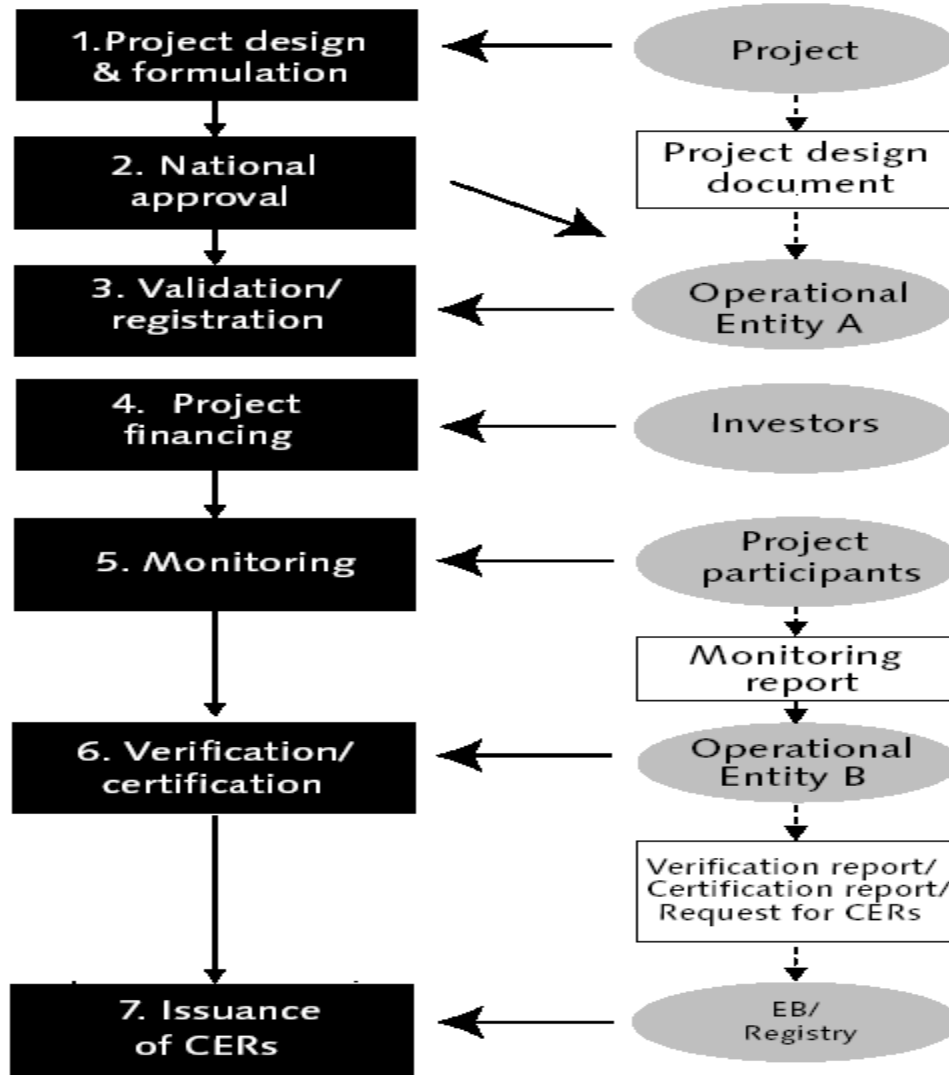


THE CLEAN DEVELOPMENT MECHANISM PROJECT CYCLE

Project cycle for the CDM

Project description;
Baseline methodology;
Monitoring
methods/plan; GHG
emissions; Statement of
env. impact; Stakeholder
comments

National CDM Authority:
Government consent;
Government confirmation
that the project assist in
sustainable development



Legends:

