



DENR Administrative Order No. 2005- 17

**AUG 31 2005**

**SUBJECT: RULES AND REGULATIONS GOVERNING THE IMPLEMENTATION OF EXECUTIVE ORDER NO. 320, SERIES OF 2004, DESIGNATING THE DENR AS THE NATIONAL AUTHORITY FOR THE CLEAN DEVELOPMENT MECHANISM**

Pursuant to the provisions of Section 3 of Executive Order No. 320, Series of 2004, Designating the Department of Environment and Natural Resources (DENR) as the National Authority (DNA) for the Clean Development Mechanism (CDM) of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC), the following rules and regulations are hereby promulgated.

**CHAPTER I**

**POLICY, PRINCIPLES, OBJECTIVES, SCOPE AND DEFINITION OF TERMS**

**Section 1. Basic Policy**

The Philippine Government, through the DNA, recognizes that participation in the CDM could potentially provide the Philippines with numerous benefits in terms of foreign investment in CDM project activities, employment and income opportunities, the establishment of ecologically-friendly projects that will contribute to a healthier environment, technology transfer and income from the purchase of certified emission reductions by the developed country Parties to the Kyoto Protocol.

Therefore, it is hereby declared the policy of the DENR as the DNA to facilitate and promote the development of CDM project activities that contribute to the UNFCCC objective of stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, lead to the transfer of environmentally safe and sound technology and know-how, contribute to the conservation of biological diversity and sustainable use of natural resources, comply with all other pertinent laws and regulations, and provide measures to alleviate poverty as part of their contribution to sustainable development.

**Section 2. Principles**

The following principles shall guide the implementation of the national CDM policy:

- 2.1 In accordance with Article 3.4 of the UNFCCC, States have a right to, and should, promote sustainable development. Policies and measures to protect the climate system against human-induced change should be appropriate to the specific conditions of each State, taking into account that economic development is essential for adopting measures to address climate change.
- 2.2 The national approval process for proposed CDM project activities shall be transparent, participatory, credible, efficient and effective to ensure that approved



project activities contribute to the reduction in anthropogenic emissions by sources of greenhouse gases and/or the enhancement of removals by sinks and assist the host country in achieving its sustainable development objectives.

- 2.3 The approval process must be responsive to the needs and demands of project proponents, the government and various stakeholders. Towards this end, it should also be updated regularly in line with the evolving international guidelines for CDM project activities and taking into account recent developments in national policies, laws, rules and regulations.

### **Section 3. Objectives**

This Order shall have the following objectives:


- 3.1 to articulate the national CDM policy;
- 3.2 to define the Philippine CDM framework; and
- 3.3 to implement a transparent, participatory, credible, efficient and effective process for the national approval of proposed CDM project activities.

### **Section 4. Scope**

These rules and regulations shall cover all proposed CDM project activities which will be implemented in the Philippines and which are seeking approval from the designated national authority for the CDM as a prerequisite to the submission by a designated operational entity of a validation report to the CDM Executive Board, requesting the registration of the project activity under the CDM.

### **Section 5. Definition of Terms**

For the purpose of this Order, the following terms shall be used, and understood to mean as follows:

- 5.1 Afforestation – the direct human-induced conversion of land that has not been forested for a period of at least 50 years to forested land through planting, seeding and/or the human-induced promotion of natural seed sources.
- 5.2 Annex I Parties – countries that have ratified the Kyoto Protocol and are listed under Annex I of the UNFCCC, consisting of developed country Parties and country Parties undergoing the process of transition to a market economy.
- 5.3 Carbon Dioxide Equivalent or CO<sub>2</sub>e – the unit of measurement used to indicate the global warming potential of greenhouse gases.
- 5.4 CDM Project Activity – a project activity formally accepted by the Executive Board of the CDM for registration.
- 5.5 CDM Secretariat – an office within the Environmental Management Bureau that shall be primarily in charge of facilitating the smooth implementation of the national approval process for proposed CDM project activities and that shall be the focal point for information on the status of the application of said project activities for a Letter of Approval. 



