

THE SOUTH AFRICAN DNA PROJECT APPROVAL PROCESS

INTRODUCTION

Project approval by the host country is one of the pre-requisites of international registration of a potential CDM project with the UNFCCC and the Kyoto Protocol. Assessment of projects for host country approval is the primary role of the Designated National Authority (DNA). Scope of this approval is limited to assessing the voluntary participation of South Africa in the Clean Development Mechanism (CDM) - and the contribution of projects to the sustainable development of the country.

It should be noted that the assessment of compliance of the project with other eligibility criteria and general rules of the CDM is not carried out by the DNA. That is the job of the Designated Operational Entities (DOEs). The role of the DOEs is not addressed here, but more information on this can be found on the UNFCCC website.

THE DNA FOR SOUTH AFRICA

The DNA for South Africa is located within the Department of Minerals and Energy. It was established in late 2004 and has developed:

- an approval procedure to be followed for evaluating whether a project meets the sustainable development requirements for South Africa in terms of the Kyoto Protocol; and
- a set of sustainable development criteria to be used to guide this evaluation. (The rules of the CDM leave the definition of what sustainable development is as a sovereign decision of each developing country.)

PROJECT APPROVAL PROCEDURE


The project approval procedure followed in South Africa is illustrated in this diagram.

The project developer or owner has two points of entry into the process:

- Voluntary screening: This is done via the submission of a brief Project Identification Note ([PIN](#)) and application form to the DNA. This stage is voluntary but provides the DNA with an opportunity to carry out an initial screening of the project and provide feedback to the developer on the likely performance of the project against approval criteria.
- Mandatory submission: All projects will require the submission of a more detailed description of the project via a Project Development Document and [application form](#) to receive a letter of approval from the DNA.

VOLUNTARY SCREENING

If the developer chooses initial voluntary screening, then they must submit a project identification note (PIN) and application form to the DNA. The project developer can request:

- a letter of no objection from the DNA;
 - comments on the project; or
 - the DNA's assistance in project development.
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Alternatively, the project developer can simply provide the DNA with a PIN for information purposes.

Initial evaluation and letter of no objection The DNA, with the support of the advisory committee, will then conduct an initial evaluation of the likely sustainable development impacts of the project against a set of sustainable development criteria.

The DNA will inform the developer of the results of the initial screening within 30 days of submission of the application form and PIN. If the initial screening is favourable and the developer has requested it, the developer will receive a letter of no objection from the DNA. This letter will include a summary of the results of the initial screening of the performance of the project against the abovementioned sustainable development criteria. The letter itself is a statement from the DNA that, on the basis of the information received, the project under preparation does not show any violations with the project approval criteria. The provision by the DNA of this letter shall in no way compromise the opinion, independence or transparency of the DNA when subjecting the project to the later formal evaluation process required for the granting of the formal approval required from the DNA.

Important note: The purpose of the initial screening process and the letter of no objection is to improve the quality of CDM projects and to facilitate contact between prospective partners and investors. In no way do comments provided during this process affect the DNA's decision when subjecting projects to the later formal (mandatory) approval process. Thus, no final approval decision by the DNA is precluded through the issuance of a letter of no objection.

MANDATORY SUBMISSION

The project developer then submits the project details to the DNA in the form of a Project Design Document (PDD). This must be accompanied by a completed application form. Note that the PDD should already have been validated by the Designated Operational Entity at this stage. See the UNFCCC website for further details of the validation process.

The DNA will post the submitted project PDD on this website under Documents for Public Comment. These are posted for public consultation for a period of 30 days. PDD documents will also be made available to any interested parties on request.

The DNA will then evaluate the project on the basis of the information received and included in the PDD and on the comments received during the consultation period. It may ask for supplemental information.

The DNA then sends its recommendation and comments received during the public consultation period to the advisory committee of the DNA for consideration. The committee then submits its comments back to the DNA.

Based on comments from the committee, the DNA makes its final decision on the approval of the project. If successful, the developer will be given a letter of approval. This will be prepared to be signed by the Director General of the Department of Minerals and Energy

- Visit the project design documents currently open for public comment

TIME FRAMES

Project developers will be guaranteed a maximum time for each step of the approval procedure.

