

used and has become a valuable baseline, available nationally to measure carbon biomass under a range of conditions and ecosystems. These inventories were invaluable in preparing Belize's first inventory on sources and sinks that were submitted in the First National Communications.

Under the project effective fire suppression control measures were instituted over the entire property but centering on the vulnerable Old Harry Savannah and the pine ridge area behind San Felipe village in the Orange Walk District.

## 2) Mountain Pine Ridge Carbon Sequestration Project

It is an initiative to reforest areas devastated in the Mountain Pine Ridge Forest Reserve due to the recent Bark Beetle infestation. This project is in its preliminary stages, but the objective is obtain carbon credits for the reforestation work, with the justification that without this intervention the pine stands would not be able to reestablish themselves naturally in the volumes that were evident before the infestations.

## INSTITUTIONAL FRAMEWORK

### General institutional framework of the Clean Development Mechanism (CDM)

Projects proposed for funding under the Clean Development Mechanism (CDM) must be approved by various bodies before they will be allowed to proceed. The objective is to ensure that projects meet all the eligibility requirements of the national government and the governing body of the CDM. The groundwork rules and regulations must be followed, however, many of them have yet to be decided upon by the CDM and are in their present form, incomplete.

In addition many countries including Belize, do not have in operation the national institutional structures, which will implement and enforce the rules of the executive body. When these bodies come into operation, it is presumed that they will be incorporated into other existing institutions but under different mechanisms. It will be up to the government of Belize to decide on the national policies and strategies that it wants to have in place to regulate the activities of the CDM nationally. These activities must be in line with the country's developmental priorities and sustainable development policies.

The institutional structure of the CDM will have several layers. The main ones of the operational structure are:

- *The Conference of the Parties (COP)* is the supreme body of the United Nations Framework Convention on Climate Change (UNFCCC) and keeps under regular review the implementation of the Convention and any of the related legal instruments that the COP may adopt. Within its mandate the COP makes the decisions necessary to promote the effective implementation of the UNFCCC. In conformity with the Convention, and in regards to the CDM it "reviews reports submitted by its subsidiary bodies and provides guidance to them" as well as to "promote and guide, in accordance with the objective and provisions of the Convention, the development and periodic refinement of comparative methodologies, to be agreed on by the COP, inter alia, for preparing inventories of greenhouse gas emissions by sources and removals by sinks, and for evaluating the effectiveness of measures to limit the emissions and enhance the removals of these gases".
- *The Executive Board* is expected to play the following main roles in the operation of the CDM:
  - Liaise with the Subsidiary Body for Scientific and Technological Advice (SBSTA) on Land Use, Land Use Change and Forestry (LULUCF) in the CDM.
  - Baseline and monitoring methodologies.
  - Small-scale project activities.
  - Accreditation of operational entities.
  - Maintain a CDM registry.

In terms of project implementation under the CDM, the Executive Board must first approve the project design and examine the reports that will be submitted by the Operational Entities along with the project's proposal.

- *Designated Operational Entities.* Projects that have applied for approval, as emissions reduction entities under the CDM must first be validated by one of the independent companies approved by the CDM board. The Operational Entities will conduct detailed scrutiny of prospective projects to ensure that the stakeholders and other project proponents have the necessary institutional capacity, to warrant that the method of carbon calculations are sound, that the monitoring system is comprehensive, and that the project has obtained the necessary host government approval.
- *Designated National Authorities.* Any project hoping to participate in the CDM must first obtain approval from host government. It is envisioned that potential host countries that have not done so yet, will set up pro-active national authorities to assist project implementations within the country where the project is going to be held. The first task of such body will be to decide whether the projects as proposed, will assist the host country in meeting its sustainable development priorities.

### **Institutional arrangements favorable to the promotion of CDM projects**

Developing countries such as Belize can benefit from hosting Clean Development Mechanism (CDM) projects, however they will need to develop appropriate institutional structures and policies, which will aid the rapid and easy implementation of projects. In the first place, the host country must have ratified the Kyoto Protocol to be able to register a project with the CDM Executive Board. Belize has now ratified the Protocol. In addition, countries wishing to participate in CDM projects either needs the following to participate, or are better positioned to undertake project activity with the following in place:

#### *National Authority for CDM*

The establishment of a National Authority is a requirement for participation in the CDM and this position may or may not be vested in the Focal Point for the Climate Change Convention. The role of the National Authority is mainly to coordinate the actions of the various players whose work impact national CDM projects. These will include agencies such as those responsible for setting national sustainable development policies, environmental and investment regulations. The office of the National Authority will be able to provide the following:

- Information on the national criteria for project approval and priority areas for project activity.
- Efficient and transparent procedures for processing project applications.
- Registration services for in-country project activities and monitoring to determine local sustainability benefit and cost.
- Create the procedures needed to authorize the verification organizations which are responsible for validating and certifying CDM projects.
- Establish clear guidelines on the selection, consultation and monitoring processes that are required of projects.
- Risk management associated with the uncertain market conditions, which can impact CDM projects.
- Source of information on in-country opportunities for potential project investors and on the financial and project opportunities for potential in-country project proponents.