- 5.6 CDM Steering Committee – an interagency and multisectoral committee, chaired by an Undersecretary of the DENR designated by the DENR Secretary, that shall be responsible for reviewing the assessment of the appropriate CDM Technical Evaluation Committee(s) and providing advice to the DENR Secretary for the effective implementation and improvement of the Philippine CDM policy and framework in accordance with the provisions of this Order and any amendments thereto.
- 5.7 CDM Technical Evaluation Committees or TECs – expert committees that the DNA has been authorized to create by virtue of Executive Order No. 320, Series of 2004, to be headed by a designated lead agency and which will be responsible for evaluating whether a proposed CDM project activity meets the national approval criteria set forth in this Order and any amendments thereto.
- 5.8 Certified Emission Reduction or CER – a unit equal to one metric tonne of carbon dioxide equivalent issued pursuant to Article 12 of the Kyoto Protocol, relevant decisions of the UNFCCC Conference of the Parties and subsequently, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and guidance from the CDM Executive Board.
- 5.9 Clean Development Mechanism or CDM – a project-based flexible mechanism defined under Article 12 of the Kyoto Protocol which allows Annex I Parties to use the CERs accruing from project activities implemented in the territory of non-Annex I host Parties to contribute to compliance with part of the Annex I Party's quantified emission limitation and reduction commitments under Article 3 of the Kyoto Protocol while at the same time seeking to assist non-Annex I host Parties to achieve sustainable development, and which contributes to the ultimate objective of the UNFCCC.
- 5.10 Conference of the Parties or COP – the supreme body of the UNFCCC, established under Article 7 thereof.
- 5.11 Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol or COP/MOP – the body charged with keeping the implementation of the Kyoto Protocol under regular review and authorized to make decisions necessary to promote its effective implementation, as defined under Article 13 thereof.
- 5.12 Designated National Authority or DNA – the national authority for the CDM established by a Party to the Kyoto Protocol as a prerequisite to its participation in the CDM. In the case of the Philippines, the DNA shall be the DENR, in accordance with Executive Order No. 320, Series of 2004.
- 5.13 Designated Operational Entity or DOE – an independent legal entity accredited by the CDM Executive Board and designated by the COP/MOP that is authorized to validate proposed CDM project activities and verify and certify reductions in anthropogenic emissions by sources of greenhouse gases and/or net anthropogenic greenhouse gas removals by sinks.
- 5.14 Documentation of Stakeholders' Consultation – a report to be submitted by the project proponent to the CDM Secretariat as part of its Project Application Document or Project Design Document, indicating how the consultation in which comments by local stakeholders was invited and compiled was undertaken.
- 5.15 EMB – the Environmental Management Bureau of the Department of Environment and Natural Resources.



- 5.16 Executive Board of the Clean Development Mechanism or CDM Executive Board – a body created under Article 12 of the Kyoto Protocol tasked with supervising the CDM, subject to the authority and guidance of the COP/MOP.
- 5.17 Forest – a minimum area of land of 0.50-1.0 hectare with tree crown cover (or equivalent stocking level) of more than 10-30 per cent with trees with the potential to reach a minimum height of 2-5 meters at maturity *in situ*. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10-30 per cent or tree height of 2-5 meters are included under forest, as are areas normally forming part of the forest and which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest.
- 5.18 Greenhouse Gases or GHGs – those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and re-emit infrared radiation and are listed in Annex A of the Kyoto Protocol, namely, carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF<sub>6</sub>).
- 5.19 Host Party – a Party to the Kyoto Protocol which is not included in Annex I to the UNFCCC on whose territory the proposed CDM project activity will be physically located.
- 5.20 Inter-agency Committee on Climate Change or IACCC – a committee created under Presidential Administrative Order No. 220, Series of 1991, chaired by the Secretary of the DENR and co-chaired by the Secretary of the Department of Science and Technology (DOST), with governmental and nongovernmental representatives as set out in said Administrative Order, empowered, among other things, to formulate policies and response strategies to climate change.
- 5.21 Kyoto Protocol – the Kyoto Protocol to the UNFCCC adopted on 11 December 1997, ratified by the Philippines on 20 November 2003, and which entered into force on 16 February 2005, under which countries listed in Annex B of the Protocol are required to reduce their combined greenhouse gas emissions by at least five per cent (5%) compared to 1990 levels by the period 2008 to 2012.
- 5.22 Letter of Approval – a letter issued by the Secretary of the DENR as head of the DNA with regard to a proposed CDM project activity, approving the voluntary participation of the Philippine project proponents named in the Project Application Document or the Philippine project participants named in the Project Design Document for the proposed project activity and confirming that the project activity assists the Philippines in achieving sustainable development.
- 5.23 Low-income Communities and Individuals – communities and individuals actually tilling portions of the land to be used for a proposed afforestation or reforestation project activity under the CDM, traditionally utilizing the resources for all or a substantial portion of their livelihood and actually residing within or adjacent to, and dependent on and actually developing portions of the land to be used for a proposed afforestation or reforestation project activity under the CDM.
- 5.24 Manual of Procedures -- a guide to the provisions of this Order, to be issued by the EMB, through the Director or his authorized representative.



