

CAMBODIAN DESIGNATED NATIONAL AUTHORITY
(DRAFT ONLY, DO NOT QUOTE)
SUSTAINABLE DEVELOPMENT CRITERIA FOR PROPOSED
CLEAN DEVELOPMENT MECHANISM (CDM) PROJECTS

SUSTAINABLE DEVELOPMENT CRITERIA AND ASSESSMENT MATRIX

Background

The spirit of Cambodia's Designated National Authority (DNA) assessment process is to ensure that projects approved for CDM support Cambodia's development in a sustainable manner. Namely, that the project assists Cambodia in meeting the needs of the present generation without compromising the needs of future generations, giving due consideration to the three pillars of the Cambodian Governments development strategy - economic development, environmental protection, and poverty reduction.

Section 1 outlines the assessment process for proposed CDM projects.

Section 2 outlines the Sustainable Development criteria and matrix tool for assessing each project.

Section 3 includes requirements relating to the Monitoring and Verification Plan.

Section 1 - Assessment Process

Project developers, who are interested in CDM project investment in Cambodia, shall submit a Project Design Document (PDD¹) to the Cambodian Designated National Authority. A nominal fee to cover transaction costs may be charged, when submitting the PDD. The PDD must outline how the project meets Cambodia's Sustainable Development Objectives via each criterion as outlined in the Sustainable Development Criteria and Matrix in the attached Appendix.

The process of assessment is as follows:

1. Project developers submit a PDD to the DNA.
2. The DNA receives and previews the PDD for completeness. If there is insufficient information to undertake the assessment using the Sustainable Development matrix as outlined in the Attachment, the DNA will ask the developer to re-submit the document with the required information.
3. On receipt of a complete PDD, the DNA will advertise the application for the approval of the potential CDM project in a relevant form, such as on the website or in the local press. This process will encourage stakeholder feedback.

¹ Project Design Document as specified by the CDM Executive Board. The PDD is a legal requirement for participation in the CDM and is available for download from the UNFCCC website (United Nations Framework Convention on Climate Change).

4. The DNA will convene an inter-ministerial and stakeholder team, and undertake the assessment of the project against the sustainable development criteria as outlined in Attachment. The project team may undertake a site-visit if necessary.
5. If the project meets the sustainable development objectives of Cambodia, the DNA will issue a letter of approval for the project, outlining the Governments voluntary participation in the project and that the project meets Cambodia's sustainable development objectives. If the project is deemed not to meet the sustainable development objectives, the DNA will share the result of the assessment process with the project developer and assist in the process of revising the project to ensure it meets Cambodia's sustainable development objectives.
6. The project will be added to the database of CDM projects on the CDM website.

Section 2 - Sustainable Development Criteria and Assessment Matrix

The sustainable development matrix appended to this document, is the tool that Cambodia has developed to assess proposed CDM projects to ensure they meet Cambodia's sustainable development objectives. The matrix focuses on the economic, social, environmental and technology transfer aspects of development, which are articulated in Cambodia's existing laws, regulations, policies, statements and commitments to international conventions.

The Project Developer must submit a PDD which outlines how sustainable development objectives are met via each of these criteria.

How to Use the Sustainable Development Matrix

The matrix tool provides guidance to the developer and assessor for each eligibility criteria, while not being prescriptive. The project should be compared against the defined baseline as outlined in the PDD:

- -3 rating would mean that the project has serious impact against a particular criteria, -2 or -1 would mean it has a negative impact, however not as serious as a -3 rating.
- +3 rating would indicate best practice of a particular criteria, a +2 or +1 would indicate a positive activity, but not considered best practice.
- Neutral rating of 0 would indicate that the project has no impact (positive or negative) against a particular criteria, or is business as usual.

The assessment shall focus on all impacts of the project, both within and outside the project boundary.

Assessment of the project shall focus on all stages of the project cycle: from project construction to project decommissioning to ensure that sustainable development benefits are maximised over the life of the project.