Activity

Report

Institution



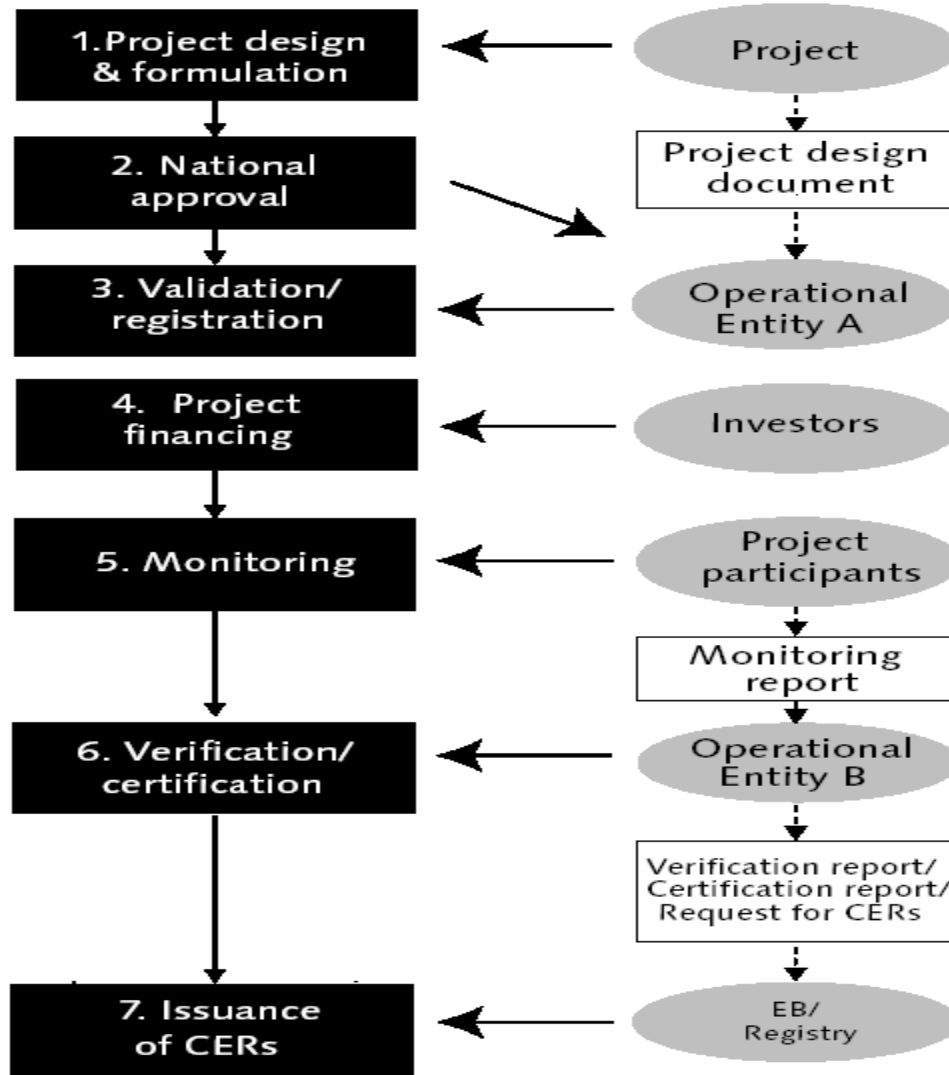
1. Project Design and Formulation

- n Project participants identify an opportunity for a CDM project and develop a Project Design Document (PDD).
- n The PDD defines the project baseline to estimate net carbon emission reductions.
- n The PDD is a legal CDM document.

