



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Prime Minister's Office
Water Resource and Environment Administration

No /PMO-WREA
Vientiane Capital,

(DRAFT)

**Regulation on the approval procedure for proposed Clean Development
Mechanism (CDM) project activities in Lao PDR**

- Pursuant to the provisions of the Law on the Government of the Lao People's Democratic Republic No. 02/NA dated 6th May 2003;
- Pursuant to the Law on Environmental Protection (EPL), No. 02-99/NA, dated 3/4/99;
- Pursuant to the Kyoto Protocol under the United Nations Framework Convention on Climate Change (UNFCCC) that Lao PDR is party to;
- Pursuant to the proposal of the Director General of the Department of Environment, WREA No. dated 2007.

**The Minister to the Prime Minister's Office, Head of the
Water Resources and Environment Administration
issues the regulation as follows:**

PART I

General Provisions

Article 1. Purpose of this regulation

This regulation defines the necessary principles, rules, measures and procedures for operation of the Lao CDM framework to ensure a transparent, participatory, credible, efficient and effective process for the national approval of proposed CDM project activities by the Designated National Authority (DNA) of Lao PDR, to be compliant with the obligations of the Host Country under the Kyoto Protocol.

Article 2. Scope of Application

This regulation shall cover all proposed CDM project activities which are seeking approval from the Host Country Designated National Authority (DNA) for the CDM as a prerequisite to the submission by a Designated Operational Entity (DOE) of a validation report to the CDM Executive Board, requesting the registration of the project activity under the CDM.

Article 3. Definitions

1. **Annex 1 Countries/ Parties** means countries that have committed to emission restraints under Article 4.2 (a) and (b) of the UNFCCC as listed in Annex I of the UNFCCC (generally developed countries and countries undergoing the process of transition to a market economy).
2. **Carbon Dioxide Equivalent (CO₂-eq)** means the unit of measurement used to indicate the global warming potentials defined in decision 2/CP.3 of the Marrakech Accords or as subsequently revised in accordance with Article 5.
3. **CDM Executive Board (CDM EB)** means the formal body established under Article 12 of the Kyoto Protocol to oversee the implementation and administration of the CDM, under the authority and guidance of the COP/MOP.
4. **CDM Project activity** means a greenhouse gas emission reduction project which is intended to be registered with the CDM Executive Board and ultimately realize the delivery of CERs.
5. **Certified Emission Reduction (CER)** means a unit issued under the CDM mechanism pursuant to Article 12 of the Kyoto Protocol and all other relevant requirements and which is equal to one metric ton of CO₂-eq.
6. **Conference of Parties (COP)** means the Conference of Parties to the UNFCCC, held on a regular basis to establish the rules to implement the UNFCCC.
7. **Designated National Authority of Lao People's Democratic Republic (Lao PDR) (hereafter called DNA)** means the Lao National Authority for the Clean Development Mechanism designated by the Lao PDR to the Kyoto Protocol.
8. **Designated Operational Entity (DOE)** means an independent legal entity accredited by CDM Executive Board that can validate proposed CDM project activities and verify and certify Greenhouse Gas emission reductions.
9. **DNA Board of the Lao PDR (hereafter called DNA Board)** is part of the DNA and has the overall responsibility concerning CDM in Lao PDR.
10. **Greenhouse Gas (GHG)** is one or more of the six gases listed in Annex A to the Kyoto Protocol that trap heat when released into the atmosphere, being carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydro fluorocarbons (HFCs), per fluorocarbons (PFCs) and sulphur hexafluoride (SF₆). They occur through natural and human-induced activities.
11. **Greenhouse Gas Emission Reduction** means a reduction in emissions of Greenhouse Gases or unit of sequestered Greenhouse Gases equivalent to one metric ton of carbon dioxide equivalent.
12. **Host Country** means the non-Annex I country (generally, a developing or least developed country) in which a CDM Project activity is based.
13. **Kyoto Protocol (KP)** is the Protocol to the UNFCCC signed at the third COP meeting, establish a binding Annex I Greenhouse Gas emission reduction targets of 5.2% below 1990 levels by 2008-2012. The Kyoto Protocol has entered into force on 16 February 2005 and has been ratified by more than 55 parties representing more than 55% of industrial nations' Greenhouse Gas emissions.