For each individual sustainable development indicator, the project developer shall achieve the minimum score of 0 and must avoid negative ratings. The absence of negative impacts on Cambodia's economy, society, environment and technological capacity, is considered to be the minimum threshold with which project proponents must comply. Negative points for a specific indicator may not be counterbalanced by positive points for another indicator.

The project must achieve a positive or neutral rating in each of the 4 mentioned criteria categories - Economic, Social, Environmental and Technology Transfer. A negative rating in one of the categories indicates that the project does not meet the sustainable development goals of Cambodia (as outlined in the related laws, regulations, policies, statements and conventions); and the project should be reworked and resubmitted to the DNA.

Section 3 - Monitoring and Verification Plan

The Monitoring and Verification Plan (M&V) should not be limited to emission reduction aspects as outlined in the PDD. The Monitoring and Verification Plan must also cover all commitments made in the PDD as they relate to the Sustainable Development Criteria outlined in the Matrix.

The Designated Operational Entity shall verify and certify the performance of the project against commitments made in the PDD as they relate to emission reductions and the above mentioned sustainable development criteria. Failure of the project to comply with these commitments will result in the Designated National Authority withdrawing its approval of the project and formally notifying the Executive Board of the Clean Development Mechanism.

Appendix – Sustainable Development Criteria and Assessment Matrix

ELIGIBILITY CRITERIA	RATING	ASSESSMENT
1. Environmental Protection and Improvement		
1.1 Contribution to mitigation of global climate change	-3 to +3	<p>+3 Reduction or avoidance in GHG emissions</p> <p>↑</p> <p>0 No change in GHG emissions</p> <p>↓</p> <p>-3 Increase in GHG emissions</p>
1.2 Reduction in air pollution compared with the baseline scenario identified in the PDD	-3 to +3	<p>+3 Reduction in air pollutant levels compared with the baseline scenario identified in the PDD</p> <p>↑</p> <p>0 No change in air pollutant levels compared with the baseline scenario identified in the PDD</p> <p>↓</p> <p>-3 Increase in air pollutant levels compared with the baseline scenario identified in the PDD</p>
1.3 Reduction in water pollution compared with the baseline scenario identified in the PDD	-3 to +3	<p>+3 Reduction in water pollutant levels compared with the baseline scenario identified in the PDD</p> <p>↑</p> <p>0 No change in water pollutant levels compared with the baseline scenario identified in the PDD</p> <p>↓</p> <p>-3 Increase in water pollutant levels compared with the baseline scenario identified in the PDD</p>
1.4 Reduction in soil pollution compared with the baseline scenario identified in the PDD	-3 to +3	<p>+3 Reduction in soil pollutant levels compared with the baseline scenario identified in the PDD</p> <p>↑</p> <p>0 No change in soil pollutant levels compared with the baseline scenario identified in the PDD</p> <p>↓</p> <p>-3 Increase in soil pollutant levels compared with the baseline scenario identified in the PDD</p>
1.5 Reduction in noise pollution compared with the baseline scenario identified in the PDD	-3 to +3	<p>+3 Reduction in noise pollution levels compared with the baseline scenario identified in the PDD</p> <p>↑</p> <p>0 No change in noise pollution levels compared with the baseline scenario identified in the PDD</p> <p>↓</p> <p>-3 Increase in noise pollution levels compared with the baseline scenario identified in the PDD</p>
1.6 Biodiversity conservation	-3 to +3	<p>+3 Increase in indigenous biodiversity resources at the ecosystem, species and/or genetic levels, for example:</p> <ul style="list-style-type: none"> • Extension of habitat for endangered species • Multiple indigenous species activities <p>↑</p> <p>0 No impact on indigenous biodiversity resources at the ecosystem, species and/or genetic levels, for example:</p> <ul style="list-style-type: none"> • Single species activities adequately addressed with corridors and buffer zones • Management/implementation plan in place to protect species and their habitats; <p>↓</p> <p>-3 Reduction in indigenous biodiversity resources at the ecosystem, species and/or genetic levels, for example:</p> <ul style="list-style-type: none"> • Clearing or flooding of ecological habitats • Removal and/or impact on endangered species and/or their habitat • Removal of existing diverse species cover and replacement with single or dual species

