ENVIRONMENTAL LAW INSTITUTE
RESEARCH REPORT

Transparency and Responsiveness: Building a Participatory Process for Activities Implemented Jointly Under the Climate Change Convention

TRANSPARENCY AND RESPONSIVENESS: BUILDING A PARTICIPATORY PROCESS FOR ACTIVITIES IMPLEMENTED JOINTLY UNDER THE CLIMATE CHANGE CONVENTION

Environmental Law Institute

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Introduction

Under the pilot phase of developing activities implemented jointly (AIJ) under the United Nations Framework Convention on Climate Change, a growing number of projects in the areas of land use, energy, transportation, and agriculture have been initiated by partners in the Americas, Europe, and Asia. The pilot phase is the time to come to an understanding of how a formal joint implementation system could function. Most of the emphasis for developing a common understanding of joint implementation has been placed on clarifying its technical aspects and associated economic considerations. Only a few research or pilot efforts have examined the institutional and policy prerequisites for a joint implementation process which will meet the criteria set out by the First Conference of the Parties.

The development of an AIJ process faces special institutional challenges. AIJ projects span the sectors of energy, transportation, land use, forestry, and agriculture. This requires cooperation between government departments which may not have existing channels of cooperation. AIJ projects are primarily private investments between parties in two different countries. This requires coordination between government and private parties, as well as between local communities and foreign investors and developers. AIJ programs and projects can gain significant benefits from structuring a transparent and participatory process. Programs gain access to the knowledge which citizens, NGOs, and businesses have concerning environmental, social, and economic conditions in their communities and industries. A participatory process for program and project development and implementation can help ensure that national environment and development priorities are identified and met, as well as increase project viability, and decrease potential non-greenhouse gas environmental effects.

The Environmental Law Institute (ELI) surveyed existing AIJ projects under the United States Initiative on Joint Implementation (USIJI) and AIJ projects initiated from other countries. The survey looked for evidence of transparent mechanisms and public involvement in decision-making. In addition, ELI examined development projects analogous to the AIJ framework, such as multilateral development bank investments and environmental fund investments, that included participatory elements. Although the primary geographical focus of the study was Latin America, ELI surveyed projects in Asia and Europe as well. Concurrent with this general overview, ELI's cooperation with the non-governmental Corporación Latinoamericana para el Desarrollo (CLD) on the process of developing a national JI program in Ecuador informed and supported this report.

This report looks at the roles that institutional transparency and public participation can play in developing an equitable and effective joint implementation system. The report focuses primarily on the development of transparent national implementing institutions which provide opportunities for public involvement in the joint implementation process. Chapter I outlines the political background and the emerging structure of national JI programs and projects under the pilot phase, while Chapter II examines the rationale and mechanisms for involving the public in this process. Chapter III focuses on how public participation can be incorporated into national JI programs by analyzing evidence of transparency and public involvement in national program development and management, including a detailed look at selected case studies. Chapter IV carries out a similar review of participation in selected AIJ projects. Based on this survey and analysis of existing practice and based on the demonstrated benefits that public participation can bring to the JI process, Chapter V concludes with basic elements for building a responsive and transparent AIJ process. The report concludes that incorporating public participation and institutional transparency elements in a JI process can strengthen a country JI program in terms of quality and broad-based support. As such, it also plays a significant role in ensuring that a country's program is in line with national priorities.

Chapter One:

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What Is the Joint Implementation Pilot Phase?

Implementation of international treaties is increasingly dependent on innovative mechanisms for encouraging compliance. Over the past ten years, multilateral financing mechanisms and mechanisms for transfer of technology from developed countries to developing countries have grown in importance as a means to facilitate treaty implementation in developing countries. The assumption underlying these implementation assistance mechanisms is that since industrialized countries were able to develop at a rapid pace prior to the international environmental treaties, in the interest of equity, they should assist developing countries financially and with environmentally sound technology to meet the standards set in these treaties. Joint implementation (JI) is an emerging policy tool that encourages developed and developing countries to cooperate to meet the goals of certain treaties. In defining joint implementation under the United Nations Framework Convention on Climate Change, the Parties are engaged in a process of experimentation and evolution.

The Climate Change Convention, signed at the Rio de Janeiro Earth Summit in 1992, specifically provides that countries may use a cooperative approach to reduce the aggregate level of global greenhouse gas emissions. Article 4.2(a) of the Convention suggests that developed countries and other Annex I Parties may implement policies and measures "jointly with other Parties and may assist other Parties in contributing to the achievement of the objective of the Convention."[1] Thus, activities implemented jointly (AIJ) could be one of several mechanisms by which Annex I Parties (Annex I to the Climate Change Convention includes those countries with high levels of greenhouse gas emissions) might fulfill a part of the obligations for emissions reductions which these Parties take on under Article 4.

PILOT PHASE: EVOLUTION AND CONCERNS

Parties to the Climate Change Convention have interpreted joint implementation as including projects designed to achieve net global reductions of greenhouse gases by curtailing emissions or enhancing carbon sinks in one country with the participation of the government or organizations of at least one other country. How this is to be done is being developed in the pilot phase which was initiated by the first Conference of the Parties in Berlin in 1995. In the pilot phase, countries are bound by certain international criteria, but otherwise can freely interpret the practical and technical aspects of AIJ projects. Proponents of joint implementation envision the creation of economic incentives which may eventually

include the accrual of greenhouse gas emission sequestration or reduction credits.[2] However, for the time being, the Berlin Decision explicitly states that "no credits shall accrue to any Party as a result of greenhouse gas emissions reduced or sequestered during the pilot phase from activities implemented jointly."[3]

Success in meeting the goals of the Framework Convention on Climate Change depends heavily on action by Annex I Parties -- industrialized producers of the greatest percentage of greenhouse gases. However, since climate change is a global environmental problem, in theory, reduction of greenhouse gases anywhere in the world would be equally efficacious, as would the creation or preservation of carbon "sinks," such as heavily forested areas which trap C02 emissions. The global effect of greenhouse gases, combined with the fact that projects to reduce greenhouse gases tend to be more cost-efficient in developing countries have pushed the concept of joint implementation from theory to a series of pilot phase projects being carried out voluntarily by various countries. Under the pilot phase for AIJ, a growing number of governments, including developing country governments, have begun the process of establishing some type of national program The goals of these national programs typically include establishing an empirical basis and framework for approaches to AIJ, promoting AIJ in the business community, and establishing an approval process for AIJ projects.

Parties to the Climate Change Convention concluded that a pilot phase was needed to develop a joint implementation process for several reasons. There are numerous institutional, technical, and financial challenges facing the development of JI as a viable policy mechanism. In addition, there are certain political concerns about a mechanism which could potentially favor Annex I countries.

Few countries are institutionally equipped to handle climate change issues or an AIJ process. AIJ has special institutional needs due to its inter-sectoral nature. AIJ projects require cooperation between government agencies handling environment, agriculture, transportation, mining, energy, land use, and forestry. It also requires cooperation between these domestic program agencies and the Ministry of Foreign Affairs. It requires cooperation with the private sector and with other levels of government, such as municipalities. The AIJ process has many programmatic needs as well, such as the development of national climate change priorities, guidelines for submission of projects, evaluation procedures, and monitoring and verification protocols. All of these elements require institutional consistency and clearly designated authority to plan and implement an AIJ program.

Many of the technical and financial mechanisms concerning AIJ projects are still being developed. AIJ projects tend to be common types of land use or energy projects, such

as afforestation, geothermal energy production, fuel-switching, wind power facilities, or land conservation. Yet, in order to assure that these projects are meeting the goals of the Climate Change Convention, they require technical mechanisms for baseline determination and evaluation, as well as for project verification. AIJ projects must be "additional" or above and beyond what would reasonably have been likely to occur otherwise. Yet, finding proof of additionality is often difficult and speculative. Financially, AIJ projects face the challenge of a current unavailability of funding. To date, for example, there are no governmental or multilateral sources of development funding that have recognized greenhouse gas reduction benefits as a benefit that could influence a project's opportunity to receive funding. There is also uncertainty regarding the future status of JI which deters investors, and the transaction costs in locating projects and financing can be very high for developers and investors. Finally, there is a lack of clarity about government financing due to the fact that the Berlin Decision states that Overseas Development Assistance cannot be used for investment in pilot phase JI projects.

Politically, a pilot phase was necessary due to concerns raised about joint implementation by non-Annex I countries, which would tend to be the "host country" for an AIJ project. Some countries have voiced concerns about the legitimacy of JI as a vehicle for international cooperation. These countries are concerned that a joint implementation mechanism would allow developed countries to continue their high levels of greenhouse gas production, while limiting economic growth in developing countries. They also fear that national development priorities may become skewed towards donor priorities and donor needs for cost-efficiency. Several of the main concerns voiced by developing countries are problems raised by the goal of being "cost-effective," a concern that project priorities will be donor-driven, and a concern about the capacity of a host country to represent their views in bilateral and multilateral negotiations.

The very aspect of an AIJ project which makes it attractive as a tool of implementation -- its cost-effectiveness -- can also make the project development process less responsive to the host country needs. The goal of cost-effectiveness can lead to a preference for larger-scale projects over smaller ones, a tendency to focus on short term effects of the project as compared to long term effects, a tendency to disregard social and cultural costs to society, and a tendency to focus on individual projects rather than on programs.[4] All of these tendencies can lead to aggravated environmental and social impacts. This is especially true in cases where information disclosure and public discussion are seen as too high a cost for a project to bear. Whether identified in the host country or the investor country, AIJ projects face the danger of being investor or donor-driven (by Annex I Parties participants). Assuming that the prospect of investment benefits is attractive to the Annex I partners, they may exert political and economic pressure to obtain approval of projects which do not necessarily meet

host country national priorities.[5] In the poorer developing countries, there is also concern about the capacity of existing institutions to negotiate the terms and conditions of AIJ projects to ensure that the national economic and environmental priorities are taken into account.[6]

These concerns require a careful structuring of the process for activities implemented jointly. To some extent, these concerns can be answered through the development of responsive and transparent national programs that provide for some level of public involvement. Transparency and opportunities for public participation provide certain safeguards against outside pressures by helping to identify national and local priorities, adding to the governmental capacity to develop a national JI program, and strengthening the system to process requests for approval.

While approving the pilot program, the First Conference of the Parties developed international criteria, in part, to address the concerns of these countries. These concerns will also need to be met by national programs for developing and implementing AIJ criteria.

INTERNATIONAL CRITERIA AND EMERGING NATIONAL JI PROGRAMS

The Climate Change Convention provides that: "the Conference of the Parties, at its first session, shall also take decisions regarding criteria for joint implementation."[7] The first Conference of the Parties set criteria including the following:[8]

- Projects should be compatible with and supportive of national environmental and development priorities.

- Projects must require prior "acceptance, approval or endorsement" by the parties' governments.

- Projects should bring about real, measurable, and long term environmental benefits.

These criteria encourage the development of national JI programs. Such programs can set national environmental and development priorities in the context of JI, provide a consistent approval process for proposed AIJ projects, and ensure that these projects bring about real, measurable, and long term environmental benefits. An ever-growing number of countries currently either have or are developing official AIJ/JI national programs, including Australia, Bolivia, Canada, Chile, Costa Rica, Ecuador, Germany, Guatemala, Japan, Mexico, the Netherlands, Peru, Poland, and the United States.[9] Because AIJ projects can span the sectors of energy, land-use, conservation, transportation, and agriculture, most of these

developing programs have chosen to work on an inter-agency basis. Most national JI programs are governmental, although all have some level of consultation and contact with the private for-profit and non-profit sectors. JI national programs at a minimum tend to focus on:

- priority-setting for national environment and development goals;
- dissemination of information about JI;
- engagement of the private sector in the JI process and encouragement of AIJ project development;
- encouragement of the design of effective methodologies for AIJ projects;
- setting and implementing guidelines for project submission; and
- enforcement of monitoring and verification of project implementation.

As the number of AIJ projects worldwide increases, it becomes important for each country to provide an institutional basis for dealing with proposals for AIJ projects -- to establish a national program for such projects. The government's responsibility is to ensure that proposed projects meet national environment and development priorities, produce real benefits, and have long term viability. This requires coordination among government agencies and among government, the private sector, and the public. The United States was the first country to organize a governmental interagency body which decided on guidelines for submission and procedures for assessment of proposed projects. Costa Rica was the first non-Annex I country to establish a national JI office. JI programs by their nature are cross-sectoral, interagency, and must be able to work with a diverse group of public and private stakeholders.

STAGES IN A TYPICAL AIJ PROJECT

Existing AIJ projects tend to fall into two main sectors: land use and energy. Land use projects include increasing the ability of the land to sequester carbon (reforestation, sustainable forest management) and preservation of natural carbon stocks (forest and watershed conservation). Energy projects include renewable energy, fuel switching, cogeneration, and energy efficiency projects. Other sectors, including transportation, waste disposal (methane), and agriculture are also being considered as potential areas for AIJ projects.

The development and implementation of a project (on the part of the proponents) and the approval and monitoring of a project (on the part of the respective governments) tends to follow a common pattern. A typical AIJ project can be divided into the following stages: [10]

- project identification (identifying the project opportunity, bringing together the project partners, and identifying potential investors);
- project development (preparing feasibility studies, projecting greenhouse gas benefits, gaining local input and support, preparing monitoring and verification protocols);
- project evaluation and approval (project acceptance by initiator and host countries, negotiating the contract); and
- project implementation (training project staff, carrying out the project tasks, managing the finances, and preparing the reports, monitoring and evaluating the project, calculating the greenhouse gas reduction, and verifying the greenhouse gas reduction).

Partners for activities implemented jointly typically include a variety of private, non-profit, and for-profit organizations. For example, the Rio Bravo Sequestration Project in Belize was initiated by two U.S. organizations, Wisconsin Electric Power Company and The Nature Conservancy (a non-profit organization). They approached a local Belize non-profit organization, Program for Belize, which had been involved in efforts to promote the conservation of Belize's natural heritage. After several conversations, a memorandum of understanding was signed by the three organizations to develop a joint proposal for a pilot carbon sequestration project.[11] The proposal received formal acceptance from the Government of Belize and then went through the United States Initiative on Joint Implementation (USIJI) approval process. Once it was accepted into the USIJI portfolio, three U.S. companies, Detroit Edison, Pacificorp, and CINergy, joined as financial partners. All participants signed a comprehensive agreement governing their respective responsibilities and project structure. The project is operated as a partnership: the power companies are financial partners, The Nature Conservancy serves as fund manager and provides technical support, and the Program for Belize is the executant body and project manager. The project proposal included a preliminary monitoring and verification protocol and an independent advisory body was established to provide internal verification annually.

Chapter Two:

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Why Develop a Participatory Process?

There are many paths along which JI can develop. However, during the pilot phase institutional and policy vehicles need to be identified to ensure that the developing international system meets the international criteria, the emerging national program criteria, and the concerns of non-Annex I Parties. The first step in the process is to begin to investigate the key parameters which must be put in place to shape the JI regime at the national level. Among these key parameters are the principles of transparency and public participation.

The Need for Participation and Transparency

Private investment between countries is common and usually occurs without much transparency or opportunities for public involvement. However, AIJ projects, which require host and investor country government approval, more closely follow the model of international development projects. This pattern typically creates a series of concerns, some of which were discussed in the previous chapter. The experiences of the multilateral development bank projects, for example, have shown that adding transparency and participation to project development and implementation provides a forum to address such concerns.

In the case of AIJ, institutional transparency assures that individuals and institutions can follow the development of a national program and the approval of specific projects. Participation rights give individuals and institutions the opportunity to voice their concerns and the ability to affect the outcome of decisions. In the context of AIJ, transparency and public participation can help a government understand national priorities, evaluate the environmental impact of a proposed project, evaluate the long term viability of a project, set criteria for project approval, and assure long term monitoring of project implementation.

Institutional transparency and public participation mean a commitment on the part of government officials to involve all sectors of society (businesses, universities, non-profit groups, individual citizens, community organizations, and local government) in actions, such as AIJ, which will affect public health, the environment, and social and economic patterns. Public participation can be carried out by formal means (comment opportunities, advisory groups, hearings) or by informal means (surveys and consultations). Public access to

information is a prerequisite to effective public participation, as informed citizens and institutions can participate more effectively and usefully.

International discussions of AIJ projects suggest that a good project should be evaluated on the basis of the following criteria: ability to reduce greenhouse gases and other environmental impacts, cost-effectiveness, legitimacy, and the ability to monitor.[12] A survey of national priorities and criteria being set by potential host countries suggest additional criteria of long-term environmental effectiveness, soci-economic benefits, social justice, local and national benefits which fit within national priorities, and capacity building.[13] To meet any of these criteria, projects would benefit greatly from a transparent decision-making process which gives opportunity for input from the various governmental departments, for-profit and non-profit institutions, and individuals.

