, a study is being done to clarify matters relating to:<ul style="list-style-type: none">▪ Definition of the original ownership the CERs,▪ Nature of CERs, relation to tax regimes and applications for transfers and transactions- Scope of National Approval Letter: pressure of Annex I to include two elements in domestic approval letters:<ul style="list-style-type: none">▪ Authorization of participation▪ Authorization of transfer to CER purchasers' accounts- Conflict Resolution: What happens if an approved project does not contribute to the sustainable development the country?

Institutional Annex II - Country Details
Country: EL SALVADOR

I. Institutional Structure

National Authority in Charge	Designated before the UNFCCC	Nature
Ministry of the Environment and Natural Resources (MARN). The work activities are carried out within the Climate Change Program of the Ministry's Environmental Management Department under the greenhouse gas mitigation component.	Yes	Public entity
Organizational Chart, Financing, Work team		
 <pre> graph TD DGA[Dirección de Gestión Ambiental] --> UEA[Unidad de Evaluación Ambiental] DGA --> USCP[Unidad de Seguimiento de Convenios y Protocolos] DGA --> USA[Unidad de Sistemas de Información Ambiental] USCP --> PCC[Programa de Cambio Climático] PCC --> MGEI[Mitigación de Gases de Efecto Invernadero] PCC --> ACC[Adaptación al Cambio Climático] MGEI --> MDL[MDL] </pre>		
Financing		Team
National Budget		For now, the office no has staff
Special Boards or Committees for CC and/or CDM		Yes
<p>There is a Board of Directors made up of representatives from the public and private sectors, from the following institutions:</p> <ul style="list-style-type: none"> - Electric Energy Department of the Ministry of Economy, - Ministry of Foreign Relations, - Ministry of Agriculture and Animal Husbandry, - <i>Asociación Salvadoreña de Industriales,</i> - <i>Asociación Azucarera,</i> - Ministry of the Environment (Focal point) 		
Duties of the Boards or Committees		
Not available.		

Institutional Annex II - Country Details

Country: EL SALVADOR

II. Institutional Role and Duties

Roles and Duties of the Office
<p>The primary role of the Designated National Authority is to support and develop activities aimed at implementing the Clean Development Mechanism in El Salvador. Its duties are:</p> <ul style="list-style-type: none">- To facilitate the participation of different sectors in the Clean Development Mechanism- To identify projects with a potential to participate in the CDM- To provide technical assistance in the process of project formulation- National capacity building in the CDM project cycle- To raise financial resources to cover transaction costs during the formulation and validation phase.- To facilitate the sale of greenhouse gas emissions reduction certificates (CERs) to different initiatives, governments and private enterprises of developed countries- To evaluate and approve projects according to the eligibility criteria of the Kyoto Protocol.
Main Activities of the Office
<ul style="list-style-type: none">- Besides project assessment and approval activities, the Designated National Authority promotes CDM activities. Among its primary activities are:- Dissemination of the CDM and capacity building for its use at the national level.- Promotion of participation by public, private and non-governmental organizations.- Coordination of project validation, certification and verification, with the CDM Board of Directors and accredited entities.- Registry of individuals and organizations involved in marketing emissions reduction certificates.- Registry of and accounting for national emissions reductions assigned to the Executive Board.- Support for the marketing of CERs generated by projects- Technical assistance to formulators

Institutional Annex II - Country Details

Country: EL SALVADOR

III. Project Standards and Guidelines

Formulation Guidelines	No	Guidelines for Requesting National Approval	No
<p>The office as yet has no official procedural guidelines or documents for domestic project formulation and/or approval, although in practice a procedure for carrying out processes involving its obligations as a Designated National Authority have been developed. At present, they are working on developing documents to support that procedure.</p>			
<p align="center">Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>The office carries out two procedures, the issuing of the letter of no objection and the issuing of the letter of National Approval</p>			
<p align="center">Letter of no objection</p>			
<p>It is issued at the request of the interested party when the project is at the stage of seeking financing, or when it has to comply with a requirement of an investor.</p>			
<p>To request it, the proposer should present a project idea note – PIN, in the most appropriate form, depending on the fund, program or initiative to which it plans to submit the project. If required, the proposer can request technical support from the office for preparing the PIN.</p>			
<p>To continue the procedure, the office evaluates the PIN according to the criteria established for that purpose, and issues a technical opinion. This opinion is submitted to the Environmental Management Department and the Legal Department of the Ministry for approval. If there is no objection from these two levels, the office asks the Minister to sign the letter of no objection of the project.</p>			
<p align="center">Letter of National Approval</p>			
<p>It is granted at the request of the interested party, which must present the official project design document –PDD. The evaluation and approval procedure is the same as for issuing the letter of no objection.</p>			
<p align="center">Scope of the National Approval</p>			
<p>Voluntary participation of the country in the CDM activity and contribution of the project to the sustainable development.</p>			
<p align="center">Requirements for Beginning the Evaluation Process</p>			
<ul style="list-style-type: none"> - Submission of the request with the PDD of the project on the official form of the Convention. - Completion of the Environmental Impact Assessment including the corresponding environmental justification that states why the project fulfills the eligibility criteria for the CDM - Clear submission of the calculation of the tons of CO₂ avoided or reduced. 			
<p align="center">Requirements for Obtaining National Approval</p>			
<ul style="list-style-type: none"> - The project should be additional. In practice the office will not evaluate this criterion exhaustively, and will leave this activity to the Operational Entity that will validate the project. - Fulfillment of the technical requirements of CDM projects: baseline, project limits, leak evaluation, etc. - Compliance with current environmental legislation to ensure that the project has evaluated the environmental, social and economic aspects of its development. 			

Institutional Annex II - Country Details

Country: EL SALVADOR

III. Project Standards and Guidelines

Criteria for Assessing Contributions to Sustainable Development
<p>No specific criteria for evaluating the contribution of CDM projects to the sustainable development the country have been defined. In practice, the office requires an Environmental Impact Assessment and the respective environmental permit to ensure that an analysis of the socioeconomic and environmental impacts was performed. The office also reviews the following aspects of the project:</p> <ul style="list-style-type: none">- Economic variables: generation of new sources of employment, technological flexibility, efficient use of resources, and replicability.- Social variables: social acceptance of the technology, level and quality of service, low access cost, and minimization of the risk to health.- Environmental variables: low environmental impact, contribution to biodiversity, etc.
Mechanisms for Assessing Stakeholder Participation
<p>Not available.</p>

Institutional Annex II - Country Details

Country: EL SALVADOR

IV. CDM capacity

National Capacity for Project Formulation
Very limited
In Country CDM Capacity Building Activities
<p>Diverse events directed to forestry as well as energy sectors with general content (Convention on Climate Change, Kyoto Protocol, CDM, potential projects, eligibility criteria, project cycle, initiatives for purchasing CERs, financial analysis, prices, transaction costs), the primary objective being to promote the instrument.</p> <p>A CDM implementation strategy included an initial concentration of efforts on capacity building for project formulation in the energy sector, principally renewables, due to the lesser degree of uncertainty of the sector regarding international regulation, the possibility of developing small scale projects and the national potential for mitigation.</p> <p>Creation of capacity in the forestry sector within the framework of the FAO project: Forests and Climate Change.</p> <p>With PCF financial support and the Technical support of the UNEP Collaborating Center for Energy and Environment, Tellus Institute and the <i>Universidad Centroamericana "Jose Simenón Cañas,"</i> the baseline study of the electrical sector was formulated.</p>
Participation in CDM Programs
Memorandums of understanding
<ul style="list-style-type: none"> - PCF
Other
<ul style="list-style-type: none"> - World Bank and Government of Finland: Development of the National Strategy Study
CDM Supporting Entities
Not available.
Strategy Documents Prepared
<ul style="list-style-type: none"> - Greenhouse gas inventory 1994 - Baseline study of the electrical sector - First National Notification - Study of the carbon sequestering potential of the Forestry Sector - Strategic Guidelines for a National Climate Change Mitigation Policy in the Energy Sector of the El Salvador

Institutional Annex II - Country Details

Country: EL SALVADOR

V. Barriers / Needs for strengthening

Restrictions on project development
<ul style="list-style-type: none">- Limited project formulation capacity. The costs of contracting the formulation services of professionals or consultants who can do the formulating are very high in relation to the potential benefits of the projects.- Lack of regulation in the forestry sector
Institutional Restrictions
<ul style="list-style-type: none">- Financial and human resources are limited- Infrastructure
Office Strengthening Needs
<ul style="list-style-type: none">- To ensure the necessary resources to meet the office's human and technological resources needs
CDM Strengthening Needs Nationally
<ul style="list-style-type: none">- The need to improve National Project Formulation Capacity in order to reduce the transaction costs associated with the projects

Institutional Annex II - Country Details

Country: GUATEMALA

I. Institutional structure

National Authority in Charge	Designated before the UNFCCC	Nature
<p>Guatemala has not yet designated a DNA for the CDM. Information presented in this section corresponds to data gathered for the existence of <i>Comisión Guatemalteca de Implementación Conjunta</i>, and the <i>Oficina Guatemalteca de Implementación Conjunta</i> (OGIC), is responsible for all administrative and operational activities linked to the mechanism during the AIJ phases.</p>		Mixed
Organizational chart, Financing, Work team		
<pre> graph TD A[COMISION NACIONAL DE IMPLEMENTACION CONJUNTA] --> B[DIRECTOR EJECUTIVO] B --> C[CONSULTORAS EXTERNAS] B --> D[PERSONAL DE APOYO] D --> E[TECNICO DE USO DE SUELO] D --> F[TECNICO DE ENERGIA] </pre>		
<p>Source: Alvarez, Designated National Authority. 2003. Situation and Experiences of the Oficina Guatemalteca de Implementación Conjunta. A presentation given at a workshop on how to carry out projects within the framework of the CDM in Central America. San Salvador, El Salvador. 27 March</p>		
<p style="text-align: center;"><u>Financing</u></p> <p>Project CD4CDM 1215103-22 UNEP / RISØ with which the OGIC is carrying out activities for transforming the Designated National Authority and developing a strategy for the CDM as well as the necessary procedures and criteria</p>	<p style="text-align: center;"><u>Team</u></p> <p>The OGIC has currently carried out the necessary activities for establishing the work team of the Designated National Authority</p>	

Institutional Annex II - Country Details

Country: GUATEMALA

I. Institutional structure

Special Boards or Committees for CC and/or CDM	Yes
<p>The <i>Comisión Guatemalteca de Implementación Conjunta</i> consists of representatives from the following sectors or institutions:</p> <ul style="list-style-type: none">- Ministry of Energy and Mines- Ministry of Agriculture, Animal husbandry and Food Supply- Ministry of Environment and Natural Resources- Universities- NGOs- Private sector	
Duties of the Boards or Committees	
<p>The duties defined for the <i>Comisión Guatemalteca de Implementación Conjunta</i> are:</p> <ul style="list-style-type: none">- To participate in the definition of IC / CDM policies and guidelines by sector, in harmony with national development policies.- To generate and exchange IC / CDM information.- To develop financial mechanisms for channeling IC / CDM projects.- To establish national criteria for project approval.- To approve IC / CDM projects and seek their approval at the international level.- To strengthen, promote and facilitate the marketing of projects that are available in the country	

Institutional Annex II - Country Details

Country: GUATEMALA

II. Institutional Role and Duties

Roles and Duties of the Office

The OGIC has been responsible for regulating and promoting CDM projects. Its specific functions are the same as those of the *Comisión Guatemalteca de Implementación Conjunta*, since the OGIC is the operational figure of that commission. (See previous section)

Main activities of the Office

The OGIC has currently carried out all the necessary activities for becoming the Designated National Authority for the CDM within the framework of project CD4CDM of UNEP / RISØ.

