

PROCEDURE FOR APPROVING A JI PROJECT

1. Institutional framework

The Ministry of Environment and Sustainable Development (MESD) is the governmental institution responsible for the implementation of the UNFCCC and Kyoto Protocol commitments in Romania, representing the UNFCCC National Focal Point in accordance with the Governmental Decision (GD) no. 368/2007. MESD is also the only institution in Romania responsible with the Joint Implementation project approval.

The National Environmental Protection Agency (NEPA) is the central institution which ensures the technical support for MESD on the implementation of the UNFCCC and Kyoto Protocol provisions, in accordance with the GD no. 459/2005. NEPA analyses the technical documentation enclosed to the JI project proposals and presents the assessment results to the MESD.

MESD is supported by the National Commission on Climate Change (NCCC) in the climate change related decision making process and for the approval of the JI projects under Track II.

NCCC was reorganized by GD no. 658/2006 and acts as the main advisory body on climate change policy to the MESD. NCCC is an inter-ministerial consultative body consisting of representatives from the ministries relevant for the implementation of national policies on climate change.

The final decision about issuing a Letter of Endorsement or a Letter of Approval belongs to the Minister of Environment and Sustainable Development, taking into account the NCCC advice.

The JI project design document (PDD) determination and the monitored GHG emissions reductions determination shall be performed by Accredited Independent Entities (AIEs) under the Joint Implementation Supervisory Committee (JISC). Until the moment JISC – Accreditation Panel will accredit such entities, CDM EB accredited DOEs can be used to perform determinations, only if they apply for accreditation under JISC. An updated list with CDM EB accredited DOEs may be visited on the CDM website: <http://cdm.unfccc.int/DOE/list>. The list with the JISC accredited AIEs may be consulted at: <http://ji.unfccc.int/AIEs/List.html>.

2. Eligibility criteria for JI projects

Project acceptance

In order to be accepted, a project has to meet the following criteria:

- to support the sustainable development of Romania and to be in accordance with the national environmental strategies;
- to be presented according to the procedure and to meet the eligibility criteria;
- to meet the UNFCCC and the Kyoto Protocol requirements and other subsequent rules, decisions, guidelines and procedures related in principal with the JI mechanism;
- to generate environmental and social benefits.

Not accepted:

- projects related to the construction or rehabilitation of nuclear plants and/or units;
- projects where the financial sources for GHG emissions reductions are provided as grants or GEF funding. However, projects may receive this kind of financing only for the development of feasibility studies, project design documents or capacity building for implementing the project.

Project additionality

A project is additional if the following conditions are met simultaneously:

- **environmental additionality** – GHG emissions reductions wouldn't have occurred if the project had not been implemented;
- **technological additionality** – the mandatory use of the best available technology according to the European Union legislation, ensuring know-how transfer and using local labor force;
- **legal additionality** – projects having as objective the fulfillment of the Romanian regulations are not considered as JI projects;
- **financial additionality** – project implementation is conditioned by the funds received from the transfer of GHG emissions reduction units (ERUs) generated by the project;
- **planning additionality** – projects presented in a strategy or a development scheme/programme are not considered as JI projects. However, the additionality can be demonstrated if emissions reductions exceed the obligations presented in the scheme/programme.

Project viability

Project participants must prove the project viability, by:

- demonstrating the effective assurance of financing sources for the project implementation;

- proving the existence of the capacities related to the project implementation management during its entire lifetime. The long term commitment of the participants must be shown by internal documents presenting policies which support the management of the project (the impossibility to prove capacities related to the project implementation management, does not represent a reason to disqualify the project, but it is important to analyze the long term ability of the companies to generate the projected environmental benefits and to solve the problems appeared during the project implementation);
- showing a sufficient and appropriate infrastructure to support the safety implementation of the project over its entire cycle;
- proving the existence of the necessary conditions for monitoring the emissions reductions (data collection, storage, processing and archiving in accordance with the existing methodologies, including quality assurance/quality control and training of the staff in charge with the monitoring process);
- ensuring, on request, the access to information for reviewing the project.

Project leakages

- GHG emissions leakages can lead to reducing, or in extreme cases, exceeding the general benefits related to GHG emissions mitigation generated by the project. This situation shall not disqualify a project except in the situation where the negative potential leakages can exceed possible benefits of the project;
- Leakages not related to the GHG emissions, may include effects on the development (social, economical, ownership rights and labor force) or on the environment (resources availability, pollutant emissions and habitat and/or biodiversity losses). The projects shall not excessively generate negative leakages, because these could exceed general benefits of the project related to GHG emissions mitigation.

Others:

- A project listed in a privatization contract cannot be approved as a JI project. Also, a project proposed by a company under the privatization process, cannot be approved as a JI project, until the situation is clarified.

3. Necessary steps for the approval of a JI project

In the first phase, interested companies must analyze if there are any opportunities for developing JI projects inside their organization by

evaluating the portfolio. In addition, the identified projects must be eligible for using the JI mechanism. There are many eligibility criteria (as have been presented), but the most important thing is that the project participants have to prove the environmental additionality of the project (generating GHG emissions reductions compared with the most conservative scenario presented in the baseline study and proving that these reductions are additional compared with the ones that would have occurred in the absence of the proposed project).

A. Obtaining the Letter of Endorsement

1. Project participants submit to the MESD the initial documentation in order to receive the Letter of Endorsement. The initial documentation includes:

- one or more letters of interest from the project beneficiaries, certifying that they know exactly all the project participants intentions and accepting their obligations over the project acceptance period and over the entire lifetime of the project;
- a Project Idea Note (in accordance with Annex 1 model).