Benefits and Costs of Public Participation

National JI programs can gain significant benefits from public involvement in the environmental protection process. First, the programs gain access to the direct, immediate knowledge which citizens and businesses have concerning environmental conditions in their communities and industries. Encouraging the public to share this knowledge with the government fosters better informed government decisions and decreases the likelihood of environmental harm. This can also increase long-term viability of a project. In comparable situations, local "ownership" of projects is essential. For example, an evaluation of 25 projects sponsored by the World Bank (1993) found that 13 of them had been discontinued a few years after project assistance had ended. Lack of attention to participation and to local organization-building as the projects were formulated and implemented, appeared to be the main cause.[14] Second, input from the public can also supplement scarce government monitoring, inspection, and enforcement resources, thus saving money and time for the program. Third, when the public has an opportunity to participate in program policy-making and decisions from the outset, this defuses opposition to particular actions and builds broad-based consensus for JI programs. Finally, significant public involvement in JI can strengthen the position of the governmental agency responsible in relation to other governmental interests -- the public can help ensure that the government as a whole does not ignore climate change concerns.

Public participation mechanisms can also assist the business community. First, the business community gains a process for exercising a voice in governmental decisions. For example, public participation offers the sectors with potential AIJ projects to describe their own perspective and to provide information on the technological and economic feasibility of proposed JI policies or AIJ projects. In this way, policies and projects can be adjusted to more realistic environmental and development goals and implementation schedules.

Public participation can also assist AIJ project proponents and investors. Public involvement increases project proponent knowledge of the impacts of their projects on the environment and the surrounding communities. This helps the proponents address problems before they become emergencies. In planning and carrying out AIJ projects, especially when partners from other countries are involved, project proponents may not always be aware of the local conditions which could adversely affect their operations. Listening to the surrounding communities provides the information to plan and develop projects which take local environmental and social conditions into consideration.

There are also costs to achieving greater public involvement. The most evident is the increased time and expense of public participation processes. This may be particularly significant with AIJ projects, many of which tend to be smaller than most internationally financed projects, and with a smaller capital base. Since they already have to absorb the additional costs related to the AIJ approval process with two governments, adding further requirements for public participation that other projects do not have to comply with may increase their cost and competitive disadvantage with more traditional projects, such as fossil fuel energy uses, that have no environmental benefits. For these reasons, it is important to consider the capacity of project proponents to involve the public in developing and implementing a project, as well as the benefits such public involvement can bring. It often takes time to involve the public in a meaningful way, particularly where there are few organized institutions for public involvement already in existence. A barrier to public participation, especially in host countries, may be the lack of a developed NGO community, or a lack of a dialogue between the government and its citizens. In many countries, for example, environmental impact assessment (EIA) procedures for major projects still do not require public participation. In addition, public participation can result in additional expenses to project proponents, at least at the outset, because it requires investment in interactions beyond those with governmental officials and project partners. Yet investments in public participation can be highly important to the design and success of a project over the long term. A comparison of projects with and without public involvement may reveal few, if any, savings from avoiding public involvement and a higher probability of success over the life of projects involving the public. JI is too new to have a clear record in this area, but it presents many of the same issues that, in traditional economic development projects, suggest a similar result.

Another intangible cost that may result from increased public participation is the cost of excessive raised expectations in the host country. In countries where significant public participation has occurred in establishing a process for approving AIJ projects, the interest has led to considerable investment of time and effort by governments, civil society, and private organizations in understanding JI, and in subsequently preparing and submitting

project proposals. Funding for JI projects, however, has been sporadic and insufficient to meet the growing demand. The longest established JI host country program in Costa Rica, for example, regularly receives more project proposals than funding can meet. This can lead not only to a loss of time and money by institutions which can ill afford to do so, but may also result in disillusionment with the JI process overall. The only remedy is to present an accurate picture of the current state of JI funding opportunities throughout the public involvement process.

Public Participation Tools

Public participation encompasses an array of processes used in the development and implementation of public policy. It may take a variety of forms depending upon political and cultural norms, the type of policy decisions under consideration, the availability of alternative approaches, and relative advantages and expenses. Public participation in a JI project can take place at any time in the process. In previous research, the Environmental Law Institute has examined in greater depth the opportunities for participation by the public in environmental regulation,[15] in environmental enforcement,[16] and in environmental impact assessment.[17] A number of these opportunities could be extended to JI.

Informational Meetings: Project organizers can hold meetings in local communities as well as in state or national capitals to inform members of the public of a project proposal. These meetings can be used not only to explain projects and build support, but also to identify community concerns, expectations, and opportunities for collaboration.

Design Workshops: In designing and developing a project, a collaborative participation technique may be used. The charette is a design workshop where members of the public are invited to engage in detailed conversation with project organizers and to try out, experimentally, some alternative approaches to the project. The use of computer simulations can be of assistance in these workshops -- for example, allowing participants to see what the project might look like in different configurations, or carried out over different years, and to suggest alternatives. But charettes can also be done with simple tools as well -- drawing boards, paper, arithmetic.

Opportunities for Comment: After a project has been identified, it may be useful to offer opportunities for public comment. Such opportunities can be formal, such as notice and comment procedures involving legal notifications through newspapers, radio, and official publications followed by instructions on when and where to submit written comments. Alternatively, meetings can be held for the receipt of oral comments. Public comment may be solicited on project scoping, alternatives, mitigation, and other issues. In most instances,

effective use of opportunities for comment requires attention to providing adequate notice of the opportunities so that persons can easily identify and take advantage of them. Opportunities for comment are often important not only for NGOs and unorganized members of the public, but also to allow local governmental officials, national governmental agencies that are not the decision-making agency, and potentially affected neighboring governmental entities to affect the development of the project rather than be involved only at the approval stage or not be consulted at all.

Availability of Project Documents and Reports: Access to the written information about a project is an important facet of public participation. Public understanding is enhanced by the availability of such information (subject to any necessary trade secret or proprietary information safeguards). The availability of documents and information increases accountability, the perceived legitimacy of projects, and the ability of the public to assess projects helpfully and rationally. This form of public participation, while important itself, is also the foundation for some of the other forms discussed in this section.

Environmental Impact Assessment: Environmental impact assessments (EIAs) provide opportunities for public participation in the evaluation of projects. For example, EIA laws often provide for comments on a draft EIA document before the final document is prepared, or for a waiting period after the submission of the final EIA. Others allow for hearings at which individuals or organizations may make oral statements. Some EIA laws provide procedures for the submission and consideration of comments from the public as well as from governmental agencies other than the one(s) responsible for making the decision under review. The definition of an opportunity for public participation and procedures for the receipt and consideration of public comments are the hallmarks of effective EIA.

Public Hearings to Receive Information: Public hearings may be held in order to obtain public comments that may be made more easily orally than in writing. They may also be held to emphasize the importance of the public comment by providing a specific time and place for such comments. Hearings can provide an important forum for people who cannot express their views effectively in writing; project planners may also gain a more realistic sense of community opinion by attending a public hearing. Often oral remarks at public hearings will be transcribed for future review and to assure that they are adequately considered.

Public Evaluative Hearings: Some types of public hearings are held to evaluate the merits of proposed projects, or to compare competing projects. Usually presided over by an official body, or a representative of an official body, the hearings allow the presentation of written exhibits and oral testimony about the merits of the project and its drawbacks. There may also, in some hearings, be the opportunity to question presenters about their testimony

in order to further understand the project. Such hearings might be used at an approval stage of a project. Public involvement may occur in several ways. Such hearings may be open to attendance and observation by the public. Alternatively, representatives of the public might be permitted to appear and ask questions or present their own testimony and views.

Public Role in Implementation: Depending on the project, there may be significant roles for the public in carrying out the project -- including participation in construction, maintenance, monitoring, or oversight. Such participation may be voluntary, based on an employment or contractual relationship, or be supported by a public fund established as a condition of the project.

Advisory Committee: In order to have effective continuing public participation in a project, project organizers may establish an advisory committee. Typically an advisory committee will include representatives of different interest groups with a stake in the project or a concern about its potential impacts. Advisory committees usually have substantial access to project information and serve both to ensure that project organizers take public concerns into account and to ensure that meaningful information is conveyed to the public at appropriate times.

Public Role in Monitoring Performance: Monitoring the performance of JI projects may be built into implementation and carried out by designated groups or individuals for compensations. In addition, there may also be a significant opportunity for monitoring where reports and other information are made public, and individuals or groups may review them to ascertain whether the project is producing the benefits originally expected. Such roles may be assumed voluntarily, or may be built into the project such that public hearings or reviews may be scheduled at 5-year intervals or on some other basis. Public interest in project performance is one of the best guarantors that projects will succeed.

Institutional responsibility for requiring and carrying out public participation is also important. In the case of project identification, it can be either the concerned governments or proponents who take initiative concerning public participation. Public participation in project development and implementation are in the hands of the project proponents. Public participation in the approval process is at the discretion of the concerned governments. However, the tool of approval gives governments the ability to require some showing of public participation in the stages of identification and project development, as well as plans for public involvement in implementation of the project as one of the criteria for gaining project approval.

The following sections analyze the opportunities for public participation found in existing national JI programs and AIJ projects and try to establish a basis for integrating public participation into JI so as to maximize the benefits of public involvement while not unduly burdening small investors or government agencies with limited resources.

Chapter Three:
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National Programs: Opportunities for Transparency

The design of a national JI program influences all decisions taken with regard to the implementation of projects. National governments play a central role in making people familiar with joint implementation, in setting national JI policies, in identifying international partners, and in determining approval criteria. These duties make it especially important that government agencies involve the public in the development and management of a national JI program. A transparent and open debate on the national priorities for climate change and the role of a national JI program help ensure that AIJ projects are developed and implemented in the areas where there is the highest need and most likelihood of success.

This section will illustrate how national programs can be developed through a participatory process including relevant government agencies, as well as representatives from the for-profit and non-profit private sector. The national program institutional structure can be made transparent and participatory by including NGOs as partners and by using advisory bodies. In addition, national programs are able to set criteria for AIJ projects which encourage information disclosure and the use of public participation mechanisms by the project proponents.

Providing for a National Debate on AIJ Priorities

A structured national program is necessary if many of the concerns about joint implementation are to be considered. National programs can do more than simply administer a project approval process. The development process can provide a forum for a national debate on what sectors would most benefit from joint implementation projects and how those potential projects should be integrated into national priorities and local needs. AIJ projects can potentially impact every development sector and need to be carefully integrated into the needs of these sectors. Public participation gives legitimacy and accountability to a national program.

In some cases, the development of a national JI program has stemmed from the ongoing process to set national policy on climate change. For example, in Indonesia, coordination among various governmental and non-governmental institutions was used as an important step to deal with the issue of climate change.[18] In 1990 the Ministry of State for Population and Environment established the Committee on Monitoring and Evaluation

Impact of Climate Change to the Environment, which consisted of representatives from various government agencies, non-government organizations, and universities. Among the principles identified by the National Committee was the principle that equity and justice must guide the process of anticipating and assessing impacts. In Peru, a process for setting climate change priorities came first and is laying the groundwork for the develoment of an national JI program. The Peruvian Ministry of Foreign Affairs created a Climate Change Commission to advise the Ministry which included representatives from the public sector, the private for-profit sector, and the non-profit independent sector. The Climate Change Commission was transferred to work with the National Environmental Council (CONAM) in 1995. The Commission and CONAM held a workshop to identify national priorities relating to greenhouse gas emissions and to identify possible climate change project areas. The workshop concluded that the two areas of highest priority for Peru were land use changes that led to the destruction of forests (especially changes in agricultural patterns) and automobile emissions. Working groups were established to focus on land use and transportation. After the Second Conference of the Parties to the Climate Change Convention, the Commission proposed criteria for AIJ in Peru that included strengthening national capacity, prioritization of proposed projects in accordance with national needs, sensitivity to social impacts, especially on local communities, and public access to information about the projects.

The Costa Rica national program for joint implementation is perhaps the best example of a program which included many participatory elements in its formation. The initial step for the Costa Rica program was taken by the government to establish a small office for JI activities within the Ministry of Natural Resources, Energy and Mines (MIRENEM) in June 1994. Although this initial step was taken by government, public discussion of the development of the JI program began soon thereafter. Through a series of workshops and meetings, including a workshop sponsored by the United States Initiative on Joint Implementation, Costa Rica engaged in a public discussion on a national joint implementation program. In November 1994, a public conference sponsored by the University of Costa Rica and MIRENEM was held to discuss the issues surrounding joint implementation. This conference was open to all interested parties and was publicized in Costa Rican newspapers. In addition, the Minister of Environment embarked on an active publicity campaign to inform the public about JI issues, for example, holding press conferences and public meetings to discuss Costa Rica's efforts. These discussions led in June 1995 to the permanent establishment of the Costa Rican office.

In Ecuador, a proposal to create a national JI program was initiated by the General Secretariat of Planning and supported by the Ministry of Energy and Mines. In part, as a result of this proposal, in mid-1996, a series of discussions were held by government agencies,

NGOs, and the private, for-profit sector on the goals of a national JI program. A special attempt was made to integrate public participation in environment and development priorities. This effort produced a draft Ministerial decree to establish a JI Secretariat. The decree was finalized and published in 1997.

Guatemala's joint implementation program is currently in the process of formation at the national level. The initial discussions and meetings about JI, in 1994, were driven by the efforts of the Guatemalan NGO sector, together with the Ministry of Energy and Mines and the Ministry of Agriculture. In this effort Guatemala received support from the United States Agency for International Development and from the Costa Rica joint implementation program. A series of workshops open to the public were held to discuss the institutional aspects of the program for joint implementation to build consensus among the government, business and NGO stakeholders involved in the development of a national program.[19] These discussions have resulted in a recommendation for the creation of a Guatemala national program.

The United States Initiative on Joint Implementation (USIJI) was developed by the government with significant public participation. The first step in this process was a public meeting on global climate change in mid-1993 which included a discussion on joint implementation.[20] Participants included government representatives and environmental and business groups. Follow-up interagency discussions produced draft ground-rules for JI.[21] The preamble states, "the State Department is directed to publish initial ground-rules for the USIJI for public review and comment. These ground-rules set forth criteria for the operation of a pilot program, specifically designed to establish the empirical basis for considering domestic and international approaches to JI."[22] Several changes were made as a result of public comments.[23] Subsequent guidelines for the USIJI process were formulated through interagency consideration and were discussed at two public meetings held at the State Department convened to discuss U.S. policy towards climate change in general. In late 1996, the Department of State requested public comments on any aspect of its pilot program for joint implementation, as part of an initial requirement in the grounrules for evaluation and assessment of the program (F.R. 61, No. 227 at 59480, Friday, November 22, 1996).

Several other Annex I countries consulted the public in designing a national JI program. The Netherlands initiated a broad debate on JI that formed the basis for the Dutch JI strategy.[24] For example, to encourage national discussion, the Netherlands held a major conference on JI in June 1994 and distributed a discussion paper to different non-governmental groups for consultation.[25] Under the Canadian National Action Program on Climate Change (started in early 1995), the federal government is working together with provincial and territorial governments, industry, and environmental groups to develop a

joint implementation initiative. The Activities Implemented Jointly Program in Japan, which was started in December 1995, is developing a forum to exchange views and information among the public and private sectors, as well as with potential foreign investors.[26]

A national program that develops through an open and participatory process and that involves all interested sectors in its decisionmaking institutions, has a greater chance of meeting the international criteria for joint implementation. The more the process encourages consultation of the public in the identification, approval, and implementation of JI projects, the more likely that the project will meet local and national priorities and be sustainable.

STRUCTURING PARTICIPATORY INSTITUTIONS IN A NATIONAL JI PROGRAM

There are many ways in which transparency, interagency cooperation, and public involvement can be incorporated in national program institutions. It can be done through establishing a national JI office with mixed non-governmental and governmental membership, as in Costa Rica. It can be done through the establishment of advisory councils with NGO participation to assist the decisionmaking bodies, as in the United States. Or it can be done through procedural mechanisms such as public meetings, hearings, access to information, and informal methods.

Most of the newly established AIJ pilot programs have decision-making bodies that are exclusively governmental. At the most, an advisory committee to the commission, panel, or secretariat may include representatives of the private sector and NGOs. A recent study on institutional needs of AIJ projects, based on country studies in China, Egypt, India, Mexico, and Thailand, concluded that host countries needed panels with authority to approve or disapprove proposed AIJ projects. The study suggested that the panel include non-governmental and private members, as well as governmental representatives.[27] However, in most countries, non-governmental organizations do not usually participate directly in the approval body, but may indirectly be given access to advise it.