As part of that project, studies were carried out in 2003 on the legal aspects of transforming the OGIC into the Designated National Authority; profiles were developed for the coordinator and consultants; the team necessary for establishing the office was identified, and an initial headquarters was selected. The OGIC also participated in training workshops in energy and forests.

In accordance with the terms of reference of that project, the OGIC carries out activities involving the regulation and promotion of the CDM. These activities, most of which are in process, are

- Consolidation of the CDM Office
 - ⇒ Definition of internal standards and regulations
 - ⇒ Organization of the office staff
 - ⇒ Establishment of inter-institutional links
- Project evaluation and approval mechanisms
 - ⇒ Identifying indicators and criteria to ensure that national regulations are congruent to rules established by the CDM Board of Directors
 - ⇒ Analysis of key elements to be considered in relation to national criteria
 - ⇒ Establishing national procedures for project evaluation and approval
- Design of guidelines for submitting projects to the Executive Board of the CDM
- Analysis of the structure legal of CDM investments.
- Support for CDM projects (including identification, technical support for developers and project promotion)
- Establishing a center of information and clearinghouse
- Formulation of a CDM policy and strategy
- Technical support during negotiations on climate change
- Capacity building and training activities

Institutional Annex II - Country Details

Country: GUATEMALA

III. Project Standards and Guidelines

Formulation Guidelines	No	Guidelines for Requesting National Approval	No
<p>The OGIC developed criteria and procedures for evaluating and certifying joint implementation projects. However, according to OGIC's current work plan for the OGIC, the criteria will be revised and updated according to the characteristics of CDM projects and new procedures will be established for the domestic evaluation and approval of this type of projects.</p>			
<p style="text-align: center;">Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>The procedures, criteria and requirements for domestic approval are presently being developed. Up to now the procedure included a review by the members of the Executive Commission, or technical staff assigned to that activity in the respective participating institutions. The project by law was assigned to the representative on the Commission from the Sector to which the project pertained. Once these projects had been evaluated, the same officer was responsible for processing the letter of approval that was signed by the corresponding authority.</p>			
<p style="text-align: center;">Scope of National Approval</p>			
<p>Contribution to sustainable development.</p>			
<p style="text-align: center;">Requirements for Beginning the Evaluation Process</p>			
<p>The letters granted up to now are letters of no objection. In order to request them projects must have the following:</p> <ul style="list-style-type: none"> - A letter of application - A letter of no objection from the authority of the sector to which the project pertains - Environmental Impact Assessment - Project profile or note 			
<p style="text-align: center;">Requirements for Obtaining National Approval</p>			
<ul style="list-style-type: none"> - Environmental Impact Assessment - The pertinent permits, concessions and authorizations. 			
<p style="text-align: center;">Criteria for Assessing Contributions to Sustainable Development</p>			
<p>In process. Up to now, the analysis of the contribution to sustainable development was based on the Environmental Impact Assessment and sectoral guidelines on the matter as defined by each of the member institutions of the OGIC Board of Directors.</p>			
<p style="text-align: center;">Mechanisms for Assessing Stakeholder Participation</p>			
<p>Not available.</p>			

Institutional Annex II - Country Details
Country: GUATEMALA

V. Barriers / Needs for strengthening

National Capacity for Project Formulation
Limited
In Country CDM Capacity Building Activities
Not available.
Participation in CDM Programs
PCF
<ul style="list-style-type: none"> - Memorandum of understanding - El Canada hydroelectric project- ERPA signed <p><u>Project CD 4 CDM 1215103-22 UNEP / RISØ: Capacity building for the CDM.</u></p>
CDM Supporting Entities
Not available.
Strategy Documents Prepared
<ul style="list-style-type: none"> - Greenhouse gas inventories - First National Notification

Restrictions on project development
<ul style="list-style-type: none"> - High cost of preparing projects - Limited capacity for formulating projects
Institutional Restrictions
<ul style="list-style-type: none"> - Limited financial and human resources - Infrastructure
Office Strengthening Needs
<ul style="list-style-type: none"> - Infrastructure, equipment, human resources - Legal matters - Formulation of procedures, criteria and requirements
CDM Strengthening Needs Nationally
<ul style="list-style-type: none"> - National Strategy - Development of market knowledge - Training and dissemination at the national level - Baseline studies

Institutional Annex II - Country Details
Country: HONDURAS

II. Institutional Roles and Duties

National Authority in Charge	Designated before the UNFCCC	Nature				
Secretariat of Natural Resources and Environment (SERNA). The Under-secretariat of Natural Resources and Energy is currently carrying out the necessary activities for officially becoming the Designated National Authority. For now, the General Department of Energy is responsible for promoting and regulating CDM activities.	Yes	Public entity				
Organizational chart, Financing, Team						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" data-bbox="240 646 1377 709" style="text-align: center;">Organizational chart: Not available.</td> </tr> <tr> <td data-bbox="240 709 760 856" style="text-align: center;"><u>Financing</u> - National Budget</td> <td data-bbox="760 709 1377 856" style="text-align: center;"><u>Team</u> For now the office no has infrastructure or exclusive CDM work team.</td> </tr> </table>			Organizational chart: Not available.		<u>Financing</u> - National Budget	<u>Team</u> For now the office no has infrastructure or exclusive CDM work team.
Organizational chart: Not available.						
<u>Financing</u> - National Budget	<u>Team</u> For now the office no has infrastructure or exclusive CDM work team.					
Special Boards or Committees for CC and/or CDM		Not available.				
Not available.						
Duties of the Boards or Committees						
Not available.						

Roles and Duties of the Office
The specific role and functions of the Designated National Authority in Honduras have not been defined. For now, the General Department of Energy is in charge of promotion and serves as a link between the public and private sectors.
Main activities of the Office
Being developed.

Institutional Annex II - Country Details

Country: HONDURAS

III. Project Standards and Guidelines

Formulation Guidelines	No	Guidelines for Requesting National Approval	No
<p>Some guidelines and procedures were developed by the Honduran Office of Joint Implementation (OICH) which from 1999 to 2002 was the office responsible for the CDM. Currently, Honduras is developing new criteria and procedures for domestic project evaluation and approval.</p>			
<p>Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>Although as yet no criteria and procedures have been defined, for now the Secretariat approves projects that contribute to sustainable development and produce certified emissions reductions that are financially and environmentally favorable to the country.</p>			
<p>Scope of National Approval</p>			
<p>Contribution to sustainable development</p>			
<p>Requirements for Beginning the Evaluation Process</p>			
<p>Not available.</p>			
<p>Requirements for Obtaining National Approval</p>			
<p>Compliance with current legislation, including the Environmental Impact Assessment and the necessary permits, concessions and authorizations. Energy projects require an operating license issued by the General Department of Energy after a feasibility study, which should also include a CDM component in the respective financial analysis.</p> <p>The emissions reduction contribution should be favorable from an environmental and financial point of view.</p>			
<p>Criteria for Assessing Contributions to Sustainable Development</p>			
<p>Not available.</p>			
<p>Mechanisms for Assessing Stakeholder Participation</p>			
<p>Not available.</p>			

Institutional Annex II - Country Details

Country: HONDURAS

V. Barriers and Needs for strengthening

National Capacity for Project Formulation
Not available.
In Country CDM Capacity Building Activities
Workshop for disseminating the CDM and preparing projects, financed by PCF-Plus of the World Bank and the Canadian International Development Agency.
Participation in CDM Programs
PCF
Member of the group of host countries
CDM Supporting Entities
Not available.
Strategy Documents Prepared
Not available.

Restrictions on project development
<ul style="list-style-type: none"> - Lack of knowledge of the carbon market and technical matters relating to the CDM. - Lack of knowledge of the mechanism throughout the country
Institutional Restrictions
To be determined after the designation process has been completed
Office Strengthening Needs
To be determined
CDM Strengthening Needs Nationally
<ul style="list-style-type: none"> - Training in technical matters related to CDM, principally the construction of baselines and monitoring and verification protocols. - Capacity building for project negotiation and marketing.

Institutional Annex II - Country Details
Country: JAMAICA

II. Institutional Roles and Duties

National Authority in Charge	Designated before the UNFCCC	Nature						
Jamaica has not yet established its Designated National Authority. At present the Ministry of Land and Environment is temporarily acting as the Designated National Authority until the necessary institutional arrangements are completed.	Yes	Public entity						
Organizational chart, Financing, Team								
<table border="1" style="width: 100%;"> <tr> <td colspan="2" data-bbox="240 632 1377 688" style="text-align: center;">Organizational chart: Not available.</td> </tr> <tr> <td data-bbox="240 688 760 842" style="text-align: center;">Financing</td> <td data-bbox="760 688 1377 842" style="text-align: center;">Team</td> </tr> <tr> <td data-bbox="240 751 760 787">- National Budget</td> <td data-bbox="760 751 1377 808">For now the office has no infrastructure or exclusive CDM work team.</td> </tr> </table>			Organizational chart: Not available.		Financing	Team	- National Budget	For now the office has no infrastructure or exclusive CDM work team.
Organizational chart: Not available.								
Financing	Team							
- National Budget	For now the office has no infrastructure or exclusive CDM work team.							
Special Boards or Committees for CC and/or CDM		Yes						
To advance the establishment of a Designated National Authority for the CDM, Jamaica has made a <u>tripartite agreement</u> between the Ministry of Land and Environment, the Board of Scientific Research and the Ministry of Meteorological Services.								
Duties of the Boards or Committees								
<p>The objective of the tripartite agreement is to establish the guidelines and pertinent logistics, institutional and technical aspects for establishing its Designated National Authority. The participating institutions have the following responsibilities:</p> <ul style="list-style-type: none"> - Ministry of Land and Environment: GEF Focal point - Ministry of Meteorological Services: Representative of the country in COP negotiations - Board of Scientific Research: Initially, it will perform several activities related to CDM, and it has experience in establishing baselines 								
Roles and Duties of the Office								
Being developed. They are expected to involve regulation and promotion								
Main activities of the Office								
Being developed. For now an agreement was made with the Government of Holland for the developing a wind project.								

