



Review Report on

Designated National Authority (DNA) Setup and Clean Development Mechanism (CDM) Policy

in the Independent State of Samoa

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ABBREVIATIONS

ACP	African, Caribbean and Pacific countries
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CER	Certified Emission Reduction
CO ₂ e	Carbon Dioxide equivalent
CPA	CDM Project Activities
DNA	Designated National Authority
EB	CDM Executive Board
EC	European Commission
EPC	Electric Power Corporation
ER	Emission Reduction
GDP	Gross Domestic Product
GHG	Greenhouse Gas
LDC	Least Developed Country
LoA	Letter of Approval
LoN	Letter of No-objection
MAF	Ministry of Agriculture and Forestry
MEAs	Multilateral Environmental Agreements
MoF	Ministry of Finance
MoH	Ministry of Health
MNRE	Ministry of Natural Resources and Environment
MW	Megawatt
NAPA	National Action Plan for Adaptation
NEMS	National Environment and Development Strategy
PDD	CDM Project Design Document
PEA	Preliminary Environmental Assessment
PIC	Pacific Island Countries
PoA	CDM Programme of Activities
SIDS	Small Island Developing State
SWA	Samoa Water Authority
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNOPS	United Nations Office for Project Services
URC	UNEP Risoe Centre

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1. Introduction

1.1 About the CDM Component of the ACP MEA project

Since 2009, the UNEP Risø Centre (URC) has been implementing the Clean Development Mechanism (CDM) component of an umbrella EU- funded UNEP four-year project on “Capacity Building related to Multilateral Environmental Agreements (MEAs) in African, Caribbean and Pacific (ACP) Countries”. The purpose of the CDM Component of the ACP MEA project is to develop capacity for CDM project development in the ACP countries.

In the Pacific, based on discussions at the inception workshop held in May 2009, the CDM component has been designed as a regional program with Fiji and Vanuatu as focal countries. It also includes some DNA capacity building support in Samoa and Tonga, meanwhile Solomon Islands and PNG representatives are also invited to the regional workshops.

Under the project, a series of capacity building activities are carried out to support participating countries establishing and operationalizing their DNAs (Designated National Authority), creating business-friendly environment for the development of CDM projects, and developing a portfolio of CDM projects. As part of the project activities, four regional CDM capacity regional building workshops for all the six Pacific countries have been organised. In Samoa, a national CDM workshop for was organized in August 2012.

1.2 The Aim of This Report

This report has been developed with the aim of supporting further improvement to the existing DNA institutional setup and CDM project approval criteria, procedures and rules in Samoa. It describes the necessary components for a supportive policy environment for CDM project implementation in a small island developing country. It provides the background information, the different options, and a brief analysis on the advantage and disadvantage, in order to support the stakeholder discussion during the policy making process. This report provides an overview of the Designated National Authority (DNA) and associated policy framework under the Clean Development Mechanism (CDM) of Kyoto Protocol to stakeholders in Samoa. The objective of the report is to provide a recommendation based on stakeholder consultation and feedback on how to improve the existing CDM policy and regulations, and in turn remove identified policy barriers to unlock the CDM potential in the host country. This in turn is believed to be benefiting the host country as a whole through carbon revenues and associated sustainable development benefits.

1.3 CDM and the National CDM DNA

CDM allows emission-reduction (or emission removal) projects in developing countries to earn Certified Emission Reduction (CER) credits, each equivalent to one tonne of CO₂. These CERs can be traded and sold, and used by Annex I (developed) countries to meet a part of their emission reduction targets under the Kyoto Protocol. The mechanism is aimed

at supporting developing country achieve sustainable development and contribute to global greenhouse gas (GHG) emission reductions, while giving Annex I countries some flexibility in how they meet their emission reduction targets in a cost-effective way.

The projects must go through a rigorous and transparent international registration and issuance process designed to ensure real, measurable and verifiable emission reductions that are additional to what would have occurred without the project. The mechanism is overseen by the CDM Executive Board (EB), answerable ultimately to the Conference of Parties of the Kyoto Protocol. In order to be considered for registration, a project must first be approved by the Designated National Authorities (DNA) of the countries involved.

Information on general and specific rules and procedures to be followed in order to obtain international registration by the Executive Board of the CDM (EB CDM) for CDM projects, monitoring of achieved reductions of carbon emissions and issuance of certified emission reductions (CER) can be found on the website of the United Nations Framework Convention for Climate Change¹.

1.4 Key Issues Regarding CDM DNA Establishment and Operationalisation

A Designated National Authority (DNA) is the body granted responsibility by a Host Party to authorise and approve participation in CDM projects. Establishment of a DNA is one of the preconditions for participation by a Host Party in the CDM. The main task of the DNA is to assess potential CDM projects to determine whether they will assist the host country in achieving its sustainable development goals. If the DNA considers that a proposed CDM project meets the country's sustainable development criteria, it will issue a Letter of Approval (LoA) to project participants in CDM projects. This LoA must contain the information requested by the UNFCCC. The LoA is then submitted to CDM Executive Board to support the registration of the project.

To participate as a host country in the CDM under the Kyoto Protocol, a host country needs to meet the following conditions:

1. Having ratified the Kyoto Protocol
2. Having designated a CDM DNA
3. Having inform the CDM Executive Board about the designation of the DNA
4. The DNA can issue a non-conditional Letter of Approval (LoA) for each proposed CDM project approved by the host country, certifying that:
 - The country has ratified the Kyoto Protocol,
 - The said project is entered into voluntarily by the project proponent, and that
 - The project contributes to the sustainable development of the host country.

Generally, a host country establishes the DNA through the following steps:

- Define mission, objectives and structure of the DNA, including the DNA's roles and responsibilities

¹ www.unfccc.int or <http://cdm.unfccc.int/index.html>

- Obtain official status (for example, through legislature, presidential or ministerial decision/decreed)
- Establish the national rules and procedures regarding DNA decision making and policies regarding CDM project implementation and CERs ownership and trading. For example, who make the decisions and how the decisions about project approval are made.
- Establish the national sustainable development criteria for CDM project approval.
- Establish national CDM strategy, specific related taxation, subsidy, tariff, as well as foreign exchange regulations on the implementation of CDM projects and transaction of CERs.
- Facilitating CDM capacity building and awareness raising in the country;
- CDM investment promotion, facilitating CDM investment in the country and support the marketing and implementation of CDM projects.

It is clear expectation that the DNA will act as the focal point for the CDM project approval process. The specific activities that the DNA undertakes often differ from country to country, but in general DNAs are likely to function as “one stop shops” for project developers and others interested in developing CDM projects within a Host Country. The core functions of DNA are: (i) issuing Host Country Letters of Approval; (ii) authorizing private and public entities to participate in the CDM.

DNAs could also assume the role of; (iii) ensuring all stakeholders have a clear point of contact that is familiar with national policies and procedures relating to the CDM; (iv) developing rules and procedures for approval of CDM projects, including national sustainable development criteria or principles; and (v) reporting on national CDM programmes and providing recommendations on changes or additions that should be made to CDM procedures.

2. The Context - Samoa as a Potential Host Country for CDM Projects

As a small island developing state, Samoa is particularly vulnerable to the impacts of climate change. By ratifying the UNFCCC and Kyoto Protocol, Samoa was able to engage more directly in international cooperation aimed at climate change mitigation and adaptation. Some of the provisions of the Kyoto Protocol include promoting sustainable forms of agriculture, exploring alternative forms of energy and reducing GHG emissions. Samoa is obliged under these agreements to fulfil certain national (including reform of local environment legislation and adaptation measures) and international responsibilities relating to climate change mitigation and adaptation.

At the local level, efforts to develop national climate policies began with the approval of the NEMS in 1994: 'Responding to Climate Change' was amongst the twelve recommended policies contained in the document. Since then, various projects and activities have been initiated, including preparation and submission of the First National Communication Report, implementation of the Capacity Building for the Development of Adaptation Measures pilot project, and the preparation and submission of the National Adaptation Programmes of Action (NAPA) and the Second National Communication Report. To improve public awareness about climate change mitigation and adaptation, the Ministry of Natural Resources and Environment (MNRE) has carried out various programmes, including seminars, workshops, community consultations, and campaigns on the annual national climate change awareness days. In recent years, there has been growing public awareness about the impacts of climate change in communities, particularly in relation to coastal erosion and sea level rise.

In the national communications, the following sectors have been identified as priority sectors strategic to GHG emission reduction in Samoa:

- **Power Generation through Renewable Resources:** Samoa is endowed with good renewable energy sources, such as hydro, solar, biomass, wind, and coconut bio-fuel. These resources offer considerable potential to provide Samoa with energy supply from diverse sources and reduce its dependence on imported fossil fuels.
- **Energy Efficiency and Conservation in transport, lighting, buildings, industries and supply side energy efficiency:** energy efficiency is an area where Samoa can achieve immediate, low-cost emissions reductions.
- **Biofuel Usage in Transport:** Samoa is dependent on imported petroleum fuels for all its transportation needs. The Government of Samoa, under National Energy Policy, has set the target to promote and encourage research, development and sustainable use of biofuels in the country's transport sector.

3. CDM in Samoa

National concerns over climate change as result of greenhouse gas (GHG) emissions into the atmosphere were first raised in the 1991 Rio Assessment Report; the 1993 State of the Environment Report; and the NEMS. Samoa is a party to the United Nations Framework Convention on Climate Change (UNFCCC) (ratified in 1994) and the Kyoto Protocol (ratified in 2002) and submitted its first National Communication Report in 1999. Other references to climate change mitigation included the Strategy for the Development of Samoa (SDS) 2000-2001, 2002-2004 and 2005-2007; the 2002 World Summit on Sustainable Development Assessment Report; and the 2003 Barbados Programme of Action Assessment Report; and Second National Communications Report in 2010.

The MNRE has primary responsibility for implementing Samoa's climate change mitigation activities. As well as taking the lead on policy development, the MNRE plays a direct role in managing emissions and removals from forestry, land use, industrial product use and waste management.

Within the energy sector, which accounts for about half of Samoa's total GHG emissions, the key government agencies are the Energy Division within the Ministry of Finance and the Electric Power Corporation (EPC). The Energy Division is responsible for development and implementation of energy policy, which includes a strong focus on renewable energy and energy efficiency. The EPC is responsible for generating and supplying electricity to the nation. As a government-owned corporation, the EPC has a strong focus on lowering GHG emissions.

Other key government agencies include the Ministry of Agriculture and Forestry (MAF), which is responsible for developing Samoa's farming sector, the Ministry of Health (MoH), which is responsible for incinerating medical waste, and the Samoa Water Authority (SWA), which is responsible for managing and disposing wastewater. The Forestry Division within MNRE also plays an important role in enhancing forest carbon sinks as well as projects under Land use, land-use change and forestry (LULUCF).

Samoa is a non-Annex I country under the UNFCCC. The country has ratified the Kyoto Protocol in 2001. The Government of Samoa has appointed a Designated National Authority (DNA) in 2010 to fulfil its obligations under the Kyoto Protocol, thereby supporting the implementation of CDM projects in Samoa that will lead to the reduction of greenhouse gases regulated by the Kyoto Protocol. The DNA has been established in the Ministry of Finance (MoF). The CEO of the Ministry of Finance has been appointed by the as the DNA of Samoa.

Since the establishment of DNA in 2010 and subsequent development of DNA operational guidelines which includes the CDM project approval procedure and criteria, it is important to note that there have been no registered CDM projects from Samoa. Even though, there have been some activities related to CDM project identification and development (for small hydro and biogas projects), these initiatives were not successful due to some key barriers and issues.

However, the key issues as per the stakeholders are more related to but mainly due to lack of supporting technical, financial and regulatory framework which includes: limited awareness and lack of human capacity; high economic and political risks; size and composition of national economy and domestic market, financial and technical barriers, potential risks of project failure; availability of data and transaction costs rather than the weaknesses in the existing DNA setup, CDM project approval procedure or the approval criteria. Some of the issues include:

Similar concerns were highlighted by the stakeholders during the consultation process wherein the majority of the recommendations and choices made were to deal with the key barriers as mentioned above. The stakeholders during the consultation process came up with the policy issues and potential areas for intervention (as discussed in sections 8 & 9 of this report) which they think are most relevant and are the possible solutions in context of Samoa to support development of CDM projects.

4. Current DNA Structure and Set-up

4.1 Designated National Authority (DNA)

The office of Designated Operational Authority (DNA) for approval of CDM projects is integrated under the Energy unit of the Economic Policy and Planning Division of the Ministry of Finance which is responsible for development of policies and plans for Samoa's development needs, national development goals and the strategies including Economic Strategy or Strategy for the Development of Samoa. The CEO for the ministry undertakes the role of DNA for the host country. The DNA is supported by the DNA Board, an interdisciplinary body made up of CEOs from several related government ministries and a private sector representative.

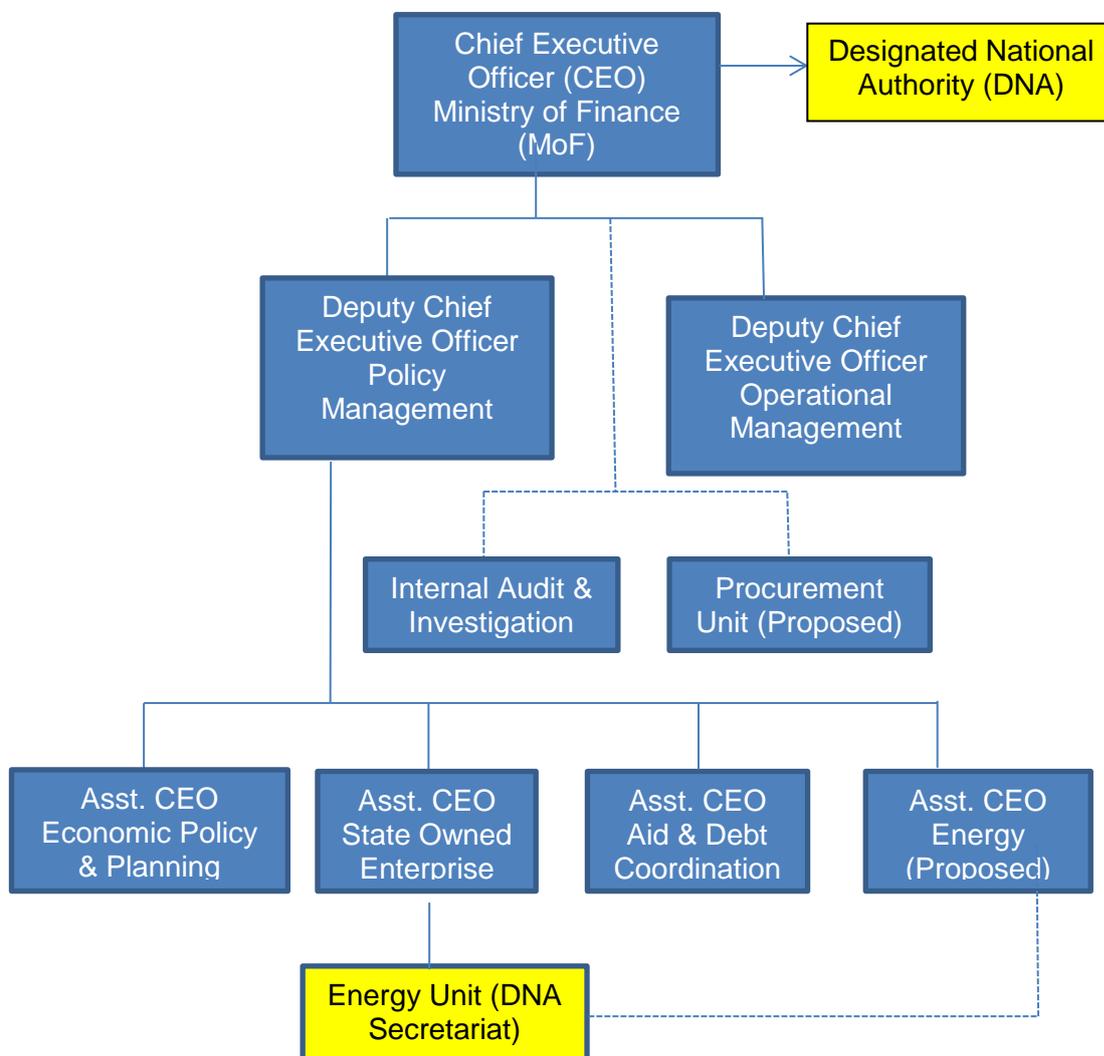


Figure 1: Organizational Structure of the Ministry of Finance and DNA

The Chief Executive Officer (CEO) under the Ministry of Finance (MoF), who is also the DNA for Samoa, heads the various divisions and departments under the ministry and has the overall responsibility of the ministry. Two Deputy Chief Executive Officers (DCEO), support the CEO on policy and operational management aspects of the ministry. A separate department for internal audit and investigation also operates under the CEO. There is a proposal to establish a new department for procurement activities. Four Assistant Chief Executive Officers (ACEOs), on Economic Policy and Planning (EPPD), State Owned Enterprise, Aid and Debt Coordination, and Energy (proposed), report back to the DCEO (Policy Management). The Energy Unit which also acts as the DNA Secretariat is established under the responsibility of ACEO (EPPD).

The Energy Unit is also the DNA Secretariat and has a primary function to perform all administrative tasks surrounding the DNA, from reception of requests for LoA/LoN and presentation of the matter to the DNA Board and posting the final answer to the CDM project proponents. The Energy Unit is also responsible for coordinating climate change programmes and projects in Samoa in association with other ministries and departments. The CEO of MoF has overall responsibility for the unit.

4.2 The DNA Board

According to the authorization by the cabinet, the DNA Board is provided with the authority to give binding recommendations to the DNA to issue LoAs and LoNs upon request from project developers. The DNA Board is envisaged to meet regularly or on a case by case schedule, depending on the amounts of requests received by the DNA Secretariat.

The members of the DNA Board are:

- The CEO of the Ministry of Finance (MoF) (who is also the CDM DNA)
- The CEO of the Ministry of Natural Resources and Environment (MNRE)
- The CEO of the Electric Power Corporation (EPC)
- The CEO of the Scientific Research Organisation of Samoa (SROS).
- A private sector representative

In case a request for a LoA/LoN is not supported by all members, the Board reaches a decision based on simple majority by the attending members.

5. Existing CDM Project Approval Procedures

5.1 Letter of No Objection (LoN)

The Letter of No Objection (LoN) is a statement by the DNA that the proposed CDM project is expected to receive a Letter of Approval once the Project Design Document (PDD) for the proposed CDM project has been developed by the project proponent and the PDD has been validated by a CDM Designated Operational Entity (DOE).