In Latin America, there is an evolving practice of including NGOs and the private business sector in the operation of national JI programs. Costa Rica's and Ecuadors's programs include a Secretariat which incorporates NGOs and the private business sector, as well as relevant government ministries. Through an agreement between the Ministry of Natural Resources, Energy and Mines, FUNDECOR (a national non-governmental organization), FUNDEX (Foundation for Exports Promotion), and CINDE (a private sector association for investment in Costa Rica), the Costa Rican government established the Costa Rican Office for Joint Implementation. In 1995, the government replaced the agreement by

an executive decree which provides the office with an even sounder legal basis. Proposals are submitted to the Costa Rican office, where they are evaluated in accordance with specific criteria. Costa Rica's program also incorporates an internet web site with JI information to facilitate public information and outreach. This provides for significant public participation opportunities as these groups have input into the development of national and international JI policy, and the development and recommendation of projects.

Another model is to use an advisory or technical experts body with NGO and business sector members, as in the United States. The USIJI is primarily governmental. An inter-agency working group is responsible for overall policy development. An Evaluation Panel composed of eight governmental members from the Environmental Protection Agency, the Agency for International Development, and the Departments of Energy, Agriculture, Commerce, State, the Interior, and the Treasury is responsible for the final approval or rejection of project submissions. A USIJI Secretariat manages day-to-day operation of the program. The USIJI program provides some opportunity for public involvement: a technical experts group provides assistance to the USIJI Secretariat in the proposal review process. It can include representatives from state and local government, NGOs, industry, private contractors, and academics, in addition to federal agencies and laboratories. Technical reviewers return written evaluations to proposal managers. Projects are evaluated individually and discussed in a group meeting of relevant experts. Several independent groups are conducting evaluations of the program and files are open to the public.

National programs can also create an institutional vehicle for public discussion about JI priorities and goals. The AIJ Japan Program held its first round in the first half of 1996.[28] Although the first round of selection consultations will be conducted between the governmental Evaluation Panel and an inter-Ministerial Board, Japan is starting a "Forum," in which members of the business and NGO communities may participate. Private companies and NGOs participated in the preparatory workshop for the creation of the Forum. The Forum will, in part, play the role of making sure that the public is aware of and able to comment on decisions being made in the project identification process.

National programs can provide easy public access to information concerning developments in AIJ projects. For example, in Canada, the federal government published guidelines for reporting of domestic and international projects under the FCCC, entitled: *The Voluntary Challenge and Registry Participant's Handbook*. The registry component will be installed on internet and the general public will have full access to all letters of intent, action plans, and progress reports filed. Partnerships, such as JI partnerships, are one of the voluntary reporting categories in Canada's program. Both the USIJI and the Costa Rica

national program also publish information on their programs and on AIJ projects on the internet.

In addition to the existing JI experience, examples of various institutional options for public participation useful in the AIJ context can be found in National Environmental Funds (NEFs) in some countries. NEFs have been developing rapidly in developing countries and countries with economies in transition. One of the functions of a national environmental fund that is similar to a national JI program is to evaluate and approve projects for funding. NEFs can be administered either as a non-governmental entity, or by the government. According to an IUCN-World Conservation Union study, boards of environmental funds often combine governmental and non-governmental representatives.[29] For example, Peru's fund, PROFONANPE, has three board members from the Peruvian NGO community, three from the government sector, and one from an international agency.[30] NEFs have developed a variety of mechanisms to assure that the public has the opportunity to participate. In addition to mixed boards, some have institutionalized public involvement through advisory committees or project selection committees. Others rely on consultation and community meetings. Some funds require that NGO representatives be nominated by an NGO network or elected by the General Assembly; others require that different NGOs rotate a seat on the board among themselves. The fund board of directors usually decides which projects to fund. Projects are often screened by staff or a technical support committee. Community groups and interested parties often have a role in these screenings. For example, the National Environmental Protection Fund of Bulgaria includes citizens and NGOs in advisory board discussions on proposed research projects or environmental impact assessments of proposed projects.[31] The board of directors makes its decisions based on the recommendations of the advisory board. These models show that in institutions similar to those being developed to manage country climate change priorities and AIJ projects, there are precedents for NGO - government cooperation.

Participation as a Consideration for Project Approval

With the duty to approve joint implementation projects, countries also gain the right to set criteria for those projects. This gives national JI programs a great deal of control over the way in which AIJ projects are developed and implemented. It also provides an opportunity for national programs to require a showing of public involvement in AIJ project development and implementation.

National programs have set a variety of criteria and guidelines for joint implementation projects, most of which are closely modelled on the international criteria set at the First Conference of the Parties (CoP 1). Application of many of these criteria, such as

those dealing with assessment of environmental and social impacts, would benefit from public participation in reaching initial conclusions. In addition, governments may clearly make the inclusion of public participation in project development and implementation an explicit consideration for approval of projects. JI programs that formally identify public participation as an evaluation criterion would be more likely to encourage proponents to plan for public involvement in project implementation as well as in project development.

Most national programs to date have not clearly identified how or where public participation should be integrated into the approval criteria. Public participation as a consideration for AIJ project approval can help focus attention on four questions important for project effectiveness:

- Does the project fit into the national environment and development priorities?
- Will the project have adverse environmental or social impacts on the country as a whole?
- Will the project have adverse environmental or social impacts locally?
- Is the project accepted by local communities (so that it is likely to remain viable over the long term)?

Some national JI programs have strengthened the criteria dealing with environmental impacts. Consideration of these criteria gives a good opportunity to involve the public early in the planning of an AIJ project. For example, Japan's evaluation guidelines for approving AIJ projects include as "items to be taken into consideration" the proposed project's economic, social, and environmental impacts. Where a process for environmental impact assessment (EIA) does not exist in the host country, "appropriate measures must be prepared for the possible negative impacts." The EIA document, as required in the host country, must be attached to the application. When an EIA is not required, the applicant must attach "the document in order to prove the clearance of the necessary standards relating to environmental elements."[32] As will be discussed later, EIA as a planning tool is strengthened when it includes public opinion as well as expert technical evaluations.

For the Netherlands JI program, the commitment and support of local communities has functioned as an important consideration in project approval.[33] For example, the Netherlands and Hungary designated two already ongoing projects as simulation JI projects in order to monitor how JI would work in practice.[34] The commitment and active involvement of the local communities was an important selection criteria for the project choice. The projects involve monitoring the conservation of energy in local municipalities

and the transfer of technical know-how that will enable the production of buses that run on compressed natural gas instead of diesel oil. The monitoring component was added as the JI section of the project and was found to depend greatly on the capacity and willingness of the local community to participate in monitoring. In addition, the Dutch Electricity Generating Board set up a foundation in 1990 to encourage the planting of new forests to compensate CO2 emission from a coal-fired plant in the Netherlands. All Face (Forests Absorbing Carbon Dioxide Emissions) Foundation projects are part of the Dutch program of JI pilot projects. Among the criteria for Face Foundation projects, the afforestation projects must be "broadly accepted by society, i.e., fit in and/or be derived from national and regional policy, fulfil an economic function in the region and contribute to the socio-economic position of the local population."[35] Broad acceptance by society requires a certain level of information dissemination and consultation of local communities in project development and implementation.

Other countries' criteria emphasize openness and transparency of the project process. For example, Australia's criteria call for "a high degree of transparency and openness..." at every stage, especially in regard to agreements reached, reporting, and assessment.[36] Costa Rica's acceptance criteria require consideration of local community support and participation in the project.[37]

The USIJI approval process allows the Evaluation Panel to consider public participation as an effect or impact of a proposed project. Although the USIJI criteria do not explicitly require a showing of public participation, projects must identify any associated non-greenhouse gas environmental impacts or benefits. Applicants are not required to submit detailed environmental impact statements as a condition of approval.[38] However, according to the USIJI Project Proposal Guidelines, the Panel will also consider any potential negative impacts in its evaluation of projects, including non-greenhouse gas environmental impacts and development impacts. "Development impacts" explicitly includes public participation and capacity-building in that the applicant is encouraged to "describe the potential positive and negative non-environmental effects of the project, including, but not limited to: economic development, cultural and gender effects, sustainability, technology transfer, *public participation*, and capacity building."[39]

Selection criteria in other areas, such as national environmental funds, occasionally require a showing of public participation. For example, the Mexico Nature Conservation Fund gives priority to conservation efforts that involve local grassroots organizations and social participation. The Foundation for the Philippine Environment includes a criterion that the project have as one goal the empowerment of the local community.

Case Studies of Selected National JI Programs

The following case studies examine public participation in national programs, focusing on national program development, institutional structure, project approval process, national program project criteria, and access to information policies. These case studies were selected as examples of different paths towards national program development and do not reflect a comprehensive overview of all of the national JI programs currently being developed around the world. The United States and Costa Rica already have fully developed national programs to promote and manage AIJ policies and projects. Ecuador, Guatemala, and Peru are non-Annex I countries which are undergoing a participatory process in setting their national priorities for climate change and developing their national JI programs.

The USIJI Program

In October 1993, the United States of America launched the U.S. Initiative on Joint Implementation (USIJI), a voluntary pilot program to improve understanding and practice of joint projects demonstrating a range of approaches to reduce or sequester net greenhouse gas emissions. As of May 1997, twenty-five projects (8 projects accepted in 1995, 14 projects accepted in 1996, and 3 in 1997) had been approved under the USIJI program. Addressing the potential threat of climate change has been a stated priority of the Clinton Administration, and following public meetings and inter-agency consideration, the Administration published the U.S. Climate Change Action Plan in October 1993. The Climate Change Action Plan calls for voluntary reduction of domestic greenhouse gas emissions and for a voluntary pilot program to help establish an empirical basis to contribute to the formulation of international criteria for joint implementation of the Convention.

The USIJI program was developed following a standard U.S. process for public notice-and-comment on federal government regulations[40] and a series of informal opportunities for public discussion on the developing JI policies. However, the institutional structure of the program remains governmental, with only limited input from the private sector in policy determination or in the project approval process. The USIJI criteria do not include a requirement for a showing of public participation, however, they do create opportunities for public participation. The requirement of host country acceptance has a greater legitimacy when there is a host country process for public participation in project approval. A showing of other environmental impacts or benefits and the consideration of social and economic benefits are all given greater validity if the proponent can demonstrate that the private sector and the local community were among those consulted. Finally, the requirement of monitoring and verification plans, as well as annual reports, provide an opportunity for

public involvement in assessing project implementation, as well as providing written documentation against which future implementation assertions can be measured.

National Program Development: Public participation was an important element in the development of the U.S. national program. The first step in this process was a public meeting, the Workshop on Global Climate Change, held by the White House in June 1993. This included two sessions on joint implementation: the State Department chaired a working group on joint implementation which convened more than 30 invited guests and 75 attendees including government, environmental and business groups to examine the issues surrounding joint implementation, and another examining the criteria upon which to build a JI program.

These workshops were followed by interagency discussions which produced draft ground-rules for JI, published as an annex to the U.S. Climate Change Action Plan announced by President Clinton on October 19, 1993. In addition, the Climate Change Action Plan directed the State Department to develop the USIJI and publish initial guidelines for public comment.

The public was given an opportunity to comment on these draft ground rules through publication in the *Federal Register*. The preamble states, "the State Department is directed to publish initial ground-rules for the USIJI for public review and comment. These ground-rules set forth criteria for the operation of a pilot program, specifically designed to establish the empirical basis for considering domestic and international approaches to JI."[41] The initial 30 day comment period was subsequently extended to 120 days. Responses to the comments received and the final ground-rules for the USIJI were subsequently published in the *Federal Register*.[42] Several changes were made as a result of public comments, attesting to the value of an open decision-making process such as notice-and-comment proceedings. In addition, as mentioned earlier, a further evaluation and assessment of the program was opened for public comment in late 1996.

Following this process, the USIJI Secretariat published formal Guidelines for the USIJI process a few months later in September of 1994. The guidelines, based on the final ground-rules, were formulated through interagency consideration. Although there was no further formal opportunity for public comment, the guidelines were discussed at two public meetings held at the State Department convened to discuss the U.S. policy towards climate change in general.

Subsequent to the publication of the guidelines, there have been further public meetings which deal with the criteria and polices of joint implementation. In September 1994 there was a workshop on proposal preparation attended by approximately 200 private sector

participants. The workshop also served as a forum to officially distribute the USIJI project guidelines, and to announce the Evaluation Panel would begin considering proposals for the first group of projects. The second was a workshop for 200 potential participants in the second round of project proposals, held May 31-June 2, 1995. Joint implementation was also discussed in other meetings related to climate change, such as the Hemispheric Energy Symposium held on October 30, 1995.

Institutional Structure: The U.S. program institutional structure is primarily governmental. An inter-agency working group is responsible for overall policy development. An Evaluation Panel composed of eight governmental members from the Environmental Protection Agency, the Agency for International Development, and the Departments of Energy, Agriculture, Commerce, State, the Interior, and the Treasury is responsible for the final approval or rejection of project submissions. A USIJI Secretariat manages day-to-day operation of the program.

Project Approval Process: USIJI conducts its project proposal solicitation process through a rolling admissions process. Initially, accepted projects were announced in "rounds," with the first round in November 1994 and the second round in July 1995. Proposals are submitted to the USIJI Secretariat, where they are screened for completeness, await additional information, and are sent out for technical review. A technical experts group provides assistance to the USIJI Secretariat in the proposal review process and includes representatives from state and local government, NGOs, industry, private contractors, and academics, in addition to federal agencies and laboratories. Technical reviewers return written evaluations to proposal managers. Projects are evaluated individually and discussed in a group meeting of relevant experts. The USIJI Secretariat drafts a decision memorandum which indicates how well each criterion is met. This recommendation is submitted to the Evaluation Panel which meets three times a year and makes the final decision on acceptance, placement in development, or rejection.

National Program Project Criteria: The U.S. has published groundrules, criteria, and guidelines for assessing proposed AIJ projects. The Evaluation Panel has discretion in balancing the criteria and other considerations against each other in evaluating each project and against programmatic goals of promoting a broad range of projects. The most relevant criteria and considerations for building transparency and opportunities for public participation are found in the criteria dealing with:

- *Host Country Acceptance*: The project must be acceptable to the host country. USIJI requires that the host country provide written notification from a designated government agency that the project is acceptable.

- *Monitoring and Verification*: The project must show that greenhouse gas reductions are verifiable. This requires the inclusion of monitoring plans and an agreement to have the project verified by a third party in the proposals to make the process of measuring emissions transparent.

- *Showing of Other Environmental Impacts or Benefits*: Project proposals must show evidence of environmental impact assessment to show associated non-greenhouse gas environmental impacts or benefits. The Evaluation Panel is required to weigh these against the benefit of potential greenhouse gas reductions.

- *Consideration of Social and Economic Issues*: The Evaluation Panel must also consider local issues such as the project impact on human health and employment.

- *Annual Reports*: Participants are required to submit annual reports to the Evaluation Panel on the emissions reduced or sequestered and the attribution of such reductions among the participants. These reports are publicly accessible.

Access to Information Policy: The USIJI also has an open access to information policy. Under U.S. law, most government-held information is publicly accessible on request.[43] In addition, USIJI maintains a World Wide Web site (JI Online) which provides a database of JI-related information from both government and private sources. The USIJI Secretariat also publishes a periodic newsletter, runs a fax-on-demand information service, and has a document center located in Washington, D.C..

The Costa Rica JI Program

The Cost Rican Joint Implementation Office is perhaps the best example in the developing world of a national joint implementation program. The success Costa Rica has experienced in gaining sponsorship of many joint implementation projects may be attributed to the country's highly developed joint implementation regime which, although launched by governmental initiative, includes many participatory elements in its formation.

Costa Rica's national program was developed through a process of public discussion among the government agencies, environmental NGOs, and the private business sector. These discussions resulted in a unique institutional structure so far among national JI programs with an office jointly managed by representatives from government, business, and the non-profit sectors. In general, the Costa Rica criteria give high consideration to how a project will fit into the local community. For example, the criteria specifically call for consideration of local or community support, which indicates there should be some

minimum level of consultation about the proposed project with the local community. In addition, the Costa Rica criteria give consideration to potential impacts on rural peoples and cultural minorities, which also assumes a need for input from those groups.

National Program Development: The impetus to create a Costa Rican office of joint implementation came from President Jose Maria Figueres and Minister of Environment Rene Castro and resulted from a mutual interest in issues of sustainable development and climate change. This was a politically risky decision, as financing was not assured, and most developing countries were reluctant to embrace the concept of joint implementation at this time.