14. **Lao CDM Technical Guidelines** means the manual issued by the Lao DNA to give guidance to project proponent(s) and CDM stakeholders related to CDM project activities in Lao PDR.
15. **Lao DNA Secretariat (hereafter called DNA Secretariat)** is part of the DNA and serves as the secretariat to the Lao DNA Board and Technical Working Group. The Department of Environment of WREA will be the DNA secretariat.
16. **Letter of Approval (LoA)** means a letter issued by the Designated National Authority of the Host Country to a CDM Project activity confirming that Lao PDR participates voluntarily in the project and that the project, as proposed in the Project Design Document (PDD), is in compliance with all national laws and will assist the Host Country to achieve its goals of sustainable development.
17. **Letter of non-objection (LoNo)** means a letter issued by the Designated National Authority of the Host Country to a CDM Project activity confirming that in principle it has no objection to the project idea and scope, as proposed in the Project Idea Note (PIN).
18. **Meeting of the Parties (MOP)** means the Conference of the Parties serving as the meeting to the Parties to the Kyoto Protocol, being the Kyoto Protocol's supreme body. The sessions of the COP and COP/MOP will be held during the same period.
19. **Non-Annex I Countries/ Parties** means countries which are not listed in Annex I of the UNFCCC (generally, developing and least developed countries).
20. **PDD format of the UNFCCC** means the most recent format of a Project Design Document (PDD) as published on the website of the UNFCCC on <http://cdm.unfccc.int>. This format has to be used to develop a CDM project activity.
21. **Project Design Document (PDD)** is the project specific document to be prepared and submitted by Project Proponent(s) to an accredited Designated Operational Entity (DOE) for validation. The PDD describes the project activity and the methods used to determine the greenhouse gas emission reductions and environmental impact.
22. **Project Idea Note (PIN)** is a short form (about 6 pages) that provides the basic information about the proposed CDM project activity.
23. **Project Proponent** is the legal entity (both public and private entities) that proposes to develop a CDM project activity.
24. **Registration** means the formal acceptance by the CDM Executive Board of a validated project as a CDM Project activity.
25. **Sustainable Development Criteria** means the criteria used by the DNA to assess proposed CDM project activities to ensure these projects contribute to the sustainable development of Lao PDR.
26. **Technical Working Group** consists of representatives of concerned ministries and institutions and gives technical input to the approval process for proposed CDM projects.
27. **UNFCCC** is the United Nations Framework Convention on Climate Change, signed at the 'Earth Summit' in Rio de Janeiro in May 1992.
28. **Validation** means the process of independent evaluation of a CDM project activity by a Designated Operational Entity (DOE) against the requirements of the CDM as set out in the Marrakech Accords on Article 12 and on the basis of the Project Design Document. The DOE will determine whether the project (i) has been approved by the parties

involved in a project, (ii) would result in reductions of greenhouse gas emissions that are additional, (iii) has an appropriate baseline and monitoring plan.

Article 4. Objectives of the CDM

The **CDM** is a flexible mechanism under Article 12 of the Kyoto Protocol with the purpose to:

1. assist non-Annex I Parties, like Lao PDR, in achieving sustainable development;
2. contribute to the ultimate objective of the UNFCCC; and
3. assist Parties included in Annex I to achieve compliance with their quantified emission limitation and reduction commitments.

Lao PDR, recognizes that participation in the CDM could potentially provide Lao PDR with numerous benefits including foreign investment in CDM project activities, reduction of greenhouse gas emissions, employment and income opportunities, technology transfer and income from the sale of generated Emission Reductions.

Part II

General Assessment Process for the Proposed CDM Project Activities

Article 5. Basic Principles for Proposed CDM Project Activities

1. Project proponent(s) must submit a proposed CDM Project Activity to the DNA Board for approval in accordance with the process as stated in article 6 and procedure as stated in part IV of this regulation strictly.
2. All proposed CDM project activities should ensure that they contribute to the sustainable development of Lao PDR.
3. The **DNA Board** will assess proposed CDM project activities using the sustainable development criteria as laid down in annex 1 of this regulation.
4. The **DNA Board** will decide to approve or disapprove the proposed CDM project activities based on the results of this assessment as stated in point 3 of article 5, in accordance with the process as stated in article 6 and procedure as stated in part IV of this regulation.

Article 6. Assessment steps of Proposed CDM Project Activities

The assessment process of proposed CDM project activities must follow the following main steps, as described in detail in Article 20 of this regulation:

1. Submission of the PDD, an executive summary and the completed Sustainable Development Checklist Form by the Project Proponent(s). All documents should be provided in both Lao and English language and both as hardcopies and electronic versions.

2. Screening of the PDD, the Sustainable Development Checklist Form and the executive summary for completeness by the DNA Secretariat.
3. Assessment of the PDD, the Sustainable Development Checklist Form and the executive summary by the Technical Working Group and the DNA Board.
4. Issuance of an approval letter to the project proponent(s) by the Lao DNA Board Chairperson (hereafter called Chairperson) or issuance of a letter explaining the reasons for rejection.

Part III

Organizational Structure of the DNA of Lao PDR

Article 7. Structure of the DNA

The DNA is comprised of:

1. DNA Board (chaired by the Vice Minister to the Prime Minister's Office, Deputy Head of WREA) and
2. DNA Secretariat (chaired by the Director General of the Department of Environment).