ELIGIBILITY CRITERIA	RATING	ASSESSMENT
1.7 Sustainable use of land resources	-3 to +3	<p>+3 Improvement of land resource ↑ 0 Sustainable land use and preservation of ecological functions of land ↓ -3 Unsustainable land use or degradation of land</p>
1.8 Rational use of mineral resources	-3 to +3	<p>0 Rational use of mineral resources ↓ -3 Inefficient use of mineral resources</p>
1.9 Sustainable use of forest resources	-3 to +3	<p>+3 Improvement of forest resources ↑ 0 <ul style="list-style-type: none"> • No impact on forest resources • Management/implementation plan in place to mitigate the impacts ↓ -3 Unsustainable use or depletion of forest resources</p>
1.10 Sustainable use of water resources	-3 to +3	<p>+3 Improvement of water resources ↑ 0 <ul style="list-style-type: none"> • No impact on water resources • Management/implementation plan in place to mitigate the impacts ↓ -3 Unsustainable use or depletion of water resources</p>
1.11 Archaeological, cultural, historical and spiritual heritage	-3 to +3	<p>+3 Enhancement of the preservation of archaeological, cultural, historical or spiritual sites ↑ 0 No impact on archaeological, cultural, historical or spiritual sites ↓ <ul style="list-style-type: none"> • Adverse impact on archaeological, cultural, historical or spiritual sites • Adverse impact on people's access to archaeological, cultural, historical or spiritual sites -3</p>
2. Social - Enhancement of Income and Quality of Life		
2.1 Poverty alleviation	-3 to +3	<p>+3 <ul style="list-style-type: none"> • Increase of income generation opportunities for local people • Improvement of livelihood of local people, in particular the poor and the disadvantaged ↑ 0 No impact on livelihoods of local people ↓ <ul style="list-style-type: none"> • Removal of ability of local people to access resources for income generation • Displacement of people without provision of alternatives for income generation -3</p>
2.2 Provision of community infrastructures	-3 to +3	<p>+3 Provision of community infrastructures (wells, roads, schools etc.) ↑ 0 No impact on community infrastructures ↓</p>

ELIGIBILITY CRITERIA	RATING	ASSESSMENT
		-3 Degradation of community infrastructures (wells, roads, schools etc.) by project related activities
2.3 Stakeholder consultation	-3 to +3	<p>+3</p> <ul style="list-style-type: none"> • Stakeholder consultation from the beginning of the project • Project designed in collaboration with stakeholders • Local stakeholders support the project • Participation of stakeholders in the decision making process <p>↑ 0 ↓ Stakeholders were consulted and minimal impact identified</p> <ul style="list-style-type: none"> • No consultation of stakeholders • Disregard of stakeholders' comments • Consultation of stakeholders only at the end of the project design with no opportunity to modify the project • Local stakeholders do not support the project or are opposed to it <p>-3</p>
2.4 Reduction of wealth disparity among target communities	-3 to +3	<p>+3 Decrease in wealth disparity among target communities</p> <p>↑ 0 ↓ No impact on wealth disparity among target communities</p> <p>-3 Increase in wealth disparity among target communities</p>
2.5 Creation of employment in country	-3 to +3	<p>+3 Increase in number of jobs at national/regional or local levels</p> <p>↑ 0 ↓ No change in employment compared to the baseline; no jobs are created or lost</p> <ul style="list-style-type: none"> • All jobs identified in the baseline are eliminated; • Job losses <p>-3</p>
2.6 Impact on public health	-3 to +3	<p>+3 Improved public health</p> <p>↑ 0 ↓ No impact on public health</p> <p>-3 Adverse impact on public health</p>
2.7 Gender equity	-3 to +3	<p>+3 Promotion of gender equity and women empowerment</p> <p>↑ 0 ↓ No change in gender equity and women empowerment</p> <p>-3 Reduction in gender equity, discrimination against women</p>
3. Technology Transfer		
3.1 Transfer of appropriate and best available technology	-3 to +3	<p>+3</p> <ul style="list-style-type: none"> • Best available technology in advanced industrial economies • Best available technology and technology well proven