- 5.25 National Approval Criteria – the general criteria to be considered in determining whether to issue a Letter of Approval/Non-Approval for a proposed CDM project activity.
- 5.26 National Evaluation Protocol or NEP – a document to be used by the relevant Technical Evaluation Committee to assess proposed CDM project activities in terms of basic project information and sustainable-development criteria.
- 5.27 Non-Annex I Parties – countries that have ratified the Kyoto Protocol and are not listed in Annex I of the UNFCCC, generally made up of developing and least developed countries.
- 5.28 Philippine Agenda 21 -- a document containing the national agenda for sustainable development formulated by the Philippine Council for Sustainable Development that was formally adopted on 26 November 1996 through Memorandum Order No. 399.
- 5.29 Philippine Project Proponent – any natural or juridical person intending to develop and implement a proposed CDM project activity within the Philippines and formally applying for a Letter of Approval for the proposed CDM project activity as indicated in the Project Application Document, and named as one of the project participants in the Project Design Document (PDD), if the PDD is already available at the time of the application. In the case of a natural person, the project proponent must possess Philippine citizenship. In the case of a juridical person, the project proponent must be constituted as a legal entity under Philippine laws and authorized to engage in the proposed CDM project activity in accordance with the Constitution of the Republic of the Philippines and relevant laws.
- 5.30 Project Activity – a measure, operation or an action that aims at reducing greenhouse gas emissions or enhancing removals by sinks. A project activity could be a component or an aspect of a project that is planned or already being undertaken.
- 5.31 Project Application Document or PAD – a document to be prepared and submitted by project proponents applying for a Letter of Approval from the DNA for a proposed CDM project activity, describing the proposed CDM project activity, identifying the project proponents and providing sufficient information in accordance with Annex II hereof to allow the CDM Secretariat, the Technical Evaluation Committee, the CDM Steering Committee, and the DENR Secretary to effectively assess the project activity, and for stakeholders to understand it.
- 5.32 Project Design Document or PDD – a detailed description of the proposed CDM project activity containing the essential technical and organizational aspects of the proposed CDM project activity as prescribed by the CDM Executive Board and approved by the COP and subsequently, by the COP/MOP, and used by the DOE as a key input into the validation, registration and verification of the project.
- 5.33 Proposed CDM Project Activity – a measure, operation or action being proposed to be undertaken in the Philippines and designed to reduce anthropogenic emissions by sources of greenhouse gases or to enhance removals by sinks, intended for registration as a CDM project activity with the CDM Executive Board, and expected to result in CERs, as described in the PAD and/or the PDD.
- 5.34 Reforestation – the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-



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forested land. For the first commitment period under the Kyoto Protocol, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989.

- 5.35 Registration – the formal acceptance by the CDM Executive Board of a validated project activity as a CDM project activity. Registration is a prerequisite to verification, certification and issuance of CERs related to the project.
- 5.36 Secretary – the Secretary of the DENR.
- 5.37 Sink – any process, activity or mechanism which removes a greenhouse gas, an aerosol or a precursor of a greenhouse gas from the atmosphere.
- 5.38 Small-scale CDM Project Activities – (a) renewable energy project activities with a maximum output capacity equivalent of up to 15 megawatts (or an appropriate equivalent); (b) energy efficiency improvement project activities which reduce energy consumption, on the supply and/or demand side, by up to the equivalent of 15 gigawatt/hours per year; (c) those that are expected to result in net anthropogenic greenhouse gas removals by sinks of less than 8 kilotonnes of CO<sub>2</sub> per year and are developed or implemented by low-income communities and individuals as defined in paragraph 5.23 hereof; or (d) other project activities that both reduce emissions by sources and directly emit less than 15 kilotonnes of carbon dioxide equivalent annually. Any CDM project activity not falling within this definition is not considered small-scale.
- 5.39 Stakeholders – the public, including individuals, groups or communities, affected, or likely to be affected, by the proposed CDM project activity.
- 5.40 Sustainable Development Benefits Description or SDBD – a document to be prepared and submitted by project proponents applying for a Letter of Approval as part of its PAD, presenting the sustainable development impacts of the proposed CDM project activity.
- 5.41 UNFCCC – the United Nations Framework Convention on Climate Change which was adopted on 9 May 1992, ratified by the Philippines on 2 August 1994, and entered into force for the Philippines on 31 October 1994.
- 5.42 Validation – the process of independent evaluation of a project activity by a designated operational entity against the requirements for the particular type of CDM project activity, as set out in the relevant decisions of the COP and the COP/MOP.