Article 8. DNA Board

The Lao DNA Board consists of representatives from the following ministries:

1. Vice Minister to the Prime Minister's Office, Deputy Head of Water Resources and Environment Administration	Chairperson
2. Director General Department of Environment, WREA	Vice- Chairperson
3. Deputy Director General of Department of International Conventions, Ministry of Foreign Affairs	Vice-Chairperson
4. Deputy Director General of Department of State Property Management Department, Ministry of Finance	Member
5. Deputy Director General of Department of Promotion and Investment, Ministry of Planning and Investment	Member
6. Deputy Director General of Department of Electricity, Ministry of Energy and Mining	Member
7. Deputy Director General of Department of Forestry, Ministry of Agriculture and Forestry	Member
8. Deputy Director General of Department of Housing and Urban Cadastrarian Plan Department , Ministry of Public Works and Transport	Member
9. Deputy Director General of Department of Industry, Ministry of Industry and Commerce	Member
10. Deputy Director General of Technology Research Institute, National Science and Technology Authority	Member
11. Deputy Director General of Department of Media, Ministry of Information and Culture	Member

Article 9. Function and Duties of DNA Board

The DNA Board shall have the overall responsibility for effectively promoting and achieving the objectives of this CDM regulation, including:

1. To develop Lao CDM Policies, strategies and priorities; and
2. To provide guidance to and monitor the DNA Secretariat, regarding the effective implementation of its duties and functions in accordance with the provisions of this regulation.

The Functions and duties of the DNA Board include the following:

1. Oversee the implementation and administration of this Lao CDM regulation
2. Make decisions to approve or disapprove the proposed CDM project activities;
3. Formulate policies and management guidelines for the DNA Secretariat to perform its functions and duties related to CDM;
4. Consider approving the following documents prepared by the DNA secretariat:
 - Regulation on the establishment and operation of DNA Secretariat.
 - Quarterly and annual reports on the progress and operations of the DNA secretariat and the situation in Laos concerning CDM.
 - Other technical guidelines for assessing CDM project activities.
5. Perform all duties necessary to ensure the successful and effective implementation of this CDM regulation and mandate of the DNA Board.
6. Request the DNA Secretariat to hire international or national experts to assist its work on an as needed basis.
7. Visit a potential Proposed CDM project activity site, if required, to assess the proposed CDM project activity.
8. Propose changes as deemed necessary, in the process and procedure for assessing and approving proposed CDM projects and CDM related documents used in the CDM project cycle in Lao PDR. At least, proposed changes will be made to public for comments by stakeholders during 3 weeks.
9. Follow the duties which are laid down in all other Lao regulations.

Article 10. Roles and Duties of Lao DNA Board Chairperson

The main Roles and duties of the Lao DNA Board Chairperson include the following:

1. Ensure the successful functioning of the Lao CDM regulation and achievement of its purpose. Accordingly, the Chairperson must uphold the rules of the Lao CDM, preside over meetings of the DNA Board, and represent and act on behalf of the DNA Board in the interval meetings.
2. Issuance of a Host Country approval letter for proposed CDM project activities to the project proponent(s),
3. Establish a Technical Working Group with representatives from concerned ministries and other institutions.
4. Invite representatives of other organizations, private or public entities to attend Board meetings as non-voting members or observers as appropriate.
5. Sign all DNA Board documents such as the Lao CDM Technical Guidelines and quarterly and annual reports on the progress and operations of the DNA secretariat.
6. Delegate his or her responsibilities to a Vice Chairperson, who, for the appointed duration, will perform the duties of the Chairperson.

Article 11. Roles and Duties of the Vice-Chairpersons

The DNA Board Vice-Chairpersons will have the following roles and responsibilities:

1. Undertake the responsibilities and tasks assigned or delegated by the Chairperson; and
2. Support the Chairperson in undertaking the tasks of the DNA Board.

Article 12. Roles and Duties of the DNA Board Members

The roles and duties of the DNA Board members include:

1. Promulgate and implement the decisions of the DNA Board Meeting in the area of responsibility and report the result to the Chairperson;
2. Review and comment on the activity plan, budget and other issues raised in the DNA Board meetings;
3. Appoint an alternate if they are not able to attend the DNA Board meeting. Alternate members are able to make decisions and act with the full authority of the Board member they are representing,
4. Request the Chairperson to conduct ordinary and extra-ordinary DNA Board meetings that the Chairperson will agree on the time and location, as necessary.

Article 13. Technical Working Group

The Technical Working Group will be established by the Chairperson and consists of representatives of concerned ministries and institutions. The Technical Working Group is chaired by the Director of the Climate Change Office (WREA).

Article 14. Functions and Duties of the Technical Working Group

1. Participate in Technical Working Group meetings.
2. Assess the PDD, the Sustainable Development Checklist Form and the executive summary and provide the DNA Secretariat with comments.
3. Visit a potential Proposed CDM project activity site, if required, to assess the proposed CDM project activity.

Article 15. DNA Secretariat

The Department of Environment of the Water Resources and Environment Administration (WREA) serves as the DNA Secretariat assigned by the Minister, President of Water Resources and Environment Administration. The DNA secretariat is chaired by the Executive Secretary.