Institutional Annex II - Country Details
Country: JAMAICA

III. Project Standards and Guidelines

Formulation Guidelines	No	Guidelines for Requesting National Approval	No
All criteria and procedures are being developed			
Procedure for Requesting Domestic Approval and/or No Objection			
Not available			
Scope of National Approval			
Not available.			
Requirements for Beginning the Evaluation Process			
Being developed			
Requirements for Obtaining National Approval			
Being developed			
Criteria for Assessing Contributions to Sustainable Development			
Jamaica's criteria have not yet been developed. For now, CDM technical criteria were used (additionality, baseline, etc.) to evaluate the Wigton wind project.			
Mechanisms for Assessing Stakeholder Participation			
Not available.			

Institutional Annex II - Country Details

Country: JAMAICA

V. Barriers and Needs for strengthening

National Capacity for Project Formulation
The country has been able to develop some technical capacity thanks to studies and investigation carried out by the Board of Scientific Research.
In Country CDM Capacity Building Activities
<ul style="list-style-type: none">- GEF and CDM Seminar financed by UNDP- Capacity building program on CDM and baselines financed by the Canadian International Development Agency, the Canadian Department of Foreign Affairs and the United States Department of Energy.
Participation in CDM Programs
Memorandums of understanding
Government of Holland
CDM Supporting Entities
Not available.
Strategy Documents Prepared
Not available.

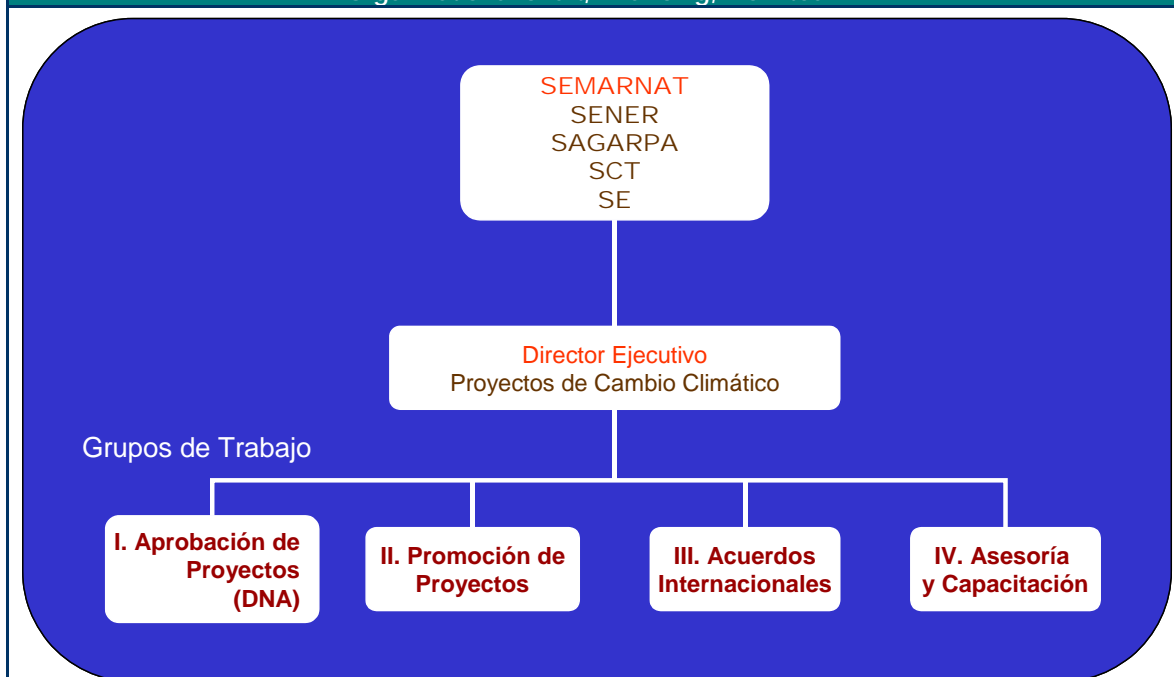
Restrictions on project development
<ul style="list-style-type: none">- Lack of appropriate political and legal structure for the CDM- Lack of knowledge of the mechanism at the national level- Little opportunity to bank projects- Lack of experience in the use of new technologies
Institutional Restrictions
Will be determined when the designation process has been completed
Office Strengthening Needs
To be determined
CDM Strengthening Needs Nationally
<ul style="list-style-type: none">- Knowledge and expertise with new technologies- Appropriate institutional and fiscal framework for market development

Institutional Annex II - Country Details
Country: MEXICO

II. Institutional Role and Duties

National Authority in Charge	Designated before the UNFCCC	Nature
Inter-sectoral Commission known as the Mexican Committee for Emissions Reduction and Greenhouse Gas Sequestering Projects	Yes	Public entity

Organizational chart, Financing, Work team



Source: Secretariat of Energy, 2004.

Financing	Team
- National Budget	No staff has been assigned for now

Special Boards or Committees for CC and/or CDM	Yes
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The Mexican Committee for Emissions Reduction and Greenhouse Gas Sequestering Projects consists of authorities from the following agencies:

- Secretariat of Environment and Natural Resources, who presides
- Secretariat of Energy
- Secretariat of Economy
- Secretariat of Agriculture, Animal husbandry, Rural Development, Fishing and Food Supply
- Secretariat of Communications and Transportation

The Committee can invite other government departments and agencies to participate in its work when dealing with matters from their areas of jurisdiction.

Institutional Annex II - Country Details

Country: MEXICO

II. Institutional Role and Duties

Duties of the Boards or Committees

The functions of the Committee include:

- Acting as the Designated National Authority for the CDM.
- Issuing the letter of domestic approval for projects
- Exchanging communications with the Secretariat of the UNFCCC through the Secretariat of Foreign Relations
- Monitoring activities of the CDM Board of Directors, decisions involving the UNFCCC and meetings of the Parties (COP), as well as international emissions reduction and carbon sequestering markets
- Dissemination of information on the operation of the Committee, projects and the CDM
- Promoting and facilitating the development of projects
- Registration of projects, as well as reductions and sequestering of greenhouse gas emissions
- Promotion of the signing of memorandums of understanding and collaboration agreements in matters relating to greenhouse gas emissions reduction and carbon sequestering projects

Roles and Duties of the Office

The Committee is both the regulator and promoter of the CDM in Mexico. (see previous section for a list of its functions)

Main activities of the Office

For now the Committee performs activities related to the development of criteria and procedures for domestic project approval, as well as some promotional activities.

Institutional Annex II - Country Details

Country: MEXICO

IV. CDM capacity

Formulation Guidelines	No	Guidelines for Requesting National Approval	No
The Committee is presently developing national project evaluation and approval requirements, criteria and procedures. Several letters of support have been granted to projects, after being signed by the head of the corresponding secretariat for the sector to which each belongs.			
Procedure for Requesting Domestic Approval and/or No Objection			
Being developed			
Scope of National Approval			
Not available.			
Requirements for Beginning the Evaluation Process			
Being developed			
Requirements for Obtaining National Approval			
Being developed			
Criteria for Assessing Contributions to Sustainable Development			
Being developed			
Mechanisms for Assessing Stakeholder Participation			
Not available.			

National Capacity for Project Formulation	
Not available.	
In Country CDM Capacity Building Activities	
Not available.	
Participation in CDM Programs	
PCF	
<ul style="list-style-type: none"> - Memorandum of Understanding: Access to Host Country Committees - Two (2) projects are being prepared: INELEC Hydroelectric Umbrella Project and Cruz Azul Wind Project; both have a letter of endorsement. 	
Agreement of Cooperation	
<ul style="list-style-type: none"> - Bank of Japan for International Cooperation: to undertake actions in support of the CDM 	
CDM Supporting Entities	
Not available.	
Strategy Documents Prepared	
<ul style="list-style-type: none"> - National communications in 1997 and 2001 - Greenhouse gas inventories 	

Institutional Annex II - Country Details

Country: MEXICO

V. Barriers / Needs for strengthening

Restrictions on project development
<ul style="list-style-type: none">- Lack of knowledge of the mechanism among sectors with the potential to develop projects- Lack of promotion of the mechanism among sectors of interest to the CDM.
Institutional Restrictions
<ul style="list-style-type: none">- Financial and human resources
Office Strengthening Needs
<ul style="list-style-type: none">- Not available.
CDM Strengthening Needs Nationally
<ul style="list-style-type: none">- Greater dissemination of benefits and procedures related to CDM.- Capacity building for the preparation of projects- Creation of synergies with other sectors that have potential

Institutional Annex II - Country Details
Country: NICARAGUA

II. Institutional Role and Duties

National Authority in Charge	Designated before the UNFCCC	Nature
Ministry of the Environment and Natural Resources, through the National Clean Development Office under the General Department of Biodiversity and Sustainable Use of Natural Resources of that Ministry.	Yes	Public entity
Organizational chart, Financing, Work team		
Available at http://www.marena.gob.ni/quienes_somos/organizational_chart.htm		
Financing	Team	
- United Nations Development Program (UNDP - NIC / 01 / 008).	1 Coordinator 1 forestry specialist 1 energy specialist 1 climate specialist	
Special Boards or Committees for CC and/or CDM		Yes
The NATIONAL CLEAN DEVELOPMENT OFFICE has a Board of Directors consisting of representatives from the country's public and private sectors, namely:		
From the public sector		
<ul style="list-style-type: none"> - Ministry of the Environment and the Natural Resources, who presides - Central Bank of Nicaragua - Ministry of Agriculture and Forestry, of Foreign Affairs, and of Finance and Public Credit - National Energy Commission - <i>Instituto Nicaragüense de Fomento Municipal</i> - National Sustainable Development Board 		
From the Private sector		
<ul style="list-style-type: none"> - Association of Private Banks of Nicaragua - Chamber of Industry of Nicaragua - Superior Council of Private Enterprise - Agricultural Producers Union of Nicaragua - National of Farmers and Ranchers - Two outstanding representatives of civil society proposed by the President of the Board of Directors and unanimously accepted by it 		