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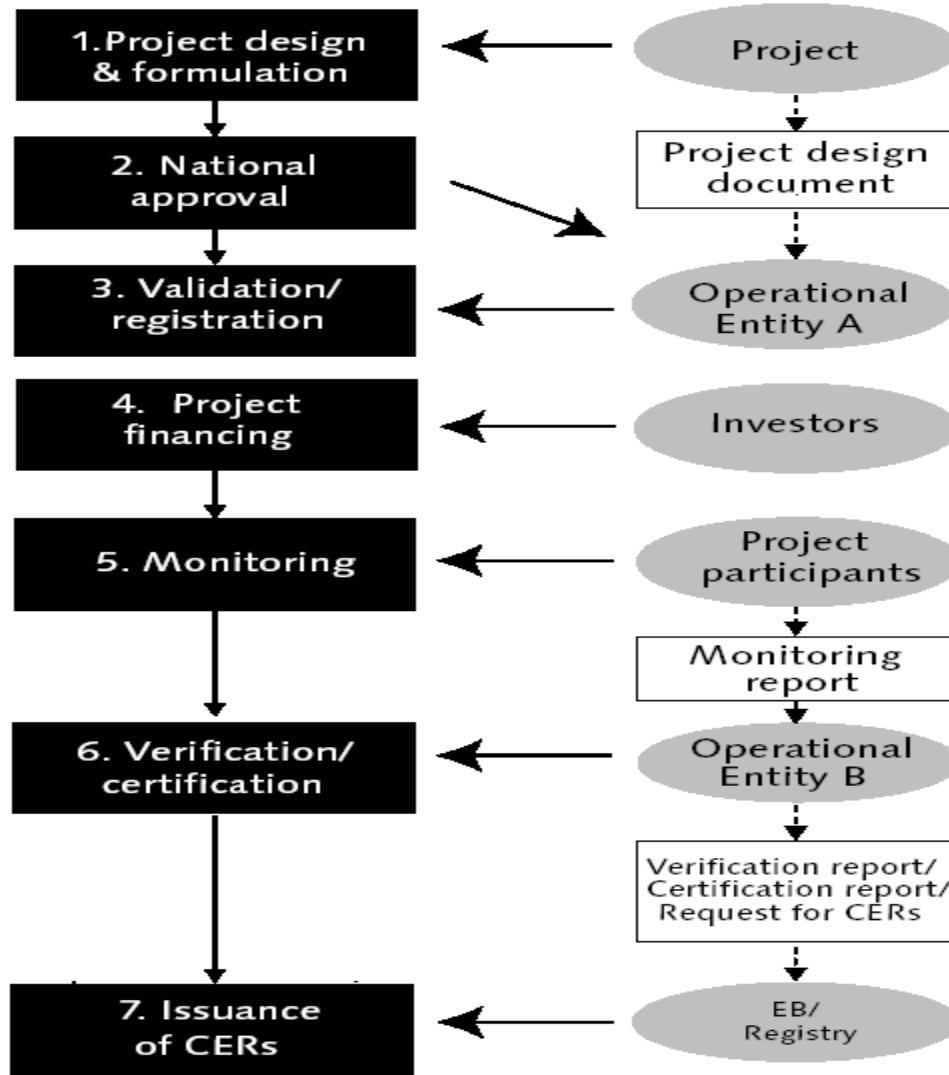
2. National Approval

- n The Designated National Authority (DNA) of the host country approves the proposed CDM project against national sustainable development objectives.
- n The DNA issues a letter of approval for the proposed CDM project.

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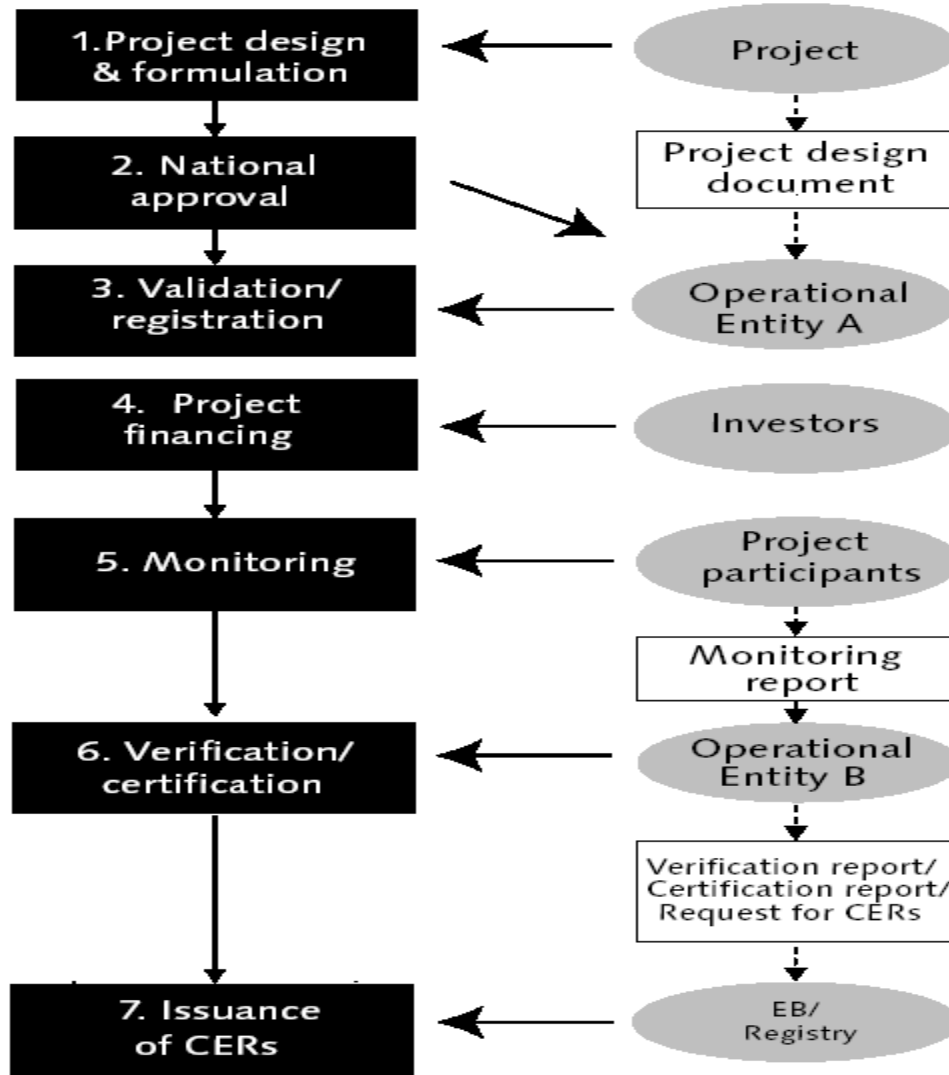
3. Validation and Registration