The LoN is a non-binding statement that does not serve any operational purpose in the UNFCCC CDM registration procedures. However, the LoN can be a very helpful document when it comes to attracting an international buyer of the CERs, which is the main purpose of implementing the project as a CDM project, or attracting investment to a potential CDM project,

5.2 Letter of Approval (LoA)

The Letter of Approval is the host country approval of a CDM project, which is a condition for a project to be accepted for registration as a CDM project with the CDM Executive Board. The LoA has to be attached to the PDD when the DOE submits a request for registration of the CDM project to the EB CDM. The LoA shall fulfil the requirements of the Kyoto Protocol and the rules and modalities of the CDM as they are adopted by the Conference of Parties to the Kyoto Protocol.

5.3 Host Country Letter of No Objection (LoN) and Letter of Approval (LoA) Process

Figure 2 shows the existing CDM project approval process in Samoa. The approach process starts when the Project Proponent needs to submit the request for LoA/LoN to the DNA Secretariat using the required format and including the required attachment. After receiving the request, the DNA Secretariat sends a letter to MNRE requesting a statement from the MNRE on whether the proposed CDM project is contributing to the sustainable development of Samoa. A similar letter is sent to MoF requesting a statement on the project's social and economic sustainability. This step is required before the DNA Secretariat drafts its recommendation for a decision by the DNA Board.

The MNRE and MoF each issue a statement on the proposed project's sustainability performance and send the statements to the DNA Secretariat, which will include the statements in the document package sent to members of the DNA Board. The DNA Secretariat sends a notice of meeting with attachments including the request for a LoA/LoN, the 2 sustainability statements from MNRE and MoF as well as other documents to all members of the DNA Board, including a proposal for a recommendation by the DNA Board for issuing or not of the LoA/LoN.

The members of the Board are expected to make an internal hearing in their respective organizations on the draft recommendation as a preparation for participating in the DNA Board meeting. The organizations are expected to deal with the proposal in due time before the DNA Board meeting.

The DNA Board meeting is held and the decision for a recommendation is logged in the Protocol of the DNA Board and brought in to the DNA Secretariat for drafting of minutes of meeting to be posted to all Board members for signing before issuing a response to the request for LoA/LoN.

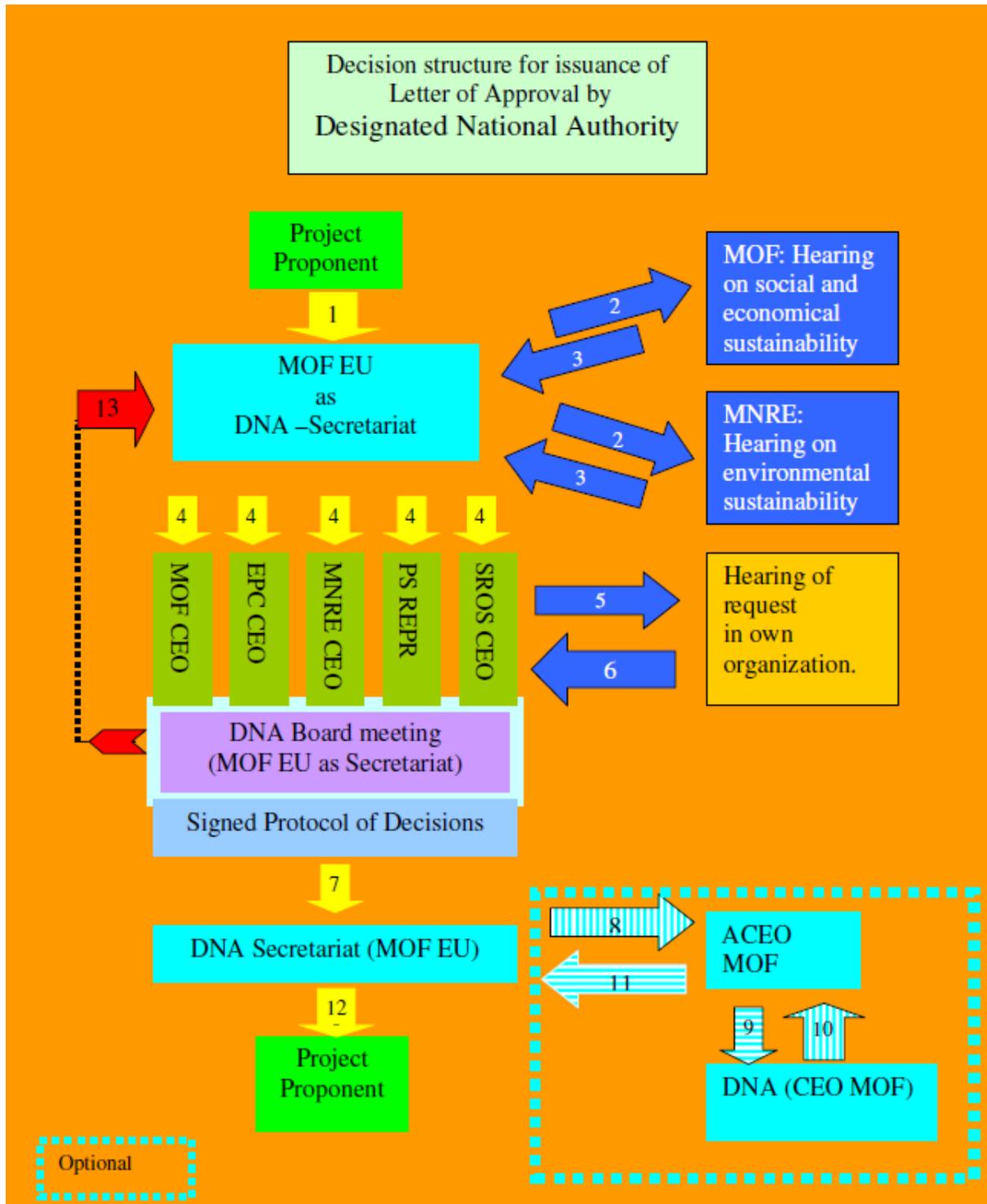


Figure 2: CDM Project Approval Procedures in Samoa

During the DNA Board meeting all relevant documents and information should be ready for signing by the DNA (who is chair of the DNA Board) of a LoA/LoN or a refusal to issue such letter. But if Samoan administrative requirements suggest internal presentation of all documents for signing and posting from the MoF then the appropriate procedures could be used. In this case the DNA Secretariat presents the letter via the ACEO to the DNA (MoF CEO) and receives the signed letter for posting via the ACEO again.

If in accordance with MoF's administrative procedures, the DNA may during or after the DNA Board meeting sign the LoA/LoN or refusal to issue such document in accordance with the binding recommendation stated by the DNA Board. The DNA Secretariat will then post the letter to the Project Proponent.

In case the DNA Board does not agree to the answer proposed by the DNA Secretariat, then the case will be rejected by the DNA Board and returned to the DNA Secretariat with a request for a new proposed answer following directions given by the DNA Board or with instructions to gather further information as basis for the proposed answer.

6. Current CDM Project Approval Criteria

The purpose of setting up a DNA in Samoa is to facilitate the participation of Samoa in the Clean Development Mechanism thereby attracting international financing for projects which reduce emissions of greenhouse gases from Samoa, thereby contributing to the sustainable development of the country. All projects that lead to the reduction of emissions of greenhouse gases and contribute to sustainable development will benefit from the establishment of the DNA, but projects within the energy sector are the focus area of opportunities aiming at obtaining the targets of the “Samoa National Energy Policy 2007”. Other strategic priorities of Samoa are connected with the expenses for import of fuels for transport and power production. This priority may be supported by CDM projects substituting such import either in the energy production or through energy savings.

As the eligibility criterion are the most important parameter for the decision on issuing a LoA it is important that they are clearly stated and that they are easily accessed by project proponents considering making use of CDM in the financing of their project.

The eligibility criterions are as follows:

Each CDM project will be reviewed by the DNA against its compliance with national sustainable development goals and objectives. In particular, each proposed CDM project should:

- deliver a net contribution to economic development (including the transfer of more efficient and environmentally friendly technologies, improved employment, decreased dependence on energy imports, positive financial flows), or at least not result in net economic loss;
- provide a net environmental benefit to Samoa or the local community in which it is located (reduced GHG emissions, air quality, waste reductions), or at least not result in a net adverse environmental impact;
- contribute to an improvement in social conditions (poverty alleviation, more equitable distribution of benefits), or at least not result in a net adverse impact.

For each of the three sustainability categories, the following parameters will be evaluated:

Category	Sub-category	Parameter
Economic Sustainability	National Income Generation	Growth in nation income CER revenue
	Economic Externalities	Technology transfer Import substitution
Environmental Sustainability	Green House Effect	GHG reduction
	Non GHG Effect	Non GHG air pollution
	Waste Generation	Waste generation rate

	Ecosystem Effect	Forest cover, soil erosion, biodiversity
Social Sustainability	Poverty Alleviation	Reduction of number of poor households
	Quality of Life	People income Improvement of living conditions

Table 1: Sustainable Development Criteria for Samoa CDM Project Approval

7. CDM Related Policy Framework

Although Samoa has no legislation dealing specifically with climate change mitigation or CDM, there is a strong policy framework in place, which is briefly outlined below.

Strategy for the Development of Samoa 2008-2012: The Strategy for the Development of Samoa (SDS) is Samoa's main planning document, outlining a five-year programme for national development. The latest update of the strategy covers the period 2008-2012 and includes a number of activities that are relevant to climate change mitigation. This includes a commitment to "make significant greenhouse gas reductions", "to be achieved through renewable energy use, energy efficiencies, sustainable transport and public awareness of the importance of greenhouse gas abatement".

National Climate Change Policy: Cabinet approved the National Climate Change Policy in early 2008, providing a national framework to mitigate the effects of climate change and adapt to its impacts in an effective and sustainable manner. With respect to mitigation, the policy includes a general commitment to promote mitigation in all sectors. Other highlighted mitigation strategies include Samoa becoming involved in carbon trading and clean development mechanism projects, promoting energy efficiency and renewable energy and providing financial incentives for mitigation.

National Strategy for Greenhouse Gas Abatement: The overall objective of the National Greenhouse Gas Abatement Strategy is "to mitigate the impact of climate change through GHG abatement; supporting global action to reduce GHG emissions [and strengthen] the national economy by the efficient operation of the relevant sectors producing GHG."

The strategy is divided in eight key areas: the land transport sector, the electricity sector, buildings, deforestation and forest degradation, aviation and maritime transport, biofuels, renewable energy and regulations. Further details of some of the specific activities proposed in the strategy are provided below.

National Energy Policy: The National Energy Policy was adopted by Cabinet in June 2007, with the overarching vision to enhance the quality of life for all through access to reliable, affordable and environmentally sound energy services and supply.

This vision is to be pursued through two goals:

- increasing the share of mass production from renewable sources to 20% by year 2030
- increasing contribution of renewable energy for energy supply by 20% by year 2030.

The policy includes a number of strategies that are of particular relevance to mitigation:

- developing indigenous energy resources
- developing renewable energy resources and technologies
- improving the efficiency of electricity production, transmission and distribution

- improving demand-side management
- promoting efficient transport options.

Policies and laws relating to forests

Samoa's forests are governed by the Forest Act (1967) and Forest Regulations (1969), which focus on managing forests for commercial logging interests. In early 2007, however, Cabinet passed a motion banning all commercial logging operations in Samoa. This decision will be given legal effect by the Forest Resource Management Bill.

The recent shift away from commercial logging to forest conservation has prompted a review of the national forest policy. Cabinet is currently considering a revised policy draft titled. Forestry for Sustainable Development., a key focus of which is pursuing carbon trading opportunities as a means of encouraging greater forest conservation and contributing to climate change mitigation.

Other national policies

There are a range of other national policies that are relevant to Samoa's mitigation efforts, and these include the National Land Use Policy, the National Policy on the Conservation of Biological Diversity, National Waste Policy, the Protection of the Ozone Layer Regulations and a range of policies and plans that are in place in other sectors, including water and agriculture.

8. Potential Options for Accelerating CDM Project Development in Least Developed Countries (LDC's) including Samoa

The United Nations (UN) General Assembly established the category of least developed countries (LDCs) in 1971 to bring attention to the world's most disadvantaged countries. The countries that were classified as an LDC had low incomes, limited human capital, high economic vulnerabilities, and low national populations. The UNFCCC has long recognised the needs of LDCs to address climate change. The limited capacity and resilience to respond to climate change impacts and adapt to its adverse effects is not only illustrated in numerous COP decisions but in climate change funding mechanisms (such as Least Developed Countries Fund, National Adaptation Programme of Action etc.). Though the number of the global total CDM projects has grown rapidly, LDCs make up approximately 1% of the total number of projects. The data on LDCs is even less encouraging in Asia-Pacific. The lack of CDM projects in LDCs is mainly attributed to two main barriers CDM's institutional design and investment conditions in LDCs.

According to assessments and case studies conducted by the Institute for Global Environmental Strategies (IGES) and World Bank, the key barriers to CDM in LDCs include the institutional rules under the UNFCCC and CDM EB (resulting in higher transaction costs, longer time taken from project registration to credit generation, low quality and quantity of baseline and monitoring data etc.) and investment in LDC's conditions (smaller projects with low CER volumes, fewer incentives for investors to finance projects, high initial finance and maintenance costs, limited administrative capacity and political and economic risk).

The table 2 below summarises the barriers and opportunities on CDM project development in LDCs:

	Barriers observed in the literature	Barriers observed in the case study and interviews	Opportunities
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Institutional rules of CDM	<p>Data</p> <ul style="list-style-type: none"> ✓ Typical absence of sufficient required data and low data reliability ➢ Related to current limit of human and financial capacity to deal with stricter MRV processes <p>Uniform rule</p> <ul style="list-style-type: none"> ✓ Limited project developments regardless of guideline for simplifying demonstration of additionality ➢ Related to current limit of human and financial capacity to deal with stricter MRV processes <p>Transaction cost</p> <ul style="list-style-type: none"> ✓ Typical longer time process for winning CERs for smaller scale project ✓ Cause of rejection or no-issue ➢ Related to current limited data availability for faster completion of MRV processes 	<p>Data</p> <ul style="list-style-type: none"> ➢ Related to current limit of human and financial capacity to deal with stricter MRV processes <p>Uniform rule</p> <ul style="list-style-type: none"> ✓ Time-lag for gaining from the special treatment by guideline for demonstration of additionality ➢ Related to partial cause of higher transaction cost <p>Transaction cost</p> <ul style="list-style-type: none"> ✓ Difficulty in cost recovery due to higher transaction cost for dominant small- and micro-scale projects ➢ Related to hurdles due to uniform rule <p>Others</p> <ul style="list-style-type: none"> ✓ Fear for uncertain future of CDM under Kyoto Protocol ➢ Related to stuck in small-size project 	<ul style="list-style-type: none"> → Promote CDM PoA → Bring similar projects under the same rule with less transaction cost and wider dissemination of both technology, benefits and experiences among various project participants → Creation of standardised baseline for key project and introducing fast track approval → Remove typical major formidable barrier in LDCs such as data requirement and shortage of capacity to deal with stricter MRV processes
Investment condition in LDCs	<p>Project size</p> <ul style="list-style-type: none"> ✓ Disincentive for project investor and getting external financial support due to limited potential and poor credit rating ➢ Related to boosting initial project cost under uniform rule treatment <p>Initial cost</p> <ul style="list-style-type: none"> ✓ Typical longer time process for winning CERs for smaller scale project ✓ Limited financial support for up-front cost payment ➢ Related to data availability (MRV) <p>Limited capacity</p> <ul style="list-style-type: none"> ➢ Related to current limited data availability for faster completion of MRV processes ➢ Disincentive for project investor due to poor credit rating 	<p>Project size</p> <ul style="list-style-type: none"> ✓ Disincentive for project investor and difficulty in getting external financial support due to limited potential and poor credit rating ➢ Related to current limit of human and financial capacity to deal with stricter MRV processes <p>Initial cost</p> <ul style="list-style-type: none"> ✓ Upfront and maintenance cost for handling new and/or advanced technologies ✓ Burden for household expenses ➢ Related to current limit of governmental financial capacity to secure sufficient project budget <p>Limited capacity</p> <ul style="list-style-type: none"> ✓ Lack of technical expertise and knowledge to produce and manage new facility ✓ Weak and temporary establishment of DNA and unsatisfied basic needs for members ➢ Related to availability of initial and long-term financial access <p>Others</p> <ul style="list-style-type: none"> ✓ Risk of project deadlock due to national political instability 	<ul style="list-style-type: none"> ✓ Harnessing project benefits on the ground ✓ Maximising cost-effectiveness of small scale project ✓ Leveraging previous experience ✓ Finding successful cases → Setting national CDM strategic development plan → Set national target on promotion of CDM and other GHG emission mitigation opportunities → Correspond timely to international decisions → Harmonise with international financial assistances for wider project dissemination → Sharing experience via DNA Forum → Actively share and learn each other on good practice, technical and methodological learning

Table 2: Barriers and Opportunities on CDM project Development in LDCs (IGES, 2011)

A study was commissioned by the Regional Energy Advisory Platform (East Africa) of GTZ to support the efforts of energy-related CDM project developers and to assist the National Authorities and policymakers in putting in place the appropriate legal, institutional and operational framework for the formulation, approval, promotion, and monitoring of CDM projects, to the end of making the CDM a successful tool for sustainable development of the energy sector.

The major constraints identified during the study were inadequate financial and human resources including availability of professional technical and financial services. It was observed that the level of general awareness, specific information and detailed knowledge about opportunities, requirements and risks of the CDM among key stakeholders that were consulted remains generally low, both in public and in private sector.

The stakeholders identified a number of obstacles, namely: low awareness and lacking information, inadequate technical capacities to develop CDM projects, low availability of financial services, insufficient institutional capacity as well as unspecific and unfavourable policy frameworks. The obstacles identified and recommendations from the study is summarised in Table 3 below.

Obstacle	Recommendation
Low level of awareness and information about the CDM	Conduct sustained awareness campaigns in order to sensitize stakeholders from public and private sector on
Insufficient technical capacity to develop projects	Build the technical capacity of project developers, including project owners, complementary technical and financial service providers as well as to a certain minimum level key actors
Low availability of financial services for CDM project	Provide direct support to start-up projects and sensitize financial service sector
Fragmented and unspecific legislative frameworks	Streamline climate change in general and the CDM in particular into the policy framework, including sectoral regulations relevant to different types of CDM projects.