Institutional Annex II - Country Details

Country: NICARAGUA

II. Institutional Role and Duties

Duties of the Boards or Committees

- To contribute to mitigating climate change through environmentally sustainable investments in projects and other instruments, utilizing the international mechanisms provided by the Convention and the Kyoto Protocol
- To formulate and approve the Investment Strategy and Projects to be implemented
- To evaluate and supervise the activities carried out by the National Clean Development Office and financing activities undertaken by the National Carbon Fund
- To strengthen scientific and technical capacities for project formulation
- To promote the implementation of mitigation projects.
- To coordinate with climate change authorities to ensure that Projects are implemented
- To establish coordination and a local institutional consensus with governmental and non-governmental representatives to define the roles and functions of the National Carbon Fund, as well as its regulations and operation
- To ensure that the efforts made are in harmony with the National Environmental Policy and Plan and the National Action Plan on Climate Change
- To supervise the management of the funds, as well as the emission of and the exclusive right to place CERs.
- To approve and implement the training Plan for formulating, certifying, evaluating and monitoring projects

Roles and Duties of the Office

- The mission of the National Clean Development Office is to mitigate climate change by promoting environmentally sustainable investments, and implementing projects that generate reductions of greenhouse gas emissions. Currently, the National Clean Development Office regulates and promotes CDM projects. This includes:
 - Technical approval and registration of mitigation projects
 - Providing technical support to persons interested in environmental businesses for fixing, sequestering and avoiding emissions in the CO₂ market
 - Promoting and facilitating the search for markets and potential investors
 - Facilitating and promoting the development of power generation projects that use renewable and clean sources
 - To establish the criteria and procedures for reviewing, evaluating and approving projects that can be financed with the carbon fund.
 - To promote the creation of technical capabilities for developing projects
 - To serve as a Focal Point and national operational agency for the Framework Convention on Climate change and its international instruments.
 - To Formulate, Direct and Implement the National Action Plan for Climate Change.
 - To execute programs and projects within the framework of climate change.
 - To propose and negotiate agreements, letters of understanding and other mechanisms and instruments that facilitate national and international cooperation
 - To direct the process of National Approval

Main activities of the Office

In practice, in addition to the activities relating to national support and approval procedures, the National Clean Development Office provides technical assistance to developers, promotes the creation of local capacity, facilitates negotiations between local sellers and international buyers and can, in some cases, directly undertake the promotion and marketing of projects.

Institutional Annex II - Country Details

Country: NICARAGUA

IV. CDM capacity

Formulation Guidelines		Guidelines for Requesting National Approval	Yes
<p>The document called <i>Procedures for obtaining Government Support and Guarantees in Projects for selling Certificates of Emissions Reduction within the framework of the Kyoto Protocol</i> contains information on the requirements, criteria and procedures for domestic project approval.</p>			
<p>Procedure for Requesting Domestic Approval and/or No Objection</p>			
<p>The letter of no objection or support letter</p>			
<p>To obtain the support letter from the National Clean Development Office, the proposer must first sign a Cooperation Agreement with that agency and submit a Project Idea Note containing all the additional information the office requests. The National Clean Development Office will then carry out an initial analysis of the PIN and if the project complies generally with the established criteria, it will issue the letter of government endorsement signed by the President of the Board of Directors, or by the Director of National Clean Development Office. The period for extending the endorsement is 10 working days following the date the PIN is submitted.</p>			
<p><u>Letter of National Approval</u></p>			
<p>If the proposer failed to submit the request for a support letter, and did not previously sign the Cooperation Agreement with the National Clean Development Office, it shall do so in order to request the letter of domestic approval. Once this procedure has been carried out, the National Clean Development Office will receive the Project Design Document (PDD) and review and analyze it. If appropriate, the National Clean Development Office will visit the project site. After the evaluation, the National Clean Development Office will submit it to its Board of Directors together with its technical opinion. The Board of Directors will then study the report and make a decision. If the project is endorsed by the Board, the National Clean Development Office will ask its President to extend the corresponding Letter.</p>			
<p>Scope of National Approval</p>			
<p>Through the National Clean Development Office, the Government of Nicaragua grants government endorsement to projects that contribute to the sustainable development of Nicaragua and also comply with the technical requirements, procedures and methodologies of the Kyoto Protocol and the Executive Board of the CDM. The National Clean Development Office does not endorse projects that do not fulfill these requirements.</p>			
<p>Requirements for Beginning the Evaluation Process</p>			
<ul style="list-style-type: none"> - Submission of a request accompanied by the Project Design Document (PDD) on the official form of the Executive Board of the CDM. - Formalization of a Cooperation Agreement between the proposer and the National Clean Development Office. 			
<p>Requirements for Obtaining National Approval</p>			
<ul style="list-style-type: none"> - Fulfillment of the criteria established for evaluating the contribution of the project to the development and economic, social and environmental wellbeing of the country (see following section) - Satisfactory yield on the estimated capital investment in the projected volume of certificates of emissions reduction of the project. - Compliance with the methodologies, procedures and technical requirements of the Kyoto Protocol and its binding provisions, and the requirements of current environmental 			

Institutional Annex II - Country Details

Country: NICARAGUA

IV. CDM capacity

legislation in the country
Criteria for Assessing Contributions to Sustainable Development
<p>Nicaragua has developed no specific criteria for evaluating the contribution of CDM projects to the sustainable development of the country. Meanwhile, the criteria used for evaluating the contribution of a project to the development and economic, social and environmental wellbeing of the country are:</p> <ul style="list-style-type: none"> - Contribution to sustainable development and to the improving the social, economic and environmental living conditions of the country. - Contribution to achieving current national policies and strategies such as: the Strengthened Strategy for Economic Growth and Poverty Reduction (reduction of environmental vulnerability, social equality, rural electrification and decentralization) and the strategies and guidelines of the National Commission on Competitiveness. - Congruence with the provisions of the Environmental Plan of Nicaragua (PANIC 2001-2006), the National Action Plan for climate change, the National Strategy on Biodiversity, the Hydro Resources Plan and other national strategic instruments linked to environment and national development. - Contribution to the project for the adoption of environmentally friendly technologies and the creation of knowledge. The promotion of the use of renewable and/or alternative sources of power generation will be considered highly favorable. - The contribution of forestry projects to promoting Reforestation and Forestation projects in accordance with the National Forestry Development Plan.
Mechanisms for Assessing Stakeholder Participation
<p>According to the procedure established by the National Clean Development Office, once the Project Document (PDD) has been completed, the Proposer shall make it available to the national and international public for comments during five business days (the National Clean Development Office has prepared a form for publishing the notice of availability of the project for public opinion). It should also make a public oral presentation 10 business days after the end of the first consultation period. The comments on the project should be presented in writing at least three business days prior to the presenter's oral presentation of the project, so that any clarifications can be made at that time. The results of the consultation process will be considered by the Board of Directors of the National Clean Development Office when making a decision regarding domestic approval.</p>

National Capacity for Project Formulation
Not available.
In Country CDM Capacity Building Activities
- Various training events on general topics related to CDM.
Participation in CDM Programs
Memorandums of understanding
- World Bank / PCF: Access to the Host Country Committee
CDM Supporting Entities
Not available.
Strategy Documents Prepared
<ul style="list-style-type: none"> - Greenhouse gas inventories 1994 - First National Notification

Institutional Annex II - Country Details

Country: NICARAGUA

V. Barriers / Needs for strengthening

Restrictions on project development
<ul style="list-style-type: none">- High transaction costs of projects- Lack of technical and financial information for project formulation- Limited knowledge of the mechanism- Lack of project financing
Institutional Restrictions
<ul style="list-style-type: none">- Human resources
Office Strengthening Needs
<ul style="list-style-type: none">- Financial resources to strengthen the group of professionals in the office.- Development of Formulation Guidelines
CDM Strengthening Needs Nationally
<ul style="list-style-type: none">- Greater dissemination of the mechanism among potential sectors- Greater promotion at the international level- Training in project preparation, including the construction of baselines

Institutional Annex II - Country Details

Country: PANAMA

V. Barriers and Needs for strengthening

National Authority in Charge	Designated before the UNFCCC	Nature
National Environmental Authority of Panama (ANAM), through the Mitigation Subprogram of the National of Climate Change Program (PNCC)	Yes	Public entity
Organizational chart, Financing, Team		
Organizational chart: Not available.		
Financing	Team	
- National Budget	Coordinator 1 administrative assistant	
Special Boards or Committees for CC and/or CDM		Yes
<p>For decisions on the evaluation of CDM projects there is an Environmental Services Consultative Group that consists of representatives from several areas of the National Environmental Authority of Panama:</p> <ul style="list-style-type: none"> - Protection of Environmental Quality - Environmental Ordering - Natural Heritage - Technical Cooperation - Legal Assistance - National Climate Change Program - Panamanian Foundation for Environmental Services (not active) 		
Duties of the Boards or Committees		
The Environmental Services Consultative Group has the task of evaluating compliance with the sustainable development criteria of projects that are presented for domestic approval.		

