

# CDM PROJECT APPROVAL PROCEDURE & SUSTAINABLE DEVELOPMENT CRITERIA FOR MALAWI

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# CDM PROJECT APPROVAL PROCEDURE - REVISED

# Overview

- Background
- Structure of the DNA
- Procedure for Approval
  - Initial Screening
  - Final Screening
- Monitoring and Reporting

# Background

- Procedures for the CDM are prescribed in the Marrakech Accord of 2001.
- Section 40(a), Decision 17/CP.7 : Participants in CDM projects to provide *“written approval of the voluntary participation from the DNA of each party involved, including confirmation by the host party that the project activity assists it in achieving sustainable development”*.
- Host country project approval is one of the prerequisites for registration of potential CDM projects with the EB, and confirming that the project activity assists it in achieving sustainable development.
- CDM procedures leave the definition of what sustainable development means as a sovereign decision of each developing country.

# Structure of DNA

- DNA established through a decision adopted at a national stakeholder consultative meeting which was held on 8<sup>th</sup> April 2005.
- Consists of a Focal Point, a CDM Technical Committee and the National Council on the Environment.

# CDM Focal Point & Functions

- Focal point is EAD in MNREE
- CDM procedures do not place restrictions on functions and responsibilities that non-Annex 1 Parties allocate to DNAs through its domestic laws.
- DNA Focal Point is committed to actively promote the implementation of CDM projects in Malawi through:
  - conducting initial assessments of CDM project concepts to ensure that CDM project activities are in line with Government policies and national sustainable development objectives;
  - issuance of Letter of Approval (LoA) to project developers upon successful assessment of project design documents by CDM Technical Committee;

# Focal Point functions cont'd

- raising awareness and building capacity among potential project participants and decision-makers to enhance local knowledge and interest in the CDM;
- assisting in the identification of CDM investment opportunities for Malawi and promoting CDM opportunities with trading partners;
- monitoring sustainable development impacts of CDM projects under implementation in Malawi;
- ensuring that CDM project approval processes are as transparent and efficient as possible; and
- coordinating internal climate change policy regarding the CDM and developing positions for international climate change negotiations.

# CDM Technical Committee & funct

- Main function of the TC is to review CDM projects and make recommendations to the NCE for approval of the CDM projects.
- TC must ensure that
  - CDM project activities contribute to the ultimate objective of the UNFCCC and the Kyoto Protocol;
  - CDM project activities comply with Malawi's sustainable development policies; and
  - CDM project activities comply with relevant national policies and legislation.



# Composition of the TC

Coordination Union for the Rehabilitation of Environment (CURE);  
Department of Energy;  
Department of Forestry;  
Department of Transport;  
Environmental Affairs Department;  
Malawi Environment Endowment Trust (MEET);  
Malawi Investment Promotion Agency (MIPA);  
Malawi Confederation of Chambers of Commerce and Industry (MCCCI);  
Ministry of Development Planning and Cooperation;  
Ministry of Finance;  
Ministry of Local Government;  
Ministry of Industry and Trade;  
Ministry of Irrigation and Water Development;  
Mzuzu University;  
Malawi Industrial Research Technology Development Centre (MIRTDC);  
National Commission for Science and Technology (NCST);  
University of Malawi (Constituent colleges as appropriate); and  
Wildlife and Environment Society of Malawi (WESM).

# National Council on the Environment

- NCE discharges its functions outlined in Section 12 of the EMA, Cap. 60:02
- With respect to CDM Projects, NCE will take into consideration advice it receives from the TC and will make final decision on the project proposal.

# Procedures for Approval

## 1. Scope

- is limited to assessing the voluntary participation of Malawi in CDM project activities and the project's contribution to the SD of the country.

## 2. Guiding Principles

- efficiency, transparency, confidentiality, certainty, stability of the decision and stakeholder participation.

# Guiding Principles explained

- **Efficiency:** assists in reducing transaction costs and assuring high quality projects.
- **Transparency:** SD criteria and approval procedure to be transparent, public, and as simple as possible.
- **Certainty and Stability of the Decision:** stability of project approval important for promotion of market participation and confidence of foreign investors.
  - Approval of projects cannot be withdrawn.
- **Participation:** stakeholders participate in defining rules and approval procedures to assure highest benefits for SD of the country.

