

**RESOLUTION
OF THE CABINET OF THE REPUBLIC OF UZBEKISTAN**

« 10 » January 2007

No. 9

Tashkent

**On approval of the Instruction on the order of investment projects preparation and
realizations in the framework
of the Clean Development Mechanism under the Kyoto Protocol**

According to the Resolution of the President of the Republic of Uzbekistan from December, 6, 2006 No.III-525 On measures to Implement Investment Projects within the Framework of the Clean Development Mechanism under the Kyoto Protocol

the Cabinet of Ministers decides:

1. To approve the Instruction on the order of preparation and realization of investment projects within the framework of the Clean Development Mechanism under the Kyoto Protocol according to the Appendix.

2. State Committee on Nature Protection, ministries and departments together with the Ministry of Justice of the Republic of Uzbekistan shall, in a monthly period, bring the departmental standard acts in conformity with the present resolution.

3. The control over the execution of the present resolution shall be assigned to Azimov R.S., Deputy Prime Minister of the Republic of Uzbekistan.

**Prime Minister of the
Republic of Uzbekistan**

S. Mirziyoev

Instruction
on the order of preparation and realization of investment projects
within the framework of the Clean Development Mechanism under the Kyoto Protocol

I. General provisions

1. The present Instruction determines the order of preparation and realization of investment projects within the framework of the Clean Development Mechanism under the Kyoto Protocol, which are implemented by legal persons in the territory of the Republic of Uzbekistan, irrespective of the form of ownership, with attraction of foreign investors, which provide for marketing of certified emissions reductions in the global market.

2. In the present Instruction the following concepts are used:

Kyoto Protocol is the document adopted by the United Nations Framework Convention on Climate Change on July, 11, 1997, ratified by the Republic of Uzbekistan on October, 12, 1999 and entered in force on February, 16, 2005, determining the mechanisms for limitation of GHG emissions;

Clean Development Mechanism under the Kyoto Protocol (further – CDM) is the mechanism through which the countries which were not included in Appendix 1 of the Kyoto Protocol can carry own projects for emissions reduction to the atmosphere of greenhouse gases and sell the emissions reductions achieved as a result of such projects to the governments or companies of the Annex 1 countries of Kyoto Protocol, or any other organizations interested in purchasing certified emission reductions;

Procedures of the Clean Development Mechanism (further CDM procedures) the procedures, criteria and requirements established by corresponding documents of the UN Framework Convention on Climate Change for realization of CDM projects;

Interagency Council on Clean Development Mechanism under the Kyoto Protocol (further – Interagency Council) is an Interagency Council formed according to the Resolution of the President of the Republic of Uzbekistan of December 6, 2006. No.IIII-525;

Designated National Authority on Clean Development Mechanism under the Kyoto Protocol (further – DNA) is the Ministry of Economy of the Republic of Uzbekistan;

Executive Board of the UN Framework Convention on Climate Change for Clean Development Mechanism (further referred to as the Executive Board) is the body of the Framework Convention of the UN on Climate Change dealing with registration of CDM projects and certification of reduction in emissions;

Designated Operational Entity (DOE) is an accredited independent organization that passed registration of the UNFCCC Executive Board authorized to certify the conformity of proposed projects to CDM procedures, to submit projects for registration to the UNFCCC Executive Board, to certify the true nature of emission reductions during realization of the project and to file applications for certification of reduced emissions to the UNFCCC Executive Board;

Carbon Funds –international and private organizations authorized to offer services in preparation and realization of CDM projects, and in sale of certified emission reductions;

Greenhouse gas – one in the group of gases controlled by the Kyoto Protocol, such as CO₂, CH₄, N₂O, HFC₅, PFC₅ and SF₆;

Certified Emissions Reduction (further referred to as CER) is a quantitative reduction of emissions measured in units equivalent to one metric ton of carbon dioxide achieved as a result of realization of a CDM investment project and which passed certification at the UNFCCC Executive Board;

Project Design Document (further referred to as PDD) is a document developed according to the provisions and criteria of CDM, and the present Instruction, establishing technical, organizational, environmental, financial and economic aspects of realization of a CDM investment project.

3. Consideration and approval of CDM projects is carried out in two stages.

II. The order for preparation and approval of a project application

4. At the first stage, a project proponent shall submit Project Idea Note containing general information on the proposed CDM investment project (further referred to as the PIN) to the DNA.

5. The PIN is agreed with the State Committee on Nature Protection of the Republic of Uzbekistan and should include, but is not limited to, information specified in the appendix No. 1 to the present Instruction.

If needed, the DNA may request additional information and documentation under the project for inclusion in the project application.

6. Within two weeks from the moment of submission of the PIN, the DNA shall consider the applicability of the project in the framework of CDM according to the national sustainable development criteria according to Appendix No. 2 to the present Instruction.

7. In case of a positive consideration of the possibility to realize the project in the framework of CDM, the DNA, according to section V of the present Instruction, shall submit the PIN to the Interagency Council for approval together with the decision on the mechanism of the project realization and basic requirements to be applied to the competitive bidding documentation used in selection of an investor for the project realization.

8. The Interagency Council shall consider the proposals on the basis of submitted documents and make a decision on the feasibility of the project, or a need to improve the project.