Soon after President Figueres was elected, the Costa Rican government established in June 1994 a small office for joint implementation activities within the Ministry of Natural Resources, Energy and Mines (MIRENEM, now renamed MINAE). Although this initial step was taken by the government, public discussion of the development of the JI program began soon thereafter. In November 1994, a public conference sponsored by the University of Costa Rica and MINAE was held to discuss the issues surrounding joint implementation. This conference was open to all interested parties and was publicized in Costa Rican newspapers.

In 1995, negotiations were held between MINAE and two local organizations: the NGO FUNDECOR and CINDE, a private export promotion organization. These negotiations focused on the future of the Costa Rican Joint Implementation Office. In addition, the Minister of Environment embarked on an active publicity campaign to inform the public about JI issues, holding several press conferences and public meetings to discuss Costa Rica's JI efforts. These discussions led, in June 1995, to the permanent establishment of the Costa Rica Joint Implementation Office (OCIC) located in the offices of CINDE.

Institutional Structure: The Costa Rican Joint Implementation Office is jointly managed by representatives from the government, business, and non-profit sectors. FUNDECOR, which is a non-profit environmental organization, provides the Executive Director and another technical staff member. The government contributes additional technical staff from relevant agencies. CINDE hosts the office. In additional, several technical consultants funded by the United Nations Development Program form part of the Secretariat staff.

Much of the work undertaken by the Costa Rican JI Office centers around education and public outreach. For example, the office has undertaken several sector specific workshops. In June 1995, it sponsored a conference for the forestry sector, organized by

MINAE, the Forestry Chamber, and CINDE. In 1996, it sponsored a workshop for the energy sector. The Costa Rican JI Office also serves as an information clearinghouse and fields calls from the public concerning joint implementation issues. The office actively seeks foreign project partners and outside sources of funding. The office is assisted in project proposal review by an Evaluation Panel of three government representatives, two forestry specialists, one energy specialist, one forestry consultant, and one attorney.

Project Approval Process: Proposals are submitted to the Costa Rican Joint Implementation Office. The proposals are reviewed by the Joint Implementation Evaluation Panel in accordance with the international and national criteria. Fulfillment of the criteria is flexible, although all must be met to some degree; weakness in one particular aspect can be compensated with strength in others. The Panel tries to respond to each proposal within eight weeks from the date received.

National Program Project Criteria: The Costa Rica Joint Implementation Program has published Project Acceptance Criteria. The most relevant criteria and considerations for building transparency and opportunities for public participation are found in the criteria dealing with:

- *Legal Compatibility*: The Evaluation Panel must consider whether the project is consistent with applicable Costa Rican laws and regulations.

- *Investor Country Acceptance*: The Evaluation Panel will consider whether the project is acceptable to the investor country government and whether the project proponent intends to apply for such acceptance.

- *National Sustainable Development Priorities*: The Evaluation Panel must consider if the project is compatible with and supportive of Costa Rican national environment and development priorities, such as conservation, pollution reduction, and consumption issues, as well as potential impacts on rural peoples and cultural minorities. In addition, special consideration needs to be given to the project site selection, scale adjustment, timing, and mitigating measures. Finally, local capacity building is listed as an important consideration.

- *Local or Community Support*: The Evaluation Panel must consider whether the local community will support, participate in, or benefit from the project.

- *Monitoring and Verification Plans*: The Evaluation Panel must consider whether the project has a monitoring plan which includes the participation of organizations capable of monitoring and a verification plan which allows for inspection by qualified, non-participating organizations.

Access to Information Policy: The Costa Rican Joint Implementation Program has an open access to information policy. Relevant project information and JI documentation is accessible through the World Wide Web and through contacting the Costa Rica Office directly.

The Ecuador JI Program

The Ecuador process to develop a national JI program is just getting started. Ecuador has two AIJ projects currently running in cooperation with a group from the Netherlands[44] and in cooperation with the United States. In February 1997, the government published a decree to establish a national Office for Joint Implementation. This proposal was initiated by the General Secretariat of Planning and supported by the Ministry of Energy and Mines. The governmental agencies were assisted in this effort by consultants and NGOs, such as the Corporación de Conservación y Desarrollo (CCD) and the Corporación Latinoamericana de Desarrollo (CLD). Ecuador's national program evolved through a participatory process involving many of the major JI stakeholders.

National Program Development: In Ecuador, there are various viewpoints on the use of joint implementation mechanisms in Ecuador as a response to climate change. Although mostly positive, some agencies and NGOs are much more cautious than others in its potential application. Representatives of the Environmental Advisory Council (CAAM), an environmental policy agency linked to the office of the President, have been studying climate change issues, such as mitigation measures and Ecuador's options for a policy on joint implementation. One of their chief concerns is the need to relate a future joint implementation policy to the existing environmental policy and priorities in Ecuador. The Ministry of Energy, on the other hand, is proceeding to develop a mechanism to carry out joint implementation. The non-profit organizations also hold varying views, although most groups feel that JI would be acceptable, provided that there is adequate consideration of country priorities. The energy and forestry business sectors appear to welcome the idea of joint implementation as a mechanism for added, long-term funding sources. A recurrent theme in national debates on joint implementation is the need for Ecuador to set national priorities for its JI program.

The process for establishing a national program in Ecuador has included informal meetings and discussions with government agencies, such as CAAM, the Planning Agency (CONADE), the Forestry and National Parks Agency (INEFAN), and the National Council of Modernizations (responsible for privatization of the energy sector). Private sector participants have included entities such as the Banco del Pacífico (which provides funding for energy efficiency projects), the Chamber of Industries, the Timber Association (AIMA), and

conservation NGOs, such as CCD, CLD, Fundación Jatun Sacha, and NATURA. A series of small workshops in different regions of the country involving governmental representatives and members of the private sector were organized by CLD and the Office of Environment in the Planning Agency (CONADE) in December 1996.

Proposed Institutional Structure: The February 1997 Ministerial decree established a national Office for Joint Implementation "to coordinate and execute all actions and necessary programs to define a national joint implementation policy, promote the formulation, evaluation and approval of JI projects, and their subsequent international negotiation in order to obtain financing for their execution."[45] The decree establishes a governmental Committee of Joint Implementation, with representatives of five governmental agencies, including the Ministry of Foreign Affairs, and headed by the Ministry of Agriculture. Article 8 provides that the Ministry of Agriculture will designate a private non-governmental organization to act as administrative and technical support for the Office. This support office will have an Executive Director nominated by the NGO and ratified by the Committee. The Executive Director will have a voice, but not a vote on the Committee. The Committee will define national and international joint implementation policy and establish the policies and guidelines for the approval and monitoring of JI projects. The decree creates a Private Sector Advisory Committee, formed by six members appointed for two years by the governmental Committee and chosen from a list of candidates provided by environmental NGOs, the chambers of industry and commerce, the indigenous organizations, and other private groups. The Executive Director will have the task of developing guidelines for project approval, which must include opportunities for public participation and access to information. These guidelines must go through a process of public comment.

National Program Project Criteria: Not yet in existence, but are required by the draft decree to include opportunities for public participation and access to information.

The Guatemala JI Program

Guatemala's joint implementation program is currently in the process of formation at the national level. Although a decree establishing a national JI office was signed in October 1995, this was not implemented due to a change in government administration. The current process to revise the decree and strengthen the concept for a national JI program is involving participation of a wide range of governmental, private business, and NGO sector representatives. There are no AIJ projects currently ongoing in Guatemala.

National Program Development: In 1994-95, discussions and meetings about JI were driven by the efforts of the Guatemalan NGO sector, notably Fundación Solar and

Defensores de la Naturaleza, together with the Ministry of Energy and Mines (MEM), and the Ministry of Agriculture (MAGA). The NGO advocacy, together with the support of the government agencies, culminated in the publication of Acuerdo Ministerial 239-95 of October 27, 1995, signed by the Minister of Energy and Mines. The Decree makes the Office of Energy Planning and Development within the Ministry of Energy and Mines responsible for the identification and approval of JI projects. The document, however, while an early attempt at formulating a legal framework for Guatemala's Joint Implementation program, was issued by an outgoing administration, and was not implemented.

These initial efforts paved the way for subsequent efforts to establish a JI program in the new administration. In May 1996, a Workshop to Define the Institutional Aspects of the Program for Joint Implementation in Guatemala was sponsored by the Center for Sustainable Development in the Americas, the United States Agency for International Development, and Guatemalan NGOs. It was designed to both provide information about JI and to build consensus among the government, business and NGO stakeholders involved in the creation of a JI program for Guatemala. The meeting participants included government representatives from the Ministry of Energy and Mines (MEM), the Agriculture Ministry (MAGA), the National Electricity Institute, and the National Environmental Commission (CONAMA). There were also numerous representatives from the business and finance sector, including the business coalition FUNDESA, the Guatemalan Chamber of Commerce (CAEM), and the Inter-American Development Bank (IDB). NGO sector participants included the coalition ASOREMA. After considerable debate during the three-day workshop, the workshop representatives developed by consensus a Plan of Action for Joint Implementation.

Proposed Institutional Structure: A chief recommendation of the May 1996 workshop was the creation of a Guatemalan Office for Joint Implementation by means of a revised governmental accord clarifying its structure and functions. This office would be directed by the National Council for Joint Implementation, composed of representatives of Energy Ministry (MEM), Agriculture Ministry (MAGA), National Environment Commission (CONAMA), the business sector (FUNDESA) and non-governmental sector (ASOREMA), and the Executive Director.

The plan further proposed that the office be housed at FUNDESA and be composed of an Executive Director and technical staff of one forestry and one energy expert. Its functions are to include education about JI, identification of international project partners, development of Guatemala's JI policies, and development of project screening criteria. Possible sources of funding were described as including the Energy Ministry, United Nations Environment Program, United Nations Development Program, and private/NGO sources.

Proposed Project Approval Process: Although the Office would not formally approve projects, it would presumably make a recommendation to the government office in charge of official certification. The workshop participants were not able to reach agreement as to which government agency would have this power. This agency will be identified by the newly created Environmental Cabinet, a unique body proposed by Guatemala's vice-president during the workshop and included in a draft law that is before the Guatemalan Congress.

The Peru JI Program

Peru is in the early stages of developing a JI program. Peru established a Climate Change Commission in 1992 to assist the government in defining national climate change priorities. The national debate on how to shape a national JI program has been emerging from this process over the past year. Peru is one of the few countries reviewed where a national JI program is evolving from an already existing national debate on climate change priorities. There are no AIJ projects currently ongoing in Peru.

National Program Development: Peru has engaged for several years in a process of setting national priorities for fighting climate change.[46] After signing the Framework Convention on Climate Change in 1992, Peru established a National Climate Change Commission presided over by the National Environmental Council (CONAM) to define Peru's priorities in implementing the Convention. The Commission includes government representatives from the various agencies, as well as private sector representatives, such as the business associations, Confederación Nacional de Instituciones Empresariales Privadas, Cámara de Comercio, Cámara Forestal, Colegio de Ingenieros, and the environmental NGOs, Red Ambiental Peruana, Sociedad Peruana de Derecho Ambiental, and Pronaturaleza. The Commission primarily advises CONAM. A recent workshop identified national priorities related to greenhouse gas emissions and tried to identify eligible climate change projects. Deforestation and transportation were named as the two highest priority areas for climate change projects. Two follow-up workshops were then planned to analyze each priority area.

In the area of a priorities for joint implementation, the Commission has set the following initial parameters:

- Strengthen the national level capacity to identify and develop means to mitigate activities which generate greenhouse gases.

- Prioritize projects for joint implementation in accordance with the Peruvian Study on Climate Change and national needs.

- In the evaluation and revision of AIJ projects, proponents must include social impact analysis, in particular for forest-related projects which may have a special impact on local or indigenous communities.

- Information from the projects must be publicly accessible.

Proposed Institutional Structure: The preparation of an institutional proposal is currently being carried out under the direction of CONAM, with the assistance of the National Climate Change Commission.

Chapter Four:

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Project Development and Implementation: Opportunities for Participation

As of early 1997, approximately forty-five projects world-wide had received host country approval. The international criteria and most of the national guidelines for the pilot phase of JI do not require project proponents to involve the public in project development and implementation. Yet, a certain level of public participation is taking place, due to the fact that proponents realize that public involvement improves the quality and sustainability of a project in the long term. For example, investors are unlikely to fund projects without an assessment of the project viability which includes political considerations such as local input and support.[47] The ability to take the values of local inhabitants into consideration in a project directly impacts the local stability of the project and the long term viability of the investment. If a project proponent has a long-standing area of dispute with local inhabitants, AIJ investors may be highly reluctant to participate commercially, due to the potential bad public relations, as well as increased project risk.

Public participation encompasses an array of processes used in the development and implementation of public policy. It may take different forms depending upon political and cultural norms, the type of policy decisions under consideration, the availability of alternative approaches, and relative advantages and expenses.

Different types of participation tools are suitable for each stage of a JI program or project. At the project identification stage, informal tools such as meetings, informational workshops, and consultation may be most appropriate. During project development and implementation (including monitoring), formal hearings, design charettes and workshops, government-supervised notice and comment, access to information and local participation in project management, access to engineering and management documents and performance reports, employment of members of the public, use of public or third-party "auditors," and complaint and dispute resolution forms of participation may be most appropriate.[48] Thus, public participation should be proactive and provide complete information, timely public notice, full public access to key decisions, and opportunity for early and continuing involvement.

PROJECT IDENTIFICATION

Public participation in project identification is one of the most valuable kinds of participation. Project identification starts in both host and investor countries, although most of the approved projects were originally identified in investor countries. This leads to the question of the level of participation of host country communities, NGOs, businesses, and government agencies in project identification. Such participation builds stronger and more viable projects. Many of the AIJ projects in Costa Rica had substantial host country involvement in identification. This has been a consequence of the greater information about JI in Costa Rica. In general, investor countries have provided a higher level of information about the AIJ process than potential host countries and have encouraged the solicitation of projects by national programs and by potential funders.

In the USIJI program most projects are identified by individual project proponents, rather than through a project identification process. One project with significant public participation in the project identification stage was the USIJI fuel switching project in Decin, Czech Republic. This project involves a partnership among the Center for Clean Air Policy, Wisconsin Electric Power Company, Edison Development Company and NIPSCO Industries to replace part of a lignite-fired district heating system with a natural gas heating system. The Decin project was born out of a public process in which the Center for Clean Air Policy sponsored a workshop near Decin, on market-based mechanisms for improving air quality. Local city leaders were asked to submit suggestions for air quality improvement projects in their communities that also fit the idea of JI. The mayor of Decin volunteered the Bynov district heating plant as a potential project candidate. Beginning with this process, the Decin fuel switching project was identified and later developed into an official USIJI project.

A form of public participation in project identification is also present when intermediary organizations, such as funders, publicly solicit quality projects to fund through requests for proposals. These solicitations inform a public audience about the opportunity for JI projects, followed by a selection process for the best projects. Examples include the request for proposals from Edison Electric Institute - International Utilities Efficiency Partnership (EEI-IUEP) soliciting ideas for developing offset projects. This request for proposals was widely distributed within the United States in February 1995 and resulted in the identification of six projects. Another was the international solicitation of proposals by the World Business Council for Sustainable Development, which was publicized in early 1996.

Access to information on JI activities of a country can help participation in project identification. In Costa Rica, public meetings and an internet site have promoted broad

public knowledge of, and participation in, project identification. In the United States, potential projects are listed on the World Wide Web by the USIJI.

PROJECT DEVELOPMENT AND IMPLEMENTATION

The review of the current AIJ projects found various forms of public participation in the project development phase, including information dissemination, involvement in environmental impact assessments, local community outreach and involvement, and national level consultations. Projects that depend upon local citizens for implementation -- such as tree-planting projects or conversion from conventional sources to solar energy projects -- tended to have held a significant number of formal and informal citizen meetings, whereas projects focusing on energy plant upgrades or development only tended to have complied with the formal requisites of the country law for project preparation and approval by the electric utility. Because most AIJ projects are still in their initial phases, public participation in implementation and monitoring was noted as "planned" in most of the documentation reviewed for this study.

Information Distribution

Information distribution was one of the most common forms of public participation in the first and second round USIJI projects. Information distribution is valuable for public participation because it informs the public of project details, opens the project up to public debate and media coverage, and often identifies the responsible parties to whom the concerned public can address comments. Examples include the RUSAFOR and Decin Power Switching projects, where information distribution led to many newspaper articles publicizing the projects, both locally, such as the articles in Saratov newspapers, and internationally, such as articles in the *New York Times* and the *Washington Post*.

Utility companies and NGOs involved in the energy-related projects have often published information packets that include project descriptions, newspaper articles and press releases, and made them available to interested parties. Examples of these strategies were carried out by Charter Oak Energy and Enersol, primary partners in the Costa Rican Plantas Eolicas and the Honduras Solar-Based Rural Electrification projects respectively.