Table 3: Identified Obstacles and Recommendations from GTZ Study (GTZ 2007)

9. Identification of Policy Issues and Potential areas for Interventions

9.1 Stakeholder Consultation

The stakeholder consultation was carried out in two stages. The list of stakeholders consulted is provided in Annex 2. The first round of consultations was held during August 2012 as part of the national CDM capacity building workshop for identifying the policy issues and areas for potential policy intervention. The consultations also included interactive discussions in order to check the awareness of stakeholders on the DNA in Samoa and associated policy framework. The key discussion points on DNA included:

- Establishment of Samoa DNA
- DNA Organization Structure
- Roles and Responsibilities of DNA in Samoa
- Letter of No objection (LoN)
- Letter of Approval(LoA)
- Steps involved in issuance of LoN
- Steps involved in issuance of LoA
- Samoa Sustainable Development Criteria for CDM project approval
- Key acts /laws/policies effecting CDM Projects in Samoa.
- Role of donor agencies in CDM/voluntary carbon market project development in Samoa
- Sectors with maximum potential for development of CDM Projects in Samoa
- Potential Project implementation barriers in Samoa

The stakeholder consultation was followed up with a questionnaire survey among the stakeholders which included questions on the stakeholder's opinions and recommendations on existing institutional setup for DNA; policy instruments and/or legislation addressing CDM and climate change mitigation and issues and barriers at the CDM project development level. The survey questionnaire template is included in Annex 1 of this report.

In addition, the recommendations and feedback obtained during the stakeholder consultations for Second National Communication to the UNFCCC by the Ministry of Natural Resources and Environment (MNRE) were also taken into consideration whilst identifying the policy issues and potential areas for intervention.

9.2 Identified Policy Issues and potential areas for Intervention

Based on the stakeholder consultations as discussed in the previous section, the following policy issues and potential areas for intervention were identified:

- Lack of awareness on CDM and associated international framework among the stakeholders – Even towards the end of the first commitment period most stakeholders in Samoa feel that they are not aware of CDM and its potential –

capacity building and awareness raising for stakeholders including decision makers and project developers are needed.

- Lack of CDM technical expertise and resources within the host country - Different views and opinions from stakeholders, including business and private sector regarding energy/electricity emissions reductions; lack of valid information/ data on the resource assessments, feasibility studies, financial analysis for potential projects under RE,EE, waste sector etc. to be readily available to develop CDM projects.
- DNA approval process, especially the composition of the DNA board which has been provided with the authority to issue binding recommendations to the DNA to issue LoAs and LoNs upon request from project developers, is recommended to be reviewed and revised.
- The project approval criteria (Sustainable Development Criteria) published in the DNA manual is not comprehensive and needs to be revised.
- Gaps in policies and procedures regarding CDM as well as renewable energy projects in general; In the Foreign Investment Act/Policy – for example, Potential provision for fiscal and financial incentives to renewable energy and energy efficiency equipment needs to be included; The office of the Regulator (Office of Electricity Regulator is the same as the Office of the Regulator) is not part of the CDM process – however there may be some difficulties on setting a price for electricity, as per the Electricity Act 2010.
- Lack of appropriate policies and regulations – Need for appropriate CDM and climate change mitigation policies and relevant regulatory frameworks (Some of the policies are not yet effective or not yet developed)
- Lack of coordination and communication between the relevant line ministries and departments including private sector. Lack of coordination and liaison between DNA and stakeholders (relevant government ministries and departments, NGO's and private entities) regarding identifying and development of CDM Projects.
- Limited access to finance for private project developers - loans are very difficult to obtain, high interest rates, minimal support from the government
- Land issues – It is complicated, difficult, and time consuming to acquire land use right and tenure
- Lack confidence among private investors in the electricity market – it is necessary for the government set up a risk abatement system
- Lack of resources to effectively study the feasibility of different potential projects; Samoa needs financial and technical support to conduct detailed studies to fully understand the feasibility of different renewable energy options, including detailed studies for specific hydro-electricity projects.
- Lack of technical and regulatory support to review opportunities to use the tax and fiscal mechanisms to encourage greater up-take of renewable energy, energy efficiency, waste and transport sector projects.

10. Potential Policy Recommendations

10.1 Stakeholder Consultation

The second round of stakeholder consultation meetings were held during November 2012 to further discuss the policy issues and potential areas for interventions identified earlier and to identify possible solutions and select the solution most relevant to the country context by the stakeholders. The consultations included a group stakeholder consultation meeting as well as further one-on-one consultations with key stakeholders.

10.2 Recommendations based on stakeholders choices

The DNA board under the current institutional structure of the DNA is recommended to be revamped wherein the National Energy Coordination Committee (NECC) would replace the existing DNA board members. This is envisaged to bring in additional technical expertise on-board as well as making the process more transparent. NECC's primary role to provide oversight on the implementation of the Samoa Energy Sector Plan (SESP), and ensure effective coordination of national activities and that energy is mainstreamed and aligned to the Strategy for the Development of Samoa (SDS) 20012-2016. NECC operates as an energy working group providing a clearing-house for future energy and energy related initiatives to ensure these are consistent with the SESP. The NECC will also facilitate technical input and advice should this be necessary to support robust energy sector investments.

Water to energy sector projects come under purview of NECC. LULUCF projects are currently planned to be developed under REDD+.

- The current sustainable development assessment criteria in the CDM approval process is recommended to be reviewed to make it more exhaustive and comprehensive in order to align the approval criteria with the country's plans & priorities.
- It is envisaged that most of the potential CDM projects would be in the energy, waste, and transport sectors, it is recommended to build capacities and raise awareness on the identification and development of projects in these sectors among the government and private sector stakeholders.
- To address the issue of insufficient availability of data and information in order to identify the most feasible and viable projects, it is suggested to identify the relevant stakeholders and support them to conduct research and feasibility studies on potential CDM projects in relevant sectors.

- It is recommended to develop new policy and regulatory framework which supports and encourages the local investors as well as foreign direct investments. It is also suggested to review the relevant existing policies and acts in order to revise them and make them more conducive for the uptake and development of CDM projects.
- The stakeholders suggested that Samoan CDM DNA needs to Act as a “one-stop shop” for CDM project implementation in the country by being the focal point of contact for national CDM policies and procedures, including facilitating the development of a portfolio of CDM projects and promoting investment.
- The establishment of a task force within the DNA secretariat has been recommended for better coordination and liaison between the stakeholder ministries and departments as well as the private sector. It is also envisaged that the task force could act as an independent body and provide support in the development/revision of appropriate policies and acts to accelerate CDM project development.
- Integrate climate change mitigation activities and associated benefits in national development policy in particular to integrate into the MDGs on environment and sustainable development, poverty eradication and alleviation, social justice and health betterment.
- The scientific training and technical institutions offering courses on CDM and climate change mitigation (such as, Scientific Research Organisation of Samoa and National University of Samoa) need additional technical expertise in CDM and climate change mitigation and related fields. This will enable them to provide better training and improve the research capabilities for Samoa to participate in the international carbon market mechanisms.
- It is recommended to accelerate investment in energy efficiency through providing technical and financial support to conduct a detailed, bottom-up assessment of energy efficiency opportunities in all sectors of the country; Regulatory capacity building support to develop appropriate and effective policies and regulations to promote energy efficiency uptake. In addition, financial support to retrofit inefficient buildings and to upgrade to more efficient technologies, where opportunities exist.
- Expand renewable energy capacity through financial and technical support to conduct detailed studies to fully understand the feasibility of various renewable energy options, including detailed studies for specific hydro-electricity projects; financial support to install new commercial scale renewable energy facilities, particularly hydro-electricity; provide regular training and support to help maintain renewable energy systems, to ensure they are operating efficiently and for a long time into the future.
- Climate change information needs to be stored in a central database that the public can access via the web. Funding should be allocated to train staff to manage and

update these data. The government needs also to develop protocols about how data should be shared among stakeholders, to ensure that information is handled sensitively and in a way that does not compromise confidentiality or other legal agreements.

11. Conclusions

As a least developed country, Samoa's financial capacity to implement climate change mitigation measures is seriously constrained. Limited financial capacity is the most obvious and important barrier to Samoa's implementation of mitigation measures. Neither the government nor the private sector has the funding to invest in climate change activities. Consequently, Samoa has limited technological and human resource capabilities to implement the CDM and other international carbon market mechanism.

Pacific Island Countries (PICs) including Samoa have been initially slow in terms of CDM project development due to complex procedures, long project gestation time, limited institutional and stakeholder capacity etc. The CDM Executive Board (CDM EB) under the UNFCCC realised the asymmetries in participation wherein some countries such as Small Island Developing States (SIDS), including PICs and Least Developed Countries (LDCs), are not able to benefit fully from CDM and global carbon market activities due to smaller sectors and projects; low Certified Emission Reduction (CER) volume per activity and high transaction costs.

Over the past few years, negotiations over a successor agreement to the Kyoto Protocol have focused on increasing the number of projects in countries that have received limited flows of carbon finance from the CDM. At the 16th Conference of Parties (COP 16) to the United Nations Framework Convention on Climate Change (UNFCCC), parties agreed to establish a loan scheme to support the CDM in host countries with fewer than 10 registered projects. More recently, the European Union (EU), the world's biggest buyer of certified emission reductions (CERs) of CDM, has announced that after 2013 the only credits eligible for compliance for Phase III of its emission trading scheme (EU-ETS) from 2013 up to 2020 will be sourced from least developed countries (LDCs) as well as from third countries with concluded agreements. In a similarly motivated development, the World Bank has also unveiled plan to launch a new fund called the Carbon Initiative for Development (Ci-Dev) that aims to provide LDCs with financial and capacity-building opportunities for better access to CDM projects. In addition, the second commitment period for the Kyoto Protocol has been agreed upon by the parties in Doha recently during COP 18, which could assist countries like Samoa in increasing the presence of the CDM and not only help mitigate climate change's long-term global impacts, but bring private finance to Samoa's near-term development needs.

To overcome these barriers the secretariat came up with several simplified procedures and guidelines including the concept of CDM Programme of Activities (Programmatic CDM); simplified baseline and monitoring methodologies; micro-scale additionality guidelines; positive list of technologies for automatic additionality; standardised baselines etc.

Greater information flow between the stakeholders (relevant government ministries and departments, NGO's and private entities) is needed to promote opportunities for CDM investments in Samoa. The MoF is planning to take up the potential interventions and recommendations discussed in the report for further discussion with in the government and to establish a task force involving stakeholders from relevant agencies to come up with an action plan for implementation.

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The Clean Development Mechanism in Relation to Energy in East Africa: Status quo, Obstacles and Recommendations, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, 2007.

Annex 1 – Stakeholder survey questionnaire template

Institutional setup

1. What is its relationship of DNA with other relevant institutions? Is there any coordination mechanism with other relevant government bodies?
2. Is there any mechanism, within or outside the DNA, to identify and prioritize investment opportunities?
3. Is there any mechanism to promote the development of CDM projects? Any funding mechanisms to support initial project ideas or capacity building programmes?
4. Is there any other mechanism in place to support existing or potential future carbon market mechanisms?
5. Please describe any other noteworthy aspects of DNA institutional arrangements and procedures
6. What are in your view the strengths and weaknesses of the above described arrangements? What are the positive aspects of the current institutional setup and what improvements could be made?

Legislation

7. Has your country developed specific policy instruments and/or legislation addressing climate change mitigation? Can you provide detail
8. Has your country developed legislation specifically addressing the CDM, or does other sectoral legislation have an impact on the CDM projects' development, approval and implementation and more broadly on the development of and participation in carbon market mechanisms? Can you provide details? Some examples might include legislation on:
 - property rights (both in relation to assets on which CDM projects are based – e.g. land titles – and to the outputs of the projects – e.g. legal entitlement to CERs);
 - taxation (taxation of CER revenues, business activities, assets etc.) ;
 - foreign investments;
 - natural resources;
 - energy (e.g. renewable energy targets, other economic incentives in addition to CDM); environmental legislation (e.g. compulsory emission reduction targets), and
 - other types of permits e.g. industrial activities, etc.
9. What are in your view the strengths and weaknesses of existing legislation? How could it be strengthened? Is there a need to adopt new regulatory instruments?

Project level

10. What are in your view the obstacles behind the limited number or lack of CDM projects in your country? What are the possible solutions?
11. What are the sectors where (additional) CDM projects could be developed in the presence of a more conducive environment?
12. Have any specific legal issues arisen in the different phases of the development, approval, and implementation of CDM projects?
13. Are there any legal issues likely to arise in the future? If so, what interventions could help prevent and address such issues?

Annex 2– List of Stakeholders Consulted

NAME	MINISTRY/ORGANIZATION	EMAIL ADDRESS
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Annex 3– Samoa DNA Operational Manual

TA 4994 – SAM
Implementing the Samoa National
Energy Policy
(comp. 1&2)

DRAFT Final

Designated National Authority

OPERATION MANUAL

Including

- Terms of Reference for DNA Staff
- Design Paper for DNA

May 2009



Danish Energy Management

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Inclusions:

- 1. Terms of Reference for DNA Staff, Draft Final, May 2009**
- 2. Design Paper for DNA, Draft Final 2009**

Abbreviations

ACD	Aid Coordination Division
CDM	Clean Development Mechanism
CER	Certified Emissions Reduction
DNA	Designated National Authority
DOE	Designated Operational Entity
EB CDM	Executive Board of the CDM
EPPD	Economic Policy and Planning Division
KP	Kyoto Protocol
LOA	Letter of Approval
LON	Letter of No Objection
MNRE	Ministry of Natural Resources and Environment
MOF	Ministry of Finance
MOF CEO	Chief Executive Officer of the MOF
MOF EU	Energy Unit of EPPD of MOF
MOF	Ministry of Finance
PDD	Project Design Document
PIN	Project Idea Note
PM	Prime Minister of Samoa
PP	Project Proponent
SROS	Scientific Research Organization of Samoa (former RDIS)
UNFCCC	United Nations Framework Convention on Climate Change

FORWORD

The Government of Samoa [has appointed] a Designated National Authority (DNA) to fulfill its obligations under the Kyoto Protocol, thereby supporting the implementation of investment projects in Samoa that will lead to the reduction of green house gases regulated by the Kyoto Protocol.

The DNA is established in the Ministry of Finance with a DNA Board as overseeing body to issue binding recommendations for the DNA when answering requests from project proponents of potential Clean Development Mechanism projects for issuing of Letters of No Objection (LON) or Letter of Approval (LOA). A DNA Secretariat placed in the Ministry of Finance will support the DNA and the DNA Board in the administration.

This Operation Manual provides bodies involved in the administration of the DNA with the strategic framework, eligibility requirements and processes to be followed in the issuance of LONs and LOAs, templates and terms of reference for attached staff.

The Manual has been developed for use by the DNA, the DNA Board, the DNA Secretariat, and by CDM project proponents requesting a LON or a LOA.

The Manual is expected to be published on the web site of the MOF for easy access.

The Manual of the DNA has been endorsed by[...]. It is a living document expected to be updated over the life time of the DNA.

How to read this Operation Manual

This manual is divided into 5 sections:

Section A explains what a DNA is and why Samoa needs a DNA; and presents an overview of the DNA.

Section B explains the Samoan setup for the DNA and the Samoan decision structure including the supporting administrative DNA Secretariat and the DNA Board, which decides whether or not the DNA shall issue a LOA/LON. The tasks of each body and the flow of work between these bodies are also described. This is about the “mechanics” of the administrative procedures.

Section C. Given the administrative setup from Section B, this section explains the principles guiding the administration of the DNA including Samoan eligibility criteria for a CDM project to obtain a LON or LOA.

Section D. This section explains how the administrative setup from Section B evaluates requests for LOA/LON using the principles and eligibility criteria from Section C. The explanation is concrete and explains for each administrative unit the specific tasks that will lead to the issuing of LOAs or LONs. References are made to templates, where such templates are available. Section D also sets the requirements for the administration concerning keeping of records on decisions made.

Section E contains the templates to be used when executing the administrative steps mentioned in Section D.

Section A:

Background for the DNA

A1

Introduction

Samoa has decided to establish a Designated National Authority (DNA) to facilitate national participation in the Clean Development Mechanism (CDM) of the Kyoto Protocol (KP) mainly by issuing Letters of Approval (LOA) for CDM projects that comply with the established sustainability criteria of Samoa. The DNA will be established in the Ministry of Finance (MOF).

This manual intends to assist the implementing agencies and bodies as well as project owners of potential CDM projects or any other interested party or individuals in accessing all necessary information on administrative procedures, eligibility criteria, obligatory templates for requesting Letters of No Objection (LON) and Letters of Approval, both documents being the essential outputs from the DNA.

By establishing the DNA Samoa joins a community of more than 140 other DNAs established by parties to the KP in order to facilitate each country's participation in the Clean Development Mechanism, it be as buyer or as seller country.

The information given in this manual is targeted directly towards the procedures to be followed when administrating the Samoan DNA. Information on general and specific rules and procedures to be followed in order to obtain international registration (by the Executive Board of the CDM, EB CDM) of CDM projects, monitoring of achieved reductions of carbon emissions and issuance of certified emission reductions (CERs) can be found on the website of the United Nations Framework Convention for Climate Change¹.

The general scope for establishing CDM projects in Samoa is significant compared to the size of the population and the size of the energy sector. On the other side the total number and size of peach project is expected to be limited.

As will be explained in the following chapters the role of the DNA in the process of developing a CDM project is rather limited, and the development of procedures for the Samoan DNA has been aiming at keeping the overall administrative burden at an appropriate level.

Basically the role of the DNA is to decide whether or not Samoa wants to support a given project in achieving registration as a CDM project by issuing an LOA. The decision will be based on an evaluation of whether or not the project contributes to the sustainable development of Samoa, using Samoan standards for the perception of the term. A separate chapter of this manual is dedicated to these sustainability criteria.

¹ www.unfccc.int or <http://cdm.unfccc.int/index.html>

A2

Features of the DNA

Key Features of the DNA will include

- Fulfilling the role as the Samoan DNA under the Kyoto Protocol, thereby establishing a national point of contact and cooperation with the international community on matters of CDM projects, including the UN system for validation and registration of CDM projects and verification of emission reductions and issuance of Certified Emission Reductions (CERs)
- Issuance of LONs for potential Samoan CDM projects based on application following the standards in this manual in order to facilitate contact to potential buyers of carbon credits.
- Issuance of LOAs for Samoan CDM projects as a prerequisite for registration of the project by the EB CDM.
- To a limited extent the DNA will perform dissemination activities on CDM rules and procedures.
- The DNA is a government function fulfilled by the MOF CEO. The administrative work will be undertaken by the DNA Secretariat placed in the MOF EU, while the decision making process will take place in the DNA Board.

A3

Goal and purpose of the DNA

The goal of the DNA is to support and facilitate investments in clean energy facilities and energy savings that will lead to reductions in the emissions of the 6 green house gases regulated by the Kyoto Protocol, thereby mitigating climate change. In accordance with the aim of the KP, the goal of the DNA is also to support transfer to Samoa of cleaner energy technologies that would not be implemented in the absence of the financial contribution from the selling of CERs, carbon credits, from the CDM project.