Article 16. Functions and Duties of the DNA Secretariat

The functions and duties of the Lao DNA Secretariat are:

1. To serve as National Communication Point for CDM activities in the Lao PDR;
 - To liaise with the UNFCCC CDM Executive Board about CDM issues in Lao PDR, if authorized by the DNA Board;
 - To release or publicize information about CDM (project activities) in Lao PDR;

- To give general basic support to project proponent(s) in the preparation of CDM project activities;
 - To provide information about the carbon market, that can be used by project proponent(s) about the sales of the generated emission reductions with potential buyers.
 - To promote CDM activities in Lao PDR;
2. To serve as National Focal Point in the assessment process of proposed CDM project activities in Lao PDR;
 - To receive and assess submitted PINs and request the Executive Secretary to issue a letter of non-objection, as stated in Article 19 of CDM Regulation.
 - To receive and screen submitted PDDs and attached Sustainable Development Checklist Forms for completeness before submitting them to the Technical Working Group according to the procedure as outlined in Article 20 of this CDM Regulation;
 - To organise Technical Working Group meetings as outlined in Article 20 of this CDM regulation;
 - To together with the project proponent(s), conduct the public consultation process as outlined in Article 20 of this CDM regulation;
 - Formulate an assessment report, consisting of feedback of the public during the public consultation process and comments of the Technical Working Group, for the DNA Board to assist them to assess the proposed CDM Project activity;
 - To liaise with the project proponent(s) regarding the status of the CDM project activity in the assessment process and to request additional information;
 - Hire international or local experts if requested by the DNA Board as outlined in Article 9 of this CDM regulation;
 3. To assist DNA Board Chairperson on CDM related issues.
 4. To follow the duties which are laid down in all other Lao regulations.

Article 17. Roles and Duties of the Executive Secretary

The Director General of the Environment Department of the Water Resources and Environment Administration will act as the Executive Secretary of the DNA Secretariat and will have the following roles and responsibilities:

1. Be responsible for the DNA Board for the day to day work of the DNA Secretariat. The executive secretary will supervise the implementation of the CDM regulation in accordance with the general policies, operational guidelines and specific directions of the DNA Board, and the proper execution of the roles and duties.
2. Invite representatives of other organizations, private or public entities to attend Technical Working Group meetings as appropriate.
3. May engage technical consultants and advisers in its activities on an as needed basis.
4. Sign DNA Secretariat documents such as invitations for Technical Working Group meetings or the assessment report to be sent to the DNA Board.
5. Sign the letter of non-objection for submitted PINs.

6. Attend Board meetings.
7. Follow the duties assigned by the Chairperson.

Article 18. Roles and Duties of Project Proponents

Functions and Responsibilities of the Project Proponent(s) are:

1. To submit a PIN written in both the Lao and English language to the DNA Secretariat to obtain a letter of non-objection as outlined in article 19 (optional step);
2. To submit a Project Design Document (PDD) written in the English language, a completed Sustainable Development Checklist Form based on the criteria outlined in Annex 1 written in the English language and an executive summary written in both the Lao and English language of the proposed CDM project activity to the DNA Secretariat as outlined in article 20.
3. To collaborate with the DNA Secretariat to conduct the Public Consultation and assessment process (e.g. concerning field visit) as outlined in Article 20.
4. To pay for the public consultation conducted by the DNA Secretariat as outlined in Article 20.
5. To answer any questions and queries by the DNA Secretariat, the DNA Board or interested persons in a timely and co-operative manner.
6. To follow the duties which are laid down in all other Lao regulations.

PART IV

Detailed Procedure for Assessment of Proposed CDM Project Activities

Article 19. Procedure for Assessment of PIN and Issuance of a letter of non-objection (optional step)

1. In case project proponent(s) want to receive a letter of non-objection for their proposed CDM project activity (to be used for finding and convincing investors or for other purposes), they should submit 5 copies of a completed Project Idea Note written in both the Lao and English language to the DNA Secretariat. Consequently the DNA secretariat will assess the PIN and consult other ministries if necessary.
2. In the normal course of events, the DNA Secretariat will complete the assessment of the PIN within 20 official working days after receipt. The diagram outlining the process and procedure for issuing a letter of non-objection for a PIN is available in Annex 2 of this regulation.
3. If the DNA Secretariat concludes after the assessment that in principle it has no objection to the project idea and scope of the proposed CDM project activity, the DNA Secretariat will request the Executive Secretary of the DNA Secretariat to issue a letter of non-objection. If the DNA Secretariat concludes after assessment that it does have objections to the proposed project activity or the PIN is not complete, then the Executive Secretary will not issue a letter of non-objection.