Roles and Duties of the Office
The National Climate Change Program is responsible for supporting the National Environmental Authority of Panama in its implementation of activities and commitments under the UNFCCC and the Kyoto Protocol. It also carries out other activities that support climate change mitigation, such as the promotion of national capacity and the updating of greenhouse gas inventories. The Mitigation Subprogram is responsible for regulation and dissemination functions of the CDM in Panama. In practice, no promotional activities are carried out and the portfolio of projects is not marketed to possible buyers.
Main activities of the Office
The Mitigation Subprogram of the National Climate Change Program includes all actions that involve: <ul style="list-style-type: none"> - Reducing greenhouse gas emissions and increasing sinks. This subprogram will update emissions inventories by sources and sinks using a national greenhouse gas information system - Coordinating the development and transfer of technology that is friendly to the climate

Institutional Annex II - Country Details

Country: PANAMA

V. Barriers and Needs for strengthening

<p>system.</p> <ul style="list-style-type: none"> - Coordinating the evaluation of mitigation project activities

Formulation Guidelines	Yes	Guidelines for Requesting National Approval	Yes
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Procedure for Requesting Domestic Approval and/or No Objection			
National Approval			
<p>The National Climate Change Program receives the request and corresponding documentation and carries out a preliminary evaluation of the project with the assistance of the Environmental Services Consultative Group (GCSA). It later verifies the project's fulfillment of an Environmental Impact Assessment according to current environmental legislation. After that evaluation and according to PNCC recommendations, the National Environmental Authority of Panama issues the letter of domestic approval. The entire procedure takes an average of 15 business days.</p>			
Scope of National Approval			
<p>The Letter of Domestic project approval issued by the NATIONAL ENVIRONMENTAL AUTHORITY OF PANAMA states that Panama participates voluntarily in the CDM and vouches for the contribution of the CDM project to the sustainable development of the country.</p>			
Requirements for Beginning the Evaluation Process			
Not available.			
Requirements for Obtaining National Approval			
Compliance with current environmental legislation, principally the Environmental Impact Assessment			
Criteria for Assessing Contributions to Sustainable Development			
<p>Panama has not developed specific criteria for evaluating CDM projects. In practice, the Environmental Impact Assessment and the fulfillment of the guidelines established by the General Environmental Law of Panama (which establishes national sustainable development commitments), are sufficient criteria for the project to receive domestic endorsement.</p>			
Mechanisms for Assessing Stakeholder Participation			
Not available.			

National Capacity for Project Formulation
Not available.
In Country CDM Capacity Building Activities
<ul style="list-style-type: none"> - Workshops for disseminating the mechanism and preparing project ideas financed by CERUPT - Seminar for disseminating the CDM directed toward the reforestation sector - In the coming months: seminar for presenting forestry project PDDs

Institutional Annex II - Country Details

Country: PANAMA

V. Barriers and Needs for strengthening

Participation in CDM Programs
Memorandums of understanding
<ul style="list-style-type: none">- Holland: To facilitate the development of CDM activities.
CERUPT
<ul style="list-style-type: none">- Bayano Hydroelectric Project: contract December 2003- Fortuna Hydroelectric Project: contract January 2003- Esti Hydroelectric Project: contract December 2003
PLAC / CAF
Four projects
CDM Supporting Entities
Not available.
Strategy Documents Prepared
<ul style="list-style-type: none">- First National Notification- Greenhouse gas inventories- National Project Portfolio

Restrictions on project development
<ul style="list-style-type: none">- Difficulties involving the financial closure of projects, which makes them difficult to market- Little knowledge of the mechanism at the national level- Methodologies developed for CDM are very complex
Institutional Restrictions
<ul style="list-style-type: none">- Limited financial resources do not allow the necessary staff to be hired to carry out the activities entrusted to it
Office Strengthening Needs
<ul style="list-style-type: none">- Schemes for the financial sustainability of the office.
CDM Strengthening Needs Nationally
<ul style="list-style-type: none">- Development of schemes that contribute to the financial structuring of projects.- Strategy for implementing the CDM.- Training in CDM technical topics: baseline methodologies, pmv, project formulation in general.- Greater coordination with other sectors for the dissemination and identification of projects

Institutional Annex II – Country Details
Country: Paraguay

V. Barriers / Needs for strengthening

National Authority in Charge	Designated before the UNFCCC	Nature
<p>National Climate Change Program (PNCC) was created in October 2001 within the Secretariat of the Environment; at that time it consisted of the National Climate Change Commission and a Climate Change Office, which was the executive body of the Policy. A little more than two months ago, the Clean Development Office was established to implement the policy on the CDM.</p>	<p>Not yet</p>	<p>Public entity</p>
Organizational chart, Financing, Work team		
<pre> graph TD A[NATIONAL CLIMATE CHANGE PROGRAM] --- B[NATIONAL COMMISSION ON CLIMATE CHANGE CNCC] B --- C[OFFICE OF CLIMATE CHANGE] B --- D[CLEAN DEVELOPMENT OFFICE] </pre>		
<p style="text-align: center;">Financing</p> <ul style="list-style-type: none"> - National Budget - International Cooperation: GTZ GEF 	<p style="text-align: center;">Team</p> <p style="text-align: right;">Coordinator</p>	
<p>Special Boards or Committees for CC and/or CDM</p>		<p style="text-align: center;">Yes</p>
<p>The National Climate Change Commission consists of the following institutions:</p> <ul style="list-style-type: none"> - Secretariat of Environment, which presides - Ministries of Foreign Relations, Industry and Trade, Public Works and Communications, Finance, and Agriculture and Animal Husbandry. - Technical Planning Secretariat - National Meteorological Office - National Electrical Administration- ANDE - Faculties of Chemical Sciences, Engineering, Agrarian Sciences and Exact and Natural Sciences of the National University of Asuncion - Faculty of Science and Technology of the Catholic University - <i>Union Industrial Paraguaya</i> - <i>Asociación Rural de Paraguay</i> 		

Institutional Annex II – Country Details

Country: Paraguay

V. Barriers / Needs for strengthening

Duties of the Boards or Committees			
<p>The CNCC is the deliberative, consultative and decision-making body of the National Climate Change Policy. Its functions include:</p> <ul style="list-style-type: none"> - Defining, supervising and evaluating National Climate Change Policy - Cooperating with offices to ensure the proper implementation of the policy. 			
Roles and Duties of the Office			
<p>The Clean Development Office within the CNCC has the task of implementing the National Policy on the Clean Development Mechanism.</p>			
Main activities of the Office			
<p>The Office carries out promotional and regulatory activities, and is in charge of evaluating and giving domestic approval to projects implemented under the CDM.</p> <p>Other activities related to the mechanism are:</p> <ul style="list-style-type: none"> - Advising the process of project formulation - Carrying out the necessary procedures for the international validation of Paraguayan projects - Marketing CDM projects 			
Formulation Guidelines	No	Guidelines for Requesting National Approval	No
<p>The office has not yet developed criteria, requirements and procedures for evaluating and approving CDM projects. For now, the guidelines utilized are those that were developed by the old Paraguayan Office for Joint Implementation that operated during the pilot stage of the joint implementation of the Kyoto Protocol.</p>			
Procedure for Requesting Domestic Approval and/or No Objection			
<p>The procedure established by the OPIC underwent two revisions, a first round to determine whether the project qualified as a CDM project, and a formal technical evaluation. Upon completion of this stage, the office presented the technical decision to the National Climate Change Program, which issued a criterion and if appropriate, a letter with government endorsement. In practice, this procedure has never been applied, because no project has been presented to the National Climate Change Program to request that procedure.</p>			
Scope of National Approval			
<p>Though the procedures and criteria of the OPIC evaluated technical aspects of projects, such as additionality, baseline and the monitoring and verification protocol, presently domestic approval would be based solely on the contribution to sustainable development and voluntary participation.</p>			
Requirements for Beginning the Evaluation Process			
<ul style="list-style-type: none"> - Presentation of a request on the specified forms: a PDD on the official form - Certification of legal status when appropriate 			
Requirements for Obtaining National Approval			
<p>Not available.</p>			

Institutional Annex II – Country Details

Country: Paraguay

V. Barriers / Needs for strengthening

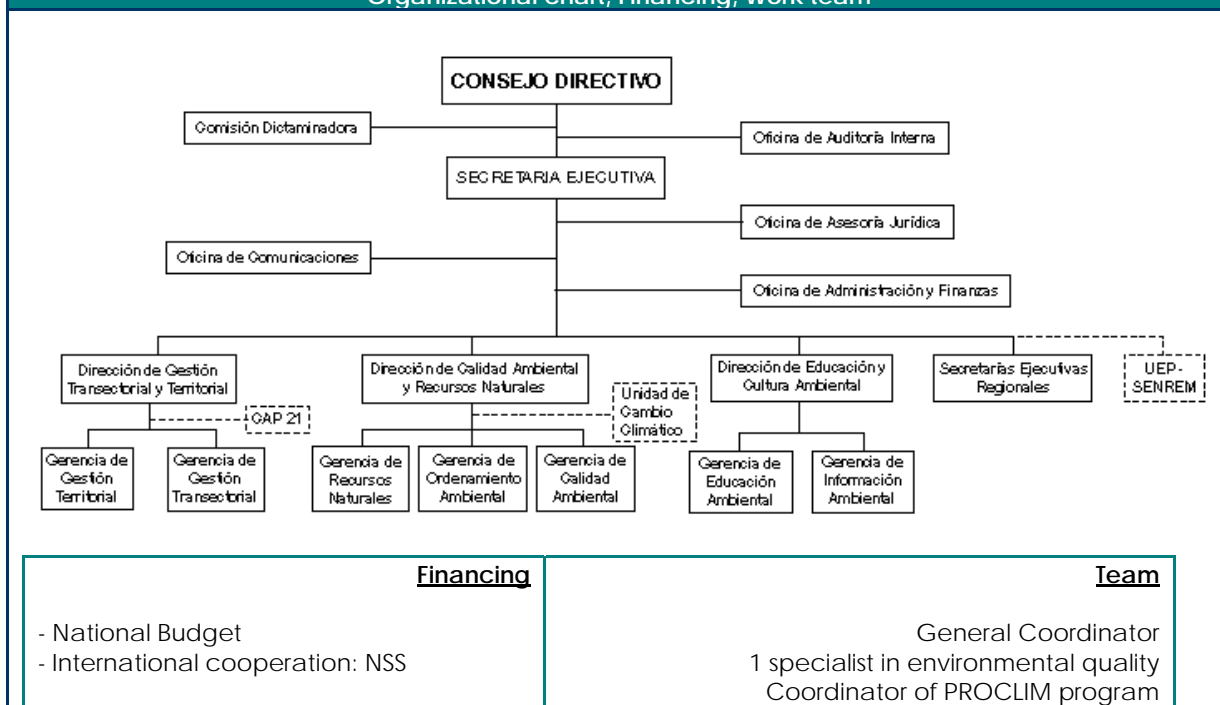
Criteria for Assessing Contributions to Sustainable Development
<p>As long as the office does not develop specific criteria for CDM, it will continue using those established by the OPIC. They are:</p> <ul style="list-style-type: none"> - Sustainable use of renewable natural resources for energy purposes. - Promotion of productive projects under sustainable management, especially in areas that promote the conservation of biodiversity and the protection of ecosystems, under a policy of developing environmental services and programs. - Support for projects that promote processes that do not produce greenhouse gases and of environmental contamination, so that contaminating emissions will be less over time and space. - Productive and efficient energy use. - The exchange of information on sustainable forestry and energy technologies.
Mechanisms for Assessing Stakeholder Participation
Not available.
National Capacity for Project Formulation
Limited. Some NGOs have kept informed about CDM but expertise in formulation is still expected to come from abroad.
In Country CDM Capacity Building Activities
None
Participation in CDM Programs
Steps are being taken to make agreements or memorandums with PLAC / CAF, the Canadian Cooperation Agency, and the Dutch Government.
CDM Supporting Entities
Not available.
Strategy Documents Prepared
<ul style="list-style-type: none"> - Greenhouse gas inventories 1990, 1994 - First National Notification
Restrictions on project development
<ul style="list-style-type: none"> - Little knowledge of the mechanism at the national level - The delay in establishing the institutionality of the CDM has not permitted the dissemination and regulation activities that would have allowed the promotion of development projects. - General lack of capacity related to CDM.
Institutional Restrictions
<ul style="list-style-type: none"> - Human resources are very limited
Office Strengthening Needs
<ul style="list-style-type: none"> - More staff to be able to develop the procedures, criteria and other activities related to the CDM.
CDM Strengthening Needs Nationally
<ul style="list-style-type: none"> - National Strategy Study - Training in project formulation, legal matters, negotiation, and project evaluation.