## CHAPTER II

### STRUCTURE, POWERS AND FUNCTIONS

#### Section 6. Powers and Functions of the Designated National Authority

Pursuant to Executive Order No. 320, Series of 2004, the DENR as the Designated National Authority shall have the following powers and functions:

- 6.1 formulate and develop a national CDM policy;



- 6.2 develop the criteria, indicators, standards, systems and procedures, and evaluation tools for the review of proposed CDM project activities prior to the issuance by the Secretary of a Letter of Approval;
- 6.3 undertake the assessment of proposed CDM project activities and through the Secretary, issue a Letter of Approval or Non-Approval in accordance with the procedures prescribed in this Order;
- 6.4 monitor the implementation of CDM project activities located within the Philippines; and
- 6.5 perform such other functions that are related to and in pursuance of the promotion of CDM project activities that contribute to sustainable development within the Philippines.

## **Section 7. Support Mechanisms**

The following support mechanisms are hereby defined to ensure that the proposed CDM project activity meets the criteria for national approval of such proposed project activities.

### **7.1 CDM Steering Committee**

#### **7.1.1 Composition**

An Undersecretary of the DENR, designated by the DENR Secretary, shall serve as the Chair of the CDM Steering Committee, together with a named alternate. The DENR Secretary shall invite the Secretaries of the Department of Energy (Philippine DOE) and the DOST to designate an Undersecretary or Assistant Secretary and an alternate to represent their respective departments in the CDM Steering Committee.

One representative of the private sector and one representative of the nongovernmental organizations (NGOs) shall also be members of the CDM Steering Committee. Within 15 days from the effectivity of this Order, representatives of the private sector and the NGOs shall submit five nominees each to the CDM Secretariat, which shall immediately transmit these lists to the Secretary. The Secretary shall then choose two names each from these lists, appointing one person from the private sector list and another person from the NGO list as members of the CDM Steering Committee and one person from the private sector list and another person from the NGO list as alternates.

Permanent alternates shall have the same voting rights and powers as the members. Each alternate shall perform the duties of the member he or she is alternating for in case of absence of the member or abstention from participation in the CDM Steering Committee's deliberations due to conflict of interest.

#### **7.1.2 Functions**

The CDM Steering Committee shall be responsible for reviewing the findings of the Technical Evaluation Committees (TECs) and for endorsing the project application to the DENR Secretary for appropriate action. The assessment of the CDM Steering Committee shall be embodied in an Endorsement Report. The CDM Steering Committee shall provide advice to the Secretary on the effective implementation and improvement of the Philippine CDM policy and framework.

The CDM Steering Committee shall hold its first meeting within 30 days from the effectivity of this Order. At that meeting, the Committee shall adopt its internal rules of procedure.

## **7.2 CDM Technical Evaluation Committees (TECs)**

### **7.2.1 TECs**

The following initial TECs are hereby created:

- a. TEC for energy-related project activities;
- b. TEC for waste management project activities; and
- c. TEC for afforestation and reforestation project activities.

Additional TECs may be created by the Secretary to evaluate project activities falling within CDM-eligible project categories other than those enumerated above. Based on the experience gained in the implementation of these rules, the CDM Steering Committee may submit recommendations for the creation of additional TECs to the Secretary.

### **7.2.2 Lead Agencies**

- a. Pursuant to Section 2 of Executive Order No. 320, Series of 2004 a duly-appointed representative of the Philippine DOE shall chair the TEC for energy-related project activities. The Philippine DOE shall take the lead in the evaluation of energy-related project activities.
- b. A duly-appointed representative of the EMB shall chair the TEC for waste management project activities. The EMB shall take the lead in the evaluation of waste management project activities.
- c. A duly-appointed representative of the Forest Management Bureau (FMB) of the DENR shall chair the TEC for afforestation and reforestation project activities. The FMB shall take the lead in the evaluation of afforestation and reforestation project activities.
- d. The Secretary shall identify and invite an appropriate agency to lead each additional TEC to be created for other CDM-eligible project categories, after prior consultation with the relevant agency and the CDM Steering Committee. If the agency falls under the authority of the DENR, the Secretary shall appoint its Chairperson.

