

dme

South Africa's Designated National Authority for Clean Development Mechanism

**Designated National Authority
Department of Minerals and Energy**



*The Department of Minerals and Energy
Republic of South Africa*

Overview

- SA participation in UNFCCC and KP
- Institutional Arrangement to handle CDM
- Functions of DNA
- SD Criteria
- Project approval process
- Sectors for potential CDM projects
- Support to Local Govt
- MFMA implications for CDM
- Conclusion

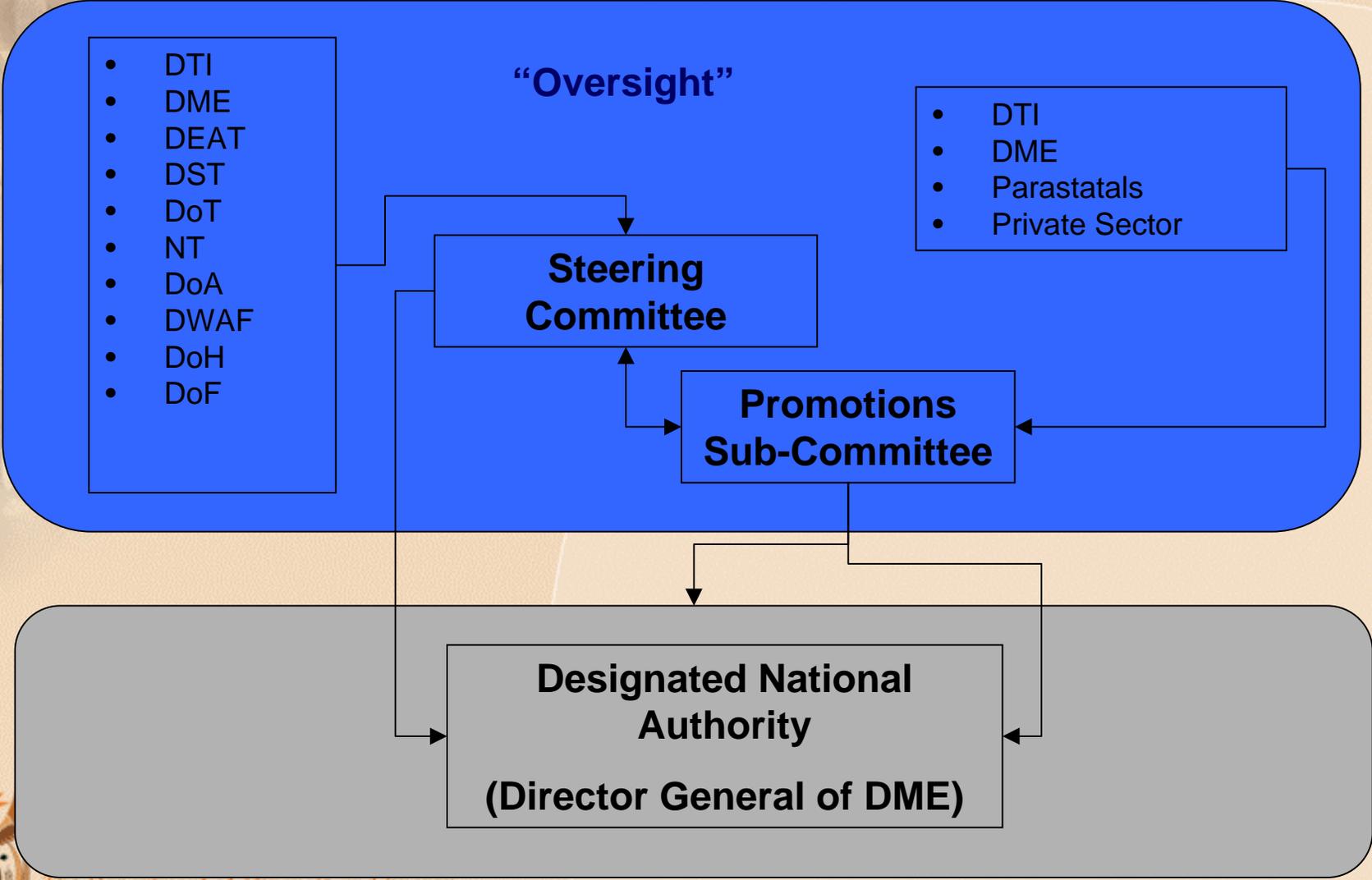


South African participation in UNFCCC and Kyoto Protocol Mechanisms

- SA acceded to UNFCCC on 29th August 1997, ratified the KP 31st July 2002
- South Africa's DNA became operational in December 2004
- DNA is approving projects based on SA's sustainable development criteria i.e in accordance with section 40(a) of the Marakech Accords.
- and to ensure that the mechanism is in the national interest



Institutional Arrangement to handle CDM in SA



Functions of Designated National Authority for CDM in South Africa

- Cabinet approved establishment of DNA at DME to perform the following functions:
 - Regulation function:
 - Project evaluation and approval in accordance with section 40(a) of the Marakech Accords.
 - Promotion function:
 - To promote and facilitate the development of CDM projects in South Africa
 - Secure an adequate share of CDM investment in South Africa
 - To promote CDM projects of a developmental nature
 - Ensure that the mechanism is in the national interest (Gov. objectives)