Institutional Annex II - Country Details

Country: PERU

National Authority in Charge	Designated before the UNFCCC	Nature
The National Environmental Board (CONAM) is the Designated National Authority for the CDM, and has taken charge of the process of domestic project evaluation and approval, registration and follow-up, through its Climate Change Unit.	Yes	Public entity
The National Environment Fund (FONAM) acts as a promoting agency for the mechanism; however, these functions will be transferred in the future to the Private Investment Promotion Agency (PROINVESTMENT).		Private entity

Organizational chart, Financing, Work team



Financing

- National Budget
- International cooperation: NSS

Team

- General Coordinator
- 1 specialist in environmental quality
- Coordinator of PROCLIM program

Institutional Annex II - Country Details

Country: PERU

Special Boards or Committees for CC and/or CDM	Yes
<p>The National Climate Change Commission (CNCC) is a consultative group and its objective is to coordinate the fulfillment of the commitments of the UNFCCC. The CNCC includes the following agencies:</p> <ul style="list-style-type: none"> - Association of Municipalities of Peru - Confederation of Private Sector Institutions (CONFIEP) - CONAM, which presides - National Board of Science and Technology - Ministries of Agriculture; Economy and Finance; Energy and Mines, Industry, Tourism, Integration and International Commercial Negotiations; Foreign Relations; Transportation, Communications, Housing and Construction - NGOs - The Academic Community <p>The Ad hoc Committee for evaluating projects that request the letter of domestic approval, which consists of</p> <ul style="list-style-type: none"> - One representative of the competent Sector to the National Climate Change Commission, - One representative of FONAM, - 1 or 2 specialists in environmental impact assessment if appropriate, or, - 1 or 2 experts in the type of project presented, - One representative of the private sector who is accredited with the National Climate Change Commission - One representative of non-governmental organizations - One representative of the Peruvian Agency of International Cooperation. - One representative of the Ministry of Foreign Relations who is accredited with the National Climate Change Commission - The head of the Climate Change Unit of CONAM - One representative of Proinvestment. 	
Duties of the Boards or Committees	
<p>Coordination of the fulfillment of UNFCCC commitments and actions.</p>	
Roles and Duties of the Office	
CONAM	
<p>As the Designated National Authority CONAM directs and coordinates the national evaluation and approval of CDM projects. It also presides over the National Climate Change Commission.</p>	
<p><u>FONAM</u> It coordinates promotional activities involving CDM projects in Peru. It also carries out fund raising activities to obtain funds for the CDM and for promoting project financing. According to the Institutional Strategy document for Promoting the CDM in Peru (UNEP, 2004), the promotional functions FONAM presently performs will pass to PROINVESTMENT in the future</p>	
Main activities of the Office	
<p>CONAM</p> <ul style="list-style-type: none"> - To link and reconcile the CDM implementation strategy with sustainable development and climate change strategies. - To monitor the implementation of the National CDM Strategy. - To promote the creation of a legal framework for the CDM and regulate the national and international procedures related to the mechanism. - To implement the procedure for the evaluation and approval of CDM projects. - To record CDM activities in the country as well as the ownership and transfer of the Certificates of Emissions Reduction (CER) of each project - To support the dissemination of information on the CDM to create local capacities. - To participate in international negotiations. - To implement the necessary actions to overcome the barriers to the implementation of the 	

Institutional Annex II - Country Details

Country: PERU

CDM.			
FONAM (Duties specified for PROINVESTMENT that are presently performed by FONAM)			
<ul style="list-style-type: none"> - To lead and carry out activities for the national and international dissemination of the CDM. - To carry out national and international promotional activities regarding the portfolio of projects. - To facilitate communication among the different participants in the production of CERs. - To administrate a database with relevant information on investors, CER purchasers, project formulators and structurers, accredited operational entities, status of negotiations in the international market, suppliers of training, etc. - To strengthen the creation of national capacity by coordinating the creation of training programs - To coordinate fund raising for the dissemination of information and creation of capacities as well as new financing opportunities for CDM projects. - To coordinate CDM project formulation, structuring and development activities. - To promote the marketing of CERs through initiatives such as PCF, CERUPT, Finland, Canada, etc. - To participate in international negotiations involving the mechanism. 			
Formulation Guidelines	Yes	Guidelines for Requesting National Approval	Yes
CONAM developed the procedure, requirements and criteria for granting domestic approval to CDM projects in document CONAM-P-34.			
There are also guidelines for project preparation and formulation that were developed by FONAM; they can be accessed on its web page : http://www.fonamperu.org/general/CDM/documents.asp			
Procedure for Requesting Domestic Approval and/or No Objection			
The Executive Secretary receives the request to evaluate a project and approve it for the clean development mechanism within the framework of the Kyoto Protocol; he / she sends it to the Head of the Climate Change Unit to that the evaluation of the project can begin. He / she also calls together an ad hoc committee to give an opinion on the project. Simultaneously, the project is sent to the competent sector that is related to the project for its opinion on the Environmental Impact Assessment, the project's compatibility with sectoral policy and the viability of the technology that is to be used; it is sent to FONAM to evaluate whether the economic and financial information of the project is adequate for the validation stage			
CONAM visits the project area to receive the opinion of the local community regarding the project and to identify the beneficiaries. The designated officer reports on the visit and gives an opinion on whether the project contributes to the sustainable development of Peru and checks whether the project provides sufficient information about the baseline, monitoring protocol, etc., without judging its content.			
Based on all the existing opinions and reports, the ad hoc committee will give its opinion to the Executive Secretary who, if the recommendation is favorable, will issue the letter of domestic approval. The letter is conditional, and is subject to the corresponding Operational Entity's validation of the project, and the interested party's payment of any fees that are involved.			
Scope of National Approval			
The Letter of Domestic Approval states that the country will participate voluntarily in the CDM activity and that the project contributes to sustainable development.			
Requirements for Beginning the Evaluation Process			

Institutional Annex II - Country Details

Country: PERU

<ul style="list-style-type: none">- Submission of the request on the form established for that purpose: CONAM-F-34.1- Submission of the PDD on the official form of the Executive Board of the CDM- Payment of any fees arising from the evaluation of the project
Requirements for Obtaining National Approval
<p>The criteria and requirements are specified in an internal CONAM document, Project Evaluation Process PR-04. The minimum requirements are:</p> <ul style="list-style-type: none">- Approved Environmental Impact Assessment or a statement that it is not obligatory, as appropriate.- No objection raised by the governing entity of the sector to which the project pertains, because it is compatible with sectoral policy.
Criteria for Assessing Contributions to Sustainable Development
<p>To evaluate the contribution to sustainable development, the following criteria are considered:</p> <ul style="list-style-type: none">- Consistency with CONAM's quality policy and environmental policy.- Coherence with environmental goals.- Coherence with the legal framework.- Relations between the project and the local community.- Existence of a baseline, additionality criteria, monitoring protocol and other requirements of the Project Design Document (PDD). (the project evaluation will review these requirements without issuing a value judgment on them; however it can make recommendations to the proposers)
Mechanisms for Assessing Stakeholder Participation
<p>There are no specific mechanisms. The Environmental Impact Assessment guarantees that a process of public consultation on the project will take place. During the evaluation period, CONAM will also visit the project area to hear the opinion of the local population and identify the beneficiaries of the project.</p>
National Capacity for Project Formulation
<p>There is some formulation capacity in institutions such as FONAM, but greater capacity needs to be developed at the national level.</p>
In Country CDM Capacity Building Activities
<ul style="list-style-type: none">- Workshop on Opportunities in the Carbon market, organized by FONAM / PCF- International NSS Workshop- International symposium: New transportation for a new Lima- International Seminar: Forests and Environmental Services, Challenges and Investment Opportunities <p>The following projects were also carried out:</p> <ul style="list-style-type: none">- CO2MERCIO – Preparation of a portfolio of Projects that qualify for the Clean Development Mechanism, financed with funds provided by the Government of the Netherlands- Identifying high priority environmental projects, especially those that qualify for the Clean Development Mechanism in the cities of Peru.
Participation in CDM Programs
<p><u>World Bank / PCF</u></p> <ul style="list-style-type: none">- Memorandum of understanding<ul style="list-style-type: none">- 2 preselected projects
CDM Supporting Entities
<ul style="list-style-type: none">- FONAM: Technical assistance, promotion and dissemination- Proinversión: Promotion and dissemination

Institutional Annex II - Country Details

Country: PERU

<ul style="list-style-type: none">- National Board of Science and Technology (CONCYTEC)- Center for the Technological Efficiency (CET)- Private sector
Strategy Documents Prepared
<ul style="list-style-type: none">- Greenhouse gas inventories- First National Notification- National Strategy Study for the CDM- Identification of Technological Needs for Economic Development and Greenhouse Gas Mitigation
Restrictions on project development
<ul style="list-style-type: none">- Lack of interest by sectors with potential- Lack of knowledge of the CDM and its ability to generate resources.- Lack of financial resources for preparing projects.
Institutional Restrictions
Not available
Office Strengthening Needs
<ul style="list-style-type: none">- Strengthening of capacities related to baselines, additionality, preparation of contracts, and legal matters in general- Greater coordination among the different institutions involved with the CDM.
CDM Strengthening Needs Nationally
<ul style="list-style-type: none">- Legal studies of CER property rights, adjustability of CERs and conflict resolution- Greater dissemination of the CDM.

