

**[ DENR ADMINISTRATIVE ORDER NO. 2005-17,  
August 31, 2005 ]**

**RULES AND REGULATIONS GOVERNING THE IMPLEMENTATION  
OF EXECUTIVE ORDER NO. 320, SERIES OF 2004, DESIGNATING  
THE DENR AS THE NATIONAL AUTHORITY FOR THE CLEAN  
DEVELOPMENT MECHANISM**

Pursuant to the provisions of Section 3 of Executive Order No. 320, series of 2004, Designating the Department of Environment and Natural Resources (DENR) as the National Authority (DNA) for the Clean Development Mechanism (CDM) of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC), the following rules and regulations are hereby promulgated.

Chapter 1

Policy, Principles, Objectives, Scope and Definition of Terms

*SECTION 1. Basic Policy* - The Philippine Government, through the DNA, recognizes that participation in the CDM could potentially provide the Philippines with numerous benefits in terms of foreign investment in CDM project activities, employment and income opportunities, the establishment of ecologically-friendly projects that will contribute to a healthier environment, technology transfer and income from the purchase of certified emission reductions by the developed country Parties to the Kyoto Protocol.

Therefore, it is hereby declared the policy of the DENR as the DNA to facilitate and promote the development of CDM project activities that contribute to the UNFCCC objective of stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, lead to the transfer of environmentally safe and sound technology and know-how, contribute to the conservation of biological diversity and sustainable use of natural resources, comply with all other pertinent laws and regulations, and provide measures to alleviate poverty as part of their contribution to sustainable development.

*SECTION 2. Principles* - The following principles shall guide the implementation of the national CDM policy:

2.1 In accordance with Article 3.4 of the UNFCCC, States have a right to, and should, promote sustainable development. Policies and measures to protect the climate system against human-induced change should be appropriate to the specific conditions of each State, taking into account that economic development is essential for adopting measures to address climate change.

2.2 The national approval process for proposed CDM project activities shall be transparent, participatory, credible, efficient, and effective to ensure that approved project activities contribute to the reduction in anthropogenic emissions by sources

of greenhouse gases and/or the enhancement of removals by sinks and assist the host country in achieving its sustainable development objectives.

2.3 The approval process must be responsive to the needs and demands of project proponents, the government and various stakeholders. Towards this end, it should also be updated regularly in line with the evolving international guidelines for CDM project activities and taking into account recent developments in national policies, laws, rules and regulations.

### *SECTION 3. Objectives*

This Order shall have the following objectives:

- 3.1 to articulate the national CDM policy;
- 3.2 to define the Philippine CDM framework; and
- 3.3 to implement a transparent, participatory, credible, efficient and effective process for the national approval of proposed CDM project activities.

*SECTION 4. Scope* - These rules and regulations shall cover all proposed CDM project activities which will be implemented in the Philippines and which are seeking approval from the designated national authority for the CDM as a prerequisite to the submission by a designated operational entity of a validation report to the CDM Executive Board, requesting the registration of the project activity under the CDM.

*SECTION 5. Definition of Terms* - For the purpose of this Order, the following terms shall be used, and understood to mean as follows:

5.1 Afforestation - the direct human-induced conversion of land that has not been forested for a period of at least 50 years to forested land through planning, seeding and/or the human-induced promotion of natural seed sources.

5.2 Annex I Parties - countries that have ratified the Kyoto Protocol and are listed under Annex I of the UNFCCC, consisting of developed country Parties and country Parties undergoing the process of transition to a market economy.

5.3 Carbon Dioxide Equivalent or CO<sub>2</sub>e - the unit of measurement used to indicate the global warming potential of greenhouse gases.

5.4 CDM Project Activity - a project activity formally accepted by the Executive Board of the CDM for registration.

5.5 CDM Secretariat - an office within the Environmental Management Bureau that shall be primarily in charge of facilitating the smooth implementation of the national approval process for proposed CDM project activities and that shall be the focal point for information on the status of the application of said project activities for a Letter of Approval.

5.6 CDM Steering Committee - an interagency and multisectoral committee, chaired by an Undersecretary of the DENR designated by the DENR Secretary, that shall be responsible for reviewing the assessment of the appropriate CDM Technical Evaluation Committee (s) and providing advice to the DENR Secretary for the effective implementation and improvement of the Philippine CDM policy and framework in accordance with the provisions of this Order and any amendments thereto.

5.7 CDM Technical Evaluation Committees or TECs - expert committees that the DNA has been authorized to create by virtue of Executive Order No. 320, series of 2004, to be headed by a designated lead agency and which will be responsible for evaluating whether a proposed CDM project activity meets the national approval criteria set forth in this Order and any amendments thereto.

5.8 Certified Emission Reduction or CER - a unit equal to one metric tonne of carbon dioxide equivalent issued pursuant to Article 12 of the Kyoto Protocol, relevant decision of the UNFCCC Conference of the Parties and subsequently, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and guidance from the CDM Executive Board.

5.9 Clean Development Mechanism or CDM - a project based flexible mechanism defined under Article 12 of the Kyoto Protocol which allows Annex 1 Parties to use the CERs accruing from project activities implemented in the territory of non Annex I host Parties to contribute to compliance with part of the Annex 1 of Party's quantified emission limitation and reduction commitments under Article 3 of the Kyoto Protocol while at the same time seeking to assist non-Annex I host Parties to achieve sustainable development, and which contributes to the ultimate objective of the UNFCCC.

5.10 Conference of the Parties or COP - the supreme body of the UNFCCC, established under Article 7 thereof.

5.11 Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol or COP/MOP - the body charged with keeping the implementation of the Kyoto Protocol under regular review and authorized to make decisions necessary to promote its effective implementation, as defined under Article 13 thereof.