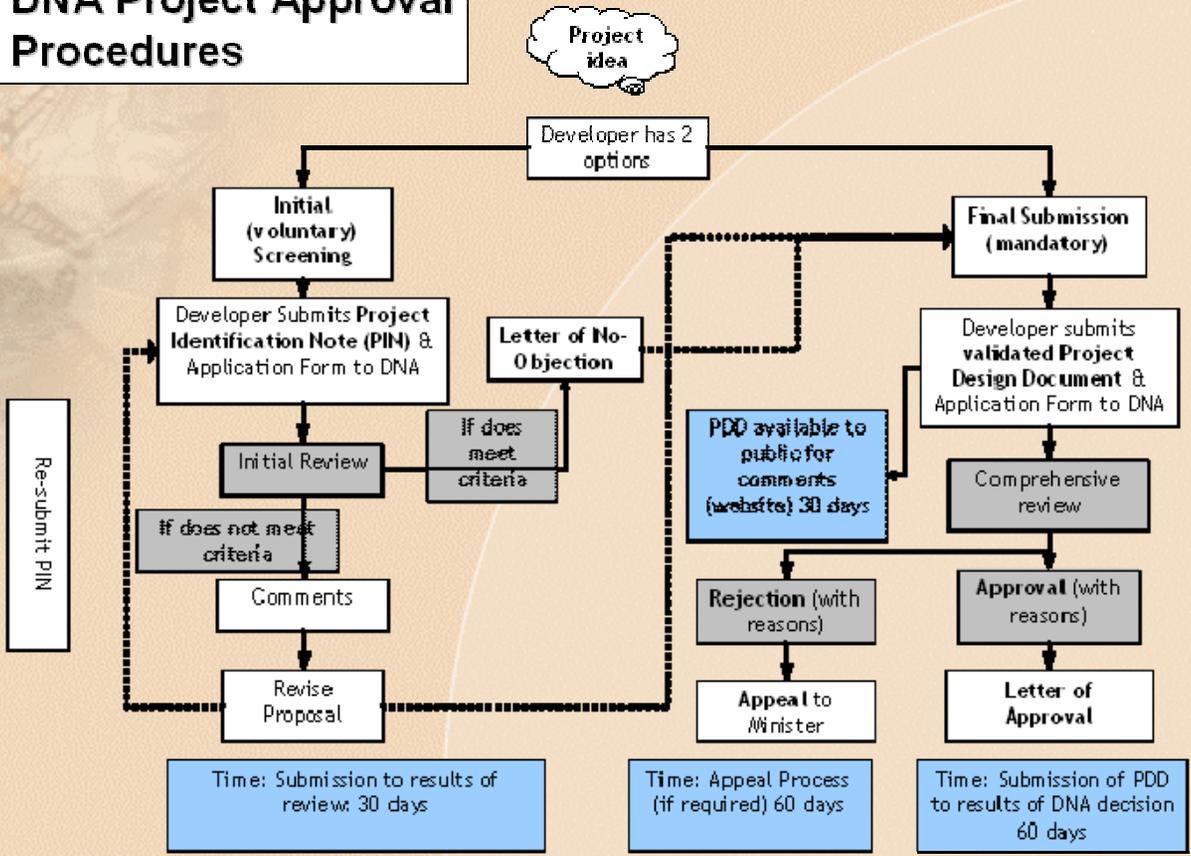
SD Criteria for CDM project approval

- National Environmental Management Act (NEMA) definition of sustainable development
 - *the integration of social, economic and environmental factors into planning, implementation and decision making so as to ensure that development serves present and future generations*
 - This definition of sustainable development will inform the decisions of the DNA
- SD Criteria
 - **Economic:** Does the project contribute to national economic development?
 - **Social:** Does the project contribute to social development in South Africa?
 - **Environmental:** Does the project conform to the National Environmental Management Act principles of sustainable development?



CDM project Approval cycle

DNA Project Approval Procedures



Sectors for potential projects

- Energy supply and demand – Energy efficiency (EE), renewable energy (RE), cogeneration
- Waste sector – methane recovery, cogeneration
- Housing – EE, RE
- Agriculture – Energy from biomass, RE, bio fuels
- Transport and automotive sectors – EE, bio fuels
- Chemical and mining industries – EE, RE
- Public & commercial buildings – EE and RE



Support to Local Govt

- Information and capacity building workshops
- Identification of potential CDM projects
- Access to financial sources
- Compliance with MFMA



MFMA legislative implications for CDM project development

- The MFMA establishes best practice in the management of public assets and aims to minimise risks, whilst ensuring increased levels of transparency and accountability for decisions made.
- Municipalities are urged to take appropriate measures and steps to ensure compliance with the legal framework prior to concluding CDM project related contracts.
- CDM project development has financial implications for municipalities.
- various sections of the MFMA that apply to these transactions, include
 - consultation processes, supply chain management, disclosure provisions,
 - competitive bidding process should be followed for the appointment of consultants by municipalities.
 - section 113 of the MFMA and the Municipal Supply Chain Management Regulations and in particular the restrictions that apply to unsolicited bids.
 - section 164 (1)(a) forbidding commercial activities outside the borders of the country and section 33 on long-term contracts.
 - Section 33 of the MFMA: to consider financial implications imposed in terms of the contract in a case where a municipality is not be able to reduce its emissions within agreed levels.



Conclusion

- DNA is prepared to assist municipalities to identify projects
- Possibility to pilot one or two projects with a municipality
- Others can learn from municipalities such as Cape Town, Dbn etc.



Thank You