Institutional Annex II - Country Details

Country: DOMINICAN REPUBLIC

National Authority in Charge	Designated before the UNFCCC	Nature	
Secretariat of Environment and Natural Resources. A Presidential Decree is being prepared to designate the Secretariat as the Designated National Authority and to establish the CDM office, which will carry out the operational activities of the CDM.	Not yet	Public entity	
Organizational chart, Financing, Work team			
Organizational chart: Not available.			
Financing		Team	
- National Budget		Coordinator 1 technical assistant 1 administrative assistant	
Special Boards or Committees for CC and/or CDM			Not available.
Not available			
Duties of the Boards or Committees			
Not available.			
Roles and Duties of the Office			
Being developed. Expected to regulate and promote the CDM.			
Main activities of the Office			
To be developed			
Formulation Guidelines	No	Guidelines for Requesting National Approval	No
Considering that the CDM institutional structure is only now being defined, for the time being no major progress has been made with the definition of procedures and criteria for evaluating and approving domestic projects			
Procedure for Requesting Domestic Approval and/or No Objection			
Not available.			
Scope of National Approval			
Not defined. It is hoped that it will only be a contribution to sustainable development and voluntary participation			
Requirements for Beginning the Evaluation Process			
To be developed			
Requirements for Obtaining National Approval			
To be developed			
Criteria for Assessing Contributions to Sustainable Development			
To be developed			

Institutional Annex II - Country Details

Country: DOMINICAN REPUBLIC

Mechanisms for Assessing Stakeholder Participation
To be developed
National Capacity for Project Formulation
There is no capacity for project formulation
In Country CDM Capacity Building Activities
None
Participation in CDM Programs
<p>Memorandums of Understanding</p> <ul style="list-style-type: none"> - Government of Canada: development of CDM activities and training - World Bank / PCF. The PIN for an agro-forestry project formulated with the support of The Nature Conservancy was also presented <p>Currently negotiations are underway for establishing a memorandum with the Government of Japan.</p>
CDM Supporting Entities
Not available.
Strategy Documents Prepared
Not available.
Restrictions on project development
<ul style="list-style-type: none"> - Little knowledge of the mechanism at the national level - The delay in establishing of the institutionality of the CDM has not allowed dissemination and regulation activities to take place that would promote the development of projects. - General lack of capacity related to CDM. - Lack of financing
Institutional Restrictions
<ul style="list-style-type: none"> - Human resources are very limited
Office Strengthening Needs
<ul style="list-style-type: none"> - More personnel to be able to develop the procedures, criteria and other activities related to the CDM. - Training in technical matters of the CDM, markets, negotiation, legal matters.
CDM Strengthening Needs Nationally
<ul style="list-style-type: none"> - Financing of a National Strategy Study. Currently steps are being taken with aid agencies (Canada and Germany) to obtain resources. - Dissemination of the CDM at the national level - Training in technical matters related to project formulation and project evaluation.

Institutional Annex II - Country Details

Country: TRINIDAD & TOBAGO

V. Barriers and Needs for strengthening

National Authority in Charge		Designated before the UNFCCC	Nature
Ministry of Public Services and Environment. The Environmental Management Authority carries out the specific activities concerning the CDM.		Yes	Public entity
Organizational chart, Financing, Team			
Organizational chart: Not available.			
Financing		Team	
- National Budget		For now the office has no exclusive work team for CDM.	
Special Boards or Committees for CC and/or CDM			Yes
CDM Committee <ul style="list-style-type: none"> - Environmental Management Authority, which presides - Ministry of Public Services and Environment - Maritime Affairs Institute - Ministry of Energy - Ministry of Works and Transportation 			
Duties of the Boards or Committees			
Identifying projects and making recommendations to the Designated National Authority on domestic project approval			
Roles and Duties of the Office			
The Designated National Authority carries out activities for the CDM in the areas of regulation and promotion.			
Main activities of the Office			
Identifying projects, promoting the mechanism, and carrying out national approval procedures			
Formulation Guidelines		No	Guidelines for Requesting National Approval
			No
Specific criteria and/or procedures for evaluating and approving domestic projects have not yet been developed			
Procedure for Requesting Domestic Approval and/or No Objection			
The project is reviewed by the CDM Committee, which develops a technical criterion and makes recommendations to the Designated National Authority regarding its approval. In the event that the recommendation is positive, the Designated National Authority issues the letter of domestic approval.			
Scope of National Approval			
Not available.			
Requirements for Beginning the Evaluation Process			
Not available.			
Requirements for Obtaining National Approval			
Not available.			

Institutional Annex II - Country Details

Country: TRINIDAD & TOBAGO

V. Barriers and Needs for strengthening

Criteria for Assessing Contributions to Sustainable Development
<p>Specific criteria have not yet been developed for the CDM. For now, temporary criteria have been established for evaluation, some of which coincide with the characteristics of CDM projects. These criteria are:</p> <ul style="list-style-type: none"> - sustainable development, - development policy objectives, - financial feasibility, - reduction of greenhouse gases - additionality
Mechanisms for Assessing Stakeholder Participation
Not available.
National Capacity for Project Formulation
Not available.
In Country CDM Capacity Building Activities
<ul style="list-style-type: none"> - CDM Awareness Training Workshop. Strategic Global Change / Petrotrin Institute - CDM Workshop for the Caribbean. Canadian International Development Agency
Participation in CDM Programs
Not available.
CDM Supporting Entities
Not available.
Strategy Documents Prepared
<ul style="list-style-type: none"> - Greenhouse gas inventories - First National Notification
Restrictions on project development
<ul style="list-style-type: none"> - Little knowledge of the CDM at the national level - Lack of suitable legal infrastructure - Lack of financing for developing projects - Lack of experience with new technologies
Institutional Restrictions
<ul style="list-style-type: none"> - Lack of appropriate political and institutional decisions - Political influence in decision making
Office Strengthening Needs
They have not been defined because the institutionality for the CDM has not been totally defined. Probably capacity building in technical matters relating to the CDM, markets, and negotiation.
CDM Strengthening Needs Nationally
<ul style="list-style-type: none"> - Dissemination of new technologies - Legal and fiscal matters related to the CDM - Training in technical matters relating to the CDM: baselines, PMV - Dissemination of the CDM and its characteristics.

Institutional Annex II - Country Detail

Country: Uruguay

V. Barriers and Needs for strengthening

National Authority in Charge	Designated before the UNFCCC	Nature
Ministry of Housing, Territorial Organization and Environment. Its Climate Change Unit serves as the operational agency and implements the Climate Change Policy and CDM activities.	Yes	Public entity
Organizational chart, Financing, Team		
Organizational chart: Not available.		
<u>Financing</u> - National Budget	<u>Team</u> Coordinator 1 administrative assistant	
Special Boards or Committees for CC and/or CDM		Yes
<p>There are two areas that are related to the CDM projects, especially with domestic project approval:</p> <p><u>National Board of Joint Climate Change Projects (JNCC)</u>, consisting of the Ministries of Environment; Animal husbandry; Foreign Relations; Economy and Finance; Energy, Industry and Mining and Agriculture and Fishing</p> <p><u>Technical Advisory Committee</u>, consisting of the technical representatives from those Ministries, the productive sector, the academic sector and the non-governmental sector.</p>		
Duties of the Boards or Committees		
JNCC		
<p>To coordinate activities relating to the National Climate Change Policy and to ensure compliance with the commitments of the UNFCCC.</p>		
Technical Advisory Committee		
<p>To evaluate projects that are presented for domestic approval in the light of national and international requirements defined for the mechanism, and to advise the National Climate Change Board on the advisability of granting approval.</p>		
Roles and Duties of the Office		
<p>The functions assigned in the resolution that appointed the Climate Change Unit as the responsible authority involve the evaluation, approval and registry of CDM projects. These are:</p> <ul style="list-style-type: none"> - To receive and process CDM initiatives - To review the advisability of proposals that involve the standards established for the mechanism. - To evaluate the verification and monitoring plans of each project activity. - To evaluate the project activities and the proposed results - To verify the proposed baseline of each project 		

Institutional Annex II - Country Detail

Country: Uruguay

V. Barriers and Needs for strengthening

<ul style="list-style-type: none"> - To evaluate the operating and administrative costs of each project. - To process the certifications that are in order - To register the CERs and approved activities. 			
Main activities of the Office			
<p>In practice, the office is involved principally in disseminating the CDM at the national level and promoting and marketing projects at the international level, as well as advising project developers and coordinating the domestic project approval process.</p>			
Formulation Guidelines	Yes	Guidelines for Requesting National Approval	Yes
<p>The National Strategy Study for Applying the CDM in Uruguay produced guidelines for the preparation and formulation of CDM projects and also established the procedure for domestic project evaluation and approval. http://www.cambioclimatico.gub.uy/CDM/publications.htm</p>			
Procedure for Requesting Domestic Approval and/or No Objection			
<p>The project is received by the Climate Change Unit, which studies the information, registers the project and sends it to the Technical Advisory Committee of the National Climate Change Board () for analysis and evaluation. That committee evaluates the information and prepares a report for the National Climate Change Board. Based on the elements provided by the Committee and the background of the project, the National Climate Change Board decides on its approval. In the event that the decision is positive, it recommends approval to the MVOTMA, the body that signs the letter containing the governmental endorsement.</p>			
Scope of National Approval			
<p>Contribution to sustainable development and voluntary participation in the CDM.</p>			
Requirements for Beginning the Evaluation Process			
<ul style="list-style-type: none"> - Letter of application according to the format specified for that purpose - Project design document (PDD) on the official form - Environmental Impact Assessment, if the proposers or government consider that the negative environmental and/or socioeconomic impacts of the project could be significant. If the Environmental Impact Assessment is required legally due to the nature of the project, the Prior Environmental Authorization granted by MVOTMA should be submitted - Written statement of the proposer describing the contribution of the project to the sustainable development the country. - Detailed Information from section G (comments of stakeholders) of the PDD that includes comments received during the consultation periods or public hearings, and the proposer's comments on those observations - Document showing the legal and administrative structure of the project according to its nature and location. This document should identify the legal provisions that apply to the project and the permits and licenses that are required. - Magnetic or digital record of the public hearing. 			
Requirements for Obtaining National Approval			
<ul style="list-style-type: none"> - Compliance with the current sectoral legal framework (non-environmental legal framework) - Permits, licenses, concessions and authorizations required by law - An Environmental Impact Assessment and, if appropriate, the prior Environmental Authorization. - Evidence of due processes of consultation between local stakeholders and persons interested in the project 			