# Approval Procedure

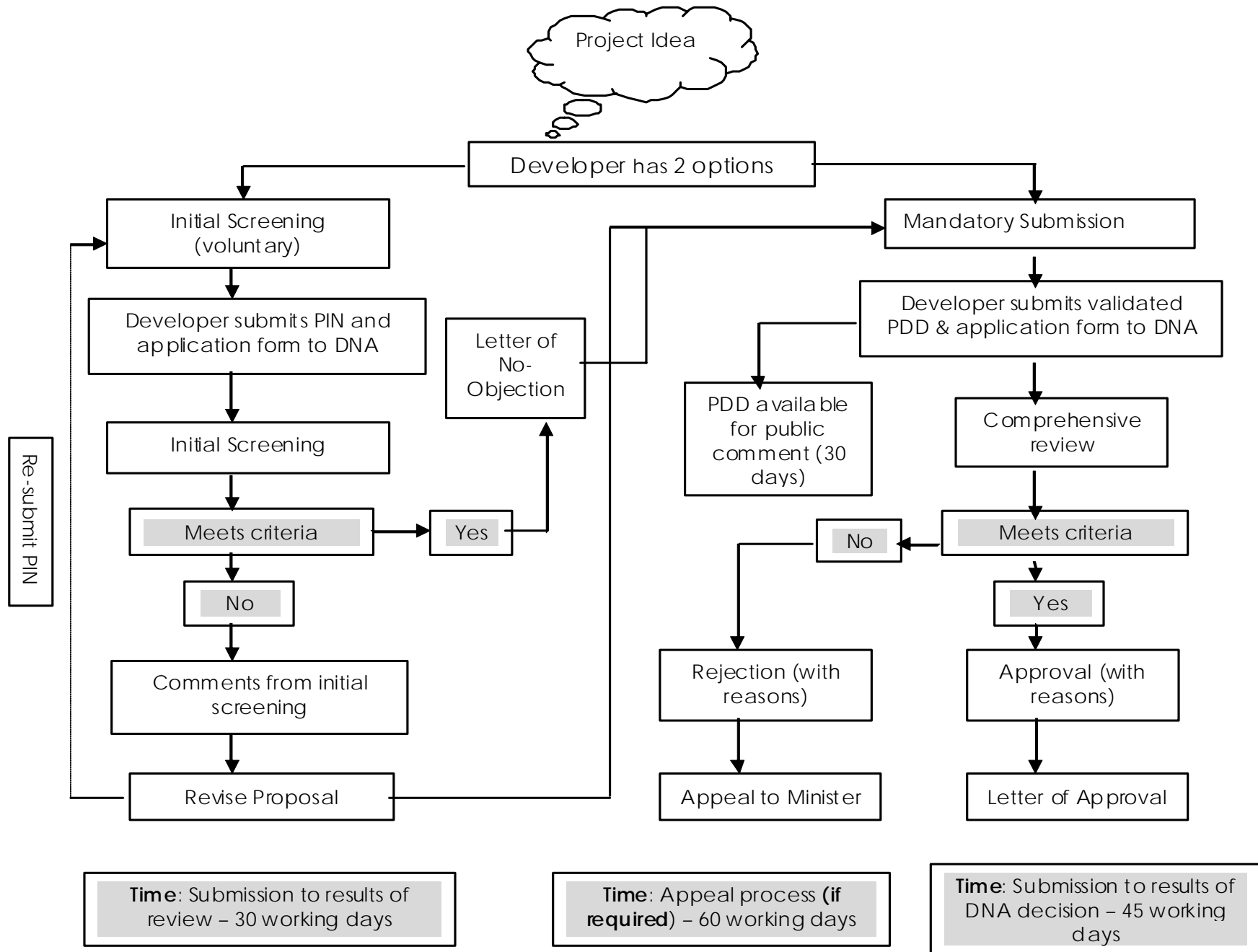
## 1. Initial screening (voluntary):

- Developers may submit a PIN for initial review and feedback from the DNA Focal point.
- Submission to be accompanied by application form and PIN to be in a format guided by the DNA FP.
- Comments and/or expression of support does not preclude negative or positive final decisions on approval of the project.

## 2. Final approval (mandatory):

- Developers may submit a project to the DNA in the form of a validated PDD for consideration and request for final approval.
- The PDD must be in the most recent format as stipulated by the CDM Executive Board – with guidance from the DNA FP.

# Project Approval Procedure for Malawi.



# Initial Screening/PIN review

- **Purpose:**
  - identify potential conflicts with the project approval criteria and government policies;
  - to improve quality of CDM projects;
  - advise if need for an EIA;
  - facilitate contact with prospective partners and investors;
  - provide comments on measures proposed to mitigate possible negative impacts of the Project.
- DNA FP evaluates SD impacts of the project against CDM SD criteria.
- LNO may be issued to indicate that DNA FP was consulted and has no major objections.
- Comments provided do not compromise opinion, independence or transparency of DNA when subjecting projects to the formal process of approval.

# Final Screening/PDD Review

## 1. **Submission format:**

- To be accompanied by a completed application form.
- To be in most recent format as stipulated by the EB.
- To have already been validated by a DOE .
- If an EIA/EMP is required, the final record of decision of the assessment will need to be included as a component of the PDD.