### **7.2.3 Members of TECs**

A lead agency may invite as members of a TEC, representatives from NGOs, the academe and/or independent professionals who are recognized in their fields of expertise. The lead agencies named in paragraph 7.2.2 above shall make such invitation within 30 days from the effectivity of this Order and shall, within the same period, advise the CDM Secretariat in writing of the composition of the TEC which it leads. Each TEC may, from time to time, also invite resource persons to assist the members in the proper evaluation of a proposed CDM project activity.

A member of the TEC shall not participate in the evaluation of proposed CDM project activities in which he or she may have a financial or pecuniary interest.





#### **7.2.4 Functions**

Using the National Evaluation Protocol, TECs will be responsible for evaluating whether a proposed CDM project activity meets the national approval criteria. The findings of a TEC shall be embodied in an Evaluation Report which shall be submitted to the CDM Steering Committee through the CDM Secretariat.

### **7.3 CDM Secretariat**

#### **7.3.1 Composition**

An office within the EMB Central Office shall be designated to serve as the CDM Secretariat. The EMB Director shall have administrative control and supervision over the CDM Secretariat.

#### **7.3.2 Functions**

The CDM Secretariat shall be primarily responsible for facilitating the smooth implementation of the national approval process for proposed CDM project activities. Pursuant thereto, the CDM Secretariat shall exercise the following functions:

- a. Verify the completeness of application documents;
- b. Identify the appropriate TEC(s) for a proposed CDM project activity;
- c. Refer a proposed CDM project activity to the appropriate TEC(s);
- d. Forward the Evaluation Report of the appropriate TEC to the CDM Steering Committee;
- e. Provide administrative and technical support to the CDM Steering Committee and facilitate the transmission of the Endorsement Report and supporting documents to the Secretary;
- f. Serve as the focal point for information on the status of proposed CDM project activities that have been submitted for DNA approval, including advising the Philippine project proponent(s) of the Secretary's decision relating to their application for a Letter of Approval;
- g. Facilitate the dissemination of international and national requirements relating to the CDM among stakeholders; and
- h. Such other functions as are necessary for the implementation of this Order.

## **Chapter III**

### **CDM NATIONAL APPROVAL PROCESS**

#### **Section 8. Project Application Document**

The proponent of a proposed CDM project activity shall duly accomplish and submit a Project Application Document (PAD) to the CDM Secretariat.

The PAD as described in paragraph 5.31 hereof must be duly accomplished by a project proponent. The minimum contents of the PAD shall follow the outline contained in Annex II hereof and shall include the Documentation of Stakeholders' Consultation, the Sustainable Development Benefits Description and Proof of Legal Capacity.

A duly accomplished Project Design Document which follows the structure and criteria set by the Executive Board and approved by the COP and subsequently, by the COP/MOP, as

supplemented by the Sustainable Development Benefits Description and Proof of Legal Capacity may be submitted by the project proponent, if available. In this case, the PDD is deemed sufficient and a PAD will not be required.

## **8.1 Sustainable Development Benefits Description**

### **8.1.1 Small-Scale Project Activities**

The SDBD shall contain a description of the sustainable development impacts of the proposed CDM project activity. The minimum content of the SDBD shall follow the outline contained in Annex III hereof.

### **8.1.2 Project Activities Not Considered Small-Scale**


In the case of a project activity that is not considered small-scale under the definition provided under paragraph 5.38 hereof, the SDBD shall contain a description of the sustainable development impacts of the proposed CDM project activity. Necessary measures to mitigate significant negative impacts of the proposed CDM project activity should be identified. In addition, methods to monitor the major sustainable development impacts of the project should also be identified. The minimum content of the SDBD shall follow the outline contained in Annex IV hereof.

## **8.2 Proof of Legal Capacity**

To demonstrate legal capacity to participate in the proposed CDM project activity, the Philippine project proponent shall submit one of the following documents:

- a. In the case of an individual, an official document indicating that he or she has reached the age of majority and is a Philippine citizen; or
- b. In the case of entities other than an individual, the instrument creating the entity, such as its Articles of Incorporation or its charter, demonstrating that it has been created as a legal entity under the laws of the Philippines and that the implementation of the proposed project activity is in line with its authorized purposes, and proof of the registration of said instrument with the appropriate governmental authorities, if applicable.