Certain projects, such as Decin, have made use of media events such as press conferences both in the United States and in the host country, or by participation in general environmental conferences. For example, the Decin project participants held a press conference at the United States Department of Energy at which an agreement of principle

was signed by all the project's participants. The RUSAFOR project participants have attended environmental conferences throughout Russia to publicize the project.

However, as a prerequisite for a transparent and participatory process, information distribution is only one element. Open access to information -- where the responsible government agency and the project proponents provide documentation concerning program development, criteria, and project development on request -- is perhaps even more central to participation. This type of access can be provided by placing key documents at locations easily accessible to members of the public or by using the internet. For example, the BIODIVERSIFIX project in Costa Rica keeps certain documents accessible on a World Wide Web Site.

In addition, notice of upcoming decisions is an important aspect of participation and transparency. For example, in Costa Rica and many other countries, power projects are required to publish a notice of the project approval for three weeks in a national newspaper.

Environmental Impact Assessment

Proposed projects can have long ranging environmental impacts beyond the targeted greenhouse gas reductions. Both the international criteria and many national criteria require that environmental and social impacts be taken into account. For example, the U.S. requires AIJ proposals to identify all associated non-greenhouse gas environmental impacts. In determining whether to grant approval, the U.S. Evaluation Panel needs to be able to weigh the benefit of potential greenhouse gas emission reduction or carbon sequestration with any potential negative environmental impacts.

Environmental impact assessment (EIA) is a planning tool to help decisionmakers understand the potential impacts of proposed projects. In many countries, public participation is a core element of the EIA process. The experiences with EIA in many countries have shown the benefits of including public participation in any impact assessment process. The impact assessment process as well as the level of public participation can be formal or informal. As with any planning tool, it can be adapted to the needs of the decisionmakers and the nature of the project. The main element for public participation in EIA, as in all planning, is that it should take place at an early stage in the process.

Many host countries require some level of impact assessment for projects such as those which qualify as AIJ projects. However, for those situations where there is no provision for public participation in environmental impact assessment, or where a formal environmental impact assessment is not called for under national law, the national JI programs have the

ability to require an informal assessment of environmental impacts which includes consultation with the local community.

Although EIA has not been required in the USIJI program for projects occurring in other countries, it provides a potentially useful model for participation in host country AIJ projects. In the United States, public participation is integral to environmental impact assessment carried out under the National Environmental Policy Act.[49] In the U.S., the assessment process can start with an informal, informational meeting at which members of the public may suggest alternatives to the project and identify environmental issues that they believe should be included in the assessment.[50] The agency and preparers of the environmental impact statement must take into account all reasonable comments and explain why any of the suggestions were not deemed worthy of study or consideration. The U.S. regulations also require that the environmental impact statement be prepared in draft form and be made available for public review and the receipt of comments from the public.[51] In preparing the final environmental impact statement, all reasonable comments must be addressed by the preparers.[52] This assures that the statement takes a "hard look" at all the issues of concern. Government agencies also have an opportunity to review and comment on the statement. Public participation in EIA under NEPA has proven to be an important way to improve the quality of the assessments. The decisionmaker is not bound by the comments nor even by the environmental impact statement in making a decision. The Supreme Court has said, "Other statutes may impose substantive environmental obligations on federal agencies, but NEPA merely prohibits uninformed -- rather than unwise -- agency action."[53]

Laws for EIA vary, however, from ones requiring extensive public participation to ones with only basic requirements. In Costa Rica, for example, Law #7554 (formerly Law #7200) requires the completion of an environmental impact assessment for large power projects, including the three wind power generating plants and the one hydroelectric plant included in their AIJ portfolio. This requirement, however, does not involve a great deal of public participation. Costa Rica, like many countries in Latin America, does not require formal public comment on EIAs. The draft assessment is usually completed by the project participant with the assistance of a local environmental consultant. An assessment is then completed by the National Technical Environmental Secretariat and is made publicly available.

Requiring environmental assessment in the context of international projects is becoming standard for the multilateral development banks, such as the World Bank and the Inter-American Development Bank. The World Bank's Operational Directive 4.01 on Environmental Assessment integrates environmental assessment into project preparation, including project selection, siting, and design decisions. Borrowers are expected to take the

views of affected groups and local NGOs fully into account in project design and implementation, and in particular during the preparation of the assessment. However, public participation in project preparation, beyond consultation, is not an EA requirement except when a project involves involuntary resettlement or affects indigenous people. On information dissemination, the World Bank policy states that "[in] order for meaningful consultations to take place between the borrower and affected groups and local NGOs, it is necessary that the borrower provide relevant information prior to consultations. The information should be provided in a timely manner and in a form that is meaningful for, and accessible to, the groups being consulted."[54]

Local and National Consultations

Many USIJI projects included significant local community participation during project development in the host country. In the first and second round of USIJI projects, there is more evidence of community involvement and outreach in the development of forestry projects and community energy projects than in energy projects based on utility-plant based energy projects. Examples of local community participation include the Russian Forestry Project, in which the local community, especially the forestry associations, is very much involved in project design and implementation, and the Klinki Pine Reforestation Project in Costa Rica, where the project sponsor is working with the broadly-based Cantonal Agricultural Center of Turrialba, whose board includes large and small farmers, businesses, and other members of the community, in project research, development and execution. Project partners also convene meetings to discuss the project components and benefits with the surrounding community.

In general, there was a somewhat lesser extent of public participation on regional or national levels. A notable example of national level participation is the Rio Bravo project in Belize, in which the Wisconsin Electric Power Company, The Nature Conservancy, and the Programme for Belize are undertaking to expand an existing protected area and implement sustainable forestry practices over a larger conservation area. This project established an advisory committee of representative sectors at the national level to continue to advise the project in its development and execution phases.

In the RUSAFOR project, information dissemination and discussion took place on a regional, national and international basis. A contrasting case is the Klinki Forestry Project in Costa Rica, which had excellent community participation at the local level, but where the sponsor preferred to avoid publicity at the national level, for fear that environmental groups would criticize the potentially controversial aspect of the project in promoting the planting of exotic tree species.

Monitoring and Verification

Both verification and monitoring are important to assure national governments, the public, and the international community that real, measurable reductions are taking place. The U.S., for example, requires project proposals to contain at least preliminary monitoring and verification plans. Monitoring and verification plans make the process of measuring emissions more transparent and accountable.

The public can be involved in project monitoring both directly as independent reviewers, and indirectly through involvement in developing a monitoring or verification plan or through access to information and consultation during the monitoring process. A recent study on institutional needs for joint implementation by the Lawrence Berkeley Laboratory noted the need for assessment institutions for project level monitoring, technical consulting, and verification of greenhouse gas reduction.[55] Public participation was recommended for project level monitoring, in particular. For example, the India case study recommended inclusion of NGOs and representatives from village-level institutions in assessment teams for afforestation or bioenergy JI projects. The study recommended that the project level team conduct regular assessments of the project, report the assessment findings to the technical consultants, and maintain contact with the local people, local government, and local NGOs.

In the Biodiversifix Forest Restoration project in Costa Rica, the participants agreed that all information gathered through the project would be publicly available in their offices (in the U.S. and in Costa Rica) and on internet. Participants agreed to adhere to "green seal" audits by NGOs such as Rainforest Alliance or Green Cross. World Resources Institute will provide third party review of the Decin Fuel Switching project.

An example of public participation in monitoring and evaluation of projects similar to AIJ projects can be found in the Philippines.[56] The Foundation for Philippine Environment, an NGO-managed initiative, developed a monitoring approach with the goal of empowering local people to become the conservers in a biodiversity conservation project. The chief participation tool used was documentation. Local citizens attended and observed key project activities with the responsibility to document their observations and comments. Interviews were conducted to clarify discrepancies and solicit opinions of various parties. Process documentation was used as a rapid feedback mechanism, as well as a corrective mechanism within the project.

While having an NGO as a partner or a paid consultant to a project does not constitute public participation, the involvement of nonprofit and public organizations can

facilitate public involvement. This provides some of the accountability and credibility that more inclusive forms of public participation can provide more fully.

CASE STUDIES OF PUBLIC PARTICIPATION IN SELECTED USIJI PROJECTS

Even without a formal requirement for public participation in project development and implementation, AIJ project proponents have used various tools to involve the public, such as access to information, use of the media, public meetings, consultation with local governments, and environmental impact assessment. A survey conducted of selected application materials submitted for projects accepted into Rounds 1 and 2 of the USIJI Program, found evidence of public participation in project development and implementation. The survey of materials was augmented by selected telephone interviews with project proponents, but it should be noted that this survey does not necessarily reflect the actual level of public participation in the AIJ projects.[57]

Rio Bravo Preservation and Forestation Project (Belize, 1995)[58]

This project was developed by the Wisconsin Electric Power Company, a U.S. investor owned utility, the Nature Conservancy (TNC), a U.S. non-profit environmental organization, and Programme for Belize (PfB), a Belizean NGO. Three U.S. companies, Detroit Edison Company, CINergy, and PacifiCorp, are financial partners. The Nature Conservancy is funds managers and the PfB is the implementing agency. The project is comprised of two components: 1) the purchase of land to add to existing protected areas and 2) the implementation of sustainable forest practices on the larger conservation area to produce economic benefits for the surrounding population. The project, which is estimated to result in the sequestration of 3 million tons of carbon dioxide, will result in the purchase of a 15,000 acre parcel of endangered land.

Evidence of Public Participation: The project was presented to the Belize House of Representatives for its endorsement and is backed by a formal declaration of support from that body. The project proponents found that "any project on the Rio Bravo has an impact on, and should be designed to maximize positive benefits for, the surrounding communities."[59] Public participation during the implementation phase is in the form of Programme for Belize's (PfB) efforts to undertake community outreach and education. PfB has instituted a community outreach and education program in the six villages surrounding the Rio Bravo Conservation and Management Area and throughout the country. A formal community network was established by PfB through community and cultural groups who

receive assistance in developing skills in craftmanship and business. In addition, the project structure includes an Advisory Board upon which there are places for community representation.

Rusafor - Saratov Afforestation Project (Russian Federation, 1995)

The Russian/U.S.A. Forestry and Climate Change Project - Saratov Afforestation Project (RUSAFOR-SAP) was developed to establish forest plantations on three sites of marginal agricultural land or burned forest stands in Saratov in the Volga region of Russia. When the timber reaches maturity it may be harvested for long-term use. It is being conducted by a partnership including Oregon State University, the U.S. Environmental Protection Agency, Saratov Forest Management District, and the Moscow and Volga Regional Branches of the International Forestry Institute.

Evidence of Public Participation: In the initial development of the project discussions were held among project proponents and Russian researchers and foresters to discuss the possibilities for AIJ projects in Russia in general. Discussions were also held with interested parties in the Saratov region, including with foresters. As the project development and implementation continued, the public was informed of the project through local newspaper articles and through the development of a promotional video. In addition, the land used for the RUSAFOR project has been demarcated with boundary and corner stones and project description signs. The signs, printed in both Russian and English, give a description of the project, project participants, project objective, and life-cycle. The project proponents state that "the activities at all sites have engendered public participation and an awareness of the value of forests to mitigate the accumulation of greenhouse gases in the atmosphere."[60] The signs which describe the project places at the three sites have been read by a great number of local people and seem to have increased a local feeling of ownership of and pride in the project. The commitment of the local communities provides another level of stewardship to the formal monitoring and risk reduction activities being conducted.

Plantas Eólicas S.a. Wind Facilty (Costa Rica, 1996)

Charter Oak Energy, Inc, a subsidiary of Northeast Utilities, KENETECH Windpower, Inc., Merril International, Ltd., and Plantas Eólicas S.A. joined forces to develop and implement a 20 megawatt privately owned and operated wind electric plant located near the town of Tejona, Costa Rica. Plantas Eólicas is a private company created for the purpose of developing this wind project. Charter Oak Energy is operating and maintaining the plant. Electricity generated by the 55 KENETECH Model 33 M-VS third generation variable wind speed turbines will be sold to the national utility company of Costa Rica and will be used to

displace electricity currently generated by the burning of fossil fuels. The Plantas Eólicas project is estimated to reduce carbon dioxide output by 100,000 tons annually. The project commenced commercial operation in June 1996.

Evidence of Public Participation: Local Costa Rican environmental consultants cooperated with Plantas Eólicas in carrying out an environmental impact study of the proposed project, which looked at existing environmental and social conditions, impacts during plant construction, and impacts during plant operation.[61] No public hearings were held, but the National Museum of Costa Rica was consulted concerning potential disturbance of culturally important areas. The plant construction required a number of building and siting permits, some of which were reviewed by the College of Engineers and all of which passed review by the local municipality. Under Costa Rican law, all documents filed with the Costa Rican government, such as the impact assessment and the permits are accessible to the public. Charter Oak Energy has a community relations policy under development and regularly hosts tours of the facility from local schools, universities, and other institutions for educational purposes.

ECOLAND: Esquinas National Park (Costa Rica, 1996)

This project involves seven participants including U.S. partners Tenaska Washington Partners, Ltd., the National Fish and Wildlife Foundation, and Trexler and Associates, Inc., Costa Rican partners, the Costa Rica Ministry of Natural Resources, Energy, and Mines (MINAE - formerly MIRENEM), COMBOS Foundation, and the Council of the Osa Conservation Area (ACOSA), and an Austrian NGO, Regenwald der Österreicher. It will result in the preservation of 2,000-3,000 hectares of tropical rain forest in the Esquinas National Park in southwestern Costa Rica, which will be conveyed to the Costa Rican Park Service for permanent protection. The area in question was declared a national park in 1993, but almost all the land within the park remained in private hands. Land acquisition forms the basis of this project. The COMBOS Foundation, a Costa Rican non-profit organization that promotes conservation and management of tropical forests through private action, and the Council of the OSA Conservation Areas (ACOSA), an inter-institutional unit organized by MINAE to administer the protected areas of the OSA peninsula, will collaborate in developing a strategic plan for land purchase and establishing mechanisms to facilitate the acquisition process.

Evidence of public participation: The external verification section of the proposal indicates that any interested party may ascertain the success of the project through both empirical observation or through the periodic reports submitted following project implementation.

City of Decin Fuel-Switching for District Heating System (Czech Republic, 1996)

A partnership was created between the U.S. NGO Center for Clean Air Policy, WEPCO, Edison Development Company, and NIPSCO Development Company to replace part of a coal-fired district heating system located in the City of Decin with a natural gas heating system. The Decin District Heating Company had to first go through a process of privatization and is now a joint stock company named Termo.

Evidence of Public Participation: A participatory process was used to identify which project to conduct in the Czech Republic. In June 1993, the Center for Clean Air Policy and local Czech NGOs sponsored a workshop in Usti, located about 30 km from Decin, on market-based mechanisms for improving air quality. Local leaders were asked to submit suggestions for air quality improvement projects in their communities that also fit the idea of AIJ. Then-Mayor Kropacek of Decin volunteered the Bynov district heating plant as a potential project candidate. In August 1993, CCAP sponsored a study tour to the U.S. for local and regional officials and nongovernmental organizations from the Northern Bohemia region to discuss the mechanism of joint implementation in addition to gathering technical information on the project itself. At this time several potential U.S. utility investors met with the group and learned about the Decin project. The project proponents worked closely with the Mayor of Decin and the City Council to spread information about the project to citizens through informational meetings and articles in the local press. The City Council was responsible for approving a loan agreement arranged by the City and the legal agreements between the City and the three investing utilities. The project construction requirements also had to go through the Czech environmental permitting process which provided for limited opportunities for public participation. The project implementation provides for third party review of the project, from preconstruction phase through implementation, to be carried out by the U.S. NGO World Resources Institute.

Solar-Based Rural Electrification Project (Honduras, 1996)

The partners for this project include Enersol, a U.S. non-profit organization, COMARCA, a Honduran coffee cooperative, AHDEJUMUR and AHDE, two Honduran development NGOs, plus additional NGOs, small businesses, and individuals. The goal of the project is to expand the market for solar electric systems in rural Honduras, replacing kerosene lamps.

Evidence of Public Participation: This project is entirely based on participation at the local level, as it is implemented by local NGOs, local businesses, and individual local citizens. In May 1991, Enersol led two half-day seminars for staff from interested Honduran NGOs, describing solar-based rural electrification. During the ensuing months, Enersol held two week long workshops for NGO staff and Peace Corps volunteers and facilitated the dissemination of demonstration PV systems. Enersol established an office in Tegucigalpa, Honduras in July 1992. Since then, Enersol has held training workshops and provided ongoing technical assistance to technicians and NGO staff involved with rural electrification activities in seven Departments of Honduras. Local NGOs and solar businesses disseminate information about solar technology and the project out into rural communities. The local NGOs provide consumer credit to finance solar-electric system purchases. Local solar technicians install and maintain the systems, which are used by rural households and small businesses and in community applications.