Article 20. Procedure for the Assessment of PDDs and Issuance of a letter of approval

The assessment procedure of a PDD, as outlined in the diagram in Annex 3 of this regulation, consists of the following steps

:

1. Submission of PDD, SD Checklist Form and executive summary

- Project proponent(s) must prepare a PDD using the latest version of the official PDD format of UNFCCC. The PDD which will be submitted to the DNA for approval and to the UNFCCC for registration has to be written in the English language.
- Project proponent(s) must submit 15 copies of the PDD, 15 copies of a completed SD Checklist Form and 15 copies of an executive summary to the DNA Secretariat, both in Lao and English language and including electronic versions of these documents, together with 15 copies of the following documents:
 - Any relevant official approvals from applicable ministries, provincial governments or other authorities as required for the project;
 - Information on the environmental and social impact of the project and/or an approved Environmental and/or Social Impact Assessment if it is required under Lao law.

2. Initial Screening of PDD and SD Checklist Form for completeness

- In the normal course of events, the DNA Secretariat will complete the initial screening of the submitted PDD and SD Checklist Form within 10 official working days after receipt.
- The Executive Secretary will inform the project proponent(s) about the result of the initial screening.
- If the PDD or SD Checklist Form is not complete or does not contain sufficient relevant information for the assessment process, the project proponent(s) can resubmit the PDD and/or SD Checklist Form to the DNA Secretariat.

3. Assessment of PDD and SD Checklist Form

- After completion of the initial screening of the PDD and SD Checklist Form, the DNA secretariat will send these documents within 3 official working days to all Technical Working Group members for assessment and comments.
- The Technical Working Group will complete the assessment of the proposed PDD and SD Checklist Form in the normal course of events within 30 official working days, using the sustainable development criteria as laid down in Annex 1 of this regulation. The Technical Working Group may visit the project site or request the DNA Secretariat to obtain additional information from the project proponent(s).
- If necessary, international or local experts will be hired as an adviser to the Technical Working Group to assist with the assessment of the proposed CDM Project activity.

- While the Technical Working Group is reviewing the PDD, the DNA Secretariat will conduct public consultation for the consideration of the submitted PDD. As a minimum, this will include publishing the PDD on the WREA/DoE website. It may also include a press release in the WREA/DoE website, advertisement in the local press or organizing public consultation with other stakeholders, when considered necessary by Chairperson. (This public consultation in the approval process is complementary to the stakeholders consultation of people affected by the proposed CDM project activity as required in section E of the PDD).
- The DNA Secretariat will complete the compilation of the comments made by the public in the normal course of events within 20 official working days after the notification date.
- The DNA Secretariat will compile an assessment report, consisting of feedback of the public during the public consultation process and comments of the Technical Working Group.
- The Executive Secretary will send the assessment report, including the PDD, the completed SD Checklist Form and the executive summary to the DNA Board.

4. Issuance of a PDD approval letter

- The DNA Board will review the assessment report, including the PDD, the completed SD Checklist Form and the executive summary.
- The DNA Board will meet within 10 official working days after reception of the assessment report and will make a final decision about the approval of the proposed CDM Project activity.
- If the DNA board concludes that the proposed CDM Project activity contributes to the sustainable development of Lao PDR, the DNA board will request the Chairperson to issue an approval letter. If the DNA board concludes that the proposed CDM Project activity does not contribute to the sustainable development of Lao PDR, the DNA board will request Chairperson to inform the project proponent(s) that no letter of approval will be issued.
- In case the PDD can not be accepted, the DNA secretariat will combine the information of the DNA board and the public consultation and inform the project proponent(s) to modify the project and the PDD based on comments received. Project proponents can resubmit the PDD.
- The DNA Chairperson will issue the letter of approval within 5 official working days after the decision of the DNA board or will inform the project proponent that no approval letter can be issued.

PART V

CER Ownership, Fee and Service Charges

Article 21. Fee and Service Charges

The project proponent(s) must pay fees and service charges as laid down by the government in accordance to the Presidential Decree on Fee and Service Charges.

Project proponent(s) are also responsible for the payment of all reasonable extra costs related to the assessment process as laid out in Article 19 and 20 (including public consultation and field visits).

Article 22. Legal Ownership of CERs

In the absence of any laws, decrees, regulations or contractual arrangements to the contrary, legal title and ownership of any Emission Reductions or Certified Emission Reductions (CERs) produced by a CDM project activity in Lao PDR will be held by the project proponent(s) of that CDM project. It is possible for the project proponent(s) to deal with such ERs or CERs in any lawful way they deem appropriate including providing ownership to a third party.