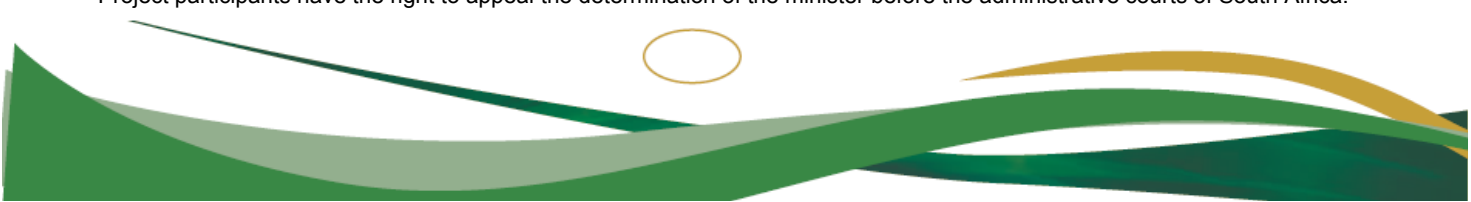
- **Initial screening:** The DNA will provide the project developer who has submitted the PIN with the results of the initial screening within 30 working days of submission of the application form and PIN.
- **Final approval:** In total, the period between submission of the PDD and receipt of a decision from the DNA should not exceed 45 working days.

APPEALS

Project participants will also have the right to appeal against the final decision taken by the DNA.

In a first step they may appeal the decision with the Minister of Minerals and Energy. The minister will verify the decision taken by the DNA and determine whether it has been produced in accordance with the approval procedures. The Minister will notify the project participants within 60 days of her decision.

Project participants have the right to appeal the determination of the minister before the administrative courts of South Africa.

A decorative graphic at the bottom of the page features a stylized landscape with green hills and a yellow sun or moon in the sky, set against a white background.

GENERAL REGULATORY AUTHORITY

If a project is deemed by the DNA to be contrary to the spirit of the Kyoto Protocol or contrary to the intention of stated government policy, the DNA reserves the right to refuse project approval until such time as suitable alterations are made to the project design.

In such instances clear reasons for the rejection of a project must be provided by the DNA. The DNA will be informed by consideration of the project indicators provided below.

ENVIRONMENTAL IMPACT

Impact on local environmental quality

- Impact of the project on community access to natural resources;
- Impact of the project on water pollution;
- Impact of the project on the generation or disposal of solid waste; and
- Any other positive or negative environmental impacts of the project (such as impacts on noise, safety, visual impacts, or traffic).

Change in usage of natural resources

- Impact of the project on community access to natural resources;
- Impact of the project on the sustainability of use of water, minerals or other non-renewable natural resources; and
- Impact of the project on the efficiency of resource utilisation

Impacts on biodiversity and ecosystems

- Changes in local or regional biodiversity arising from the project.

ECONOMIC

Economic impacts

- Impact of the project on foreign exchange requirements;
- Impact of the project on existing economic activity in the area;
- Impact of the project on the cost of energy; and
- Impact of the project on foreign direct investment.

Appropriate technology transfer

- Positive or negative implications for the transfer of technology to South Africa arising from the project;
- Impacts of the project on local skills development; and
- Demonstration and replication potential of the project.



SOCIAL

Alignment with national provincial and local development priorities

- How the project is aligned with provincial and national government objectives;
- How the project is aligned with local developmental objectives;
- Impact of the project on the provision of, or access to, basic services to the area;
- Impact of the project on the relocation of communities, if applicable; and
- Contribution of the project to any specific sectoral objectives (for example, renewable energy targets).

Social equity and poverty alleviation

- Impact of the project on employment levels? (Specify the number of jobs created/lost; the duration of time employed, distribution of employment opportunities, types of employment, categories of employment changes in terms of skill levels and gender and racial equity);
- Impact of the project on community social structures;
- Impact of the project on social heritage;
- Impact of the project on the provision of social amenities to the community in which the project is situated; and
- Contribution of the project to the development of previously underdeveloped areas or specially designated development nodes.

GENERAL

As well as the above indicators, the DNA also uses a general indicator that encompasses social and economic factors

- General project acceptability: are the distribution of project benefits reasonable and fair?

CONTACT US

If you have any questions about the promotion of the CDM in South Africa, or if you would like to find out how to invest in a project, please contact the DNA directly.

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