## **Section 9. National Approval Criteria**

- 9.1 A proposed CDM project activity shall be issued a Letter of Approval if:
  - 9.1.1 the Philippine project proponents possess the legal capacity to participate in the proposed CDM project activity; and
  - 9.1.2 after a careful evaluation of the proposed CDM project activity, based on information received from the project proponents as reviewed by the appropriate TEC(s) and assessed by the CDM Steering Committee, the Secretary believes that the proposed project activity will assist the Philippines in achieving sustainable development.
- 9.2 A proposed CDM project activity shall be assessed using sustainable development criteria and indicators which are meaningful from a project level perspective and are in line with Philippine Agenda 21. 



- 9.3 A proposed CDM project activity shall be evaluated according to the three dimensions encompassing sustainable development: economic, environmental and social.
- 9.4 For the economic dimension of sustainable development, a proposed CDM project activity shall be evaluated according to the following criteria:
- 9.4.1 Provides livelihood and other economic opportunities in the community;
  - 9.4.2 Provides proper safety nets and compensatory measures for affected stakeholders;
  - 9.4.3 Promotes the use of cleaner, more efficient and environment-friendly technology in the sector (e.g. renewable energy, waste management, reforestation, etc.); and
  - 9.4.4 Provides new financial resources.
- 9.5 For the environmental dimension of sustainable development, a proposed CDM project activity shall be evaluated according to the following criteria:
- 9.5.1 Complies with environmental policies and standards;
  - 9.5.2 Improves local environmental (e.g. air, water, soil) quality; and
  - 9.5.3 Promotes sustainable use of natural resources.
- 9.6. For the social dimension of sustainable development, a proposed CDM project shall be evaluated according to the following criteria:
- 9.6.1 Provides education and training which build the capacities of local stakeholders;
  - 9.6.2 Provides vulnerable groups access to local resources and services; and
  - 9.6.3 Promotes local participation in the project.
- 9.7 Project level indicators to be proposed by the project proponent in the SDBD in relation to the criteria set out in paragraphs 9.4, 9.5 and 9.6 above shall be used to identify the sustainable development impacts of a proposed CDM project activity.
- 9.8 The overall sustainable development impact of a proposed project must be positive.

## **Section 10. Approval Procedure**

The following procedures shall be followed in securing a Letter of Approval for a proposed CDM project activity:

### **10.1 Submission of Application Document**

- 10.1.1 The project proponent shall submit the necessary documents listed in Section 8 above to the CDM Secretariat and pay a filing fee of six hundred pesos (P600.00) as well as other applicable fees prescribed in Annex I hereof.



10.1.2 The CDM Secretariat shall then verify and confirm the completeness of the documents submitted. Applications with incomplete documents shall be returned to the proponent.

## **10.2 Referral to the TEC**

### **10.2.1 Small Scale Project Activities**

If the documents referred to in Section 8 are complete the CDM Secretariat shall then transmit the application documents to the appropriate TEC. The CDM Secretariat shall provide the TEC with a copy of the documents to be assessed for review.

### **10.2.2 Project Activities not Considered Small Scale**

If the documents referred to in Section 8 are complete the CDM Secretariat shall transmit the application documents to the appropriate TEC. Where appropriate and necessary it may transmit the application documents to two or more TECs. The CDM Secretariat shall provide the TEC(s) with a copy of the documents to be assessed for review.

## **10.3 TEC Project Evaluation**

### **10.3.1 National Evaluation Protocol**

The TEC shall assess the documents using the National Evaluation Protocol (NEP). The TEC shall use the NEP as a guide in assessing the proposed CDM project activity in terms of the sufficiency of the information contained in the PAD or the PDD, as the case may be, and the sustainable development impacts explained in the SDBD.

### **10.3.2 Small Scale Project Activities**

If no revisions to the documents are required by the TEC, it shall submit its Evaluation Report to the CDM Secretariat within five (5) working days from receipt of the documents. The CDM Secretariat shall then transmit the Report and accompanying documents to the CDM Steering Committee.

### **10.3.3 Project Activities not Considered Small Scale**

If no revisions to the documents are required by the TEC, it shall submit its Evaluation Report to the CDM Secretariat within nine (9) working days from receipt of the documents. The CDM Secretariat shall then transmit the Report and accompanying documents to the CDM Steering Committee.

### **10.3.4 Requests for Revision**

In case the TEC requests revisions on any of the documents submitted by the project proponent, the TEC shall make its request for revision in writing before the lapse of the periods specified in paragraphs 10.3.2 and 10.3.3, as applicable, copying the CDM Secretariat, and submit its Evaluation Report within five (5) working days from the submission of said revised documents. Failure of a project proponent to submit revised documents within fifteen (15) working days from receiving the request of the TEC will be considered as an abandonment of the application. In the alternative, a project proponent may, within five (5) working days from receipt of the request of the TEC, submit a written undertaking, indicating that it will submit the revised documents to the TEC within a period

indicated in said undertaking, acknowledging that its application will not be processed until said revised documents are submitted, and agreeing that its application will be considered abandoned upon the failure to submit said documents within the period indicated in the undertaking.