Part VI

Operational Procedures for the DNA Board

Article 23. Operational Procedures for the DNA Board

1. The DNA Board shall work according to the principles of central democracy, collectivism and clear division of responsibilities. The resolutions of the DNA Board are accepted by the majority of the votes of all members in the meeting.
2. There shall be at least one meeting of the DNA Board every six months on a regularly scheduled date and place to be determined by the Chairperson of the DNA Board.
3. The extraordinary meeting may be convened as decided by the Chairperson at the request of any member of the DNA Board or the Executive Secretary, as necessary.
4. The Chairperson may, whenever it is deemed appropriate, for accomplishment of the tasks and functions of the DNA Board, permit the Executive Secretariat to invite officials of the Government or experts on concerned subjects to the DNA Board Meeting.
5. For purposes of all meetings of the DNA Board, at least two third of its members shall constitute the quorum.
6. Whenever a member of the DNA Board is temporarily absent from Lao PDR, unable to attend a meeting of the DNA Board, or otherwise unable to perform the duties of a DNA Board member, the said member of the DNA Board must inform the Executive Secretary to the DNA Secretariat and must appoint an alternate member to act in his/her place, provided that the power given to such alternate member is in writing.
7. On all matters decisions of the DNA Board are based on a majority voting rule of the DNA Board members present at the meeting. If there is no joint agreement, a secret vote shall be held. In the case of equal votes for and against a resolution the Chairperson should have a casting vote;
8. No meeting shall be held by the DNA Board unless a quorum is present. If within 30 minutes of the time appointed for the meeting, a quorum is not present, the meeting shall stand adjourned and the Chairperson will inform members that are present and the Executive Secretary on the

venue and time on the following day. The agenda of the adjourned meeting shall be the same as of the original meeting;

9. Each meeting of the DNA Board shall be recorded in the Minutes of the Meetings. Such Minutes shall be signed first by the Executive Secretary and thereafter by the Chairperson or his designate. The Minutes shall be adopted by the following Ordinary Meeting of the DNA Board and kept available for the Members of the DNA Board, the DNA Secretariat, and the general public.

PART VII

Rewards and Sanctions

Article 24. Rewards

Project proponent(s) who are successful in implementing a CDM project activity will receive awards from the Chairperson or another governmental representative.

Article 25. Sanctions

1. Any person, entity or any organizations which violates this regulation shall be sanctioned by the following measures: warning, re-education, fine and criminal punishment that is commensurate with the violation.
2. If the matter is more serious, the DNA Chairperson will issue order to stop the project temporarily or permanently.

Part VIII Final Provisions

Article 26. Regulation Implementation

The Prime Minister's Office, concerned line ministries, relevant agencies and organizations as well as local authorities are hereby designated to execute this regulation effectively in accordance with their mandates and duties.

Article 27. Effectiveness of regulation

This regulation has become effective from the date of signature.

**Minister to the Prime Minister's Office,
Head of the Water Resources and Environment Administration**

Signed and sealed

Sustainable Development Criteria for Proposed CDM Project Activities in Lao PDR

The Sustainable Development Matrix is the tool that Lao PDR uses to assess proposed CDM project activities to ensure they meet Lao's sustainable development objectives.

The matrix focuses on the economic, social, environmental aspects and transfer of technology, which are articulated in Lao's existing laws, regulations, policies, statements and commitments to international conventions.

The Project Proponent(s) must submit a PDD which outlines how sustainable development objectives are met via each of these criteria. For the DNA to be able to evaluate the project activity, the Project Proponent(s) must fill out the Sustainable Development Checklist Form as provided by the DNA Secretariat. The substantive parts of the information contained within the Checklist Form must be included in the PDD.

How to Use the Sustainable Development Checklist Form

The SD Checklist Form is based on the SD Matrix and provides guidance to the Project Proponent(s) and assessor for each eligibility criteria, while not being prescriptive. The proposed project activity should be compared against the defined baseline as outlined in the PDD:

- A positive rating would indicate best practice of a particular criterion.
- A neutral rating would indicate that the project has no significant impact (positive or negative) against a particular criterion, or is business as usual.
- A negative rating would mean that the project has serious impact against a particular criterion.

The assessment shall focus on all impacts of the project activity, both within and outside the project boundary. Assessment of the project activity shall focus on all stages of the project cycle: from project construction to project decommissioning to ensure that sustainable development benefits are maximized over the life of the project activity.

The project must achieve a positive or neutral rating for each criterion in all 4 mentioned categories - Economic, Social, Environmental and Transfer of Technology. A negative rating for one of the criteria indicates that the project activity does not fully meet the sustainable development goals of Lao PDR (as outlined in the related laws, regulations, policies, statements and conventions). If this is the case, the project proponent(s) must discuss with the DNA Secretariat and/or Technical Working Group if and how the negative impact can be mitigated by the project proponent(s), before the DNA Board will decide on approval/disapproval.