Para 29 of the Marrakesh accord to the Kyoto Protocol states that a country wishing to participate in the Clean Development Mechanism shall establish a DNA to confirm that the country is a party to the Kyoto Protocol, that the project contributes to sustainable development of the country (for host countries as in the case of Samoa) and that the project is entered into voluntarily.

The purpose of the DNA is, therefore, for Samoa to comply with this requirement of the KP, establishing the necessary national link for CDM projects to be approved by the EB CDM by issuance of LOAs.

As a subordinated purpose the DNA will, upon request and provided that the project fulfills the relevant sustainability criteria, issue LONs, stating that the potential CDM project is expected to generate emission reductions that would not occur in the absence of the project and obtain

an LOA. The issuance of LON will contribute to the goal of the DNA by facilitating the project owners efforts to present the project to potential buyers of CERs at an early stage of project preparation.

A4

DNA overview

The following overview identifies the relationship between the functions and operations of the bodies and entities involved in the DNA as an integrated part of national and international efforts to reduce the emissions of green house gases.

(See flow chart overleaf)

Structure of a Designated National Authority for Samoa

Required: Letter of Authorization of the Designated National Authority issued by PM submitted to the CDM EB. Any limitations of authority to follow the decisions of the DNA Board are not to be included in this letter, but to be kept on the national level.

Required by the Kyoto Protocol

Required: CEO of the MOF as the person to be designated and authorized to sign Letters of Approval (LOAs) and Letters of No Objection [LON, not required by KP]

Required: Letter to CDM EB informing of designation of the DNA

Not Required by Kyoto Protocol

Optional: Division for Economic Policy and Planning (MOF-EU as DNA Secretariat)

Optional: Board on DNA

Required by the Kyoto Protocol

Required: Project Proponent requesting LON or LOA



The DNA involves a number of Samoan stakeholders: The MOF is hosting the DNA and the DNA Secretariat, and the DNA Board is composed of the CEOs from MOF, Ministry of Natural Resources and Environment (MNRE), Scientific Research Organization of Samoa (former RDIS, now SROS), Electric Power Corporation (EPC) and a representative of the private sector.

The DNA is targeted directly towards facilitation of CDM projects, but as an important side effect the establishment of the DNA and the subsequent participation by Samoa in international cooperation on the Clean Development Mechanism of the KP will establish an additional point of contact and for increased international interest for investments in Samoan energy sector both from donor side and from the side of carbon investors. The establishment of a Samoan DNA will also lead to increased participation of Samoa in international fora on global efforts to reduce carbon emissions.

Section B:

DNA management cycle

B 1 DNA Management Structure

The DNA will be required to oversee and implement a range of activities that will include both national and international administrative and policy items, national liaison with project hosts for CDM projects and the public interested in Samoan activities in relation to the utilization of Clean Development Mechanism.

The international set of rules and procedures for registration and implementation of CDM projects is comprehensive in terms of number of rules and in number of administrative bodies involved. The rules and procedures of the CDM are furthermore under constant development and only large and resourceful countries have the ability to follow this development and stay constantly updated on all relevant issues.

The role of the DNA is not to oversee that a proposed CDM project fulfills the requirements of the Kyoto Protocol. This is done in an international set up.

It is therefore not envisaged that the Samoan DNA will need to have the resources to establish and maintain a complete overview on all CDM topics that is of relevance to the registration and implementation of CDM projects.

According to the KP, the role of the DNA is solely to make sure that any project that is decided to receive an LOA issued by the DNA is contributing to the sustainable development of Samoa and that the project is entered into on a voluntary basis by the project proponent. The fact, also to be stated in the LOA that Samoa has ratified the KP, is not to be a matter of concern for the DNA Board.

Taking into account that the role of the DNA could be seen as a facilitator for attracting international financing of energy projects to Samoa, it will be important though, that the DNA has a well functioning set of rules in place to administer the issuing of LOAs and LONs. It is of equal importance that a national structure is set up to secure that the LOAs are only issued to CDM projects that comply with the Samoan requirement for sustainable development.

The requirements are then two fold:

- To issue LOAs and LONs without unnecessary delay, and
- To secure that all approved projects contribute to a sustainable development of Samoa

Both requirements may lead to unwanted delays in response to requests for LOA/LONs and the relevant stakeholders should be involved.

In order to balance a reasonably fast administrative response with the involvement of the relevant Samoan stakeholders the DNA is setup in the MOF EU and includes MOF, SROS, EPC and a private sector representative in the DNA Board.

This setup utilizes the existing structures in the GOS and avoids unnecessary bureaucratic barriers for issuing LOAs/LONs.

The organizational structure of the DNA will, once established, then include:

- The CEO of the MOF as Samoan DNA
- The Energy Unit of the Economic Policy and Planning Division of the MOF serving as secretariat for the DNA
- The DNA Board

These administrative levels are described below and a schematic presentation is included in the figure in Chapter A 4 above.

B1.1 The CEO of the Ministry of Finance as Designated National Authority

The CEO of the Ministry of Finance will be [“has been” in final version of this manual] appointed by the [Prime Minister. This still need final clarification from MOF] as the DNA of Samoa and a letter of authorization will be sent to inform the EB CDM. The letter will have to be sent through the usual diplomatic channels, i.e. through the Ministry of Foreign Affairs.

The DNA is the person authorized by Samoa to sign LOAs.

Once appointed, the CEO of MOF will be able to sign LOAs and LONs. Since the issuing of LONs is not obligatory, there is no requirement that these letters should be signed by the DNA, but given the fact that the functionality of the LON is to represent the opinion of the DNA on a specific project, a LON will have the desired effect only if signed by the DNA.

B1.2 The DNA Board

According to the authorization by the [PM of Samoa], the DNA Board is provided with the authority to issue binding recommendations to the DNA to issue LOAs and LONs upon request from project developers.

The DNA Board is envisaged to meet regularly or on a case by case schedule, depending on the amounts of requests received by the DNA Secretariat.

The MOF EU will host a secretariat for the DNA Board, preparing all necessary documents and undertaking necessary preparatory work, such as liaison with project proponents to obtain any clarification needed in order for the DNA Board to decide whether or not to recommend a LOA/LON to be issued by the DNA on the proposed CDM project.

The meetings of the DNA Board will follow a standard procedure including a standard agenda (template 7 in Section E), which will lead to the availability for the DNA Board of relevant documentation following templates also included in the manual.

The preparations of the meeting by the DNA Secretariat will include a draft proposal for the letter from the DNA to the project proponent, it be in the form of a draft LOA/LON or a reasoned refusal to issue the requested document.

The meetings will thus lead to clear cut recommendations by the DNA Board to be followed by the DNA Secretariat, when presenting for signing by the DNA the answer to the Project Proponent requesting a LOA/LON.

It is important that the final proposed wording is presented for the DNA Board as basis for its recommendation in order to avoid uncertainties on the mandate provide by the DNA Board to the DNA and to avoid any need for later clarification on that mandate.

The membership and functions of the DNA Board are described in Section B 2. The role of the MOF EU as secretariat for the DNA Board is outlined below in sub section B1.3.

B 1.3 DNA Secretariat in MOF EU

The DNA Secretariat is the body charged with the day-to-day management of the tasks of the DNA of Samoa. The DNA Secretariat is incorporated in the MOF EU of the EPPD of the MOF.

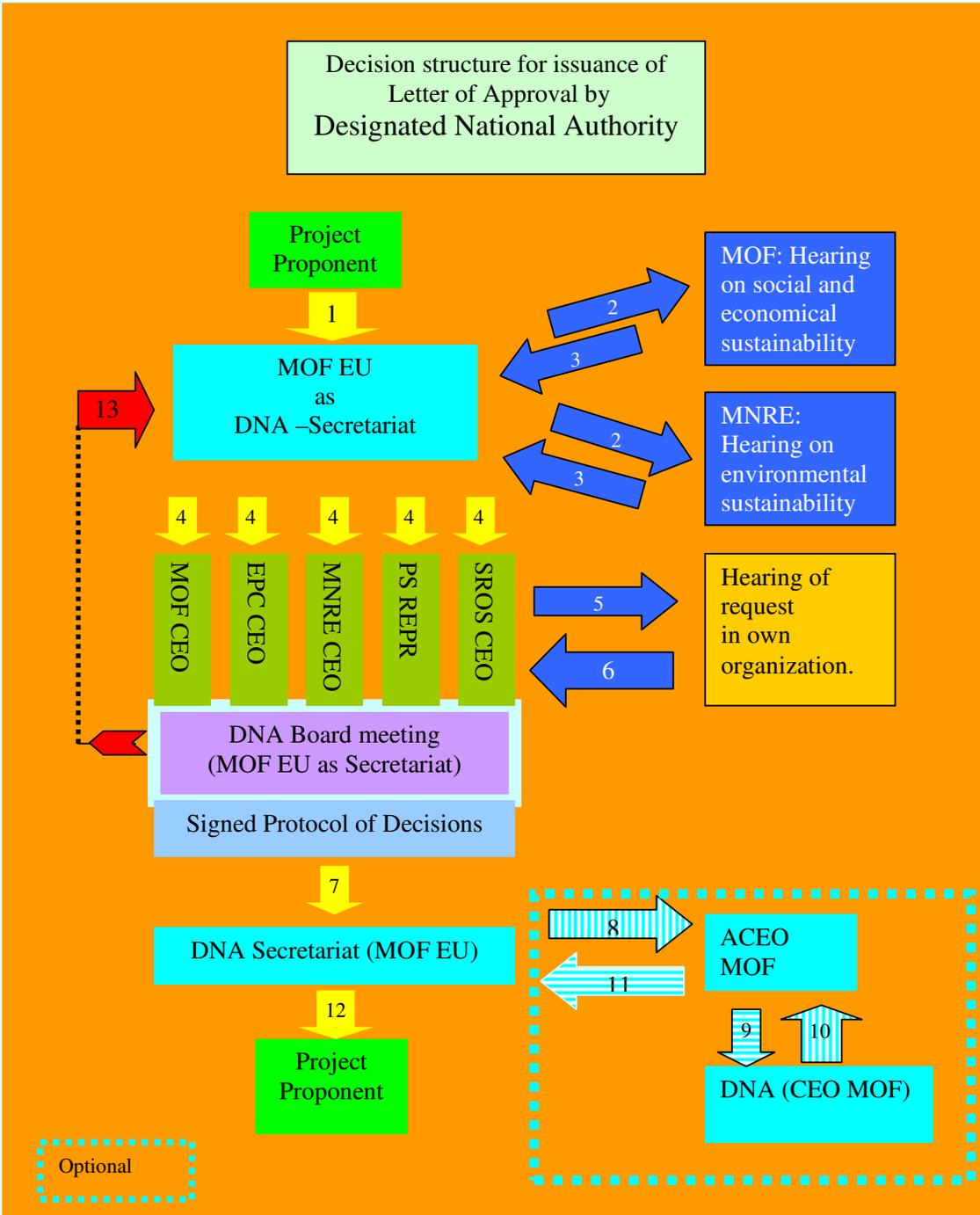
The DNA Secretariat is the official point of contact for external entities and individuals wishing to make contact to the DNA, i.e. in order to request a LOA or a LON. Any liaison with foreign buyers of carbon credits wishing to discuss matters of the operation of the DNA will also be requested to liaise with the DNA Secretariat, who will then act on behalf of the DNA or involve the DNA and/or the DNA Board as appropriate. The major part of such inquiries will in nature be informal and could be dealt with without the involvement of the DNA Board other than reporting.

B 1.4 DNA Management cycle

The main line of activities to be covered by the DNA Secretariat is described in the below flow chart

The text boxes in the flow chart indicate the entity in charge of performing an administrative task, while the numbered arrows indicate documents sent from one entity to another. The action in each numbered arrow is lined out below the flow chart.

The relevant template for the document to be filled in and be forwarded to the receiving entity is indicated in the numbered explanations below the flow chart.



The explanations of the characteristics of the involved entities are found in Section B.1.1 to B 1.3 of this manual, while the documents sent and handled are listed here and explained in the following parts of the present Section B, including available templates as appropriate:

1. Document 1 is the request for issuance of a LOA (or LON) from the DNA to the Project Proponent. The request is to be sent from the Project Proponent to the DNA Secretariat according to the indications on the DNA homepage using the format and including the required attachment. (template no. 1)
2. Document 2 is the letter from DNA Secretariat to MNRE requesting a statement from the MNRE on whether the proposed CDM project is contributing to the sustainable development of Samoa. A similar letter is send to MOF requesting a statement on the projects social and economical sustainability. This step is required before the DNA Secretariat drafts its recommendation for a decision by the DNA Board (Template no. 8).
3. Document 3. The MNRE and MOF each issues a statement on sustainability to be attached by DNA Secretariat to the document package sent to members of the DNA Board. (Template no. 9 and 9a)
4. The DNA Secretariat sends a notice of meeting with attachments incl. the request for a LOA/LON, the 2 sustainability statements from MNRE and MOF as well as other documents (see template 10) to all members of the DNA Board, including a proposal for a recommendation by the DNA Board for issuing or not of the LOA/LON (Template no. 7, 10).
5. and 6. The members of the Board are expected to make an internal hearing in their respective organizations on the draft recommendation as a preparation for participating in the DNA Board meting. The organizations are expected to deal with the proposal in due time before the DNA Board meeting.
7. The DNA Board meeting is held and the decision for a recommendation is logged in the Protocol of the DNA Board and brought in to the DNA Secretariat for drafting of minutes of meeting to be posted to all Board members for signing before issuing a response to the request for LOA/LON (Template no. 11).
8. (8-11) During the DNA Board meeting all relevant documents and information should be ready for signing by the DNA (who is chair of the DNA Board) of a LOA/LON or a refusal to issue such letter. But if Samoan administrative requirements suggest internal presentation of all documents for signing and posting from the MOF then the procedures in arrow 8-11 could be used. In this case the DNA Secretariat presents the letter via the ACEO to the DNA (MOF CEO) and receives the signed letter for posting via the ACEO again. (Template no. 4, 5)

12. If in accordance with MOF's administrative procedures, the DNA may during or after the DNA Board meeting sign the LOA/LON or refusal to issue such document in accordance with the binding recommendation stated by the DNA Board. The DNA Secretariat will then post the letter to the Project Proponent. (Template no. 4, 5)
13. In case the DNA Board does not agree to the answer proposed by the DNA Secretariat, then the case will be rejected by the DNA Board and returned to the DNA Secretariat with a request for a new proposed answer following directions given by the DNA Board or with instructions to gather further information as basis for the proposed answer.

The Letter of Approval thus issued is following an independent process that is not attached to the endorsement procedures of the Cabinet Development Committee (CDC). Therefore, the DNA will not be requested to inform the CDC of LONs or LOAs issued, but a SDE obtaining a LON/LOA may if he wishes so refer to the LON/LOA in his presentation of a project for the CDC.

B 2 DNA Board Charter

B.2.1 Background

The DNA of Samoa [has been] established within the MOF, namely as the CEO of the MOF. The UN CDM EB has been informed hereof in letter of dd/mm/yyyy from the Prime Minister of Samoa [check]. The letter of authorization is personal and will have to be renewed in case of appointment of another person for the post as DNA.

In order to support the administration of the DNA and in order to allow for influence on the work of the DNA from parties other than the MOF a DNA Board has been established to oversee the functions of the DNA. The DNA Board will then decide on all LOAs/LONs to be issued by the DNA.

In this way the influence of the DNA on the development of the Samoan energy sector is shared between the stakeholders of the Samoan energy sector, as is the information on such projects thus potentially leading to increased benefits for all of Samoa.

According to the authorization of the DNA, the DNA may issue LOAs and LONs in cases where the proposed CDM project has been presented at a meeting in the DNA Board and the board has decided to recommend the issuing of a LOA/LON.

The need for an LOA

A country that wishes to participate as a host country in the Clean Development Mechanism of The Kyoto Protocol of the United Nation

Framework Convention Climate Change (UNFCCC) is therefore required to:

1. Ratify the Kyoto Protocol
2. Designate a DNA
3. Inform the Executive Board of the Clean Development Mechanism of the designation of the DNA
4. Issue a non-conditional LOA for each proposed CDM project certifying that
 - a. The country has ratified the Kyoto Protocol,
 - b. The said project is entered into voluntarily by the project proponent, and that
 - c. The project contributes to the sustainable development of the host country.

Simple national procedures are matched by comprehensive international procedures

The simplicity of these requirements when it comes to the obligations of the participation host countries, such as Samoa, are counterweighted by strict administrative and documentary requirements set up by the parties of the Kyoto Protocol in the rules of CDM, i.e. Modalities and Procedures of the Clean Development Mechanism and which are to be met by the project proponents.

Thus, in order to be registered by the CDM EB as a CDM project the project proponent must demonstrate and document beyond any reasonable doubt that the project will lead to lasting reductions in the emissions of green house gasses that would not occur in the absence of the project.

The documentation of this should take place by fulfilling a Project Design Document (PDD) for which mandatory standard templates are issued by the CDM EB. The PDD must prior to presentation for the CDM EB be validated by a designated operational entity (DOE), already authorized by the CDM EB to perform this validation (auditing).

B 2.2 DNA Board Members

The members of the DNA Board are:

- The CEO of the MOF (who is also the DNA)
- The CEO of the MNRE
- The CEO of the EPC
- The CEO of the SROS

A private sector representative

In case a request for a LOA/LON is not supported by all members of the board, the DNA Board reaches a decision based on simple majority by the attending members.

B 2.3 DNA Secretariat

Background

The DNA Board is supported by a DNA Secretariat. The secretariat of the DNA Board and the DNA have been established within the MOF EU, which also serves as secretariat for the Clean Energy Fund and solves a number of other tasks related to developing and implementing the Samoan Energy policy as it is formulated in the Samoa Energy Policy 2007 document.

Role of the DNA Secretariat

The DNA operates based on requests for LOA/LONs with the assistance of the DNA secretariat and under the supervision of the DNA Board, which approves all issuing of LOAs/LONs prior to issuing.

The secretariat of the DNA has as primary function to perform all administrative tasks surrounding the DNA from reception of requests for LOA/LON to acquiring a statement on sustainability from MNRE and MOF over presentation of the matter to the DNA Board and posting the final answer to the CDM project proponent.

The secretariat of the DNA has as secondary functions to undertake dissemination activities on all matters related to Samoa's participation in the Clean Development Mechanism both on the national level and presumably also on the international level in cooperation with the Ministry of Foreign Affairs, which has the task as national focal point for the KP and the MNRE, which is the body responsible for the environmental policy of Samoa.

The flow of documents connected to the issuance of LON/LOAs is depicted in the flow chart above. The primary function of the DNA Secretariat is to facilitate this flow of documents by reviewing and processing incoming documents and by drafting recommendations for the decision to be made by the DNA board, based on incoming information and own findings.