#### *National developmental plans and policies*

There should be clear articulation of the national sustainable development policies and control systems so that potential investors and developers will have effective guidance in pursuing projects that fit into these developmental goals at the outset of project development.

**Table 4**  
**Outline of typical CDM project cycle**

<b>Outline project framework of the Clean Development Mechanism (CDM)</b>	
<b>CDM project activity cycle</b>	<ul style="list-style-type: none"> <li>× Project participants design</li> <li>× Operational entity</li> <li>× Executive board</li> </ul>
<b>Validation and registration</b>	<ul style="list-style-type: none"> <li>× Designated operational entity reviews project design document (§37)</li> <li>× Must meet validation requirements (§37) new or approved methodologies</li> <li>× Designated national authority approves project activity (§37, 40a)</li> <li>× Operational entity submits validation report to the executive board (§40f)</li> <li>× Executive board registers the project activity (§41) (an automatic step unless review requested)</li> </ul>
<b>Monitoring</b>	<ul style="list-style-type: none"> <li>× Emission reductions monitored by a project participant or a third party</li> <li>× Monitoring plan included in the project design document (§60)</li> <li>× Monitoring plan provisions (§53-§54)</li> <li>× Adjustment for leakage (§59)</li> <li>× Preparation of a monitoring report (§60)</li> </ul>
<b>Verification and certification</b>	<ul style="list-style-type: none"> <li>× Designated operational entity:</li> <li>× Reviews monitoring and verifies reductions (ex post) (§62, 63)</li> <li>× Certifies reductions (written assurance to the executive board) (§63)</li> <li>× Certification report is a request to the executive board for CER issuance (§63)</li> <li>× Verification, monitoring and certification reports made publicly available (§63)</li> </ul>
<b>Issuance of CERs</b>	<ul style="list-style-type: none"> <li>× Executive board issues CERs on the basis of the certification report (§64) N.B. an automatic step unless review requested (§65)</li> <li>× CERs issued into the CDM registry (§66, Appendix D)</li> <li>× CERs for the share of proceeds for administration and adaptation withheld (§66a)</li> <li>× Remaining CERs forwarded to Parties and project participants (§66b)</li> </ul>

*Integrate national and regional policies*

Projects in the land use sector will be influenced by a number of national policies such as those for forestry, agriculture, land tenure, land use planning, sustainable development, trade, investment, energy, and so forth. These policies will help to create better

CDM projects especially if they are compatible with other regional policies and incorporate CDM principles. In the same vein countries that have policies in place specifically on climate change issues and the CDM are more likely to fulfil national developmental objectives and achieve synergy with other similar projects across the region.

*Define priorities and create an enabling environment for projects*

The expectation of investors and the national stakeholders may not always be the same, since the investor will naturally want to maximize on carbon sequestered per unit of investment with a low built in risk level, while the national authorities may be more concerned that the aims of the project fulfil national sustainable development objectives. It is expected that the introduction of the CDM will create substantial activity among potential investors, national government authorities and local project proponents. Relevant areas of concern to the national institutions and local project counterparts will include questions such as:

- What scale and size of reforestation projects will best fit in with local farming practices?
- Will land tied up in long-term project activities affect the country's or the local area's food security?
- What type of project will help to improve local skills and practices?
- Will the project reduce the income of the logging industry or local food security while trees are left to store up carbon?

*Actively promote CDM projects as a viable National Developmental Strategy*

Governments must try to create an attractive enabling environment since the hosting of CDM projects can result in a valuable infusion of funds to foster national sustainable development that may otherwise not be available. The national institutions can facilitate investment in this area by establishing a national database and information system to assist potential investors. Likely measures include:

- Identifying promising project types by assessing the full gamut of their potential
- Contribution.
- Development baselines for carbon flows from the various project types which can be used by future investors.

- Establish the necessary rules and conditions for project proponents investing in the various types of preferred activities.
- Establish the necessary requirements for investments in CDM projects.
- Create linkage between CDM investments in carbon storage projects and the national regulations and incentives for foreign direct investment and trading.
- Create a CDM investment prospectus with all relevant information.
- Appoint a focal person to acquaint foreign investors with local investment opportunities.
- Advertise the country's strong points for carbon storage projects to investors through a variety of media.

*Build national capacity and infrastructure to host CDM projects*

Investors are likely to invest if the project can be proven to have low risk and small overheads. This can include a mature NGO sector, well-developed credit institutions, national research capability, and extension services. If national capacities are not currently available, potential host countries will be able to build them up through international funding institutions and aid agencies.

*Create database of carbon flows in the land use sector*

Understanding carbon flows under different land use scenarios will help host countries and investors to decide on the most appropriate project to fit the particular circumstances of an area.

*Creation of the necessary legal framework for carbon ownership*

National laws may need to be updated to reflect the realities of carbon trading. Questions of a legal nature such as who owns the emission reduction credits are sure to pop up. This will be especially important in cases where ownership does not fall to a single individual but may be dispersed among different entities with rights over the resource or in cases of national, communal or customary rights.