Sustainable Development Matrix

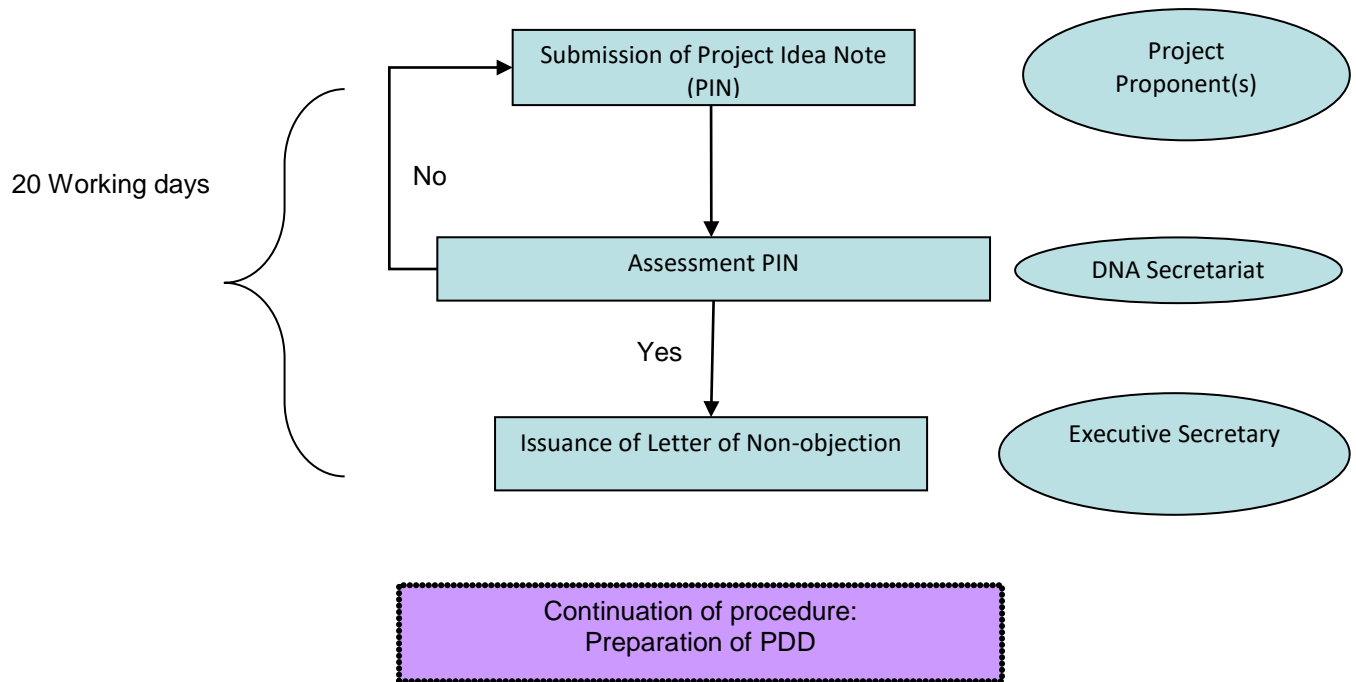
Criteria no.	Criteria	Assessment
1	Environment	
1.1	Contribution to mitigation of global climate change	+ Reduction or avoidance in GHG emissions 0 No significant change in GHG emissions - Increase in GHG emissions
1.2	Reduction in air pollution (emissions other than GHG) compared with the baseline scenario identified in the PDD (e.g. PM10, NO _x , SO ₂)	+ Reduction in air pollutant levels compared with the baseline scenario identified in the PDD 0 No significant change in air pollutant levels compared with the baseline scenario identified in the PDD - Increase in air pollutant levels compared with the baseline scenario identified in the PDD
1.3	Reduction in water pollution compared with the baseline scenario identified in the PDD	+ Reduction in water pollutant levels compared with the baseline scenario identified in the PDD 0 No significant change in water pollutant levels compared with the baseline scenario identified in the PDD - Increase in water pollutant levels compared with the baseline scenario identified in the PDD
1.4	Reduction in soil pollution compared with the baseline scenario identified in the PDD	+ Reduction in soil pollutant levels compared with the baseline scenario identified in the PDD 0 No significant change in soil pollutant levels compared with the baseline scenario identified in the PDD - Increase in soil pollutant levels compared with the baseline scenario identified in the PDD
1.5	Sustainable use of land resources	+ Improvement of land resources 0 No significant impact on land resources - Unsustainable land use or degradation of land
1.6	Biodiversity conservation and protection of endangered species	+ Increase in indigenous biodiversity resources at the ecosystem, species and/or genetic levels, for example: <ul style="list-style-type: none"> • Extension of habitat for endangered species • Multiple indigenous species activities 0 No significant impact on indigenous biodiversity resources at the ecosystem, species and/or genetic levels, for example: <ul style="list-style-type: none"> • Single species activities adequately addressed with corridors and buffer zones; • Management/implementation plan in place to protect species and their habitats; - Reduction in indigenous biodiversity resources at the ecosystem, species and/or genetic levels, for example: <ul style="list-style-type: none"> • Clearing or flooding of ecological habitats • Removal and/or impact on endangered species and/or their habitat • Removal of existing diverse species cover and replacement with single or dual species
1.7	Rational use of mineral resources	0 Rational use of mineral resources - Inefficient use of mineral resources