- n The project design document, in particular the baseline needs to be assessed and validated by an independent organisation or “Designated Operational Entity” (DOE).
- n DOEs are registered with the Executive Board of the Clean Development Mechanism, and are responsible for ensuring compliance of the proposed project with CDM rules.
- n DOEs can be auditing or accounting firms, consulting firms, law firms, or non governmental organisations.

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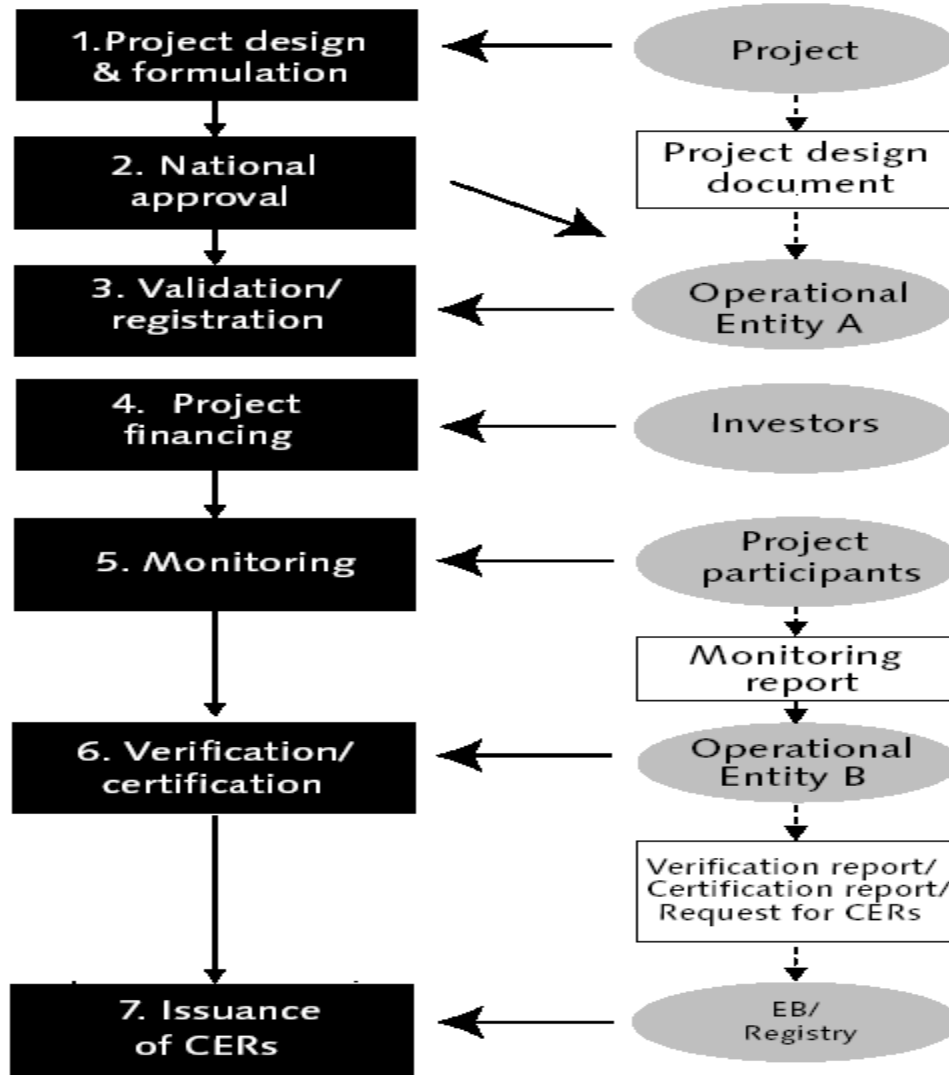
4. Project Financing