Institutional Annex II - Country Detail

Country: Uruguay

V. Barriers and Needs for strengthening

- Demonstration of the contribution to sustainable development

Criteria for Assessing Contributions to Sustainable Development

The National Strategy Study developed the criteria for evaluating the contribution of the project to sustainable development. These are:

Environmental Criteria

- Use of renewable energies
- Impact on energy consumption
- Impact on air quality in the area of the project
- Impacts on the quality, quantity and efficient use of water resources
- Land use (impacts on quality and degree of prevention of erosion and degradation)
- Protection of biodiversity
- Risk of environmental emergencies

Social Criteria (positive effects of the project on the social development of the country)

- Contribution to the net generation of employment
- Impact on the earnings of the low income population
- Contribution toward building high quality capacity
- Contribution to technological self-sufficiency (application of innovative technologies that are maintained and managed locally)
- Impacts on the local population
 - o on its sustenance
 - o on its habits

Economic criteria

- Contribution to microeconomic sustainability (indicate the feasibility of the project and its long-term sustainability)
- Contribution to economic sustainability (in terms of goods and services of the project to the economy in general, which also ensure the feasibility of the project and its long-term sustainability)
- Contribution to the sustainability of the balance of payments
- Contribution to fiscal sustainability

Political Criteria

- Degree of citizen participation in the development and/or monitoring of the project
- Degree of participation of local authorities in the development and/or monitoring of the project.

Criterion of Restriction

Projects that represent significant potential risks or could cause significant damage to the environment or to human health will not be evaluated within the framework of the CDM, because they are classified as projects that DO NOT contribute to sustainable development.

Mechanisms for Assessing Stakeholder Participation

There are two provisions

- The proposer should submit a document containing detailed information on section G of

Institutional Annex II - Country Detail

Country: Uruguay

V. Barriers and Needs for strengthening

<p>the PDD (comments of stakeholders), detailing the comments received and explaining how these were taken into account when the project was formulated</p> <ul style="list-style-type: none">- The proposer should submit a recording or record of the public hearing, including all comments made about the project.
National Capacity for Project Formulation
Limited.
In Country CDM Capacity Building Activities
<ul style="list-style-type: none">- National workshop on the CDM: General Information on the Mechanism, Perspectives, Review of International Experiences- Seminar on Maximizing the potential benefits of the CDM for owners of projects, Montevideo, October 2003- Workshop on applying the Clean Development Mechanism (CDM) of the Kyoto Protocol in Uruguay: Opportunities for the Uruguayan industrial sector, Paysandu, July 2003- Workshop on applying the Clean Development Mechanism (CDM) of the Kyoto Protocol in Uruguay : Opportunities for the Uruguayan industrial sector, Montevideo, July 2003- Workshop on Climate Change: Application of the Clean Development Mechanism of the Kyoto Protocol in Uruguay, Montevideo, April 2003.
Participation in CDM Programs
Memorandums of understanding
<ul style="list-style-type: none">- Netherlands- Canada: To facilitate the development of CDM Activities <p>Also thanks to the Canadian International Development Agency, the National Strategy Study for the CDM in Uruguay was held.</p>
World Bank
<ul style="list-style-type: none">- Memorandum of Understanding- PIN submitted to the BioCF
GEF
<ul style="list-style-type: none">- Institutional strengthening
CDM Supporting Entities
Not available.
Strategy Documents Prepared
<ul style="list-style-type: none">- First National Notification- National Strategy Study for the CDM in Uruguay- Portfolio of CDM projects in Uruguay- Study of Support for the Application of the CDM in Uruguay- Study of the Mitigation of Emissions in the Energy Sector
Restrictions on project development
<ul style="list-style-type: none">- Lack of knowledge and understanding of the mechanism at the national level, principally in sectors with the potential to carry out activities,- Limited capacity for project formulation- Lack of financial resources for developing projects (the financial closure of projects is very difficult)
Institutional Restrictions
Not available.

Institutional Annex II - Country Detail
Country: Uruguay

V. Barriers and Needs for strengthening

Office Strengthening Needs
- Schemes for the financial sustainability of the office.
CDM Strengthening Needs Nationally
- Schemes for contributing to the financial structuring of projects and enabling the financial sector to facilitate the obtaining of resources for project development
- Training in technical matters of the CDM: baseline methodologies, PMV, project formulation in general.
- Greater dissemination of the mechanism in the different national sectors.

**Institutional Annex III:
Information Gathering
Form**

**LATIN AMERICAN ENERGY ORGANIZATION (OLADE)
UNIVERSITY OF CALGARY**

Project

"Climate Change: Assessment of Existing Technical Capacity in Latin America and the Caribbean in Relation to the Clean Development Mechanism (CDM)"

This is a survey of CDM-related national authorities in the region, for the purpose of gathering information for an initial assessment aimed at identifying and evaluating the existing technical capacity of, and current CDM-related activities occurring in, Latin American and Caribbean countries.

This study is carried out within the framework of the OLADE / University of Calgary Sustainable Energy Program, one component of which is a Climate Change project aimed at providing policy guidelines and strategies for effective participation in the CDM by countries in the region, and helping these countries improve the possibility of attracting investment for projects using this mechanism. We appreciate your cooperation.

I. Office Information

1. Entity Name _____
2. Director's Name _____
3. Address _____
4. Phone Number _____ 5. Fax _____
6. E-mail _____
7. URL _____
8. Name of Survey Respondent _____
9. Position _____

II. Institutional Structure

1. What is the nature of this entity? (Mark with an X.)

- Mixed _____
Public _____
Private _____

2. Is there a Board of Directors that is solely for the Office / CDM?

- No ___
Yes ___ (If so, specify its members)

3. How many people work at the Office? Please specify the professional training, position and responsibilities of each.

III. Duties of the Office

1. Specify the duties and mandate of the office. (Mandate refers to that which was set out in the rulings establishing the office, where the office was created specifically for CDM and/or Climate Change.)

2. Specify what activities are being carried out by the office at the present time.

3. Does the office have guidelines for CDM project FORMULATION?

No ___

Yes ___ (If so, please state whether they are regulated and how to gain access to them.)

4. Does the office have guidelines for CDM project ASSESSMENT / APPROVAL, or some other procedure that the office carries out in relation to CDM projects?

No ___

Yes ___ (If so, please specify whether they are being regulated and how to gain access to them.)

5. Has the office defined specific criteria to determine whether a project contributes to the sustainable development of its country?

Yes ___ (If so, please explain what these criteria are and/or where they can be found.)

No ___ (If not, please explain what criteria are used to do this assessment.)

6. Has the office defined specific criteria to determine whether a CDM project complies with standing national environmental legislation related to environmental impact?

If so, please explain what these criteria are and/or where they can be found.

7. How does the office determine if a CDM project has carried out consultation activities with related stakeholders?

8. How does the office evaluate whether the comments of these stakeholders were taken into account in the project formulation?

9. Does the office determine whether a CDM project complies with requirements established by the Board and with agreements related to additionality, monitoring plans, baseline methodologies, etc?

No ___

Yes ___ (If so, please indicate which requirements it evaluates, according to what criteria, and whether such compliance is a requirement for obtaining national approval.)

10. Does the office offer formulation support services?

No ___

Yes ___ (If so, please explain which ones.)

11. What other services does the office offer, which are not mentioned above?

IV. Market

1. Has the office carried out market studies and/or research to determine the potential for CDM projects in its country?

No ___

Yes ___ (If so, please specify the title(s) and whether available.)

-
-
2. Are there projects in the country which participate in programs such as PCF, CERUPT, Carbon Fund, etc.?

If so, please specify the details:

Institution	Project	Status
Specify with which institution, for example PCF.	Indicate the project type and/or name.	State current status, for example PIN, PDN, investments finalized, submitted for approval, approved, denied, etc.

3. Is it possible to specify one or more experiences related with some project that the country has developed? If so, please specify project type, domestic participation, funding, quantity of emissions to be reduced, CERs negotiated, duration, etc.
-
-

4. To the best of your knowledge, how many CDM projects are being carried out in the country at this time? (Please specify details on the following table.)

Project Type	Quantity
All projects	
All energy projects	
- Generation	
- Energy efficiency	
- Renewable	

5. How many of the projects mentioned above have already obtained national approval?

Project type	With Letter of Approval
All projects	
All energy projects	
- Generation	
- Energy efficiency	
- Renewable	

- How many of the projects mentioned above are currently in the process of obtaining national approval?

Project type	In process of Approval
All projects	
All energy projects	
- Generation	
- Energy efficiency	
- Renewable	

- Does the office have information on CDM projects that may be consulted to determine the project category, descriptive information and general techniques, as well as the project's potential for reducing carbon emissions? If so, please specify where this information is available.

V. Operational Entities

- To the best of your knowledge, which of the operational entities designated by the CDM Executive Board offers validation and/or verification and certification services in your country.

VI. Training

- Is your agency currently developing any CDM training programs directed at project providers and/or government institutions?

No ___

Yes ___ (If so, please specify the target audience, program funding source(s) and scope of training.)

- What other CDM training programs that you know of are on-going in your country? (If possible, please state the target audience, funding sources for these programs, and scope of training.)

- What other initiatives and/or entities that offer CDM training in the region are available to offer training in your country?

VII. International Relations

1. Has your country and/or office established Memorandums of Understanding and/or some other type of agreement with initiatives such as the CERUPT, PCF, specific governments, etc. for market studies and project marketing or any other type of assistance for CDM-related activities?

No ___

Yes ___ (If so, on the following table please specify the initiative or institution, agreement type and coverage.)

Initiative / Institution	Agreement Type	Coverage

Thank you for your assistance with this survey. Please send your answers to:

Dr. Oscar Coto, ocoto@amnet.co.cr

MSc Liana Morera, lmorera@racsa.co.cr

Project Consultants