

Introduction to Designated National Authorities (DNA) – Roles & Key Issues

Clean Development Mechanism (CDM) under the Kyoto Protocol - Objectives

- To support achieving **sustainable development** of host countries in turn contributing directly to the UNFCCC objectives
- to assist Annex I (developed) countries to achieve **part of their emission reduction targets** to comply with the **Protocol commitments** (Article 3)

CDM Participation Requirements

- Voluntary participation from host countries
- A non Annex I (developing) country to participate:
 - Needs to ratify the Kyoto Protocol
 - ***Designate a National Authority (DNA) for CDM projects***
- Annex I (developed) countries to use the Certified Emission Reductions (CER's):
 - Needs to ratify the Kyoto Protocol
 - ***Designate a National Authority (DNA)***
 - Establish national inventory & registry
 - Strong reporting capacity

Typical steps for operationalising DNA

- Clarify **mission** and **objectives** (roles & responsibilities)
- Obtain **official status** (e.g. through legislature, presidential or ministerial decision/decreed)
- Enhance **national legal framework** for DNA decisions and **regulating carbon trade**

Typical steps for operationalising DNA

- Align national CDM strategy with sustainable development priorities (criteria, other policy)
- Obtain financial and non-financial resources
- Deploy appropriate human resources with an identified capacity development programme

DNA Functions

- To issue ‘**Letter of Approval**’ for a CDM project activity stating that the participation is **voluntary**
- To confirm that the project activity contributes to the “**Sustainable Development**” objectives of the host country
- Providing a **point of contact** for national CDM policies & procedures
- **Facilitating** the development of a portfolio of CDM projects and **promoting investment**
- Act as a “**one stop shop**” for CDM in the Host Country

Establishing DNA – Key Issues

- Model that **fits best** within the legal and administrative culture and structure of Host Country
- **Potential** and **expected** number of CDM projects in the Host Country
- Will the DNA require the **time** of one person, a couple of people, or a larger group
- Potential **availability** and **sources of funding**

DNA - Key Considerations

Two different and distinct steps involved:

- Designation of an authority: Decision on the institutional structure
- Adoption of guidelines & operational procedures for the approval process

DNA - Potential Institutional Structures

Existing department/ministry as DNA

- A specific Minister, Ministry, or an existing department of a Ministry can be designated to serve as DNA
- A particular department or unit would be responsible for issuing letters of approval

Issues with Existing Department/Ministry

Advantages

- Efficient
- Transparent
- Draws upon pre-existing expertise & structure
- Minimises administrative costs

Disadvantages

- Inter departmental rivalry?
- Which department?

DNA - Potential Institutional Structures

Inter-departmental DNA

- Interdepartmental committee represents **different Ministries**
- Institutionalizes **cooperation** between different Ministries
- Will need to have a **focal point** or clearly defined **point of contact**
- Who will be finally **responsible** for issuing letters of approval?

Issues with Inter-departmental DNA

Advantages

- Innovative structure
- Promotes co-ordination between departments & Ministries

Disadvantages

- Potentially not very efficient
- Problems with reaching consensus on a decision
- Potential for increasing bureaucracy

DNA - Potential Institutional Structures

Discrete public office as DNA

- DNA could be created as a **new, discrete,** and **self contained** public office
- **Mandate** and **authority** of DNA is published when created
- If staff are taken from other departments, the costs to these departments should not **outweigh the benefits** expected from the CDM

Issues with Discrete DNA

Advantages

- Allows concentration of expertise within the one department, which may increase efficiency

Disadvantages

- Requires greater capacity to establish than other models
- Expensive: needs new budget creation

DNA - Procedural Guidelines

Mandated by CDM to issue Letters of Approval, which needs to state:

- The project has been approved for the purposes of **Article 12 of the Kyoto Protocol**
- Participation is **voluntary**
- The project supports in contributing towards **sustainable development** objectives of host country
- **Authorise** the project participants to participate in the project activity

Sustainable Development Assessment

The core of the approval is the determination of whether the project contributes to the sustainable development of a country

- What is sustainable development?
- Development of sustainable development criteria
- Publication of those criteria

Sustainable Development Assessment

Host country DNA issues a Letter of Approval (LoA) for a CDM project to explicitly state that the CDM project assists in achieving the country's sustainable development

- The details of the approval procedure are up to each country
- Typically, 3 broad Sustainable Development criteria are employed:
 - Economic: the project has a positive effect on economic development
 - Environmental: the project leads to reduced pressure on the environment
 - Social: the project has positive effects on social development

Thank You