An important responsibility of the DNA Secretariat is to facilitate informed and legally based decisions of the DNA Board as basis for the issuance of LON/LOAs and to act as resource base for the members of the DNA Board and the DNA in questions concerning the issuance of LON/LOAs.

Another important responsibility of the DNA Secretariat is to prepare meetings in accordance with the statutory order (or similar document authorizing the MOF) on the DNA, to act as secretary for the Board

during the meetings, and to make sure that clear cut and legal decisions are made and recorded in the Protocol.

B3 Preparation of DNA Board meetings

B 3.1 Process Responsibilities and Authorities

Processing Officer

MOF EU's DNA officer

Approving Officer

Head of EPPD

B 3.2 Process output

Materials for DNA Board meeting

B 3.3 Output recipient

DNA Board Members

B 3.4 Steps

Taking into account that the number of requests for LON or LOAs is expected to be limited and that it is not possible to know when the first case will arrive, the DNA Board will be summoned on a case by case basis. If and when a request for LON/LOA is received the request should be dealt with in an expedient manner thus providing the best possible facilitation of the CDM process. It should be considered to establish a maximum response time of [6] weeks.

The DNA Secretariat will arrange dates, times and venue for each meeting in consultation with the chair of the DNA Board.

Seven working days prior to the DNA Board meeting the DNA Secretariat will compile and distribute copies of the following materials to each member of the DNA Board:

1. Notice of meeting including date, time venue and agenda
2. Short paper by the DNA Secretariat describing the request, the project, the statement from the MNRE and the recommendation from DNA Secretariat
3. Received request for LON/LOA including attached PIN/PDD
4. Statement from MNRE on compliance with Samoan environmental sustainability requirements for CDM projects
5. Statement by MOF on social and economical sustainability
6. Recommendation paper drafted by the DNA Secretariat referring the case, listing the relevant information and considerations that forms the basis for the proposal for decision on recommendation by the DNA Board to the DNA.

7. Draft answering letter to the project proponent
8. Draft LON/LOA to be signed by the DNA. In case the basis for the request is a PDD pending validation the draft LOA should be conditional on the provision by the project proponent of the validation report from the DOE (please refer to Chapter D4).
9. Any other reports or documents as required.

B 3.5 Templates

Template 10: Notice of meeting,
Template 7: Agenda and
Template 6: Check list on sustainability criterion

B 4 Records of DNA Board Meetings

B 4.1 Processing Responsibility and authorities

Processing Officer
MOF EU's DNA officer

Approving Officer
DNA Board members

B 4.2 Process output

DNA Board Minutes and record of decision

B 4.3 Output recipient

DNA Board Members, including the DNA.

B 4.4 Steps

- i. The DNA Secretariat will prepare draft Minutes and Record of Decision following each DNA Board meeting
- ii. The draft Minutes and Record of Decision will be sent to each DNA Board member within three working days of the meeting for approval.
- iii. The final Minutes and Record of Decision will be signed by all attending members and this, together with all relevant documents, will be kept and maintained by the DNA Secretariat
- iv. The DNA Secretariat will be responsible for processing the decisions of the DNA Board, including posting of the LON/LOA or other communication with applicants.

B 4.5 Templates

B 5 Record of approved projects

The DNA Secretariat will maintain a record of proposed CDM projects that have received a LON/LOA for publication on the DNA part of the MOF web site.

The DNA will follow the progress of the projects in the CDM registration process and update the CDM project list as appropriate.

Since all legal matters, including Environmental Impact Analyses and permits will be following normal Samoan legislation for the relevant type of investment, the DNA Secretariat will not perform any evaluation as such of the CDM projects.

Section C:

**Key Principles, Strategies and Eligibility Criteria for the
DNA/LOAs**

C 1 Key Principles of the DNA

The overall principle of the DNA is to facilitate the implementation of projects leading to lasting reductions of emissions of green house gasses as they are defined in the KP.

This chapter deals with the key principles guiding the operation and decision of the Samoan DNA based on international rules and Samoan policies.

The key principles of the DNA thus fall in three parts: The first being the principles behind the establishment of the KP and the CDM rules and procedures as they are adopted by the parties of the protocol along the way. The second being the Samoan requirements for the contribution of CDM projects to the sustainable development of Samoa. And the third being the administrative setup of how to reach a decision of the Samoan DNA.

First principle, Kyoto Protocol requirements.

The Clean Development Mechanism (CDM) under the Kyoto Protocol (KP) [to be found on www.unfccc.int/resource/docs/convkp/kpeng.pdf] of the United Nations Framework Convention on Climate Change (UNFCCC) establishes in Art. 12 of the KP a Clean Development Mechanism, which requires, cf. Art 12.5(a), “voluntary participation of each Party involved”.

The KP entered into force in 2005 following its ratification by Russia. At the following first Meeting of the Parties in Montreal 2005 Decision 3 of that meeting confirmed a number of preliminary decisions taking earlier, including the Marrakech Accords. In Decision 3, para 29 of the said meeting it is stated that:

“29. Parties participating in the CDM shall designate a national authority for the CDM.”

In para 40(a) of the said decision it is stated that:

“40. The designated operational entity shall:

(a) Prior to the submission of the validation report to the Executive Board, have received from the project participants written approval [meaning Letter of Approval] of 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;”

The Decision can be found at:

Second principle, Samoan sustainability requirements

The basic requirements for any investment project are anticipated to be covered by the Samoan rules and regulations already included in Samoan legislation. This also goes for any requirements concerning the environmental sustainability of the project. A proposed CDM project that includes reductions in emission of one or more of the 6 green house gases covered by the Kyoto Protocol will in most cases be considered as contributing to the sustainable development of the host country.

However, there is no definition in the KP of the term “sustainability”, and it cannot be ruled out that a project will include adverse effects on the sustainable development of the host country since effects on employment, import-export patterns or other effects on the economic development etc. of the country are typically not ruled by law. In such cases the Kyoto Protocol leaves the host country with the option to refrain from issuing a LOA even if this is expected to be rare.

Third principle, decision structure

The principle of how to reach a decision on whether or not to issue a LOA for a proposed CDM project is following standard Samoan procedures with the involvement of DNA Board, where government interest are weighted against other stakeholder interests through the inclusion of proper representatives in the Board and through a democratic way of reaching a decision following the majority of the members of the Board.

C 2 Strategic Priorities of the DNA.

The purpose of setting up a DNA in Samoa is to facilitate the participation of Samoa in the Clean Development Mechanism thereby attracting international financing for projects that reduces the emissions of green house gases from Samoa, thereby contributing to the sustainable development of the country.

All projects that lead to the reduction of emissions of green house gases and contribute to sustainable development will benefit from the establishment of the DNA, but projects within the energy sector are the focus area of opportunities aiming at obtaining the targets of the “Samoa National Energy Policy 2007”.

Other strategic priorities of Samoa are connected with the expenses for import of fuels for transport and power production. This priority may be supported by CDM projects substituting such import either in the energy production or through energy savings.

The establishment of the DNA may thus be seen as a support to the sectors where CDM projects can be established.

The establishment of the DNA will also contribute to participation by Samoa in international cooperation on climate change – “putting Samoa on the map”, including appearance in the list of DNAs in the UNFCCC homepage on the KP.

C 3 Eligibility Criterion for obtaining LOA for CDM Projects in Samoa

As the eligibility criterion are the most important parameter for the decision on issuing a LOA it is important that they are clearly stated and that they are easily accessed by project proponents considering making use of the Clean Development Mechanism in the financing of their project.

The eligibility criterion listed on the web site of the MOF are as follows:

Each CDM project will be reviewed by the DNA against its compliance with national sustainable development goals and objectives. In particular, each proposed CDM project should:

- (i) deliver a net contribution to economic development (including the transfer of more efficient and environmentally friendly technologies, improved employment, decreased dependence on energy imports, positive financial flows), or at least not result in net economic loss;
- (ii) provide a net environmental benefit to Samoa or the local community in which it is located (reduced GHG emissions, air quality, waste reductions), or at least not result in a net adverse environmental impact;
- (iii) contribute to an improvement in social conditions (poverty alleviation, more equitable distribution of benefits), or at least not result in a net adverse impact.

For each of the three sustainability categories, the following parameters will be evaluated:

Category	Sub-Category	Parameter
1. Economic Sustainability	National Income Generation	Growth in national income CER Revenue
	Economic Externalities	Technology Transfer Import Substitution
2. Environmental Sustainability	Green House Effect	GHG Reduction
	Non GHG effect	Non GHG Air Pollution
	Waste	Waste generation rate

	generation	
	Ecosystem effect	Forest cover, soil erosion, biodiversity
3. Social sustainability	Poverty alleviation	Reduction of number of poor households
	Quality of Life	People income Improvement of living conditions

Templates:

Template No 8: Letter to MNRE requesting statement on environmental sustainability.

Template No 9: Statement by MNRE on environmental sustainability.

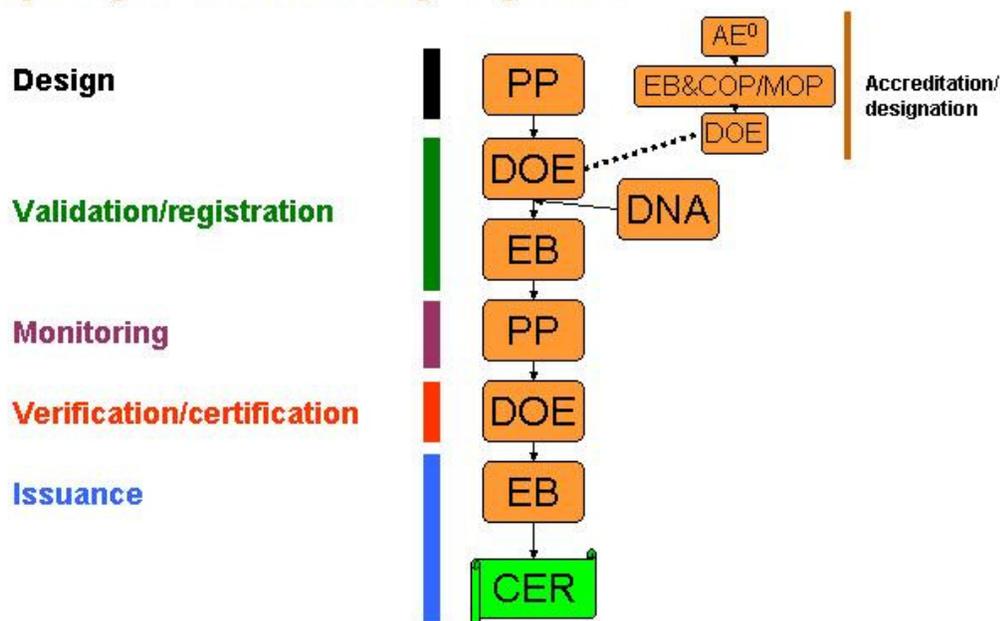
Template No 9b: Statement by MOF on social and economical sustainability.

Section D:
CDM Project Management Cycle

D 1 Introduction

The issuance of Letters of Approval or Letters of No Objection is part of the registration procedures for CDM projects. The UN project cycle for CDM projects includes the following steps, where the national level, marked “DNA” is fulfilled by the DNA described in this manual. (for list of abbreviations, please refer to page 6)

CDM project activity cycle



UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

PP: Project Proponent
 DOE: Designated Operational Entity
 EB: Executive Board of the CDM
 AE: Accredited Entity (DOEs accredited by EB)
 COP/MOP: Conference/Meeting of Parties

As can be seen from the above diagram the role of the Samoan DNA (including the DNA Board and the DNA Secretariat) comes into the CDM project cycle after the CDM project has been validated by the Designated Operational Entity. As explained elsewhere in this manual, the role of the DNA in the CDM project cycle is to issue the LOA, which is a requirement for the CDM project to receive from the DOE a so-called unqualified validation report, which is sent from the DOE to the CDM EB with a request for registration of the CDM project. In this context the term “registration” means approval by the CDM EB.

The below table summarizes the relationship between the DNA Board procedures, the templates and the steps in the issuance of LOAs or LONs.

D 2 Summary of the DNA's management cycle for issuing LOA /LON

DNA Procedure	Template	Responsible	Work Flow/Arrow no. (cf. Chapter D 1.4)
Request for LON/LOA	Template no.1 (PIN) Template no2 (PDD)	Project Proponent	1
DNA Secretariat hears MNRE and MOF	Template no. 8 (no template for hearing MOF)	DNA Secretariat	2
MNRE statement to Board	Template nr 9	MNRE	3
MOF statement to Board	TemplateNo 9a	MOF	3
DNA Secretariat statement to Board	Template 6	DNA Secretariat	
Elaboration of DNA Secretariat recommendation to DNA Board	Template nr 10	DNA Secretariat	4
DNA Secretariat issues notice of meeting to DNA Board	Template nr 10 Template nr 7 Template nr 4 Template nr 5	DNA Secretariat	4
DNA Board meeting	Template nr 11 (minutes)	DNA Board	5, 6
DNA Secretariat sends minutes for signing by Board members	No template	DNA Secretariat	7
DNA signs LON	Template nr 4 as above	DNA	8 - 11
DNA signs LOA	Template nr 5 as above	DNA	8 -11
DNA Secretariat posts LON		DNA Secretariat	12
DNA Secretariat posts LOA		DNA Secretariat	12

D 3 Request for Letter of No Objection

What is a Letter of No Objection (LON) and Project Idea Note (PIN)?

The Letter of No Objection is a statement by the DNA that the proposed CDM project is expected to receive a LOA once a Project Design Document for the proposed CDM project has been developed by the project proponent and the PDD has been validated by a DOE.

Templates for request of LON and for the LON itself are included in the templates of the present Manual.

The LON is a non-binding statement that does not serve any operational purpose in the UN CDM registration procedures.

However, the LON can be a very operational document when it comes to attracting an international buyer of the CERs, which is the main purpose of implementing the project as a CDM project.

The LON serves two purposes in this respect:

1. The LON is issued based on the project proponent filling in a Project Idea Note, explaining in some detail the legal, technical, financial and social facts of the project, which are necessary for a preliminary evaluation of whether the project is likely to achieve a LOA, once the PDD is developed and validated. The Project Idea Note will include a presentation of the project proponent, the project, its anticipated emissions reductions and the environmental, economical and social implications of the project. The development of the PIN will help the project proponent plan and implement his project as a CDM project.
2. The LON together with the PIN will serve as a presentation and documentation of the project to potential buyers of carbon credits (CERs) and may be the basis for entering into a Letter of Intent between the project proponent and the CER buyer. This is the main purpose for the DNA to issue LONs.

Requirements for requesting a LON

A Project Proponent that wants to file a request for a LON should apply to the address stated on the web site of the DNA using the template for request and attaching a PIN filled in as much as possible, using the PIN template also available on the MOF web site.

Steps:

The Project proponent fills in Template 3 (the PIN) and for the letter of request for a LON (Template No. 1) and sends it to the DNA Secretariat.

D 4 Request for Letter of Approval

What is a Letter of Approval and a Project Design Document?

The LOA is the host country approval of a CDM project, which is a requirement when a CDM project aims at registration as a CDM project with the EB CDM. The LOA is to be attached together with the PDD when the DOE submits a request for registration of the CDM project to the EB CDM. The LOA shall fulfill the requirements of the Kyoto Protocol and the rules and modalities of the CDM as they are adopted by the Parties to the Protocol.

A template for request of LOA is included in the templates of the present Manual.

The PDD, which is to be filled in as a basis for validation by the DOE of the proposed CDM project, shall also accompany the request for a LOA. A reference to the UN templates for PDDs is included in template 12 using the latest version (May 2009) of the UN template for small scale CDM projects.

The LOA cannot be issued until the PDD has been validated and the PDD cannot be validated without a LOA. This “Catch 22” is normally solved in this way:

1. The host country issues a LoA, which is conditional on the validation of the PDD.
2. The DOE issues a validation report, which is conditional on the issuing of an unconditional LOA. Such a validation report is called “a qualified validation report”.
3. The DNA can then issue an unconditional LOA
4. The DOE can now issue an “unqualified validation report”, meaning a validation report without any outstanding issues.

Steps:

1. The project proponent (possibly with the assistance of a specialized consultant) fills in the CDM template for the PDD (Template 12).
2. The project proponent requests a conditional LOA from the DNA (using Template No.2), based on the draft PDD.
3. The project proponent receives a conditional LOA (Template No. 5)
4. The project proponent contracts a DOE to perform validation of the PDD.
5. The DOE performs validation of the PDD and issues a qualified validation report.
6. The DNA issues a non-conditional LOA
7. The DOE issues an unqualified PDD, which is forwarded to the EB CDM with a request for registration of the CDM Project.

The Samoan DNA is involved in steps 2, 3 and 6.

D 5 DNA Secretariat hears MNRE on environmental sustainability

When the DNA Secretariat receives a request for a LON or LOA the following guidelines apply:

The Principal of the DNA Secretariat appoints a member of the DNA Secretariat staff to:

1. Review the received request for LON/LOA and checks if the request fulfills the formal requirement, including a completed PIN (for LONs) or PDD (for LOAs), cf. the relevant parts of Template 6.
2. If the request does not fulfill formal requirements for the application, then a letter is sent to the applicant stating what information or clarification is missing for presenting his request for the DNA Board.
3. If the request fulfills the requirements for request for a LON/LOA, the staff drafts and sends a letter to the MNRE requesting the MNRE to issue a statement on the environmental sustainability of the proposed CDM project, cf. the received written request for LON or LOA. Copy is sent to the applicant.

D 6 The MNRE evaluates the environmental sustainability of the proposed CDM project requesting LON/LOA.

The authorized staff in the MNRE appraises the PIN or the PDD and other received documents according to the environmental sustainability requirements stated in Section C and issues a statement on the fulfillment of Samoan requirements of environmental sustainability criteria. The statement is sent to the DNA Secretariat with a copy to the applicant.

The statement by the MNRE shall clearly state if the proposed CDM project is deemed as fulfilling Samoan requirements for environmental sustainability or not in order to facilitate the recommendation made by the DNA Board to issue a LON/LOA for the project or not.

D7 MOF evaluates the economical and social sustainability of the proposed CDM project requesting LON/LOA

The DNA Secretariat requests the MOF to evaluate if the project proposal, as it appears from the PIN or the PDD, fulfills the Samoan economic and social sustainability criteria and prepares a statement on the subject to be attached to the recommendation for the DNA Board of whether or not to recommend a LON/LOA for the project.

The developed statement is included in the materials to be presented for the DNA Board and referred in the recommendation proposed by the DNA Secretariat.

D8. Preparation of recommendation for DNA Board Meeting

D 8.1 Process Responsibilities and authorities

Processing Officer:

A staff of the DNA Secretariat

Approving Officer

Head of EPPD

D 8.2 Process Output

A proposal for a recommendation by the DNA Board to the DNA on issuing a LON/LOA for a proposed CDM project to be included in the package of materials forwarded to the DNA Board together with the notice for meeting.