2. MESD and NEPA experts analyze the project documentation (maximum 15 days) and submit it to the NCCC members, if no other documents are requested.

3. NCCC members analyze the documentation and during an ordinary meeting of the Commission held in the period of maximum 45 days from the date of receipt of the documentation at the MESD, ask clarification from the project participants who are invited to present the project at the meeting. In this way, NCCC proposes to the MESD on a case by case basis either to issue the Letter of Endorsement or to postpone the decision until the moment when the project participants clarify the identified problems or to reject the project.

4. MESD issues the Letter of Endorsement (the decision and the responsibility of issuing the Letter of Endorsement belong solely to the MESD).

**the PIN shall be presented to the MESD in Romanian and English.*

B. Identifying the possible foreign partners of the project

C. Obtaining the Letter of Approval

1. Project participants submit to the MESD the detailed documentation enclosed to a JI project (Project Design Document - PDD) (in accordance with Annex 2 model as approved by JISC) together with pre-determination (validation) report prepared by either an AIE or a DOE (provisionally). The proposed changes resulted from the pre-determination report and the comments received from the public shall be included in the final document to be presented (the PDD must be publicly available for 30 days in order to receive comments from the public, in accordance with the Marrakech Accords).

2. MESD and NEPA experts analyze the project documentation (maximum 15 days) and submit it to the NCCC members, if no other documents are requested.

3. NCCC members analyze the documentation and during an ordinary meeting held in the period of maximum 45 days from the date of receipt of the documentation at the MESD, ask clarification from the project participants who are invited to present the project at the meeting. In this way, NCCC proposes to the MESD, on a case by case basis either to issue the Letter of Approval or to postpone the decision until the moment when the project participants clarify the identified problems or to reject the project.

4. MESD issues the Letter of Approval (the decision and the responsibility of issuing the Letter of Approval belong solely to the MESD).

The Letter of Approval represents the guarantee given by the Romanian Government which certifies that the project meets the criteria and follows the procedure for promoting a JI project and ensures the investing country on the transfer of the quantity of ERUs generated by the project as presented in the letter.

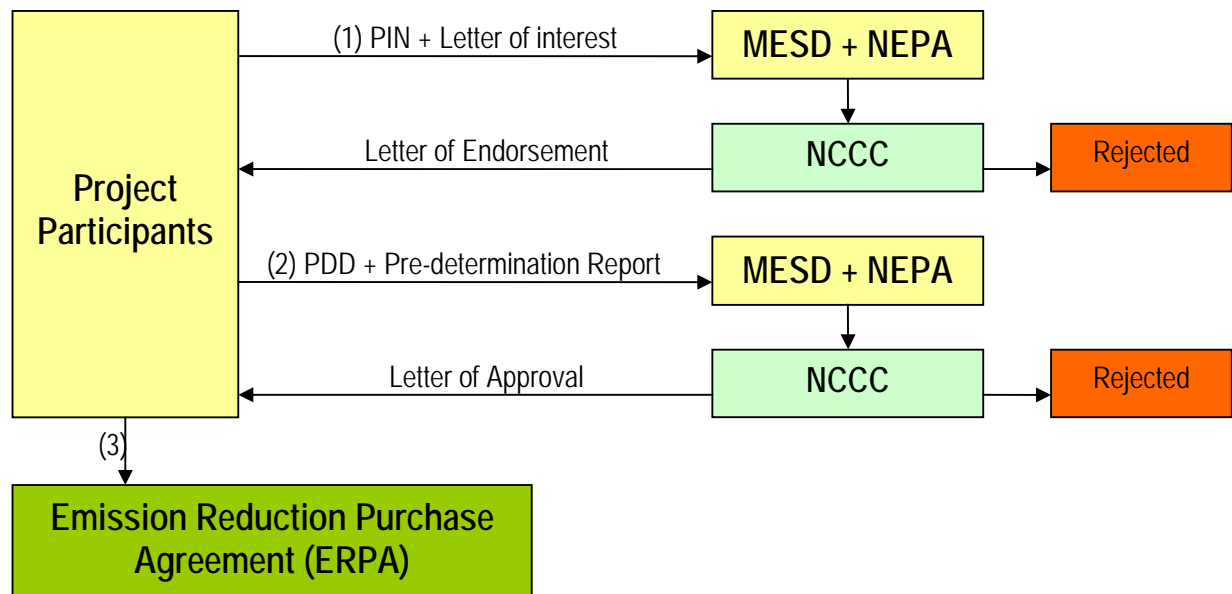
** The PDD shall be presented to the MESD in English, including a long summary in Romanian.*

D. Signing the Emission Reduction Purchase Agreement by the project participants

The agreement/contract results from the negotiations between project participants and provides the quantity of ERUs, the price per ERU, payment terms and other aspects related to the project implementation and the verification of the monitored emissions reductions.

E. Based on the annual emissions reductions verification reports, starting with 2009, the MESD will perform the effective transfer of ERUs generated in the period 2008-2012, using the National Registry, according to the rules established by the Decisions of the Conferences of Parties to the UNFCCC and Kyoto Protocol.

4. Project cycle



The Annexes contain the following documents:

- Annex 1
 - JI Project Idea Note (PIN)
- Annex 2
 - JI PDD form
 - JI SSC PDD form (small scale projects)
 - JI LULUCF form (land use change and forestry projects)