The Klinki Forestry Project (Costa Rica, 1997)

This project will eventually result in the conversion of pastures to forest plantations. The partners include the Reforest the Tropics, Inc., a non-profit organization, the Cantonal Agricultural Center of Turrialba (CACTU), a local NGO, the Yale School of Forestry and Environmental Studies, the Forest Products Laboratory of the U.S. Department of Agriculture, and the Tropical Agricultural Research and Higher Education Center (CATIE). which is a farmer-managed local NGO. The project will include planting up to 6,000 hectares and includes more than 100 direct participants from small farms and large farms. Klinki pine, an exotic species from Papua New Guinea, will be mixed with native species to ensure a high level of carbon fixation and production of a multi-purpose, high grade wood. Farmer groups will be paid fees for the carbon sequestration.

Evidence of Public Participation: The project implementation largely depends on the participation of local farmers. In this region, there has been a tradition of public involvement in setting local priorities for reforestation and other agricultural issues. A farmer committee exists at the local level to discuss these issues and the Mayor in the town of Turrialba founded a municipal committee for agriculture and deforestation. This committee included representatives of fishing, timber, commercial, and farming interests. The project development included a survey of local farmers in which 40 indicated their willingness to participate in the initial stages of planting. The first two to three years of the project will be devoted to establishing demonstration trials in the project areas with local farmers and farming cooperatives. Technical assistance will be provided to farmers through the Cantonal Agricultural Center and several local research and teaching institutes.

El Hoyo - Monte Galan Geothermal Project (Nicaragua, 1999)

Trans-Pacific Geothermal Coporation and C and R Incorporated became partners to develop a privately owned and operated geothermal power plant, beginning in March 1996. The facility will use flash stream technology, with hot water brought from a reservoir by deep wells. The next stage of the project will include the upgrade of the initial 50-megawatt plant to 105-megawatts by mid-2001.

Evidence of Public Participation: The proposal for this project was the only of the USIJI project proposals which explicitly contains a section on public participation.[62] While there are no towns within the specific project area, Trans-Pacific Geothermal Corporation has disseminated information to the local community leaders and citizens in adjacent towns, located about 20-35 km from the project site of the plans for development of the project and plans to solicit their input on ways to maximize the economic benefits for their communities. The information dissemination has mainly been through the medium of articles in local newspapers. The proponents plan to have a policy of open public access to information concerning the project, except where that information is confidential for business purposes.

Chapter Five:

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Bringing it All Together: Incorporating Transparency and Participation

This report has drawn on examples from AIJ programs and projects in the first few years of the pilot phase to show that building transparent and participatory processes for AIJ is possible, useful, and not unduly burdensome. However, analysis of the incidents of access to information and public participation show that these occurrences were *ad hoc* rather than systematic. This section will provide a brief analysis of why a systematic approach to participation is important for the AIJ process and will offer a baseline of elements for incorporating participation and transparency into the AIJ pilot phase in a systematic manner.

DEVELOPING A SYSTEMATIC APPROACH

Experience with AIJ has shown that transparency and participation are feasible and, further, that some projects and project proponents have affirmatively embraced these instruments in order to improve both the likelihood of project approval at the national level and project success in meeting long term climate change objectives. It is now possible to articulate a need to integrate transparency and participation into a more systematic approach. A systematic incorporation of participation and transparency into national JI programs will accomplish at least three important objectives contemplated in the AIJ pilot phase.

First, moving to a systematic approach enables countries to make the maximum use of the experiences garnered to date in the pilot program, moving rapidly beyond the experimental instances of participation and transparency that occurred in the early projects. The ubiquity of these practices itself, as documented in this report, suggests a significant role for them as JI practice becomes more regularized. The pilot program is intended to result in rapid learning, adaptive management, and continuous improvement of techniques in order for the Parties to gain confidence in the viability of JI as an instrument of climate change control and as a vehicle for meeting countries' legitimate development objectives. Systematization of transparency and participation enables participating countries and project proponents to contribute to this evolution and confidence building process in a way that continuing reliance on *ad hoc* instances cannot.

Second, ensuring that national JI programs operate transparently and with provisions for participation by interested organizations, businesses, and members of the public, will

assist the Parties to the Convention in meeting the criteria for AIJ established by the First Conference of the Parties in Berlin. Specifically, processes for determining that projects are compatible with and supportive of national development priorities, and that they will produce real, measurable, and long term environmental benefits, are enhanced by clear procedures that ensure that all of the relevant issues can be assessed. Because the Berlin criteria require approval of projects by both governments participating in AIJ, the assurance that transparent and participatory processes exist in each country provides a greater level of confidence to each government that the project objectives will be met. This is a matter of great significance, because the host government needs to be certain that project commitments will be met and that all localized environmental effects have been taken into account, and the sponsoring government needs to be certain that the project will operate on a stable enough basis to ensure that greenhouse gas emissions or sequestration will occur as projected over the entire term of the project.

Third, developing a systematic set of provisions for transparency and participation makes it more likely that the pilot AIJ phase will result in a program that can lead to a future agreement that meets the substantial objectives of all Parties to the Climate Change Convention. Specifically, if there can be this level of accountability inaugurated voluntarily as a matter of best practice by countries participating in AIJ in the pilot phase, confidence in the process will increase. Transparent and participatory programs are more likely to result in a JI approach that will satisfy all concerns when the Parties seek to move beyond the pilot phase.

Both existing national JI programs and those currently under consideration can benefit from the experiences already noted in AIJ and analogous development projects and programs. Projects are more likely to succeed if there is sufficient participation in their identification, development, and review. Programs are more likely to ascertain the viability of projects and their likelihood of meeting national developmental priorities and producing anticipated environmental benefits if the programs provide for transparency and some level of nongovernmental participation in the project review process. While no current JI program has a fully articulated system of transparency and participation, there are now enough elements in place in various national programs to be able to ascertain what such a system should embody. This is as it should be. The point of the pilot program is to discern what JI systems should look like and how projects might be developed to meet reliably the objectives of the Convention. The development of national programs is one of the evolutionary steps that has already occurred. The incorporation of systematic approaches to transparency and participatory mechanisms in such programs appears to be the natural next step in this evolutionary process that will lead to strengthening both national and international approaches to joint implementation.

ELEMENTS FOR PARTICIPATION AND TRANSPARENCY

The following elements for integrating participation and transparency into a national AIJ program and project implementation focus on what the responsible AIJ coordinating body can do. The elements are drawn from the various mechanisms already in use in various countries and projects for involving the public in the AIJ process and in processes analogous to AIJ.

Participatory and Transparent National Programs

Development and implementation of a national JI program is the most critical stage for public participation and transparency. It is in this stage that national policies for implementing the Climate Change Convention are developed and the means for implementation conceived. The following elements form a baseline for incorporating participatory and transparent processes into a new national program:

1. Inclusion of all relevant government agencies, as well as representatives from the for-profit and non-profit private sector in the discussions to form a national program.

2. When possible, including environmental and development NGOs, as well as private business associations, as partners with or advisors to governmental agencies in a national program.

3. Fully integrating advisory bodies and private sector partners into the process of developing JI policies and procedures and into the process of approving individual projects.

National Program Access to Information Policies

To effectively contribute to a national JI program, the public needs access to information about proposed decisions, the decision-making process, the potential environmental effects of the activities undertaken, and what the government is going to do to monitor the activities. Access to information allows members of the public to make their contributions as useful and accurate as possible. Information access is also a necessary safeguard for ensuring public accountability. Members of the public need knowledge to hold government and private institutions accountable for their actions. The following elements outline how a national JI program can structure its access to information policies:

1. Development and publication of a national program information disclosure policy, with a strong presumption in favor of releasing all relevant information with specifically limited exceptions, e.g., confidential business information.

2. National program support to stakeholders in understanding JI and in identifying and developing JI projects.

3. To assist them in their role, full access to all project documentation for members of JI advisory bodies.

4. Public access to AIJ project documents, including project proposals, monitoring and verification protocols, memoranda of understanding, and other agreements with the government or among partners on request, at a reasonable cost, and at a convenient location.

5. A national program requirement for public notification by project sponsors of the development of a project, as early as possible, and in any event well before the project approval. [Notification should include enough information about the project for citizens to determine whether it might affect them, e.g., a project summary containing a description of the project, its location, project sponsors, cost, environmental data, tentative alternatives, impacts, and other relevant information.]

National Program Participation Procedures

The public functions as a vast source of knowledge and technical expertise about its country's natural environment, natural resources, and pollution problems. By gaining access to such information through public participation, AIJ projects can be significantly improved. The following elements outline points at which a national JI program can encourage the involvement of the public in the development and implementation of AIJ projects:

1. National program procedures for public participation in clear, detailed, and mandatory language.

2. Project review consideration of public participation in project development.

3. National program criteria on assuring through local consultation that environmental risks are not disproportionately borne by indigenous populations or other ethnic or racial minorities.

4. National program criteria for environmental and social assessments of the proposed projects, which include an opportunity for the public to comment on draft assessments and consultation with members of the local community.

5. National program requirement for a showing of monitoring and verification plans, which provide for public participation.

CONCLUSION

The development of national-level debate on national climate change priorities and the development of national JI programs is important to meeting the goals of the Climate Change Convention. National programs which integrate the principles of public access to information and meaningful public participation in JI policies and AIJ projects will help the AIJ pilot phase meet not only the institutional challenges which it faces, but will also provide a forum for discussing and resolving some of the technical and financial challenges facing this policy mechanism.

Endnotes

1. Framework Convention on Climate Change, art. IV § 2(a). The Convention gives different obligations to developed countries listed in Annexes I and II. Annex I includes all those countries in Annex II and countries with economies in transition with high levels of greenhouse gas emissions.

2. At the Second Conference of the Parties to the Framework Convention on Climate Change, the U.S. stated that "the inclusion of activities implemented jointly on a global basis, and international emissions trading must be part of any future regime." U.S. Statement, July 17, 1996, Second Conference of the Parties.

3. First Conference of the Parties, Decision 5/CP.1. Crediting is a strong incentive to the private sector of developed countries to invest in emission reduction projects. Yet, a system of crediting raises some of the most serious equity concerns in the JI debate.

4. O. Kuik and J. Gupta, "Perspectives on Africa and the Global Debate on Joint Implementation," from *Joint Implementation: Carbon Colonies or Business Opportunities? Weighing the odds in an information vacuum*, Eds. R. S. Maya and J. Gupta (Southern Centre for Energy and Environment, 1996) (hereinafter Southern Centre for Energy and Environment Study) at 15.

5. Southern Centre for Energy and Environment Study at 25.

6. Southern Centre for Energy and Environment at 25.

7. Framework Convention on Climate Change, art. IV § 2(d).

8. Decision 5/CP.1.

9. Decision 5/CP.1, FCCC/CP/1995/7/Add.1. Technically pilot projects initiated during the pilot phase shall be known as "activities implemented jointly" (AIJ) to differentiate them from full-fledged joint implementation projects, in the event the Convention should allow these in the future. However, given that many national programs refer to themselves as "Joint Implementation Programs" and this paper will refer current activities as "activities implemented jointly" while still referring to the development of "joint implementation programs." The second Conference of the Parties, held in Geneva in 1996, did nothing to change the pilot phase.

10. From Table 1 in E. Watt, et al, "The Institutional Needs of Joint Implementation Projects," Lawrence Berkeley Laboratory, University of California, October 1995. [hereinafter Lawrence Berkeley Laboratory Study: Institutional Needs]

11. Activities Implemented Jointly: First Report to the Secretariat of the United Nations Framework Convention on Climate Change at 26, USIJI, July 1996.

12. Joint Implementation as a Measure to Curb Climate Change - Nordic perspectives and priorities, Ad Hoc Group on Climate Strategies in the Energy Sector, Nordic Council of

Ministers, February 1995 (Tema:Nord 1995:534). ("The relatively high costs of climate measures in many western countries and the considerable difference in costs between countries and regions underline the need for cost-effective climate mechanisms." at 9)

13. Southern Centre for Energy and Environment Study at 25.

14. Aaron Zazueta, *Policy Hits the Ground: Participation and Equity in Environmental Decision-making* (World Resources Institute, 1995), at 7.

15. Environmental Law Institute, Public Participation in Environmental Regulation (January 1991) (notice and comment rulemaking, and permit issuance and review).

16. Environmental Law Institute, The Role of the Citizen in Environmental Enforcement (August 1992) (collecting information, bringing suits in court).

17. Environmental Law Institute, Environmental Impact Assessment: Integrating Environmental Protection and Development Planning (June 1991) (scoping, information, comment, administrative and judicial review, monitoring).

18. See, "Indonesia Climate Change Strategy and Perspective on Activities Implemented Jointly in Indonesia," by Ir. Aca Sugandhy, MSc. in the Proceedings from the Regional Workshop on Actvities Implemented Jointly, Jakarta, Indonesia, June 25-27, 1996.

19. Workshop to Define the Institutional Aspects of the Program for Joint Implementation in Guatemala, May 1996, Center for Sustainable Development in the Americas, funded by the United States Agency for International Development.

20. Workshop on Global Climate Change, White House, June 10-11, 1993.

21. Published as an annex to the U.S. Climate Change Action Plan announced by President Clinton on October 19, 1993.

22. 58 Fed. Reg. 66057 (December 17, 1993).

23. The initial 30 day comment period was extended to 120 days. Responses to the comments received and the final ground-rules for the USIJI were subsequently published in the Federal Register. 59 Fed. Reg. 28442 (June 1, 1994).

24. Brief van de Minister van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer, Klimaatverandering, Nr. 8, 25 september 1995. [Government position on joint implementation, including overview of the public input into the discussion from the main sectors.]

25. Joint Implementation as a Measure to Curb Climate Change - Nordic perspectives and priorities, Ad Hoc Group on Climate Strategies in the Energy Sector, Nordic Council of Ministers, February 1995 (TemaNord 1995:534).

26. JIQ, Volume 2, Number 3, June 1996 (Groningen, the Netherlands).

27. See, Lawrence Berkeley Laboratory Study: Institutional Needs.

28. JIQ, Volume 2, Number 3, June 1996 (Groningen, the Netherlands).

29. Report on the First Global Forum on Environmental Funds, Santa Cruz, Bolivia, 30 May - 2 June 1994, IUCN - The World Conservation Union, The Nature Conservancy, and WWF.

30. "La Participacion Ciudadana dentro del Marco de la Implementacíon Conjunta en el Peru," Sociedad Peruana de Derecho Ambiental, [unpublished paper] 1996.

31. Regional Environmental Center, National Environmental Protection Funds in Central and Eastern Europe: Case Studies of Bulgaria, the Czech Republic, Hungary, Poland, and the Slovak Republic, November 1994.

32. Evaluation Guidelines for Approving AIJ Projects, Environment Agency of Japan.

33. The Netherlands' Criteria for Registering Projects under JI Pilot Phase Programme.

34. "Two Joint Implementation Simulation Studies of the Netherlands and Hungary: Interim Report No. 1," Ministry of Housing, Spatial Planning, and the Environment, the Netherlands, 1995.

35. "The Netherlands Early Experiences with Joint Implementation," February 1995 (first report on the progress of the Netherlands program of pilot projects to the COP 1) at 2.

36. JI Criteria from the Australian Pilot Phase JI Program.

37. Costa Rica Project Acceptance Criteria, Costa Rican Office of Joint Implementation, May 1995.

38. Guidelines for a USIJI Project Proposal, USIJI Secretariat.

39. Guidelines for a USIJI Project Proposal, USIJI Secretariat [italics added].

40. U.S. Administrative Procedure Act 5 U.S.C. sections 500-559..

41. 58 Fed. Reg. 66057 (Dec.17, 1993).

42. 59 Fed. Reg. 28442 (June 1, 1994).

43. U.S. Freedom of Information Act, 5 U.S.C. section 552.

44. This is the Profafor Reforestation Project, a cooperative effort between the Ecuador Forest Service (INEFAN) and the Dutch Forests Absorbing Carbon Dioxide Emission (FACE) Foundation. The project was initiated in June 1993 and is one of the earliest AIJ projects.

45. Official Register, Quito, Lunes 24 February 1997, No. 9, Ministry of Agriculture Decree No. 042.

46. Information for this case study was prepared by the Sociedad Peruana de Derecho Ambiental. Unpublished paper, "La Participación Ciudadana Dentro del Marco de la Implementación Conjunta en el Perú." (August 1996)

47. See, "Criteria for AIJ Project Design in Forestry: The Private Sector Perspective," Don Justin Jones, COPEC, in Proceedings of the Regional Workshop on Activities Implemented Jointly, Jakarta, Indonesia, June 25-27, 1996.