D 8.3 Output Recipient

DNA Board members

D 8.4 Steps:

- The DNA Secretariat staff receives the statement from the MNRE on the fulfillment of the Samoan environmental sustainability requirements.
- The DNA Secretariat receives the statement by the MOF of fulfillment of Samoan requirements for economical and social sustainability.

- The DNA Secretariat ensures that the project documentation fulfills the Samoan requirements for PINs respectively PDDs by following the compliance checklist (template 6) for requests for LON/LOA from the project proponent.
- The DNA Secretariat includes in its recommendation to the DNA Board either:
 1. A rejection of the request for a LON/LOA (with reason provided), or
 2. Seek more information from the project proponent or the MNRE, or
 3. A proposal to the DNA Board to recommend the DNA to issue a LON/LOA for the project.

D 8.5 Templates

Template 6: Check list for fulfillment of requirements for PINs/PDDs

**Section E:
Templates**

Template No. 1: Request for Letter of No Objection

[Letterhead if available]

[Place and date]

Request for Letter of No Objection

Applicant:

To:

Designate National Authority of Samoa

Address

Samoa

From:

Name:

Position:

Company (if applicable):

Address:

Name of Project:

With reference to the attached completed Project Idea Note, I (we) the undersigned hereby request the Designated National Authority of Samoa on the Clean Development Mechanism to issue a Letter of No Objection on the abovementioned project.

Attachments:

Project Idea Note template filled in as appropriate.

Any other documents that the applicant wants to attach

Date

Signature

Template No. 2: Request for Letter of Approval

[Letterhead if available]

[Place and date]

Request for Letter of Approval

Applicant:

To:

Designate National Authority of Samoa

Address

Samoa

From:

Name:

Position:

Company (if applicable):

Address:

Name of Project:

With reference to the attached completed Project Design Document and the attached Validation report from [state name of validator], I (we) the undersigned hereby request the Designated National Authority of Samoa on the Clean Development Mechanism to issue an unconditional Letter of Approval for the abovementioned project.

Attachments:

Project Idea Note template filled in as appropriate if available.

PDD

Validation report if available

Any other documents that the applicant wants to attach

Date

Signature

Template No. 3: Project Idea Note

Letter Head [Ministry of Finance]

Project Idea Note (PIN)

Description of size and quality expected of a PIN

Basically a PIN will consist of approximately 5-10 pages providing indicative information on:

- A. Project participants
- B. Project description, type, size, location and schedule
- C. Avoided / reduced GHG emissions
- D. Financial aspects
- E. Expected environmental and socio-economic benefits
- F. Risks
- G. Other relevant information

The completed PIN and attachments should be sent to:

Designated National Authority,
Ministry of Finance, Energy Unit (MOF EU)

Tel/Fax:

Address: Apia
Samoa

E.Mail : dna@mof.gov.ws

Project Idea Note Name of the Project

A- Project Participants

Project Proponent	
Name of the project developer	
Organizational category	Government / Government agency / State Owned Enterprise / Municipality / Private company / Consulting firm / Business public sector company / Non Governmental Organization / Individual / Free lance <i>(mention what is applicable)</i>
Other function(s) of the project developer in the project	Sponsor / Operational entity / Intermediary / Technical advisor / <i>(mention what is applicable)</i>
Summary of the relevant experience of the project developer	Describe in less than 5 lines
Address	Address, PO Box, City, Country
Contact person	Name of the Project Development Manager
Telephone / fax	
E-mail and web address, if any	
Project Investors (if different from Project Proponent)	
<i>(List and provide the following information for all project sponsors)</i>	
Name of the project sponsor	
Organizational category	Government / Government agency / Municipality / Private company / Consulting firm / Business public sector company / Non Governmental Organization / Individual / Free lance <i>(mention what is applicable)</i>
Address (include web address, if any)	Address, PO Box, City, Country
Main activities	<i>Not more than 5 lines</i>
Summary of the financials	<i>Summarize the financials (total assets, revenues, profit, etc.) in less than 5 lines.</i>
Cooperation with Annex 1 countries	
<i>(mention types of cooperation such as equity participation, foreign direct investment, buyer of CERs and/or services provided (documentation, technical, design and supplier of equipment)</i>	

B. Project Description, Type, Size, Location and Schedule

Technical Summary of the Project	
Objective of the Project	<i>Describe in less than 5 lines</i>
Project description and proposed activities (including a technical description of the project)	<i>About ½ page</i>
Technology to be employed	<i>Describe In less than 5 lines . It would be useful to provide a few examples of where the proposed technology has been employed.</i>
Type of Project	
Greenhouse gases targeted	CO ₂ / CH ₄ / N ₂ O / HFCs / PFCs / SF ₆ (<i>Mention what is applicable</i>)
Type of activities	Abatement
Field of activities	
a. Energy supply	Biomass / Other Renewable Energy / Cogeneration / Improving energy efficiency by replacing existing equipment / Minimization of transport and distribution / Fuel switch (e.g., switch fossil fuel to biomass) (<i>Mention what is applicable</i>) (<i>For RE project indicate estimated installed capacity and annual power production in GWh. For EE project indicate annual projected GWh savings</i>)
b. Energy demand	Replacement of existing “household equipment” / improvement of energy efficiency of existing production equipment (<i>Mention what is applicable</i>)
c. Transport	More efficient engines for transport / modal shift / fuel switch (e.g. public transport buses fuelled by natural gas) (<i>Mention what is applicable</i>)
d. industrial processes	Reduction of GHG emissions in industry through improved processes, recovery and recycling of HFCs, PFCs, etc.
e. waste management	CH ₄ recovery from landfills and from waste water plants, CH ₄ recycling into energy, etc.
Location of the Project	
Village	
City	
Brief description of the location of the plant	<i>No more than 3 - 5 lines</i>
Expected schedule	
Earliest project start date	Year in which the plant will be operational
Estimate of time required before becoming operational after approval of the PIN	Time required for financial commitments: xx months Time required for legal matters: xx months Time required for negotiations: xx months Time required for construction: xx months
Expected first year of CER delivery	Year
Project lifetime	Number of years
Current status or phase of the project	Identification and pre-selection phase / opportunity study finished / pre-feasibility study finished / feasibility study finished / negotiations phase / contracting phase / etc. (<i>mention what is applicable and indicate the documentation [e.g., the feasibility study] if available</i>)
Current status of the acceptance of the Host Country	Letter of No Objection is hereby requested)
Project Size	
Is the project a small-scale project?	Yes or No, state argument.

C- Avoided/ Reduced GHG Emissions

Selected Crediting Period (expected)	
<input type="checkbox"/> 10 years <input type="checkbox"/> 7 years <input type="checkbox"/> 3 x 7 years	
Estimated Avoidance/Reduction of emissions in accordance with the Kyoto Protocol	
<input type="checkbox"/> Carbon Dioxide(CO ₂)	..... Tons
<input type="checkbox"/> Methane (CH ₄)	..... Tons
<input type="checkbox"/> Nitrous Oxide (N ₂ O)	..... Tons
<input type="checkbox"/> Hydrofluorocarbons (HFCs)	..... Tons
<input type="checkbox"/> Perfluorocarbons (PFCs)	..... Tons
<input type="checkbox"/> Sulphur Hexafluoride SF ₆	..... Tons
Reference Scenario or Baseline :	
Description of the reference level:	
<input type="checkbox"/> Baseline Methodology to be used: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Existing Baseline Methodology (Mention Name and Reference of the Methodology as listed by the Executive Board) <input checked="" type="checkbox"/> New Baseline Methodology <input type="checkbox"/> What modifications the project would induce? <input type="checkbox"/> What would be the situation in the absence of the project activity?	
Expected Emission Reductions During the Crediting Period	
Total Certified Emission Reductions (CERs) per year: Tons CO ₂ -equivalent Total emission reduction for the Crediting period: <ul style="list-style-type: none"> <input type="checkbox"/> Period of 10 years T-CO₂ equivalent <input type="checkbox"/> 1st Period of 7 years T Eq CO₂ <input type="checkbox"/> 2nd Period of 7 years T Eq CO₂ <input type="checkbox"/> 3rd Period of 7 years T Eq CO₂ 	

D- Financial Aspects

Total Estimated Costs(*)	
Development Costs	..... SAT
Installation Costs	..... SAT
Other Costs	..... SAT
Total Cost of Project	..... SAT
(*) Please add any additional relevant information in this table if needed.	
Sources of Identified Financing	
Cash	Organisations participating in financing and amount in US\$
Long Term Loan	Organisations participating in financing and amount in US\$
Short Term Loan	Organisations participating in financing and amount in US\$
Expected Revenues from sale of CERs:	
Projected Price of the CERs	.....US\$/TCO2 equivalent
Estimated total CDM Revenues	.....In US\$
Details of the expected Revenues during the accountability period	<input type="checkbox"/> Period of 10 years \$ <input type="checkbox"/> 1st Period of 7 years \$ <input type="checkbox"/> 2 nd Period of 7 years..... \$ <input type="checkbox"/> 3rd Period of 7 years \$
Amount and Modalities for the transfer of the CDM Contribution	
Advanced allocation.....	.....In \$ US
Yearly transfers.....	.....In \$ US
Additional Financing	
Will the project receive co-financing under ODA (Overseas Development Aids) or from any other sources like GEF ? Please mention the amount(s)	.....In \$ US
If ODA is used in the project, is a statement available that the there will not be a distortion of ODA in the project financing	Yes/No

E. Expected Environmental and socio-economic Benefits

Specific global & local environmental benefits	<i>(In total about ¼ page)</i>
Project contribution to fulfillment of national policies. Which national policy will be supported?	Name and, if possible, the website location (if applicable)

Local benefits	
Global benefits	
Socio-economic aspects What social and economic effects can be attributed to the project and which would not have occurred in a comparable situation without that project? Explain the relationship between the project and the benefiting community/ies.	<i>(In total about ¼ page)</i>
Which guidelines/policies will be applied?	Name and, if possible, the website location (if applicable)
What are the possible direct effects (e.g., employment creation, capital required, foreign exchange effects)?	
What are the possible other effects? For example: <ul style="list-style-type: none"> • training/education associated with the introduction of new processes, technologies and products and/or • the effects of the project on other industries 	
Environmental strategy/priorities of Samoa	A brief description of the relationship of the consistency of the project with environmental strategy and priorities of Samoa <i>(Not more than ¼ page)</i>

F - Other Relevant Information

Please mention any additional information or precisions to justify the project under CDM
--

Template No. 4: Letter of No Objection

[Place and date]

[Letterhead]

Samoa DNA - Letter of No Objection (LON)

Date

The undersigned, as legal and authorized Designated National Authority of Samoa, referring to the project [*name of CDM project*] (the CDM Project), submitted by [*name of Project Proponent*] (the Project Proponent), herewith declares that:

Your ref.

Our ref.

- 1 Samoa has ratified the Kyoto Protocol
- 2 The Samoan DNA has taken notice of the CDM Project and based on the provided information it is justified that the CDM project will contribute to the sustainable development of Samoa.
- 3 This LON is not a final Letter of Approval (LoA). A LoA will only be issued based upon an assessment of the final Project Design Document together with the (draft) validation report.
- 4 In case the results from the assessment as mentioned above is positive, Samoa expects to grant a formal approval of the CDM Project in the form of a Letter of Approval.

Signed by

Name of Person:

Title/position:

Date:

Signature:

Template No. 5: Letter of Approval

[Letterhead of MOF] [date] [number]

To: [Project Proponent or "To whom it may concern]

Subject: Host Country Approval to [Full and correct name of the CDM project]

Sir,

I am directed to state that the Project Design Document of the [full and correct name of the CDM project] was considered by the Samoan DNA Board in its meeting held at [date of meeting]. The Samoan DNA Board confirms that

- The Government of Samoa has ratified the Kyoto Protocol .
- The abovementioned project is entered into voluntarily.
- The abovementioned project contributes to the sustainable development of Samoa.

[In case of a conditional Letter of Approval add the following sentence: This Letter of Approval is conditional on the availability of a validation report for the abovementioned proposed CDM project issued by a Designated Operational Entity and with the absence of an unconditional Letter of Approval as the only remaining issue being presented to the Samoan DNA.]

Yours faithfully

.....

Designated National Authority of Samoa

Template No. 6: Checklist for fulfillment of Samoan CDM criterion.

A request for LON or LOA is to be checked according to the below questions depending on the type of letter requested. The DNA Secretariat can propose the DNA Board to issue a LON/LOA if all relevant, below issues can be confirmed. If not, the DNA Secretariat shall seek more information from the project proponent or propose the DNA Board to reject the request for LON/LOA.:

1. Request for LON based on a PIN:

1. The project owner is identified with name, company reg. nr. (if applicable), address and precise location of the proposed CDM project.
2. The project is described as reducing the emissions of green house gasses regulated by the Kyoto Protocol.
3. The Project Idea Note is filled in to a degree that allows a preliminary evaluation of the projects environmental, economical and social sustainability impact in Samoa:
 - Environmental sustainability according to statement from the MNRE
 - Economical sustainability according to statement from MOF
 - Social sustainability according to statement from MOF
4. The project is evaluated as fulfilling Samoan environmental, economical and social sustainability requirements.

2. Request for conditional LOA based on a PDD:

1. The project owner as he/she appears in the PDD corresponds to the person requesting an LOA
2. The PDD describes the projects sustainability effects to a degree sufficiently for evaluating the project's environmental, economical and social impact.
3. The project owner is identified with name, company reg. nr. (if applicable).
4. The project is described as reducing the emissions of green house gasses regulated by the Kyoto Protocol.
5. The Project Idea Note is filled in to a degree that allows an evaluation of the projects environmental, economical and social sustainability impact in Samoa:
 - Environmental sustainability according to statement from the MNRE

- Economical sustainability according to statement from MOF
 - Social sustainability according to statement from MOF
6. The project is evaluated as fulfilling Samoan environmental, economical and social sustainability requirements.

3. Request for un-conditional LOA based on a PDD and a validation report:

1. The PDD is accompanied by a validation report with the absence of an LOA as the only outstanding issue.
2. The PDD describes the projects sustainability effects to a degree sufficiently for evaluating the project environmental, economical and social impact:
 - Environmental sustainability according to statement from the MNRE
 - Economical sustainability according to statement from MOF
 - Social sustainability according to statement from MOF
3. The project is evaluated as fulfilling Samoan environmental, economical and social sustainability requirements.

Template No 7: Agenda for DNA Board Meeting

DNA Board Meeting Agenda

DNA Board Meeting Number: Date / /

1. Apologies
2. Minutes and Record of Decision from previous meeting
3. Requests for Letter of No Objection
 - a. Discussion of each request based on documents provided by DNA Secretariat
 - b. Decision on whether or not to issue LON.
4. Request for Letter of Approval
 - a. Discussion of each request based on documents provided by DNA Secretariat
 - b. Decision on whether or not to issue LON.
5. Any Other Business
6. Next Meeting

Template No 8: Letter to MNRE requesting statement on environmental sustainability

[Letterhead]

To:
Ministry for Natural Resources and Environment
Address

Re: Request for statement on environmental sustainability of proposed CDM project.

[Greeting]

The Designated National Authority (DNA) of Samoa, i.e. the CEO of the Ministry of Finance, has received a request for a [*Letter of No Objection/ Letter of Approval*] from [*applicant*] concerning the project [*name of project*].

In order for the DNA Secretariat to establish a recommendation on the said request to support the decision by the DNA Board on the request for a [*Letter of No Objection/ Letter of Approval*] and following the procedures as laid down in [*Statutory Order no xx or similar*] the DNA Secretariat hereby requests the MNRE to issue a statement on the environmental sustainability of the proposed CDM project.

Following the procedures in [*Statutory Order no xx or similar*] the DNA Secretariat kindly asks the MNRE to issue such statement within 10 working days from the date of the present letter.

A copy of the request for [*LON/LOA*] and all received documentation on the project is attached for your consideration.

[salute]

Signature/
DNA Secretariat

Attachments:
Request for [*LON/LOA*] with attachments.

Template No 9: Statement by MNRE concerning the environmental sustainability of the proposed CDM Project.

[Letterhead]

[date]

Statement on environmental sustainability of *[proposed CDM project]*.

The Ministry of Natural Resources and Environment of Samoa has reviewed the following documentation on the proposed CDM project from the DNA Secretariat together with a request for a statement by the MNRE on the project's environmental sustainability:

[Documents received]

The MNRE has reviewed the received documentation and the projects conformity with the eligibility criteria for obtaining a *[LON/LOA]* as they appear in *[Section C3 of the Operation Manual for the Designated National Authority of Samoa]* .

As a result of this review the MNRE has found that:

[foundings on different aspects of the projects sustainability]

On this background the MNRE hereby states that it is the opinion of the MNRE that the *[name of project]* *[fulfills/does not fulfill]* the Samoan requirements for environmental sustainability.

[Salute]

[relevant Division of MNRE]

Signature

Template No 9a: Statement by MOF concerning the social and economic sustainability of the proposed CDM Project.

[Letterhead]

[date]

Statement on social and environmental sustainability of [proposed CDM project].

The Ministry of Finance of Samoa has reviewed the following documentation on the proposed CDM project from the DNA Secretariat together with a request for a statement by the MOF on the project's social and economical sustainability:

[Documents received]

The MOF has reviewed the received documentation and the projects conformity with the eligibility criteria for obtaining a [LON/LOA] as they appear in [Section C3 of the Operation Manual for the Designated National Authority of Samoa] .

As a result of this review the MOF has found that:

[foundings on different aspects of the projects sustainability]

On this background the MOF hereby states that it is the opinion of the MOF that the [name of project] [fulfills/does not fulfill] the Samoan requirements for social and economical sustainability.

[Salute]

[relevant Division of MOF]

Signature

Template No. 10: Notice of Meeting in the DNA Board

[Letterhead]

To.

[Members of the DNA Board, insert name, position and organization of all members]

Re: Notice of Meeting in the Board of the Designated National Authority of Samoa

[date and time] at

[venue]

Dear [name, position],

The DNA Secretariat has on [date] received a request by [name of requester] for a [LON/LOA] concerning the proposed CDM project [name of project].

In accordance with the procedures laid down in the [Operation Manual for the Designated National Authority] the environmental sustainability of the project has been reviewed by the Ministry of Natural Resources and Environment (MNRE). The MNRE has found that the project [*fulfills/does not fulfill*] the criteria for environmental sustainability for CDM projects as they appear in [*Section C of the Operation Manual for the Designated National Authority*].