- n Investors provide capital for the proposed CDM project.
- n Official Development Assistance cannot be diverted into the proposed CDM project.

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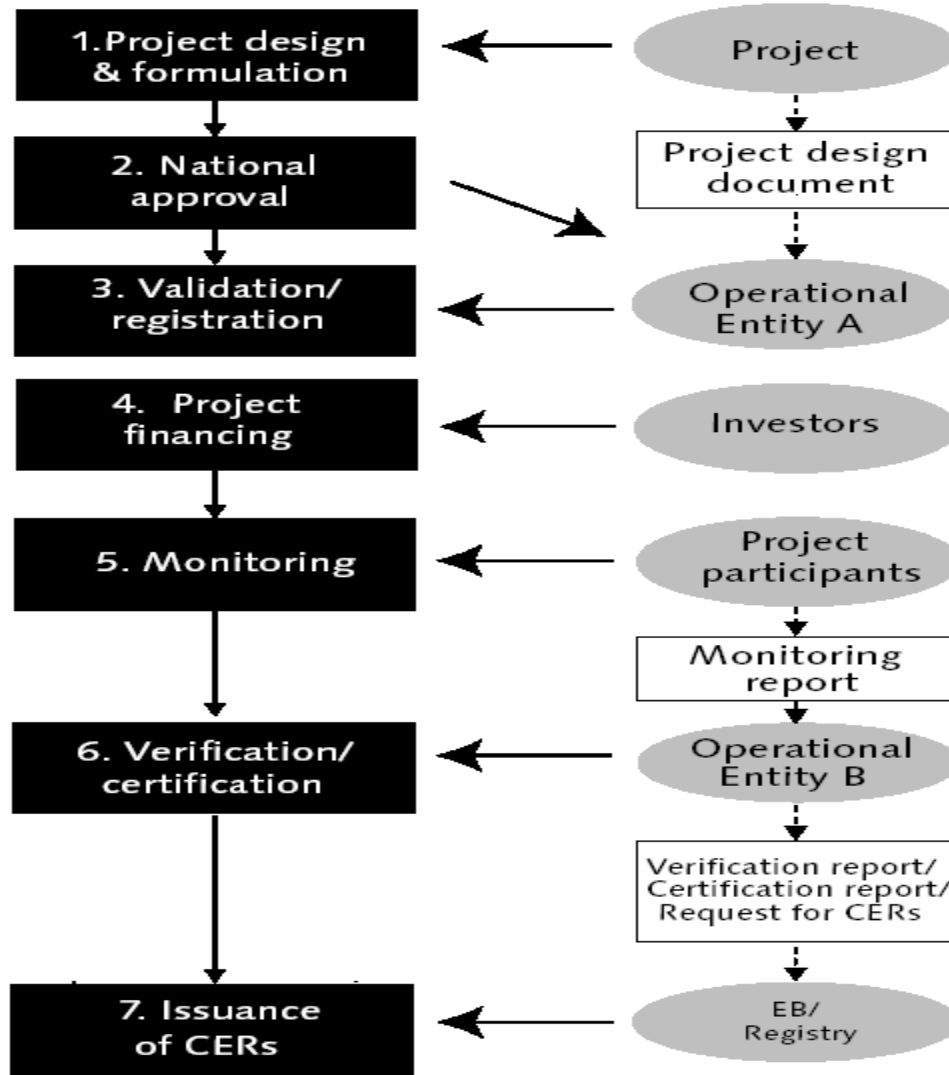
5. Monitoring

- n The project developer monitors and records carbon emissions and changes in baseline.