ELIGIBILITY CRITERIA	RATING	ASSESSMENT
		<ul style="list-style-type: none"> • Best available technology and technology can easily be maintained locally • Best available technology and technology appropriate for local economic and social conditions <p style="text-align: center;">↑ 0 ↓</p> <p>Standard technology used</p> <ul style="list-style-type: none"> • Inappropriate technology, not adapted to local needs and capacity • Equipment and skills for maintenance not available in Cambodia • Technology not proven, using Cambodia as a testing ground • Technology would not be allowed in investors' countries <p style="text-align: center;">-3</p>
3.2 Capacity building	-3 to +3	<p style="text-align: center;">+3</p> <ul style="list-style-type: none"> • transfer of skills for use and maintenance of technology/equipment • use of local companies to install and maintain equipment • Training of local technicians in areas of expertise not available in Cambodia <p style="text-align: center;">↑ 0 ↓</p> <p>Training of local technicians in areas of expertise already available in Cambodia</p> <ul style="list-style-type: none"> • No transfer of skills for use and maintenance of technology/equipment • No use of local companies to install and maintain equipment • Reliance on international experts to install/maintain equipment <p style="text-align: center;">-3</p>
4. Economic Benefits		
4.1 Use of local businesses and industries	-3 to +3	<p style="text-align: center;">+3</p> <ul style="list-style-type: none"> • Project working directly in local partnership • Use of local companies to manufacture equipment <p style="text-align: center;">↑ 0 ↓</p> <p>Only unskilled labour used</p> <ul style="list-style-type: none"> • No local companies employed during the designing, construction, implementation or maintenance stages • No local companies employed to produce equipment <p style="text-align: center;">-3</p>
4.2 Economic rate of return for Cambodia (including social and environmental costs and benefits)	-3 to +3	<p style="text-align: center;">+3 Economic rate of return for Cambodia more than 20%</p> <p style="text-align: center;">↑ 0 ↓</p> <p style="text-align: center;">0 Economic rate of return for Cambodia equals 10%</p> <p style="text-align: center;">-3 Economic rate of return for Cambodia is zero or negative</p>
4.3 Share of project budget spent in-country	-3 to +3	<p style="text-align: center;">+3 More than half of total budget spent in country on Cambodian economy</p> <p style="text-align: center;">↑ 0 ↓</p> <p style="text-align: center;">0 Half of total budget spent in country on Cambodian economy</p> <p style="text-align: center;">-3 Less than 50% of total budget spent in country on Cambodian economy</p>
4.3 Reduced dependence on fossil fuels (energy)	-3 to +3	<p style="text-align: center;">+3</p> <ul style="list-style-type: none"> • Reduction of dependence on fossil fuels

ELIGIBILITY CRITERIA	RATING	ASSESSMENT
projects only)		<ul style="list-style-type: none"> • Increased use of renewable and/or clean energy resources <p>↑ 0 No impact on dependence on fossil fuels</p> <p>↓ -3 No reduction of dependence on fossil fuels</p>
4.4 Reduced dependence on imported energy (energy projects only)	-3 to +3	<p>+3 Reduction of dependence on imported energy</p> <p>↑ 0 No impact on dependence on imported energy</p> <p>↓ -3 No reduction of dependence on imported energy</p>