Likewise, in accordance with the procedures laid down in the [*Operation Manual for the Designated National Authority*] the social and economical sustainability of the project has been reviewed by the Ministry of Finance (MOF). The MOF has found that the project [*fulfills/does not fulfill*] the criteria for social and economical sustainability for CDM projects as they appear in [*Section C of the Operation Manual for the Designated National Authority*].

On this background the DNA Secretariat recommends that the DNA Board at its next meeting on [*date and time*] issues a recommendation to the Designated National Authority of Samoa [“not” if applicable] to issue a [LON/LOA] on [*name of project*]

Please find attached:

- Agenda for the DNA Board meeting
- Request for [LON/LOA]
- Statement by MNRE on environmental sustainability
- Statement by MOF on economical and social sustainability
- Draft letter to applicant informing of the decision of the DNA Board
- [*draft LON/LOA as appropriate*]

- Minutes of meeting from the last meeting in the DNA Board.

[*salute*]

DNA Secretariat

Template No 11: Minutes of DNA Board Meetings

[Letterhead]

Minutes of Meeting in the Board for the Designated National Authority of Samoa

DNA Board Meeting Number: Date ___ / ___ / ___

Chair	Name of Chair
Minutes	Name of DNA Secretariat staff member who prepared the minutes
Present	List of members present. Any apologies

Agenda topics

1. Minutes and Record of Decisions of previous DNA Board meeting

Discussion	
	Issues arising from Minutes and Record of Decisions at last meeting, if any.
Decision	For comments if any.

2. Minutes and Record of Decisions from DNA Board Meeting

Request for Letter of No Objection/ Letter of Approval for Project 1	
	Discussion and summary of DNA Board decision
Decision	Issuing of LON/LOA endorsed/not endorsed with reasons

(Section 2 to be replicated for each project on the agenda.)

3. Any Other Business

4. Next Meeting

Date, time, venue if relevant.

Endorsement of Minutes and Record of Decisions

Date: ___ / ___ / ___

_____ DNA Board Chair

_____ CEF Board Member

_____ CEF Board Member

_____ CEF Board Member

_____ CEF Board Member

Template No. 12: Templates for Project Design Document as required by UNFCCC

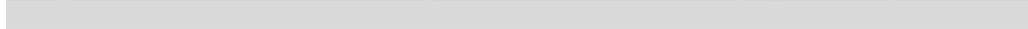
The template required for development of a Project Design Document for a CDM projects seeking registration by the Executive Board of the CDM may be found on the UNFCCC homepage for CDM at

http://cdm.unfccc.int/Reference/PDDs_Forms/PDDs/index.html

The template required for development of a Programme of Activities Design Document for programmatic activities seeking registration by the Executive Board of the CDM may be found on the UNFCCC homepage for CDM at

http://cdm.unfccc.int/Reference/PDDs_Forms/PoA/index.html

The present version of the PDD template for small scale CDM projects is copied below:



**CLEAN DEVELOPMENT MECHANISM
PROJECT DESIGN DOCUMENT FORM (CDM-SSC-PDD)
Version 03 - in effect as of: 22 December 2006**

CONTENTS

- A. General description of the small scale project activity
- B. Application of a baseline and monitoring methodology
- C. Duration of the project activity / crediting period
- D. Environmental impacts
- E. Stakeholders' comments

Annexes

Annex 1: Contact information on participants in the proposed small scale project activity

Annex 2: Information regarding public funding

Annex 3: Baseline information

Annex 4: Monitoring Information

Revision history of this document

Version Number	Date	Description and reason of revision
01	21 January 2003	Initial adoption
02	8 July 2005	<ul style="list-style-type: none"> • The Board agreed to revise the CDM SSC PDD to reflect guidance and clarifications provided by the Board since version 01 of this document. • As a consequence, the guidelines for completing CDM SSC PDD have been revised accordingly to version 2. The latest version can be found at http://cdm.unfccc.int/Reference/Documents.
03	22 December 2006	<ul style="list-style-type: none"> • The Board agreed to revise the CDM project design document for small-scale activities (CDM-SSC-PDD), taking into account CDM-PDD and CDM-NM.

SECTION A. General description of small-scale project activity

A.1 Title of the small-scale project activity:

>>

A.2. Description of the small-scale project activity:

>>

A.3. Project participants:

>>

A.4. Technical description of the small-scale project activity:

A.4.1. Location of the small-scale project activity:

>>

A.4.1.1. Host Party(ies):

>>

A.4.1.2. Region/State/Province etc.:

>>

A.4.1.3. City/Town/Community etc:

>>

A.4.1.4. Details of physical location, including information allowing the unique identification of this small-scale project activity :

>>

A.4.2. Type and category(ies) and technology/measure of the small-scale project activity:

>>

A.4.3 Estimated amount of emission reductions over the chosen crediting period:

>>

A.4.4. Public funding of the small-scale project activity:

>>

A.4.5. Confirmation that the small-scale project activity is not a debundled component of a large scale project activity:

SECTION B. Application of a baseline and monitoring methodology

B.1. Title and reference of the approved baseline and monitoring methodology applied to the small-scale project activity:

>>

B.2 Justification of the choice of the project category:

>>

B.3. Description of the project boundary:

>>

B.4. Description of baseline and its development:

>>

B.5. Description of how the anthropogenic emissions of GHG by sources are reduced below those that would have occurred in the absence of the registered small-scale CDM project activity:

B.6. Emission reductions:

B.6.1. Explanation of methodological choices:

>>

B.6.2. Data and parameters that are available at validation:

(Copy this table for each data and parameter)

Data / Parameter:	
Data unit:	
Description:	
Source of data used:	
Value applied:	
Justification of the choice of data or description of measurement methods and procedures actually applied :	
Any comment:	

B.6.3 Ex-ante calculation of emission reductions:

>>

B.6.4 Summary of the ex-ante estimation of emission reductions:

>>

B.7 Application of a monitoring methodology and description of the monitoring plan:

B.7.1 Data and parameters monitored:	
<i>(Copy this table for each data and parameter)</i>	
Data / Parameter:	
Data unit:	
Description:	
Source of data to be used:	
Value of data	
Description of measurement methods and procedures to be applied:	
QA/QC procedures to be applied:	
Any comment:	

B.7.2 Description of the monitoring plan:

>>

B.8 Date of completion of the application of the baseline and monitoring methodology and the name of the responsible person(s)/entity(ies)

>>

SECTION C. Duration of the project activity / crediting period

C.1 Duration of the project activity:

C.1.1. Starting date of the project activity:

>>

C.1.2. Expected operational lifetime of the project activity:

>>

C.2 Choice of the crediting period and related information:

C.2.1. Renewable crediting period

C.2.1.1. Starting date of the first crediting period:

>>

C.2.1.2. Length of the first crediting period:

>>

C.2.2. Fixed crediting period:

C.2.2.1. Starting date:

>>

C.2.2.2. Length:

>>

SECTION D. Environmental impacts

>>

D.1. If required by the host Party, documentation on the analysis of the environmental impacts of the project activity:

>>

D.2. If environmental impacts are considered significant by the project participants or the host Party, please provide conclusions and all references to support documentation of an environmental impact assessment undertaken in accordance with the procedures as required by the host Party:

>>

SECTION E. Stakeholders' comments

>>

E.1. Brief description how comments by local stakeholders have been invited and compiled:

>>

E.2. Summary of the comments received:

>>

E.3. Report on how due account was taken of any comments received:

>>

Annex 1

**CONTACT INFORMATION ON PARTICIPANTS IN THE
PROJECT ACTIVITY**

Organization:	
Street/P.O.Box:	
Building:	
City:	
State/Region:	
Postfix/ZIP:	
Country:	
Telephone:	
FAX:	
E-Mail:	
URL:	
Represented by:	
Title:	
Salutation:	
Last Name:	
Middle Name:	
First Name:	
Department:	
Mobile:	
Direct FAX:	
Direct tel:	
Personal E-Mail:	

Annex 2

INFORMATION REGARDING PUBLIC FUNDING

ANNEX 3

BASELINE INFORMATION

Annex 4

MONITORING INFORMATION

ANNEXES

Annex 1.
Terms of Reference for staff of the DNA Secretariat

TA 4994 – SAM
Implementing the Samoa
National Energy Policy
(comp. 1&2)

DRAFT Final

**Terms of Reference
for
Staff of the DNA Secretariat**

May 2009



Danish Energy Management

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Abbreviations

ACD	Aid Coordination Division
CDM	Clean Development Mechanism
CER	Certified Emissions Reduction
DNA	Designated National Authority
DOE	Designated Operational Entity
EB CDM	Executive Board of the CDM
EPPD	Economic Policy and Planning Division
KP	Kyoto Protocol
LOA	Letter of Approval
LON	Letter of No Objection
MNRE	Ministry of Natural Resources and Environment
MOF	Ministry of Finance
MOF CEO	Chief Executive Officer of the MOF
MOF EU	Energy Unit of EPPD of MOF
MOF	Ministry of Finance
PDD	Project Design Document
PIN	Project Idea Note
PM	Prime Minister of Samoa
PP	Project Proponent
SROS	Scientific Research Organization of Samoa (former RDIS)
UNFCCC	United Nations Framework Convention on Climate Change

1. Background and introduction

The Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC) includes the possibility for developing countries to undertake projects that reduces the emissions of climate change gases like CO₂, methane, N₂O etc.

These emission reductions may, when they are certified by the Executive Board of the CDM, be sold on the global market to industrialized countries that have an obligation to reduce their emissions of green house gases. This is called the flexible mechanisms. The flexible mechanism relevant for developing countries like Samoa is called the Clean Development Mechanism (CDM).

The CDM has as a separate objective to support the transfer of technology to developing countries in a sustainable way and on a voluntary basis.

Therefore, and as a requirement for participating in the CDM, the host country for the CDM project must establish a Designated National Authority (DNA) that issues a Letter of Approval (LOA) that states that the CDM project will contribute to sustainable development in the country and that the project is entered into voluntarily.

Samoa has therefore set up a DNA. The DNA will reach its conclusion on issuing of Letters of Approval through an administrative procedure involving the DNA, a DNA Board and a DNA Secretariat.

The DNA Secretariat undertakes all administrative tasks for the DNA and the DNA Board.

In the investigation of whether a specific CDM project actually contributes to the sustainable development of Samoa the DNA Secretariat

- undertakes a hearing of the environmental sustainability of the CDM project with the Ministry of Natural Resources and Environment, and
- undertakes a hearing of the social and economical sustainability of the CDM project with the MOF.

The design of the administrative setup of the Samoan DNA is described in detail in the “Design Paper, Designated National Authority (DNA)”.

The “Samoa, Designated National Authority, Operation Manual” describes the procedures and other administrative undertakings that will create an administrative framework guiding applicants to forward qualified requests for issuing Letters of Approval as well as for the administrative procedures that will lead to a decision for the DNA to issue or not to issue a LOA.

The manual includes a number of templates to be filled in and processed by the applicant and by the DNA Secretariat.

Both the design paper and the manual should be studied carefully by the staff of the DNA Secretariat as it includes a full set of information on the tasks involved in running the DNA Secretariat.

The two papers set the framework for undertaking the tasks of the DNA Secretariat and are meant as handbooks to be used as support in the daily work of the Secretariat.

These Terms of Reference describes the tasks to be undertaken by DNA Secretariat staff as they are described in greater detail in the Manual.

2. DNA Management Structure

The Samoan DNA and members of the DNA Board

The Samoan DNA is the CEO of the MOF.

The members of the DNA Board, which issues binding recommendations to the DNA on issuing of Letters of Approval, are

- The CEO of the MOF (Chair and DNA)
- The CEO of the MNRE
- The CEO of EPC
- The CEO of SROS
- A private sector representative

The role of the DNA

Basically the role of the DNA is to decide whether or not Samoa wants to support a given project in achieving registration as a CDM project by issuing an LOA. The decision will be based on an evaluation of whether or not the project contributes to the sustainable development of Samoa, using Samoan standards for the perception of the term. A separate chapter of the Operation Manual is dedicated to these sustainability criteria, which are divided into environmental, social and economical sustainability criteria.

The DNA is supported in all matters by the DNA Secretariat and acts on a binding recommendation issued by the DNA Board, which is based on information provided to the DNA Board by the DNA Secretariat.

The instructions given to the staff of the DNA Secretariat in these Terms of Reference are targeted directly towards the procedures to be followed when administrating the Samoan DNA.

Information on general and specific rules and procedures to be followed in order to obtain international registration (by the Executive Board of the CDM, EB CDM) of CDM projects, monitoring of achieved reductions of carbon emissions and issuance of certified emission reductions (CEF) can be found on the website of the United

Nations Framework Convention for Climate Change as described in the Manual, chapter A1.

The role of the DNA Secretariat

The DNA Secretariat is the body charged with the day-to-day management of the tasks of the Samoan DNA. The DNA Secretariat is incorporated in the Energy Unit of the Economic Policy and Planning Division of the Ministry of Finance (MOF EU).

In these Terms of Reference a distinction is made for clarity between the MOF EU and the DNA Secretariat, even if the DNA Secretariat is placed in this unit.

The DNA Secretariat is the official point of contact for external entities and individuals wishing to make contact to the DNA, i.e. in order to request a LOA or a Letter of No Objection. Any buyers of carbon credits wishing to discuss matters of the operation of the DNA will also be requested to liaise with the DNA Secretariat, who will then act on behalf of the DNA or involve the DNA and/or the DNA Board as appropriate. The major part of such inquiries will in nature be informal and could be dealt with without the involvement of the DNA Board other than reporting.

Based on statements on the projects environmental, economical and social sustainability received from the MNRE and the MOF, the DNA Secretariat undertakes an evaluation of whether or not the proposed CDM project fulfills the Samoan criteria on sustainability and therefore whether or not the DNA Secretariat shall recommend the DNA Board to issue a binding recommendation to the DNA to issue an LON or LOA, depending on the nature of the request from the project developer.

The role of the DNA Board

Based on the recommendation together with the documentation received from the DNA Secretariat the DNA Board discusses the request for an LON or LON in order to reach a conclusion on whether or not to issue a binding recommendation to the DNA to issue LON or LON respectively. In case of lack of a unanimous decision, a decision is reached based on simple majority among the present members of the DNA if at least three members are present.

3. Tasks of the staff of the DNA Secretariat

Overview

The staff of the DNA Secretariat shall in general terms undertake all necessary administrative tasks connected with the administration of the Samoan DNA.

The tasks under these Terms of Reference include, but are not limited to:

1. All tasks connected to the procedures for responding to a request for an LON or LOA
2. Secretarial tasks in connection with all correspondence to and from the DNA other than requests for LON/LOA, including but not limited to
 - a. correspondence with the UN system

- b. correspondence and meetings with international buyers of carbon credits
 - c. correspondence and meetings with Samoan CDM project developers
 - d. public dissemination as agreed in the MOF
3. Maintenance and updating of the DNA Design Paper; the DNA Operations Manual and the present Terms of Reference as needed.
 4. Maintenance of the CDM part of the homepage of the Samoan DNA
 5. Study and follow the development of the CDM rules as they appear on the relevant UN web sites.
 6. Follow the development in the international market for carbon credits
 7. Advise the DNA on international carbon market issues of relevance for Samoa

3.1. Tasks re reception of request for LON/LOA.

The below listing of specific tasks connected to responses to requests for LON/LOA in detail follow the procedures laid down in Section D of the Manual. The tasks for the staff of the DNA Secretariat are:

1. Set up and maintain an archive system for correspondence under the DNA Secretariat, the DNA and the DNA Board, including filing system, establishing physical and electronic archives as appropriate. This task is solved in corporation with the central archive in MOF.
2. Receive and archive all incoming post addressed to the DNA.
3. Undertake an initial evaluation of whether an incoming request for LON/LOA has a form (template 1 or 2 of the Operation Manual) that makes it suitable for processing following the procedures of the Manual. In case of a request for a LON, does the request include a filled in PIN using the required format (template 3)? In case of a request for a LOA, does the PDD (template 12) include the necessary information to perform a sustainability test?
4. If this is not the case, then liaise with the project proponent in order for him/her to revise the request. All correspondence is to be filed using the filing system set up under task 1. In case of telephone contact a memo on the conversation is to be drafted and filed in that same system.
5. If the request follows the required format and includes the required information then the staff shall
 - a. fill in the form in template 8 asking the MNRE to issue a statement following template 9 on sustainability
 - b. in writing request the MOF to issue a statement on the proposed CDM projects economical and social sustainability.
6. The staff shall receive and file the answers received from the MNRE and the MOF.
7. The staff shall elaborate a recommendation for the DNA Board to issue or not to issue a LON or LOA as appropriate, based on the statements received from the MNRE and the MOF on sustainability.
8. The staff shall set a date, time and venue for the DNA Board meeting that will discuss the request for LON/LOA.

9. The staff shall draft a LON or LOA as appropriate using template 4 or 5 as appropriate.
10. The staff shall prepare an agenda for the meeting using template 7 of the Manual.
11. The staff shall elaborate a Notice of Meeting using template 10 of the Manual and post it with attachments to each member of the DNA Board.
12. The staff shall prepare or have prepared the physical settings of the meeting.
13. The staff shall receive any apologies for the meeting.
14. The staff shall take notes from the meeting and elaborate minutes of the meeting using Template 11
15. The staff shall present the draft minutes to the DNA and have them approved by the DNA.
16. The staff shall post the approved minutes to each other member of the DNA Board for signing.
17. When all signed versions of the minutes have been received and filed the staff shall prepare a file with all relevant documents as described above and present the LON or LOA for the DNA for signing.
18. The staff shall post the signed LON/LOA to the project proponent. A copy is kept and archived.
19. The procedures 1 – 18 are repeated for each received request for LON/LOA.

3.2 Other correspondence than requests for LON/LOA

Secretarial tasks in connection with all correspondence to and from the DNA other than requests for LON/LOA, will include, but not be limited to

- a. correspondence with the UN system
- b. correspondence and meetings with international buyers of carbon credits
- c. correspondence and meetings with Samoan CDM project developers
- d. public dissemination as agreed in the MOF

These tasks will have to be solved using standard administrative procedures and pursuing Samoan development targets.

3.3 Maintenance and updating of the DNA Design Paper; the DNA Operations Manual and the present Terms of Reference as needed.

Over time a revision of one or more of the mentioned documents is envisaged. It is the task of the staff to propose and draft such changes or amendments as the need for such changes appear.

3.4 Maintenance of the CDM part of the homepage of the Samoan DNA

All relevant rules and templates connected to the administration of the DNA are publicly available on the web site of the MOF, which will ease the tasks of the DNA Secretariat.

Whenever changes are made in these documents it is the task of the staff of the DNA Secretariat to upload a revised version of that document.

3.5 Study and follow the development of the CDM rules as they appear on the relevant UN web sites.

Starting on www.unfccc.int there are a variety of UN websites that inform about the UNFCCC, the Kyoto Protocol and the CDM market. A certain level of knowledge on these issues must be obtained by the staff and maintained.