48. Zazueta identifies four forms of participation in development projects: participation through consultation; participation through monitoring and oversight; community involvement in decision-making and implementation; and information production and dissemination. 22-31.

49. 42 U.S.C. § 4321 et seq.

50. 40 CFR 1501.7, 1508.25.

51. 40 CFR 1502.19; 1506.6.

52. 40 CFR 1503.4.

53. *Robertson v. Methow Valley Citizens Council*, 490 U.S. 332, 351 (1989).

54. World Bank Operational Directive (OD) 4.01 on Environmental Assessment requires that affected groups and local NGOs be informed and consulted in a meaningful way as part of assessment preparation (para. 21).

55. Lawrence Berkeley Laboratory: Institutional Needs Study.

56. Global Forum on Environmental Funds Report.

57. The information in this section was collected from the USIJI Secretariat project files. Several USIJI projects for which the documentation was incomplete or not available have not been included in this case study section.

58. The start date refers to the date the project will begin reducing greenhouse gases and can be found in the First Report to the Secretariat of the United Nations Framework Convention on Climate Change by the Government of the United States, July 1996.

59. Letter of 22 November 1995 from Programme for Belize.

60. RUSAFOR - SAP Project Proposal at 43, November 1, 1994.

61. Plantas Eólicas 20 MW Wind Facility, Draft Viability Report, Environmental Assessment 10 (undated).

62. Application for Inclusion in the U.S. Initiative on Joint Implementation, The El Hoyo-Monte Galan Geothermal Project, Nicaraguaa, July 1995.

Attachment I

BERLIN DECISION

Attachment II

SELECTED NATIONAL PROGRAM CRITERIA

Attachment III

LIST OF SELECTED AIJ PILOT PROJECTS

Guidelines for a USIJI Project Proposal

All proposals submitted to the USIJI should be organized and prepared according to the following guidelines. Applicants should follow these guidelines as closely as possible to speed processing of their proposal. Proposals not following these guidelines may be considered incomplete, and may not be evaluated with 90 days of submission to the USIJI Evaluation Panel. Should you have questions regarding the preparation of your proposal or other aspects of the program, the Evaluation Panel staff can be contacted at 202-426-0072 or FAX at 202-426-1540.

I. PARTICIPANTS IN THE PROJECT

Please supply the following information:

A. Domestic (provide for all parties involved in the project)

(1) Corporate or administrative officer responsible for the project.
(2) Contact person for the project, if different from above.
(3) Address, telephone number, fax, and e-mail, if applicable.
(4) Category of eligibility: citizen, resident alien, company (or group of companies) recognized by laws of U.S. Federal government, state government, or local government.
(5) Legal proof of eligibility (e.g., tax ID for individual or business).

B. Foreign (provide for all parties involved in the project)

(1) Country of citizenship, incorporation, or recognized legal status.
(2) Corporate or administrative officer responsible for the project.
(3) Contact person for the project, if different from above.
(4) Address, telephone number, fax, and e-mail, if applicable.
(5) Category of eligibility: citizen, resident alien, company (or group of companies) recognized by laws of host country or of a third country., national government, provincial government, state government, or local government.

II. PROJECT INFORMATION

A. Description and Milestones

(1) Brief summary of project.

(2) Precise location of the project. If a site has not been selected, please provide information for each of the alternative sites for the project.

(3) Identify all greenhouse gas sources and sinks at the facility. or site included in the emissions baseline/reference case. Aim, identify those sources and sinks that will be affected by the project. (Include information for all of the following gases that apply: carbon dioxide [CO_2], methane [CH_4], nitrous oxide [N_2O], hydrofluorocarbons [HFCs], perfluorocarbons [PFCs], other

halogenated compounds, and, optional but desired if available, precursors of tropospheric ozone [O_3], including carbon monoxide [CO], nonmethane volatile organic compounds [NMVOCs], and nitrogen oxides [NOx].)

(4) Description of the seed tic measures to reduce or sequester greenhouse gas emissions initiated as a result of USIJI or in reasonable anticipation thereof.

(5) Dates of significant milestones.

(a) the date and circumstances when substantive discussions regarding this project were initiated;

(b) the relevant dates for applying for and receiving: permits, licenses, written approvals, letters of intent, agreements with host country governments, and financing for this project;

- the dates for starting or completing significant phases or stages of the project, including, but not limited to: prefeasibility. studies, feasibility. studies, development (including construction and/or setting up on-site offices), and beginning operations (starting management practices, distributing information, training, operating equipment, etc.);

(d) the proposed date that the specific measures to reduce or sequester greenhouse gas emissions (described in Section II.A.4 above) will begin reducing or sequestering greenhouse gas emissions from sources and sinks (listed in Section II.A.3); and

(e) the anticipated project lifetime: period, in),ears, over which the specific measures (described in Section II.A.4 above) are expected to reduce or sequester greenhouse gas emissions (calculated from initiation date above).

B. *Sources of Funding for the Specific Measures to Reduce Greenhouse Gas Emissions*

The Panel desires general information about the sources of funding and relative shares or funding by the different sources. The Panel will require only enough information to ensure that the financial aspects or the project have been adequately considered, and that simple repackaging of federally or multilaterally funded projects does not occur. The Panel will make every effort to minimize the amount of information and the level or detail needed to provide these assurances.

(1) Specify all sources and proposed sources of funding for the project and the approximate share of funding from each source, including all participants listed in Section I (Domestic and [Foreign "Participants Involved in the Project").

(2) For multilateral funding sources (such as multilateral development banks or the Global Environmental Fund) which do not come directly from the participants listed in Section I, explain how these funds arc considered in excess

of those that would have been available for this type of project in the absence of USIJI. Please explain if and how the multilateral funds are being used to leverage additional private funding.

(3) If federal funds are part of the funding for the specific measures to reduce or sequester greenhouse gas emissions, please explain why these funds are considered to be in excess of those available for such activities in fiscal year 1993. The groundrules for the USIJI require federally funded measures be "undertaken with funds in excess of those available for such activities in fiscal year 1993 in order to qualify for recognition in the USIJI pilot program.

C. *Assignment of Emissions Reductions*

If voluntary agreements among project participants have been concluded, specify the share or amount. of greenhouse gas emissions reduced or sequestered that will be attributed to each of the participants, domestic and foreign (as listed in Section I), for each year over the lifetime of the project. The Panel will request verification or changes in this information in the required annual reports.

D. *Additionally*

The groundrules for the USIJI criteria require that projects involve specific measures to reduce or sequester greenhouse gas emissions initiated as a result of the USIJI or in reasonable anticipation thereof. Project applicants will need to demonstrate to the satisfaction of the Panel that the measures undertaken or to be undertaken are above and beyond what would reasonably have been or be likely to occur otherwise. Reductions may be two types: reductions in greenhouse gas emissions from sources or sequestration of greenhouse gases through the enhancement of natural biotic sinks. In either case, the reduction or sequestration must be below that established by a credible base or reference case.

The additionality requirement does not exclude projects which are profitable or cost-effective. The Panel acknowledges the difficulty in seeking to gauge why participants might undertake projects or specific measures, since most projects will be done for multiple reasons. At the same time, the integrity of the program will be undermined if participants simply repackage activities without change from what would otherwise be undertaken.

The response should include the following items:

(1) How the USIJI or reasonable anticipation thereof helped or could help overcome any barriers to developing or implementing the project.

(2) A discussion of whether the specific measures taken by the project for reducing or sequestering greenhouse gas emissions are required by existing laws or regulations applicable in the U.S. or host country.

(3) For the activities affected by the specific measures to reduce or sequester greenhouse gas emissions (described in Section II.A.4 above), a description of the prevailing technologies and management practices now used art the host country and how the specific measures described in II.A.4 differ from them.

E. *Acceptance by the National or Federal Government of the Host Country*

Provide written evidence from the designated responsible ministry. of the host country that the project is acceptable to the national or federal government of the project's host country for inclusion in the USIJI program.

F. *Technical Assistance*

Please specify whether technical assistance from the USIJI will be requested for the project. If technical assistance will be required, please specify the type of assistance and estimate the level of funding or in-kind assistance required:

III. GREENHOUSE GAS EMISSIONS AND SEQUESTRATIONS

Estimates of greenhouse gas emissions and sequestration should be provided in a transparent manner. Established principles and methodologies are preferred, but new methodologies will be considered if accompanied by adequate documentation. At a minimum, all estimates of greenhouse gas emissions should:

- Present the methodologies, data and calculations used to estimate emissions, emissions reductions and carbon sequestration in a transparent manner.
- Give emissions estimates for each greenhouse gas in kilograms or metric tons.
- Identify all assumptions used in the calculation, including external factors influencing greenhouse gas emissions over the term of the project both in the absence of the project and with the project, such energy and input prices, relevant product prices and sales (e.g. timber prices), effects of regulation, and general economic and technological trends.
- Identify and discuss key uncertainties affecting the emissions estimates.
- Describe or provide references/citations for all models used in the process.

A. *Baseline Estimate of Emissions and/or Sequestration of Greenhouse Gases <u>Without</u> Measures*

Applicants should develop a reference or baseline case for emissions or sequestration process without the proposed measures. This reference case should describe the existing technology and/or practices at the facility, site and associated sources and sinks of greenhouse gas emissions.

(1) Estimate the emissions from sources and sequestration of greenhouse gases by sinks described in 11.A.3 for a full year (12 consecutive months) ending before the date of initiation of the project (II.A.5.a). The year chosen should be representative available or if the project represents new construction, you may estimate pre-existing greenhouse gas emissions levels and provide an appropriate explanation or how such estimates were made.

(2) Estimate the emissions from sources and sequestration of Greenhouse gases by sinks described in I I.A.8 for each year after the date of initiation of the project (II.A.5.a) over the lifetime of the project without the specific measures to reduce or sequester emissions of greenhouse gases (described in lI.A.4). Applicants are reminded that future greenhouse gas emissions levels, even in the absence of their project, may differ from past levels due to growth, technological changes, input prices, product prices, and other exogenous factors.

B. *Estimate of Emissions and Sequestration of Greenhouse Gases With Measures*

(1) Estimate the emissions from sources and sequestration of greenhouse gases by sinks (described in II.A.3) over the lifetime of the project with the specific measures (described in II.A.4).

(2) Estimate the effects of the project and measures listed in II.A.3 on greenhouse gas emissions from sources and sequestration by sinks not described in II.A.3 (i.e., sources and sinks not at the immediate facility or site) over the lifetime of the project. This estimate should include any significant anticipated indirect or secondary greenhouse gas emissions effects of the project, such as effects on a neighboring site, greenhouse gas emissions from project construction, activity shifting and other potential effects.

(3) Discuss factors that could cause the anticipated greenhouse gas emissions reductions and/or sequestration to be lost or reversed in future years.

(4) Identify. the steps being taken to reduce the risks in III.B.3 or to insure that the-effects of the proposed measures will not be lost or reversed in the future. Specify the parties responsible for carrying out these steps.

C. Monitoring Greenhouse Gas Emissions and Updating Emissions Estimates

(1) Describe the process to be used to monitor the greenhouse gas emissions reductions, including:

(a) party(ies) responsible for monitoring greenhouse gas emissions and greenhouse gas emissions reductions/sequestration over the lifetime of the project;

(b) the specific data that will be used to monitor greenhouse gas emissions and greenhouse gas emissions reductions/sequestration (activity, inputs, greenhouse gas emissions, etc.);

- data collection procedures, including a description of the sampling methodologies, emissions monitoring equipment, and methodologies for estimating emissions/sequestration from the raw data; and

(d) a proposed schedule for monitoring activities.

(2) Describe how monitoring data and any other information will be used to periodically update the baselines and greenhouse gas emissions projections described in Sections III.A.I through III.B.3.

D. *External Verification*

Describe the provisions in the project for external verification of greenhouse gas emissions reductions or sequestration, including the following:

(1) Certification that you will agree to allow external verification of greenhouse gas emissions reductions or sequestration by the Panel, its designee or a party(ies) you name at a later date (subject to approval by the Panel).

(2) A proposed schedule for conducting and reporting on external verification activities.

IV. OTHER CONSIDERATIONS

Though the primary goal of the USIJI is to contribute to the development of joint implementation as a means to reduce greenhouse gas emissions, other impacts and benefits of proposed projects will be considered. Nongreenhouse gas benefits, while not required for approval, may improve a project's overall evaluation by contributing to the broader sustainable development goals of the USIJI. For example, an integrated gasification/combined cycle power plant could reduce local air pollution by increasing generation efficiency over standard technologies; a forest or an agricultural management project could help improve local water quality, reduce soil erosion, and preserve biodiversity; a biomass cogeneration plant could contribute to local economic development; an end-user appliance efficient project could increase public participation and build local institutional capacity:

Although applicants are not requited to submit derailed environmental impact statements as a condition of approval, the Panel will also consider any potential negative impact in its evaluation of projects,

A. *Nongreenhouse Gas Environmental Impacts of the Project*

(1) Describe any significant nongreenhouse gas environmental impacts, both positive and negative, that are anticipated as a result of the specific measures to

reduce or sequester emissions. If the measures are part of' construction of a larger project, please also describe any significant nongreenhouse gas environmental impacts, both positive and negative, that are. anticipated as a result of the larger project. Include effects on air, water, soil, human health and biodiversity.

(2) For each significant negative environmental impact described above, discuss any steps that will be taken to mitigate it.

B. *Development Impacts of the Project*

Describe the potential positive and negative non-environmental effects of the project, including but not limited to: economic development, cultural and gender effects, sustainability, technology transfer, public participation, and capacity building.

C. *Efforts to Reduce Domestic Greenhouse Gas Emissions by U.S. Participants*

I f domestic participants listed in Section I.A are emitters of greenhouse gas within the U.S., describe what steps they are taking to reduce or sequester those emissions. Please include all of the following information:

(1) Total U.S. emissions of greenhouse gases for each participant.

(2) Projected U.S. greenhouse gas emissions for each participant over the lifetime of the project.

(3) Projected reductions or sequestration of U.S. greenhouse gas emissions for each participant over the lifetime of the project.

(4) A description of the steps that arc being taken by the participant to reduce or sequester their U.S. emissions of greenhouse gases over the lifetime of the project.

D. *Other Information You May Wish the Panel to Consider.*

V. GENERAL PROVISIONS

A. *Confidential Business Information*

Applicants may claim as confidential information they submit as part of their proposal to the USIJI. If you wish to assert a claim of confidentiality, you must mark the response “CONFIDENTIAL BUSINESS INFORMATION" or with a similar designation, and must bracket all text so claimed. Information so designated will be disclosed by USIJI only to the extent allowed by, and by means of the procedures set forth in 40 CFR Part 2. If you fail to claim the information as confidential upon submission it may be made available to the public without further notice.

Applicants are further advised that a basic purpose of USIJI is to contribute to domestic and international learning about joint implementation at the project level. The Evaluation Panel reserves the right not to include projects, which, due to claims of confidentially, will not serve this purpose effectively.

B. *Monitoring and Verification*

Applicants will be responsible for establishing and implementing the monitoring protocols as presented in their proposal, and for promptly advising the Evaluation Panel in writing of the need and justification for any subsequent revisions.

As noted in Section III.D., "External Verification", project applicants have the option of naming participants and protocols for verification of emissions reductions and sequestration, subject to approval by the Evaluation Panel. Applicants are further advised that USIJI status requires participants to allow external verification of greenhouse gas emissions reduction or sequestration by the Evaluation Panel, its designee or a party(ies) named at a later date subject to approval by the Evaluation Panel. Such verification may include third-party inspection of documentation of emissions reductions, or site visits to the project, and could occur even if the applicants provide a verification plan.

C. *Withdrawal From USIJI*

Should applicants wish to withdraw from the USIJI Program after their proposed project has been approved by the Evaluation Panel, they may do so by notifying the Secretariat in writing without penalty, and without subject to remedies at law or equity. However, the applicant must immediately discontinue the use of any reference to its association with the USIJI Program in any of its publications and written or oral communications. and discontinue the use of any USIJI materials publicizing the problem, including, including the use of the USIJI logo.

D. *Annual Report*

The groundrules for the USIJI require projects to file an annual report in accordance with guidelines developed by the Evaluation Panel. The report will include:

- A progress report on project design and implementation.
- Monitoring data and analysis on emissions reduced or sequestered.
- The share of such emissions reductions attributed to each of the project participants.
- Verification activities.
- Any modifications of baselines or projected emissions reductions. Significant environmental impacts/benefits.
- Significant economic and other impacts/benefits.

The Evaluation Panel will provide projects accepted into the USIJI portfolio with further guidance as to the format for the annual reports.