### **10.3.5 TEC Evaluation Report**

The Evaluation Report shall contain the written conclusions of the TEC and its recommendations to the CDM Steering Committee, stating the grounds for each recommendation. This report shall also assess how the project proponent addressed the concerns raised in the Documentation of Stakeholders' Consultation.

## **10.4 CDM Steering Committee Endorsement**

10.4.1 The CDM Steering Committee shall assess the Evaluation Report submitted by the TEC and shall, within five (5) working days from its deliberations, submit its Endorsement Report to the DENR Secretary through the CDM Secretariat.

10.4.2 Should the CDM Steering Committee decide not to adopt the recommendation of the TEC, it shall state its grounds for doing so in writing.

10.4.3 If a proposed CDM project activity has been referred to more than one TEC and their reports do not recommend the same course of action, the CDM Steering Committee shall decide which recommendation to adopt and state its reasons for supporting such recommendation.

## **10.5 DENR Secretary's Approval/Non-Approval**

10.5.1 The DENR Secretary or his duly-authorized representative shall immediately act on and review the CDM Steering Committee's Endorsement Report and decide to either approve or disapprove the application. The Secretary's decision on the application shall be in the form of a Letter of Approval or Letter of Non-Approval.

10.5.2 If a project is approved, the DENR Secretary will issue a Letter of Approval stating that the Philippines ratified the Kyoto Protocol on 20 November 2003, authorizing the voluntary participation of the specifically-named Philippine project participants in the proposed CDM project activity and confirming, based on the representations made in the PAD or PDD that the implementation of the proposed CDM project activity will assist the Philippines in achieving sustainable development. The Letter of Approval shall not exempt the project proponent from complying with applicable laws, rules and regulations of the Philippines.

10.5.3 If the project is disapproved, the DENR Secretary will issue a Letter of Non-Approval stating that the project does not meet the criteria for national approval.

10.5.4 The Letter of Approval/Letter of Non-Approval shall be issued to the project proponent or his duly authorized representative through the CDM Secretariat, which shall formally transmit said letter to the project proponent by registered mail.



## **10.6 Reconsideration of the Decision of the DENR Secretary**

A project proponent wishing to seek reconsideration of a Letter of Non-Approval may file a Motion for Reconsideration with the Office of the Secretary within fifteen (15) days from receipt of the Letter of Non-Approval.

## **10.7 Inquiries Regarding Project Application Status**

All inquiries regarding the status of a particular application for approval shall be made to the CDM Secretariat. Unless and until a final decision has been made by the Secretary, no information on the decision made by the TEC(s) or the CDM Steering Committee regarding a particular application shall be released.

## **Section 11. Manual of Procedures**

A guide to the provisions of this Order shall be contained in a Manual of Procedures to be issued by the EMB Director within ninety (90) days from the date of this Administrative Order. This Manual of Procedures shall be made available in electronic form through the DNA website. The hard copy shall be sold at cost at the CDM Secretariat office.

In case of conflict, the provisions of this Order shall prevail over the contents of Manual of Procedures.

The Manual of Procedures shall be updated as the need arises to continually improve the system. Such updates shall be widely disseminated. These updates shall not be made more than once a year.

The implementation of this Order is not prejudiced by the pendency of the Manual of Procedures or any updates or revisions thereto.

## **Chapter IV**

### **MISCELLANEOUS PROVISIONS**

#### **Section 12. Request for Review of Validation**

A Philippine participant to a proposed CDM project activity that wishes to request the CDM Executive Board to review the validation of its project activity shall submit its request in writing to the DNA no later than 30 days after the receipt by the CDM Executive Board of the DOE's request for registration. The DNA shall then immediately transmit said request to the CDM Executive Board.

#### **Section 13. Monitoring of CDM Project Activities**

The DNA shall, through the CDM Secretariat, monitor the implementation of CDM project activities located within the Philippines with a view towards improving the Philippine CDM policy and framework.

#### **Section 14. Coordination with Other Agencies**

The DENR shall regularly review how to more effectively fulfill the objectives of Executive Order No. 320, Series of 2004 and this Order, including how to streamline the processing of

applications for the approval of proposed CDM project activities, in consultation with the IACCC, the CDM Steering Committee, pertinent government agencies, relevant groups and other stakeholders.