1.8	Sustainable use of forest resources	+ Improvement of forest resources 0 • No significant impact on forest resources • Management/implementation plan in place to mitigate the impacts - Unsustainable use or depletion of forest resources
1.9	Sustainable use of water resources	+ Improvement of water resources 0 • No significant impact on water resources • Management/implementation plan in place to mitigate impacts - Unsustainable use or depletion of water resources
1.10	Protection of archaeological, cultural, historical and spiritual heritage and sites	+ Enhancement of the preservation of archaeological, cultural, historical or spiritual sites 0 No significant impact on archaeological, cultural, historical or spiritual sites - • Adverse impact on archaeological, cultural, historical or spiritual sites • Adverse impact on people's access to archaeological, cultural, historical or spiritual sites
2	Social	
2.1	Concrete contribution to poverty alleviation (in the region the project is executed)	+ • Increase of income generation opportunities for local people • Improvement of livelihood of local people, in particular the poor and the disadvantaged groups 0 No significant impact on livelihoods of local people - • Removal of ability of local people to access resources for income generation • Displacement of people without provision of alternatives for income generation
2.2	Contribution to gender equality and social inclusion	+ Promotion of gender equity, women empowerment and social inclusion 0 No significant change in gender equity, women empowerment and social inclusion - Reduction in gender equity, discrimination against women and reduction in social inclusion
2.3	Stakeholder consultation (people directly affected by proposed project)	+ • Stakeholder consultation from the beginning of the project • Project designed in collaboration with stakeholders • Local stakeholders support the project • Participation of stakeholders in the decision making process 0 Stakeholders were consulted and minimal impact identified - • No consultation of stakeholders • Disregard of stakeholders' comments • Consultation of stakeholders only at the end of the project design with no opportunity to modify the project • Local stakeholders do not support the project or are opposed to it
2.4	All groups, both men and women, have equal access to and control over the target community benefits of the project	+ Support the most disadvantaged groups of the target communities to access to the community benefits of the project 0 Equitable access for the target communities to the community benefits of the project

		- Inequitable access for the target communities to the community benefits of the project
2.5	Creation of employment in the country (short term and long term) (how is dealt with a decrease in employment – job losses should be adequately compensated or provision of equivalent employment and/or income opportunities)	+ Increase in number of jobs at national/regional or local levels 0 No significant change in employment compared to the baseline; no jobs are created or lost - • All jobs identified in the baseline are eliminated; • Job losses
2.6	Improvement of community infrastructures & services (e.g. energy, drinking water, public health)	+ Provision of community infrastructures (wells, roads, schools, public health etc.) 0 No significant impact on community infrastructures - Degradation of community infrastructures (wells, roads, schools, public health etc.)
2.7	Nuisance and risks for the people in the vicinity the project area (e.g. major accident risks, noise, dust)	+ Reduction in the risks and nuisance for people in the vicinity of the project area compared with the baseline scenario identified in the PDD 0 No significant change in the levels of nuisance and risks for the people in the vicinity of the project area compared with the baseline scenario identified in the PDD - Increase in nuisance and risks levels for the people in the vicinity of the project area compared with the baseline scenario identified in the PDD
3	Economic	
3.1	Share of project budget spent in-country	+ Significant proportion of total budget spent in country on Lao economy 0 Reasonable proportion of total budget spent in country on Lao economy - Minimal total budget spent in country on Lao economy
3.2	Reduced dependence on (imported) fossil fuels (energy projects only)	+ • Reduction of dependence on fossil fuels • Increased use of renewable and/or clean energy resources 0 No significant impact on dependence on fossil fuels - Increased dependence on fossil fuels
3.3	Reduced dependence on (imported) energy (energy projects only)	+ Reduction of dependence on imported energy 0 No significant impact on dependence on imported energy - Increased dependence on imported energy
4	Transfer of Technology and knowledge	
4.1	Transfer of appropriate and best available technology (BAT)	+ • Best available technology in advanced industrial economies • Best available technology and technology well proven • Best available technology and technology can easily be maintained locally • Best available technology and technology appropriate for local economic and social conditions 0 Standard technology used - • Inappropriate technology, not adapted to local needs and capacity • Equipment and skills for maintenance not available in Lao PDR • Technology not proven, using Lao PDR as a testing ground • Technology would not be allowed in investors' countries
4.2	Capacity building of local stakeholders	+ • Transfer of skills for use and maintenance of technology/equipment

	industries/businesses (training programmes for local stakeholders)	<ul style="list-style-type: none"> • Use of local companies to install and maintain equipment • Training of local technicians in areas of expertise not available in Lao PDR <p>0 Training of local technicians in areas of expertise already available in Lao PDR</p> <p>-</p> <ul style="list-style-type: none"> • No transfer of skills for use and maintenance of technology/equipment • No use of local companies to install and maintain equipment • Reliance on international experts to install/maintain equipment
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Annex 2: Diagram on Process and Procedure for assessment of submitted PINs



Annex 3: Diagram on Process and Procedure for assessment of submitted PDDs