5.12 Designated National Authority or DNA - the national authority for the CDM established by a Party to the Kyoto Protocol as a prerequisite to its participation in the CDM. In the case of the Philippines, the DNA shall be the DENR, in accordance with Executive Order No. 320, series of 2004.

5.13 Designated Operational Entity or DOE - an independent legal entity accredited by the CDM Executive Board and designated by the COP/MOP that is authorized to validate proposed CDM project activities and verify and certify reductions in anthropogenic emissions by sources of greenhouse gases and/or net anthropogenic greenhouse gas removals by sinks.

5.14 Documentation of Stakeholders' Consultation - a report to be submitted by the project proponent to the CDM Secretariat as part of its Project Application Document or Project Design Document, indicating how the consultation in which comments by local stakeholders was invited and compiled was undertaken.

5.15 EMB - the Environmental Management Bureau of the Department of Environment and Natural Resources.

5.16 Executive Board of the Clean Development Mechanisms or CDM Executive Board - a body created under Article 12 of the Kyoto Protocol tasked with supervising the CDM, subject to the authority and guidance of the COP/MOP.

5.17 Forest - a minimum area of land of 0.50- 1.0 hectare with tree-crown cover (or equivalent stocking level) of more than 10 - 30 per cent with trees with the potential to reach a minimum height of 2-5 meters at maturity in situ. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10-30 per cent or tree height of 2-5 meters are included under forest, as are areas normally forming part of the forest and which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest.

5.18 Greenhouse Gases or GHGs - those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and re-emit infrared radiation and are listed in Annex A of the Kyoto Protocol, namely, carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF<sub>6</sub>).

5.19 Host Party - a Party to the Kyoto Protocol which is not included in Annex I to the UNFCCC on whose territory the proposed CDM project activity will be physically located.

5.20 Inter-agency Committee on Climate Change or IACCC - a committee created under Presidential Administrative Order No. 220, Series of 1991, chaired by the Secretary of the DENR and co-chaired by the Secretary of the Department of Science and Technology (DOST), with governmental and nongovernmental representatives as set out in said Administrative Order, empowered, among other things, to formulate policies and response strategies to climate change.

5.21 Kyoto Protocol - the Kyoto Protocol to the UNFCCC adopted on 11 December 1997, ratified by the Philippines on 20 November 2003, and which entered into force on 16 February 2005, under which countries listed in Annex B of the Protocol are required to reduce their combined greenhouse gas emissions by at least five percent (5%) compared to 1990 levels by the period 2008 to 2012.

5.22 Letter of Approval - a letter issued by the Secretary of the DENR as head of the DNA with regard to a proposed CDM project activity, approving the voluntary participation of the Philippine project proponents named in the Project Application Document or the Philippine project participants named in the Project Design Document for the proposed project activity and confirming that the project activity assists the Philippines in achieving sustainable development.

5.23 Low-income Communities and Individuals - communities and individuals actually tilling portions of the land to be used for a proposed afforestation or reforestation project activity under the CDM, traditionally utilizing the resources for all or a substantial portion of their livelihood and actually residing within or adjacent to, and dependent on and actually developing portions of the land to be used for a proposed afforestation or reforestation project activity under the CDM.

5.24 Manual of Procedures - a guide to the provisions of this Order, to be issued by the EMB, through the Director or his authorized representative.

5.25 National Approval Criteria - the general criteria to be considered in determining whether to issue a Letter of Approval/Non-approval for a proposed CDM project activity.

5.26 National Evaluation Protocol or NEP - a document to be used by the relevant Technical Evaluation Committee to assess proposed CDM project activities in terms of basic project information and sustainable-development criteria.

5.27 Non-Annex I Parties - countries that have ratified the Kyoto Protocol and are not listed in Annex I of the UNFCCC, generally made up of developing and least developed countries.

5.28 Philippine Agenda 21 - a document containing the national agenda for sustainable development formulated by the Philippine Council for Sustainable Development that was formally adopted on 26 November 1996 through Memorandum Order No. 399.

5.29 Philippine Project Proponent - any natural or juridical person intending to develop and implement a proposed CDM project activity within the Philippines and formally applying for a Letter of Approval for the proposed CDM project activity as indicated in the Project Application Document, and named as one of the project participants in the Project Design Document (PDD), if the PDD is already available at the time of the application. In the case of a natural person, the project must possess Philippine citizenship. In the case of a juridical person, the project proponent must be constituted as a legal entity under Philippine laws and authorized to engage in the proposed CDM project activity in accordance with the Constitution of the Republic of the Philippines and relevant laws.

5.30 Project Activity - a measure, operation or an action that aims at reducing greenhouse gas emissions or enhancing removals by sinks. A project activity could be a component or an aspect of a project that is planned or already being undertaken.

5.31 Project Application Document or PAD - a document to be prepared and submitted by project proponents applying for a Letter of Approval from the DNA for a proposed CDM project activity, describing the proposed CDM project activity, identifying the project proponents and providing sufficient information in accordance with Annex II\* hereof to allow the CDM Secretariat, the Technical Evaluation Committee, the CDM Steering Committee, and the DENR Secretary to effectively assess the project activity, and for stakeholders to understand it.

5.32 Project Design Document or PDD - a detailed description of the proposed CDM project activity containing the essential technical and organizational aspects of the proposed CDM project activity as prescribed by the CDM Executive Board and approved by the COP and subsequently, by the COP/MOP, and used by the DOE as a key input into the validation, registration and verification of the project.

5.33 Proposed CDM Project Activity - a measure, operation or action being proposed to be undertaken in the Philippines and designed to reduce anthropogenic emissions by sources of greenhouse gases or to enhance