#### **Section 15. Supplementary Guidelines**

The DENR shall issue supplementary guidelines, as necessary, in order to continually improve the country's CDM framework, including the approval process for proposed CDM project activities. These supplementary guidelines shall reflect pertinent developments in the international rules relating to the CDM as well as national policies affecting the CDM.

#### **Section 16. Repealing Clause**

All existing rules, regulations, circulars, instructions, memoranda or portions thereof which are inconsistent herewith are hereby repealed or amended accordingly.

#### **Section 17. Separability Clause**

In case any portion or provision of this Order is declared unconstitutional or invalid, the other provisions or provisions hereof which are not affected shall continue in full force and effect.

#### **Section 18. Effectivity**

This Order shall take effect immediately upon its publication in a newspaper of general circulation, subject to the prior submission of a copy thereof to the Office of the National Administrative Registry at the University of the Philippines Law Center.

  
MICHAEL T. DEFENSOR  
Secretary



*Publication : Manila Standard Today  
September 7, 2005*

## Schedule of Fees

Services	Fees and Other Charges (in Philippine Pesos) <sup>1</sup>
1. Application for a Letter of Approval	
a. CDM Project Activities not Considered Small Scale <sup>2</sup>	10,000
Procedural screening fee	1,500
Database management fee	3,000
Processing fee	5,500
b. Small-Scale CDM Project Activities	5,000
Procedural screening fee	750
Database management fee	1,500
Processing fee	2,750
2. Other services	
a. Request for miscellaneous certifications	100.00/certification
b. Request for Certified True Copy/photocopy	25.00/document



<sup>1</sup> These fees and charges are non-refundable.

<sup>2</sup> Please refer to the definition of "small scale" found in paragraph 5.38 of the Order.

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## Contents of the Project Application Document (PAD)

- I. General Description of the Project Activity
- II. Identification of Additionality Test<sup>1</sup>
- III. Identification of Baseline<sup>2</sup> and Monitoring Methodology
- IV. Identification of Baseline
- V. Duration of Project Activity/Crediting Period<sup>3</sup>
- VI. Calculation of GHG Emission Reductions
- VII. Contact Information of Project Proponent(s)
- VIII. Documentation of Stakeholders' Consultation
  - a. Proof of Written Announcement/Invitation
  - b. List of Participants
  - c. Minutes of Proceedings
  - d. Summary of Issues and Concerns Raised
  - e. Proposed Measures to Address Issues and Concerns
- IX. Sustainable Development Benefits Description<sup>4</sup>
- X. Proof of Legal Capacity

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<sup>1</sup> At its 15<sup>th</sup> meeting the CDM Executive Board adopted "Tools for Demonstration of Additionality" (Annex 3 to the report). This document was amended at the Executive Board's 16<sup>th</sup> meeting and further amended at its 17<sup>th</sup> meeting. Decision 12/CP.10. Guidance relating to the clean development mechanism points out, in paragraph 9, that as indicated by the Executive Board in paragraph 3 of the "Tool for the demonstration and assessment of additionality" (Annex I of the Report of the Executive Board on its 16<sup>th</sup> meeting), said tool is not mandatory for project participants. All CDM Executive Board documents can be accessed through the CDM website, [www.unfccc.int/cdm](http://www.unfccc.int/cdm).

<sup>2</sup> This is the scenario that reasonably represents the human-induced emissions by sources of greenhouse gases that would occur in the absence of the proposed project activity or the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the CDM afforestation or reforestation project activity.

<sup>3</sup> This is the period for which reductions from the baselines are verified and certified by a designated operational entity for the purpose of issuance of certified emission reductions.

<sup>4</sup> For small-scale project activities, please see Annex III. For project activities not considered small scale, please see Annex IV.



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**Contents of the Sustainable Development Benefits Description:  
Small Scale Project Activities**

- I. General Project Information
- II. Economic Dimension
- III. Environmental Dimension
- IV. Social Dimension
- V. Overall Sustainable Development Impact of the Project

Annex IV

**Contents of the Sustainable Development Benefits Description:  
Project Activities not Considered Small Scale**

- I. General Project Information
- II. Economic Dimension
- III. Environmental Dimension
- IV. Social Dimension
- V. Monitoring Measures
- VI. Mitigating Measures
- VII. Overall Sustainable Development Impact of the Project

Annex V

**Organizational Structure of the DENR  
as the Designated National Authority**