E. *Promotional Cooperation*

Participants in the program with projects approved by the Evaluation Panel are permitted to use the USIJI logo in their advertising and public relations activities. In turn, participating entities and individuals agree to cooperate in efforts to publicize and promote the USIJI Program, which could include the use of their names and project descriptions in program materials and reports to international organizations, including the Intergovernmental Negotiating Committee and the Conference of the Parties.

VI. REQUIRED CERTIFICATION

The following certification, signed by all responsible participants named in Section I, must appear as part of your proposal to the USIJI Evaluation Panel:

"We the undersigned have each reviewed this proposal as submitted and to the best of our knowledge and belief certify that all information provided therein is accurate and complete. Further, the undersigned acknowledge that they have read and understand the General Provisions of the Guidelines for a USIJI Project Proposal and agree to comply therewith."

German Criteria for AIJ Pilot Projects

1. AIJ pilot projects should be compatible with, and supportive of national and development priorities.

2. AIJ activities require prior acceptance, approval or endorsement by the parties' governments.

3. AIJ projects should bring about real, measurable and long-term environmental benefits related to the mitigation of climate change.

4. The financing of AIJ projects should be additional to the financial obligations of developed countries under the finance mechanism of the FCCC as well as to current foreign aid.

5. During the pilot phase credits to commitments under the FCCC shall not accrue to any party from AIJ initiatives.

6. The focus of the German pilot project will be on emission avoidance. The main emphasis will be on projects that stimulate the use of modern technology or renewable energy. Building up biomass for emission reductions or the creation of CO2 sinks is also possible, in such cases the main emphasis will be on reduction measures.

7. The AIJ pilot projects can be related to all GHGs covered by the FCCC or the combination of anthropogenic GHG as well as the creation of reservoirs or sinks. The project should contribute to the low cost achievement of global ecological advantages.

8. The AIJ pilot project should be accompanied by appropriate scientific research and will have to be documented.

Japan's Joint Implementation Criteria

1. The ministry or agency which is to supervise each project shall ensure that the proposed project satisfies the following requirements in approving it as AIJ under the Japan Program:

   a) GHG emissions (or absorptions) shall be predicted with sufficient evidence when the proposed project is implemented.

   b) GHG emissions (or absorptions) shall be predicted with sufficient evidence when the proposed project is not implemented.

   c) In comparison of a) and b), it shall be obvious that emissions projected under a) are less than those under b); or absorptions projected under a) are more than those under b).

   d) Cumulative effects of GHG emissions reductions resulting from the proposed project will not be negative.

   e) Project implementing entities shall regularly trace predications and modify them as necessary by comparing with the original projections. They shall inform the ministry or agency concerned as required.

   f) In accordance with COP1 Decision 5/CP.1, 1(e), the proposed project shall be additional to the financial obligations of the Parties set out in Article 4 Section 3 of the FCCC as well as to current official development assistance (ODA) flows.

   g) The proposed project shall be agreed upon as AIJ by the Governments of partner Parties.

2. In approving the proposed project as a project under the Japan Programme, the ministry or agency concerned shall examine the following points:

   a) The potential of the proposed project causing changes in GHG emissions in other regions.

   b) The proposed project's environmental, economic, and social impacts have been properly evaluated.

3. Review of the AIJ Implementation Mechanism: In overall consideration of the results of the evaluation and authorized projects, of views of the ministries and agencies concerned, and of international trends regarding AIJ, the Inter-Ministerial/Agency Coordination Committee (IMACC) shall examine necessary modifications to the AIJ implementation mechanism. The draft modification plan shall be approved by both the meeting of senior officials for the Council of Ministers for Global Environment Conservation, and the meeting of senior officials for the National Energy Council of Ministers.

The JI Criteria from the Australian Pilot Phase JI Program

To be accepted as part of the Australian Pilot Phase Joint Implementation Program, project proposals will need to meet the following criteria. It should be noted that projects can be set alone or form a part of a larger commercial project. In regards to the latter situation, only the part of the project which meets the following criteria will form part of the pilot program.

1. Project proposals need to take account of the economic and social as well as environmental costs and benefits associated with the project;

2. Projects should lead to real and verifiable emissions reductions, determined against reasonable baselines:

    - estimates should be based on reliable and standardized accounting methodologies taking into account both direct and indirect effects; and

    - a reasonable estimate should be made of the reductions likely to be achieved from year to year. The estimates will have to be assessed periodically against original projects, and adjusted accordingly.

3. Funding for projects should be additional to Overseas Assistance as financial assistance under the FCCC.

4. Projects should involve specific measures to reduce net greenhouse gas emissions as a result of the Australian Pilot Phase Joint Implementation Program.

5. A high degree of transparency and openness should exist at every stage, especially in regard to agreements reached, reporting, and assessment.

6. The national government of the host country must accept the project as a joint implementation project that is consistent with its national priorities.

7. Projects must be consistent with the principles of sustainable development.

Costa Rica Project Acceptance Criteria

I. BASIC PROJECT CONSIDERATIONS AND DOMESTIC PRIORITIES

A. Legal Compatibility

Is the project consistent with applicable Costa Rican laws and regulations?

B. Home Country (Investor Country) Acceptance

Is the project acceptable to the home country government, or, does the project proponent intend to apply for such acceptance?

C. National Sustainable Development Priorities

Is the project compatible with and supportive of Costa Rican national environment and development priorities and strategies, including:

1) Biodiversity conservation, reforestation and forest preservation, sustainable land use, watershed protection, air and water pollution reduction, reduction of fossil fuel consumption, increased utilization of renewable resources and enhanced energy efficiency.

2) Support for Costa Rica's efforts to fulfill its obligations under the Framework Convention on Climate Change, Biological Diversity and Agenda 21.

3) Enhancement of income opportunities and quality of life for rural peoples and members of certain vulnerable groups including cultural minorities.

4) A minimized or acceptably low level of adverse consequences of the project through site selection, scale adjustment, timing, attenuation, and mitigating measures.

5) Local capacity building such as the transfer and adaptation of know-how and high quality technologies.

D. Local or Community Support

Will the local community support and participate in and/or benefit from the project.

II. ENVIRONMENTAL FEASIBILITY

A. Offset Additionality

Will the project bring about real, measurable and long-term environmental benefits related to the mitigation of climate change that would not have occurred in the absence of

such activities? The proposal should include a defensible reference or baseline case for emission or sequestration process in the absence of the project.

B. Monitoring

Does the project have a monitoring plan that includes the participation of organizations capable of successfully monitoring the project? The monitoring plans should include actual measurements of the project's emission or sequestration in order to establish a high degree of certainty that the predicted benefits were achieved by the project.

C. Verification

Will the project allow for the verification of the project's progress through inspection by qualified, non-participating organizations?

D. Durability or Quality of Offset

Does the project have a high likelihood that the greenhouse gas offset will be maintained over the life of the project? The proposal should include:

1) Workplan for Project Start-Up: What is the timeline for starting or completing significant phases or stages of the project, including but not limited to: prefeasibility studies, feasibility studies, development and beginning of operations, and completion of advanced stages of the project?

2) Long-term Project Management Plan

E. Greenhouse Gas Benefits

What methodologies were used to calculate greenhouse gas emissions, emission reduction or avoidance, and carbon sequestration, and what are the key uncertainties affecting these estimates.

III. FINANCIAL FEASIBILITY

A. Financial Additionality

Is the financing of the project additional to the financial obligations of Annex II Parties to the United Nations Framework Convention on Climate Change?

B. Cost Estimates

Does the project include an accounting of all the costs of operation of the project, including organizations or entities other than official project participants that may contribute to the project's operations?

IV. TECHNICAL AND INSTITUTIONAL FEASIBILITY

A. Institutional Infrastructure and Government Role

Does the domestic Costa Rican institutional framework (political, administrative, scientific) exist to adequately implement and administer the project, as necessary?

B. Reliability and Credibility of the Project Participants

What is the prior experience and track record of the project partner(s) and intermediaries? Is each partner's role in the project's development and implementation made explicit in the proposal? Proponents are encouraged to submit descriptions or independent appraisals of previous Joint Implementation or similar projects.

V. HOST COUNTRY ACCEPTANCE PROCEDURES

Project proposals should be sent to the Costa Rican Office of Joint Implementation. Projects will be reviewed by the Costa Rican Joint Implementation Panel and responded to within eight weeks from the date received.

Netherlands' Criteria for Registering Projects under JI Pilot Phase Programme

1. Host country approval: National governments involved should have approved - via Letter of Intent - the registering project as being a JI pilot project.

2. Real emission reductions: JI pilot projects should lead to real emission reductions compared to a baseline situation. Monitoring requirements must be part of project proposals, and Parties must periodically report on progress made.

3. Sources, sinks and reservoirs: JI pilot projects can address sources, sinks and reservoirs of all greenhouse gases which are not under the Montreal Protocol.

4. JI pilot projects should be compatible with - and supportive of - national environment and development priorities and strategies of the host country.

5. Local environmental benefits: Projects should - besides positive climate impacts - also lead to clear beneficial local environmental impacts.

6. Capacity building: The project should entail, as far as possible, a training component for local authorities and/or companies in the host country. Involvement of local partners will be strongly encouraged.

7. Financial additionality: The financing of JI pilot projects shall be additional to the financial obligations of Annex II Parties within the framework for the financial mechanism as well as to current official development assistance flows (ODA).

8. Economically sound projects: JI pilots projects to be financed should be economically sound environmental and energy related projects which - without additional JI funding - would otherwise not have occurred.

9. Different regions and technologies: The Program will strive for a broad range of projects, including geographical distribution and diverse types of technology.

Costa Rican Procedures for Submission of Projects

A. Date and Place of Submission

1. Joint implementation (JI) projects may be submitted all year round. However, in order for the project to take part in the rounds in the offices of other negotiating countries, the deadline for each round will close a month before the dates established by those countries. These preliminary submission dates will be announced when they are settled.

2. The Costa Rican Guide. USIJI proposal guidelines, and other office guidelines may be acquired at the Costa Rican Office for Joint Implementation (OCIC).

3. The project document must be presented at the OCIC offices in San Jose.

B. Presentation of the Project Document

1. The project must be prepared in accordance with the counterpart country's official guidelines.

2. The proponent must submit two copies of the proposal in Spanish. Once the Spanish version has been approved, a copy in the home (investor) country language must be submitted.

C. Evaluation Requirements

1. OCIC will verify requirements within three days of receipt using the OCIC-F1 formal requirements verification form.

2. When the OCIC-F1 form is completed, proof of receipt will be given to the project proponent, and the proposal will be sent to the OCIC Manager to process.

3. The Manager will designate a professional member of OCIC to verify requirements. This can be the same person who will carry out the formal project evaluation.

4. Two professional OCIC analysts will evaluate the project, after the requirements have been revised.

5. The project proponent will be given an OCIC-F2 form to complete in three days. The form will convey missing information to OCIC.

6. Once the formal requisites are satisfactory, an OCIC-F3 form will be completed to continue with the evaluation. Once stamped and sealed, one copy will be given to the proponent and one will be filed.

7. If the information is not complete, then the following measures will be taken:

   a) Projects that lack detailed information must be expanded.

   b) Projects that need to acquire data, change an entire section, or have format corrections made, must be reformulated.

      In order to qualify, both expanded and reformulated projects must complete the information in three days. If the project is presented to OCIC a month before the evaluation round, the three days may be extended. Once the information has been submitted, the OCIC-F3 form will be completed and point (6) will be followed.

   c) Subsequent round.

Examples of Selected Planned and Ongoing AIJ Pilot Projects
(as of December 1996)

Belize-U.S.: Rio Bravo Carbon Sequestration Project

Belize-U.S.: BEL/Maya Biomass Power Generation Project

Bhutan-Netherlands: Micro Hydroelectricity Project

Bolivia-U.S.: Climate Action Forestry Project

Costa Rica-U.S.: CARFIX: Sustainable Forest Management

Costa Rica-U.S.: Plantas Eólicas S.A. Wind Facility

Costa Rica-U.S.: ECOLAND: Esquinas National Park

Costa Rica-U.S.: Klinki Forestry Project

Costa Rica-U.S.: Doña Julia Hydroelectric Project

Costa Rica-U.S.: Tierras Morenas Windfarm

Costa Rica-U.S.: Aeroenergía S.A. Wind Facility

Costa Rica-U.S.: BioDiversifix Forest Restoration

Czech Republic-U.S.: City of Decin: Fuel-Switching for District Heating

Czech Republic-Netherlands: Krkonose FACE Project

Ecuador-Netherlands: Profafor FACE Reforestation Project

Honduras-U.S.: Solar-Based Rural Electrification Project

Honduras-U.S.: Bio-Gen Biomass Power Generation Project

Hungary-Netherlands: Energy-Efficiency Improvement by Hungarian Municipalities and Utilities Project

Hungary-Netherlands: RABA/IKARUS Compressed Natural Gas Fuel Engine Project

Indonesia-Germany (E7): Renewable Energy Supply Systems Project

Latvia: Ainazi Windpower Project

Mexico-GEF: ILUMEX Compact Fluorescent Lamp Project

Mexico-U.S.: Halophyte Cultivation Project in Sonora

Nicaragua-U.S.: El Hoyo-Monte Galan Geothermal Project

Panama-U.S.: Reforestation Project in Chiriqui Province

Poland-GEF: Coal-to-Gs Conversion Project

Russian Federation-GEF: Vologda Greenhouse Gas Reduction Project

Russian Federation-U.S.: Vologda Reforestation Project

Russian Federation-U.S.: RUSAFOR-Saratov Afforestation Project

Russian Federation-U.S.: District Heating System Improvements in Zelenograd

Russian Federation-Netherlands: Sanitary Landfilling with Energy Recovery in Moscow Region Project

Russian Federation-U.S.: RUSAGAS-Fugitive Gas Capture Project

Russian Federation-Netherlands: Horticultural Project Tyumen

Uganda-Netherlands: Uganda National Park FACE Project

Attachment IV

SELECTED AIJ RESOURCES

Selected AIJ Resources

Framework Convention on Climate Change Secretariat
P.O. Box 260 124
D-53153 Bonn, Germany
Tel: (49-228) 815-1000
Fax: (49-228) 815-1999
Email: secretariat@unfccc.de
URL: http://www/unfccc.de

Australia JI Contact Point
Climate Change & Marine Branch
Department of the Environment, Sport, & Territories
4th Floor, Tobruk House
15 Moore Street, Civic
Canberra, Australia
tel: 61-6-274-1285
fax: 61-6-274-1439

Canadian Joint Implementation Initiative
Natural Resources Canada
580 Booth Street, 19C3
Ottawa, Ontario K1A 0E4
Canada
Tel: 1-613-996-2921
Fax: 1-613-947-6799
Email: CJII@es.nrcan.gc.ca

Costa Rica Office of Joint Implementation
Edificio CINDE
La Uruca
Apdo. 7170-1000
Tel: 506-220-0036
Fax: 506-220-1045

Denmark JI Contact Point
Ministry of Environment and Energy
29, Strandgade
DK 1401 Copenhagen K
Denmark
tel: 45-32-66-0100
fax: 45-32-6604-79

Germany JI Contact Point
Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety
Coordinating Office for AIJ
Division G 1 6
Postfach 12 06 29
53048 Bonn, Germany
tel: 49-228-305-2358
fax: 49-228-305-3336

Guatemala JI Contact Point
Ministerio de Energia y Minas
Tel: 502-2770382
Fax: 502-2763175

Indonesia JI Contact Point
Division of Policy Formulation for Environmental Management
Jalan Merdeka Barat No. 15B
Jakarta Pusat 10110
Indonesia
tel: 62-21-3846122
fax: 62-21-3846031

Japan JI Contact Point
Institute of Energy Economics
Shuwa-Kamiyacho Bldg.
Toranomon 4-3-13
Minato-ku, Tokyo 105
Japan
Tel: (81-3) 5401-4301
Fax: (81-3) 5401-4320
Email: i90291@sinet.ad.jp

Netherlands JI Contact Point
Ministry of Housing, Spatial Planning, and Environment
Climate Change Division/IPC 640
P.O. Box 30945
2500 GX The Hague
The Netherlands
Tel: 31-70-3394086
Fax: 31-70-339-1310
Email: Iestra@DLE.DGM.minvrom.nl

Poland JI Contact Point
Institute of Environmental Protection
Climate Protection Centre
Ul. Kolektorska 4
01-628 Warsaw, Poland
Tel/Fax: 48-22-338507

United States Initiative on Joint Implementation
PO-6
1000 Independence Avenue, S.W.
Washington, D.C. 20585
Tel: 1-202-426-0072
Fax: 1-202-426-1540
JI Online: http://www.ji.org

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