3.6 Follow the development in the international market for carbon credits

In order to be able to advise the DNA of the relevance of CDM and its possible advantages for Samoa, the staff shall keep updated on the international market for carbon credit. www.pointcarbon.com may serve as a starting point for the vast amount of information on the internet on this subject.

3.7 Advise the DNA on international carbon market issues of relevance for Samoa

Based on task 3.6 advise the DNA on matters of relevance for Samoa.

4.0 Educational and experience requirements for staff in the DNA Secretariat.

Staff at the Principal level in the CEF Secretariat should have a higher education from a university or similar institution of minimum 4½ years and not less than 5- 8 years of working experience from the energy, financial and/or environmental sector.

Staff at junior level should have a higher education from a university or similar institution of minimum 4½ years and not less than 1-3 years of experience from work in the energy, financial and/or environmental sector.

Annex 2

Design Paper Designated National Authority



ADB

TA 4994 – SAM
Implementing the Samoa
National Energy Policy
(comp. 1&2)

DRAFT Final

**Design Paper
Designated National Authority
(DNA)**

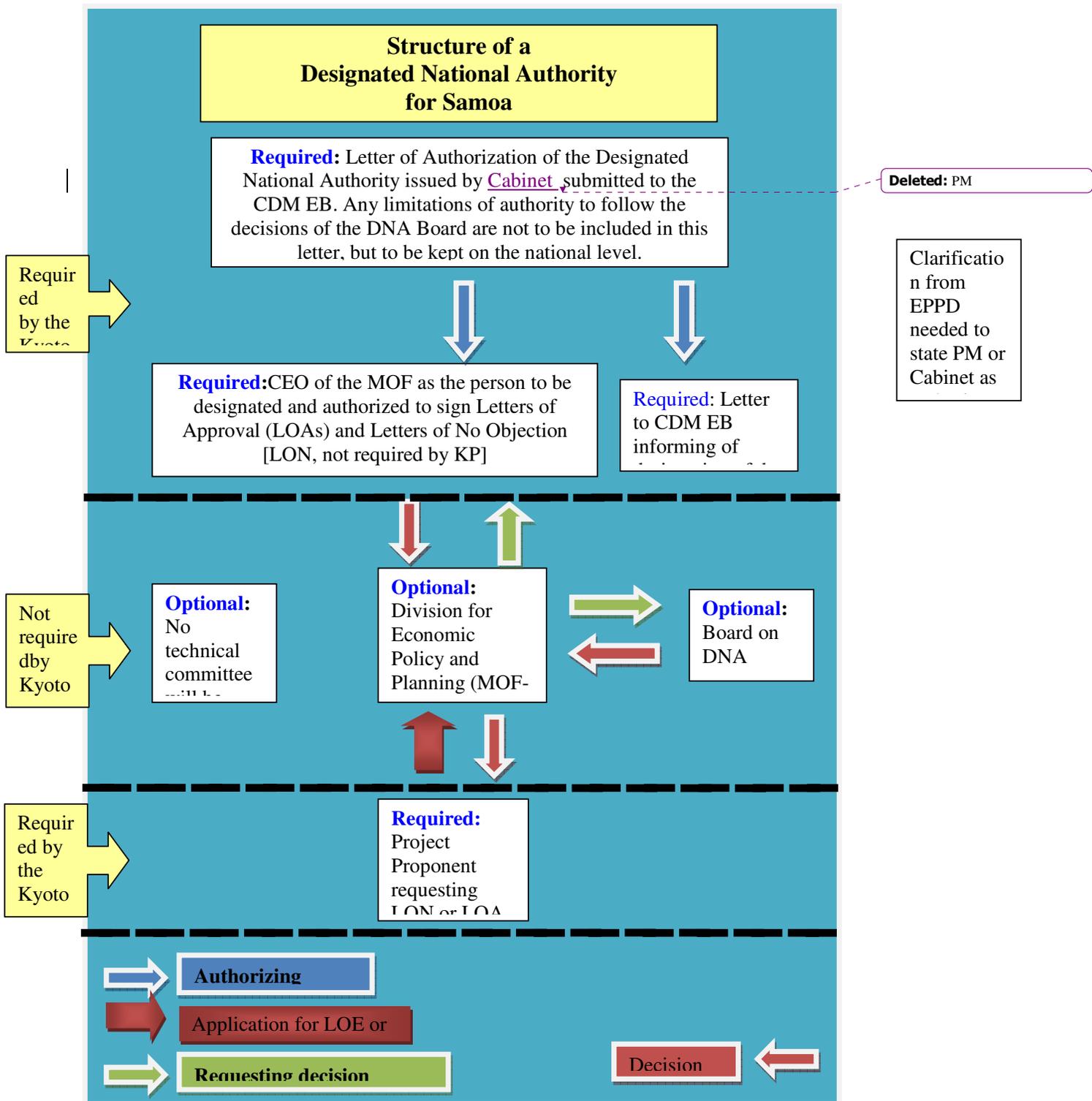
May 2009

 Danish Energy Management

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Abbreviations

ACD	Aid Coordination Division
CDM	Clean Development Mechanism
CER	Certified Emissions Reduction
DNA	Designated National Authority
DOE	Designated Operational Entity
EB CDM	Executive Board of the CDM
EPPD	Economic Policy and Planning Division
KP	Kyoto Protocol
LOA	Letter of Approval
LON	Letter of No Objection
MNRE	Ministry of Natural Resources and Environment
MOF	Ministry of Finance
MOF CEO	Chief Executive Officer of the MOF
MOF EU	Energy Unit of EPPD of MOF
MOF	Ministry of Finance
PDD	Project Design Document
PIN	Project Idea Note
PM	Prime Minister of Samoa
PP	Project Proponent
SROS	Scientific Research Organization of Samoa (former RDIS)
UNFCCC	United Nations Framework Convention on Climate Change



Organization and procedures for a Designated National Authority

Introduction

The CDM rules leading to need for DNA

The Clean Development Mechanism (CDM) under the Kyoto Protocol (KP) [to be found on <http://unfccc.int/resource/docs/convkp/kpeng.pdf>] of the United Nations Framework Convention on Climate Change (UNFCCC) establishes in Art. 12 of the KP a Clean Development Mechanism, which requires, cf. Art 12.5(a), “voluntary participation of each Party involved”.

The Decision 3 from the Meeting of the Parties to the KP in Montreal 2005 confirmed many preliminary decisions taking before the entering into force in 2005, incl. the Marrakech Accords. In Decision 3, para 29 of the said meeting it is stated that:

“29. Parties participating in the CDM shall designate a national authority for the CDM.”

In para 40(a) of the said decision it is stated that:

“40. The designated operational entity shall:

(a) Prior to the submission of the validation report to the Executive Board, have received from the project participants written approval [meaning Letter of Approval] of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development;”

The Decision can be found at:

<http://unfccc.int/resource/docs/2005/cmp1/eng/08a01.pdf#page=6>

The need for an LOA

A country that wishes to participate as a host country in the Clean Development Mechanism of the Kyoto Protocol of the United Nation Framework Convention Climate Change (UNFCCC) is therefore required to:

1. Ratify the Kyoto Protocol
2. Designate a Designated National Authority (DNA)
3. Inform the Executive Board of the Clean Development Mechanism of the designation of the DNA

4. Issue a non conditional Letter of Approval (LOA) for each proposed CDM project certifying that

- a. The country has ratified the Kyoto Protocol,
- b. The said project is entered into voluntarily by the project proponent, and that
- c. The project contributes to the sustainable development of the host country.

Simple national procedures matched by comprehensive international procedures

The simplicity of these requirements when it comes to the obligations of the participation host countries, such as Samoa, are counterweighted by strict administrative and documentary requirements set up by the parties of the Kyoto Protocol in the rules of CDM, i.e. Modalities and Procedures of the Clean Development Mechanism and which are to be met by the project proponents.

Thus, in order to be registered by the CDM EB as a CDM project the project proponent must demonstrate and document beyond any reasonable doubt that the project will lead to lasting reductions in the emissions of green house gasses that would not occur in the absence of the project.

The documentation of this should take place by fulfilling a Project Design Document (PDD) for which mandatory standard templates are issued by the CDM EB. The PDD must prior to presentation for the CDM EB be validated by a designated operational entity (DOE), already authorized by the CDM EB to perform this validation (auditing).

After implementation and as a requirement for the issuance by the CDM EB of tradable certified emission reduction units (CERs) the project proponent must furthermore demonstrate that the planned amounts of emission reductions have actually taken place. This is demonstrated by following the monitoring plan that was approved as part of the validation of the PDD.

The result of the monitoring is reported by the project proponent in a Monitoring Report to be verified by the DOE, who will send the verified Monitoring Report to the CDM EB with a request for issuance of CERs on the account of the project proponent in the International Transaction Log (ITL) from where the project proponent can distribute the CERs to the buyer(s) of the credits.

The UN system for approval of CDM projects has been criticized for being very administratively burden full for the project proponents.

It should be born in mind, though, that this is a result of the wish by the creators of the Kyoto Protocol to protect host countries from a likewise burden full administrative setup.

Bearing this in mind the set up of approval procedures for CDM projects in a host country could seek to make full use of the possibility to establish easily administered procedures for issuing of LOA, with an emphasis on the opportunity to make sure that the proposed CDM project constitutes a genuine contribution to sustainable development in the host country.

In the Samoan context the preliminary forecast of the number of CDM project to be presented for the DNA for approval for issuing of a LOA points to a limited number of projects.

It will therefore be important that no unnecessary administrative or economic barriers are created that will discourage project proponents from seeking much needed additional funding, if the project could qualify under the CDM.

The below recommendations are based on such an approach.

Further to the basic requirement of the DNA to issue LOAs the DNA may also, as is done by most other DNAs, issue LONs. The LON serves to certify towards a potential buyer of CERs that the proposed CDM project has been presented to the host country and that the host country expects the project to receive an unconditional LOA once the PDD has been elaborated and verified by the DOE.

The LON is always issued based on the submission by the project proponent of a Project Idea Note (PIN) describing the proposed CDM project's proposed contribution to reduction of carbon emissions that would not occur in the absence of the project as well as the project's contribution to sustainable development in the host country according to criteria made publicly available on the DNA's homepage using a PIN-template likewise made available on this homepage.

The value of a LON is significant, since it will attract buyers, who may, on the basis of the LON, provide funding for the development of a Project Design Document (PDD) for the project as well as other transaction costs such as the fee for the validation by the DOE of the PDD.

Such project development support is of general value by contributing to guiding the project through the procedures of the CDM relying on the experience of the buyer with CDM requirements.

A variety of literature from the UN and from other sources is available on the development of CDM projects. The basic entrance could be <http://cdm.unfccc.int/index.html> and <http://cdmrulebook.org>

The basic document for development of CDM projects could be seen as "The CDM PDD Guidebook: Navigating the Pitfalls" found on

<http://www.cd4cdm.org/Publications/PDDguidebook2ndEdition.pdf> published by UNEP RISOE, Denmark.

Authorizing a Designated National Authority

The LOA is required for a CDM project to be registered by the CDM EB as a CDM project.

In order for a LOA, signed by the DNA of the host country, to be recognized by the CDM EB as a valid LOA representing the will of the host country, a letter of authorization needs to be sent from the legal representative of the host country to the CDM EB.

This could be a letter of authorization stating the person to be authorized as signatory of LOAs from the country and forwarded to the CDM EB by the focal point of the country, which in the case of Samoa is the Ministry of Foreign Affairs. The Designated National Authority will then be listed on the UNFCCC homepage for CDM on <http://cdm.unfccc.int/DNA/index.html>

In case the person authorized as the DNA is changed, a new letter of authorization is required.

In the case of Samoa it is suggested that the **Cabinet** (need clarification by EPPD) issues a letter of authorization for the CEO of the Ministry of Finance to be the DNA of Samoa. The CEO should be mentioned by name in order to authorize her signature on the LOA.

Unless provided for by Samoan law no internal decree or regulation is needed for the further installment of the DNA.

Comment [s1]: Ben shall we keep the PM here or change it to Cabinet to be consistent with the structure in the front?

Deleted: Prime Minister

Deleted: as the head of the Government of Samoa, using the powers given to him by [Parliament/Head of State],

Requirements to be fulfilled by applicants seeking an LON:

In order for the DNA to be able to issue an LON that will state that the issuance of a LOA by the Samoan DNA is expected on the project the following information should be accompanying a request by the project proponent to receive an LON for his CDM project:

- A written request to receive an LON
- The name of the CDM project as stated in the PIN. (This point is important when it comes to issuing LOA, but should likewise be correct in the application for LON)
- Documentation to support the identity of the legal entity requesting the LOA and to support the legal status of the project proponent (i.e. private person, public utility or private company or any other type of legal entity)
- A completed PIN (Project Idea Note) in the version made publicly available on the homepage of the DNA (on MOF's homepage, and possibly with a link from homepage of the MNRE).

- Optional: Statement that all necessary Environmental Impact Assessment according to Samoan legislation has been completed. The environmental issues are part of the information given in the PIN and need not be addressed separately in the letter requesting a LON.
- Optional: If any foreign funding has been involved a statement from the funding body stating that
 - o no ODA has been used for financing the project, or
 - o in case ODA has been used for financing the project: a statement that no diversion of ODA has taken place when funding the project.

If foreign funding is included in the project financing then the issue of diversion of ODA might as well be addressed at the LON stage, in order to make sure that no diversion of ODA is involved, thus preventing the project from registration as a CDM project.

Requirements to be fulfilled by applicants seeking an LOA:

In order for the DNA to be able to issue an LOA that will serve as host country approval by Samoa the following information should be accompanying a request by the project proponent to receive an LOA for his CDM project:

- A written request to receive an LOA
- The name of the CDM project as stated in the PDD. (It is obligatory that the name of the project and the project proponent is identical in the PDD, the LOA and any communication between national and international authorities, i.e. a statement from a donor that funding of the project does not constitute a diversion of ODA)
- Documentation to support the identity of the legal entity requesting the LOA and to support the legal status of the project proponent (i.e. private person, public utility or private company or any other type of legal entity)
- Final PDD
- Validation report if available (if a validation report is not available at the time of request for LOA, then the LOA will have to be issued as conditional of the project proponent providing such validation report before the necessary, unconditional LOA can be issued. Likewise a so-called “unqualified verification report” will only be issued, when the unconditional LOA is provided to the DOE. The solution to this Catch 22, is that the LOA is issued upon reception of a so-called “qualified verification report” with the lack of an LOA as the only outstanding issue. The issuance of the LOA by the DNA will then make it possible for the DOE to issue an unqualified verification report, meaning a verification report with no pending issues, and which can form the basis for request for registration of the CDM project by the CDM Executive Board.
- Statement that all necessary Environmental Impact Assessment according to Samoan legislation has been completed
- If any foreign funding has been involved a statement from the funding body stating that
 - o no ODA has been used for financing the project, or

- in case ODA has been used for financing the project: a statement that no diversion of ODA has taken place when funding the project.

The work of the Designated National Authority

While the official role as DNA will be undertaken by the CEO of the Ministry of Finance, the daily tasks and functions related to the DNA will be undertaken by the DNA Secretariat in the MOF EU.

The DNA Secretariat will:

1. Establish a homepage of the DNA including basic information of the Samoan eligibility criteria for issuing of LOAs and LONs, including template for a PIN to be filled in for any project seeking a LON. Projects seeking a LOA directly will have submitted the required information in the PDD.
2. Receive requests for issuance of LONs stating that the project is expected to receive a LOA once the PDD has been validated by a DOE.

Such a Letter is not part of the requirements of the Kyoto Protocol and the CDM rules, but an expedient way of stating that the DNA expects the project to receive an LOA.

The DNA Secretariat will present the request for an LON for the Board of the DNA with a recommendation to either issue the LON or to decline from issuing such a letter. The evaluation of whether or not the project contributes to the sustainable development of Samoa depends on the findings of the Ministry of Natural Resources and Environment, MNRE related to environmental sustainability and MOF when it comes to social and economic sustainability. A separate hearing of these two ministries will therefore be undertaken before the matter is presented for the Board of the DNA.

On behalf of the chair of the DNA Board, the DNA Secretariat calls for a board meeting. The CEO of the MOF chairs the meeting, DNA Secretariat takes the minutes/protocol of meeting of the meeting and have the protocol of decisions of the meeting.

After holding the meeting in the DNA Board, the DNA Secretariat drafts a LON or LOA to be presented for the MOF CEO for signing and sending to the project proponent.

The requirements to be met by project proponents requesting an LOE/LOA, including a template for a Samoan standard Project Idea Note, ToR for staff, etc. are included in the Operation Manual for the Samoan DNA.

The work of the DNA Board

The role of the DNA Board is to make sure that any project that is decided to receive an LOA issued by the DNA is contributing to the sustainable development of Samoa and that the project is entered into on a voluntary basis by the project proponent. The fact,

also to be stated in the LOA that Samoa has ratified the Kyoto Protocol, is not to be a matter of concern for the DNA Board.

If the DNA Board finds that the two abovementioned conditions are fulfilled then the Board can recommend the DNA to issue the LOE or the LOA.

The DNA Board will comprise the following members:

- The CEO of MOF
- The CEO of MNRE
- The CEO of the SROS
- The CEO of the EPC
- A private Sector representative

The Charter for the Board will be elaborated as part of the Operation Manual for the DNA.

Disclaimer

Some countries include a disclaimer in the work of the DNA. Samoa is proposed to consider inclusion of a disclaimer on the homepage of the DNA. A proposal for such a disclaimer could look like this:

1. The provision by the Samoan DNA of authorization to participate or approval of voluntary participation in a CDM project does not guarantee acceptance of any CDM project by a buying country, or that any such project will be registered by the CDM Executive Board, or that certified emission reduction units (CERs) will be issued.
2. Provision of authorization to participate or approval of voluntary participation in a CDM project does not provide any guarantees that an entity authorized to participate by Samoa's DNA may transfer to a buyer or acquire CERs in the event that the buying country does not meet the eligibility requirements to participate in the Kyoto Mechanism.

First Draft of a Samoan Letter of Approval

Below is a first draft of a Samoan Letter of Approval taking into account the abovementioned requirements of the CDM rules:

[Letterhead of MOF] [date] [number]

To: [Project Proponent or "To whom it may concern]

Subject: Host Country Approval to [Full and correct name of the CDM project]

Sir,

I am directed to state that the Project Design Document of the [full and correct name of the CDM project] was considered by the Samoan DNA Board in its meeting held at [date of meeting]. The Samoan DNA Board confirms that

- The Government of Samoa has ratified the Kyoto Protocol.
- The abovementioned project is entered into voluntarily.
- The abovementioned project contributes to the sustainable development of Samoa.

Yours faithfully

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Designated National Authority of Samoa