## 2. **Public comments:**

PP in liaison with DNA FP will:

- make available the PDD for comments, for a period of 30 days;
- hold a public hearing with relevant stakeholders and other interested parties;
- notify the public about the day, time and venue of the hearing and the notice shall contain the project participant's contact details, including name, address and phone number;



- give a minimum of one week notice prior to the hearing using the following means: publishing a notice twice in at least two local newspapers with wide circulation, running four radio announcements and putting up posters in English and the local language at the site of the proposed development;
- provide to the Focal Point and DoE a summary of the comments received, together with a report indicating how due account was taken of any comments received;
- upload the PDD on the DNA website for comments; and
- incorporate comments received from stakeholder consultation before submitting the PDD to the Technical Committee for review.

**Final decision:** Based on comments from TC, NCE makes final decision on approval of the project.

- Comments will be with regard to compliance with the approval procedure and SD criteria

**Letter of Approval:** Based on decision by the NCE, a LOA is prepared by DNA FP

- LOA is signed by the DEA and sent to the developer as an official answer to its request for approval
- A standard LOA is usually published on the web site of the DNA
- Communication of decision **within 45 days** from date of submission

**Appeal against Decision by DNA:**

- May appeal with the Minister responsible for Environment
- Minister will verify decision taken by the DNA versus Approval Procedures and SD criteria
- Minister will notify developer of his/her decision **within 60 days**

# Monitoring & Reporting

- Developer is required to submit bi-annual reports to DNA FP indicating how the EMP is being implemented, in line with SD Criteria.
- All CDM projects in Malawi will comply with all applicable legislation.
- If a project is deemed by the DNA FP to be contrary to the spirit of the KP or contrary to Malawi Government policies, DNA reserves the right to refuse project approval or revoke LoA until such time as suitable alterations are made to the project design or implementation.
- In such instances clear reasons will be provided by the DNA FP.

# Submission of Documents

- Developers are required to submit electronic and hard copies of all documentation to the DNA Focal Point:

**The DNA Secretariat**

**The Director of Environmental Affairs Department**

**Private Bag 394**

**Lilongwe 3**

**Malawi.**

- Electronic copies of the documents should be emailed to:  
**yntupanyama@eadmw.org and shamiso@eadmw.org**

# CDM SUSTAINABLE DEVELOPMENT CRITERIA

# Overview

- Introduction
- Criteria for Project Approval
- Regulatory Authority of the DNA
- Application of the SD Criteria

# Introduction

- CDM procedures (Marrakesh Accords) leaves definition of SD as a sovereign decision of each country.
- Brundtland Commission Report of 1987 defines SD as *“the integration of **social, economic and environmental** factors into planning, implementation and decision making so as to ensure that development serves present and future generations”*.
- In Malawi, this definition of SD will inform decisions of the DNA regarding the CDM.
- Host country must ensure that activities of CDM projects contribute to its SD.
- CDM activities must be oriented to improve quality of life of the population, especially the most impoverished segments.

# CRITERIA FOR PROJECT APPROVAL

## 1. Environmental criteria

- Local environmental quality:
  - Indicators: Impact of the project on air quality, water pollution, soil pollution, generation or disposal of solid waste; any other environmental impacts of the project (such as impacts on noise, safety, visual impacts, or traffic)
- Biodiversity, ecosystems and community use of natural resources
  - Indicators : Impact of the project on: local or regional biodiversity, ecosystems, the sustainable use of water, minerals or other non renewable natural resources, the efficiency of resource utilisation, the resilience of local communities in relation to climate change, and community access to natural resources



# Criteria cont'd

## 2. Social criteria

- Social equity and poverty alleviation

Indicators: Impact of the project on: the quality of employment (distribution of employment opportunities, types of employment, categories of employment changes in terms of skill levels and gender and racial equity); the provision of social amenities to the community in which the project is situated; Contribution of the project to the development of previously underdeveloped areas or specially designated development nodes.

- Quality of Life:

Indicators: Impact on: health (index of toxicity of emissions, incidence of respiratory problems or other diseases), Education, Housing , the relocation of communities if applicable, the provision of, or access to, basic services to the area.

### **3. Economic criteria**

- **Employment**

Indicators: Impact on short term (construction) and long-term job creation and on jobs lost

- **Effects on the level of monetary income of local stakeholders**

Indicators: Impact of the project on existing economic activity in the area; foreign exchange requirements (e.g. reduction in import of fossil fuels); foreign direct investment; and Percentage of investment used in engaging Malawian companies or agencies' services.

- **Transfer of Appropriate technology**

Indicators: Implications for the transfer of technology to Malawi; impacts of the project on local skills development; cost of energy; demonstration and replication potential of the project; and level of adoption by local or traditional cultures to the technology used.

## 4. General project acceptability

- Indicators:
  - Is the distribution of project benefits reasonable and fair?
  - How is the project aligned with national and local government objectives?
  - Contribution of the project to any specific sectoral objectives (for example, renewable energy targets)

# Application of the SD Criteria

- DNA considers each project application against the three core criteria
- An assessment of whether ***overall*** the project supports SD in Malawi
- In some instances, projects will have a negative impact on one or more dimensions of sustainable development and a positive impact on the other dimensions
- Not all projects would fulfil all the criteria

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