Project cycle for the CDM

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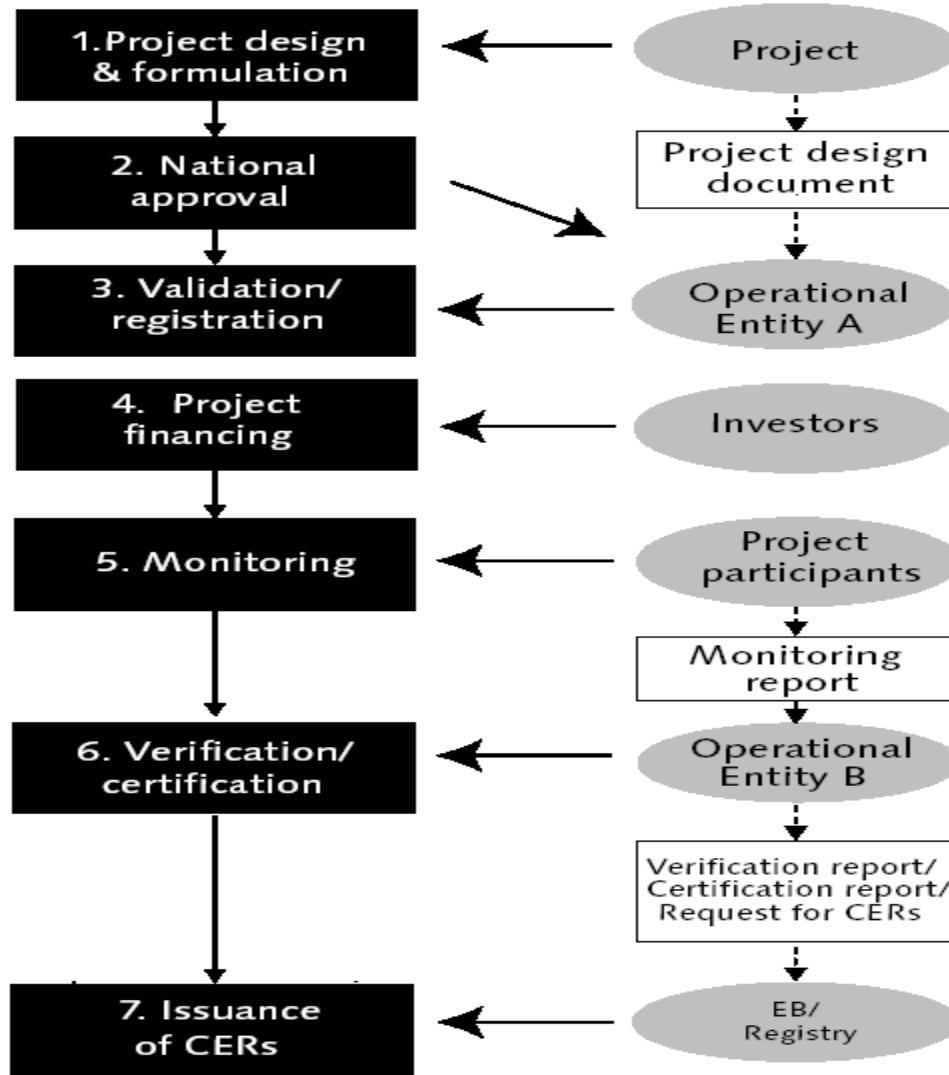
6. Verification and Certification

- n A different Designated Operational Entity (DOE) independently verifies carbon reductions, and certifies the amount of Certified Emissions Reductions (CERs) generated by the CDM project.
- n For small-scale projects, the simplified methodology allows for one DOE to perform validation, registration, verification and certification.

Project cycle for the CDM

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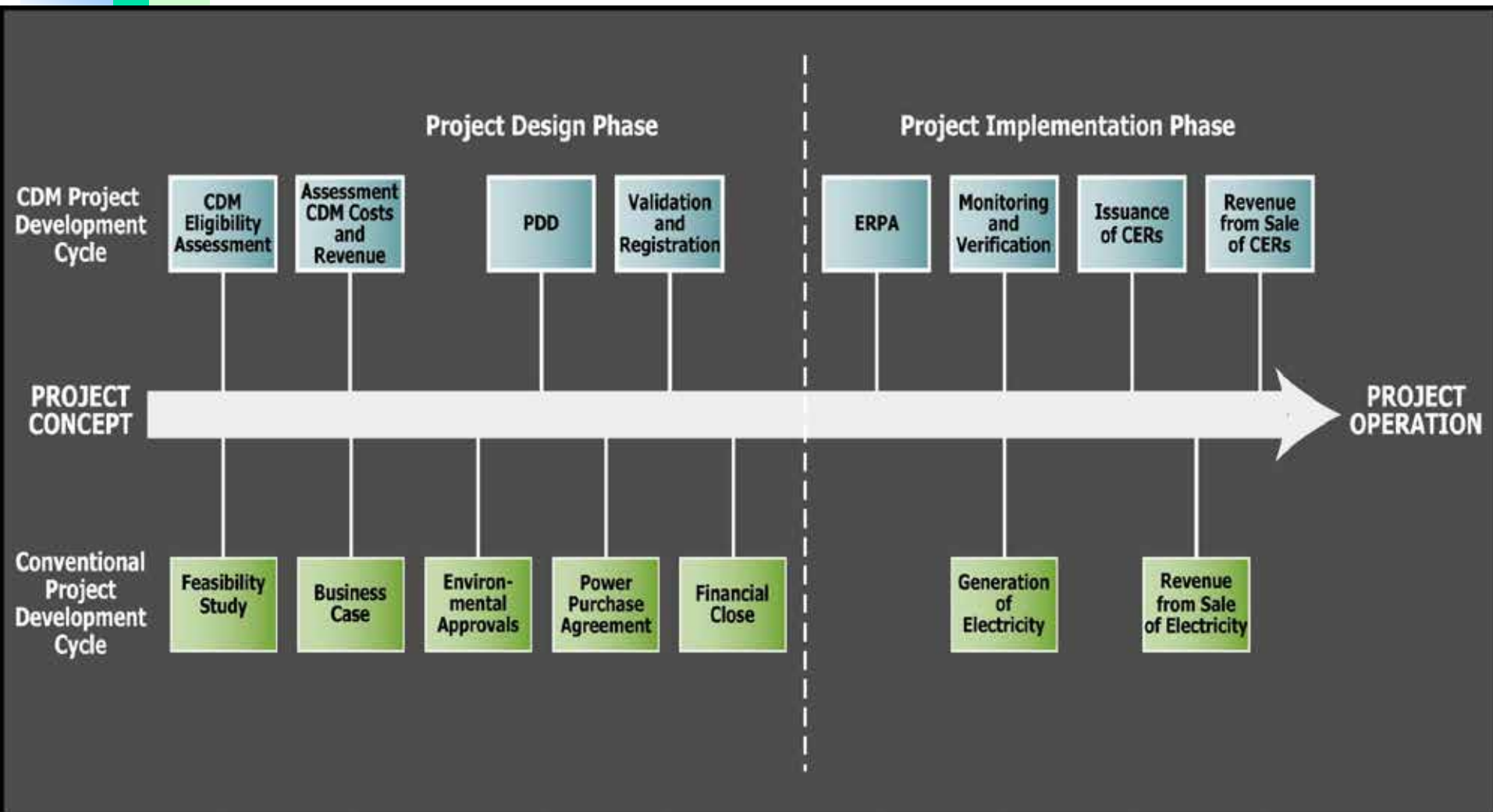
Institution



7. Issuance of Certified Emission Reductions (CERs)

- n The Executive Board (EB) issues Certified Emission Reductions (CERs) based on the verified project performance.

CDM & Conventional Project Development





The main stakeholders in a CDM project

- n **The project developer** -> project design and implementation, emissions monitoring
- n The host country's **Designated National Authority (DNA)** -> national approval against sustainable development objectives
- n The **Designated Operational Entities (DOEs)** -> validation against CDM rules, verification and certification of carbon reduction
- n The **Executive Board (EB)** - > Issuance of Certified Emission Reductions (CERs)