In case the feasibility of the project was approved by the Interagency Council, if needed, simultaneously the composition of the bidding commission shall be approved to select the investor, terms of the tender and the requirement to the competitive documentation to be used in selecting the investor for realization of the project.

9. In case of a positive decision of the Interagency Council on realization of the project, the DNA shall, in three days period, officially inform the project proponent with indication of the proposed mechanism of project implementation and the basic requirements to the competitive documentation to be used to select an investor for realization of the project.

10. If choosing the mechanism of realization of the project through the Carbon Funds or International Financial Institutions (IFI), the preparation of PDD, and selection of the investors, DOE and buyers of CER is done according to the procedures established by corresponding Carbon Funds or IFI. Irrespective of this, CDM projects should be examined and approved according to paragraph 13-18 of the present Instruction, except for the provision on competitive selection of investors.

11. If the DNA informs about the need to organize a competitive selection by the initiator of the project, a competitive selection shall be announced for choosing the investor for realization of the project according to terms and requirements established by the Interagency Council.

12. No restrictions are established as to the number of participants in the competition for choosing investors.

III. The order of preparation and approval of the Project Design Documents

13. At the second stage, the proponent submits to the DNA a written application containing:

- A comparative table of initial and final negotiated offers made by bid participants, with the indication of which offer was chosen by the initiator. The responsibility for maintaining reliability of data specified in the comparative table shall be with the initiator of the project;
- The project design documents developed according to CDM procedures, in Russian and English languages;
- Monthly schedule of project implementation;
- Positive conclusion of the Center of Hydrometeorological Service on the project;
- Positive environmental conclusion of the State Committee on Nature Protection of the Republic of Uzbekistan on the project.

If required, the DNA may request additional information and documentation from the initiator of the project and participants of the competition.

14. In two weeks from the moment of submission by the project proponent of the documents specified in paragraph 13 of the present Instruction, the DNA shall consider the submitted PDD in terms of conformity to the criteria and CDM procedures and, according to section V of the present Statute, submit a corresponding motion to the Interagency Council.

15. The key criteria for assessment of the project by the Interagency Council are as follows:

- General economic feasibility and efficiency of realization of the project;
- Compliance of the project with ecological requirements;
- Compliance of the technological equipment with modern quality standards.

16. The Interagency Council shall, in two weeks, consider the offers on the basis of the submitted documents and make a decision on practicability of the project.

17. In case the CDM project is complementary to an investment project approved for realization, the order of preparation and examination of the main investment project is defined according to the current legislation applied for such projects.

Prior to the approval of the preliminary feasibility report or signing of the Memorandum of Understanding between the Republic of Uzbekistan and IFI under the main investment project it is required to obtain a positive decision of the Interagency Council on realization of a CDM project component at the PIN stage.

Prior to the approval of the final feasibility report under the main project it is required to receive a positive decision of the Interagency Council on realization of a CDM project component at the stage of PDD.

A governmental decision on realization of the main investment project is made upon approval of the CDM project by the UNFCCC Executive Board. However, in exceptional cases, upon agreement with the corresponding Information and Analysis Department of the Cabinet of Ministers, a governmental decision can be made regarding realization of the main investment project after approval of PDD under a CDM project by the DOE.

IV. Procedure of CDM projects approval

18. In case of a positive decision made by the Interagency Council on a project, the DNA shall officially inform the project proponent and send Approval Letter for the project to the UNFCCC Executive Board.

19. After reception of the Approval Letter from the DNA, the project proponent is responsible for choosing a corresponding DOE to carry out validation and subsequent registration of the project in the UNFCCC Executive Board according to CDM procedures.

20. Upon positive examination and approval of the PDD by the DOE the initiator of the project shall submit a draft of the governmental decision on realization of the CDM project to corresponding Information and Analysis Department of the Cabinet of Ministers.

21. Also, the project proponent has the responsibility for activities related to the monitoring of emissions reduction, verification and certification of the emission reductions according to requirements of CDM. The project proponent provides the DNA with information on the course of project realization on a quarterly basis.

V. Operating arrangements of the Interagency Council

22. Sessions of the Interagency Council are carried out as often as needed. The secretary of the Interagency Council, at least two weeks prior to the meeting, shall officially notify on the date and time of the session, providing each member of Interagency Council with relevant materials.

Sessions are led by the chairman of the Interagency Council.

23. Members of the Interagency Council within 10 working days shall present comments on submitted documents to the Secretary of the Council. The secretary shall make a summary of comments and present it at the session of the Interagency Council.

24. A session of the Interagency Council is considered as valid provided that at least a half of its members are attending. In case of absence of the quorum the session shall be postponed. The members of the Interagency Council should be present in person in its sessions.

Initiators of the project are invited to the sessions of the Interagency Council.

25. Decisions of the Interagency Council are made by simple majority of its members present at the session. Voting shall be done in public. Each member of the Interagency Council has one vote. In case of equality of votes the vote of its chairman is crucial.

26. Decisions of sessions are reflected in minutes. The minutes shall contain information on the venue and time of the session, agenda, chairman, secretary, attending members of the Interagency Council, initiators shall be indicated as well as the information on the project proposed, decisions and conclusions of the Interagency Council on the questions being discussed.

Appendix No.1
to Instruction on the order of preparation and realization
of investment projects within the framework of the Clean
Development Mechanism under the Kyoto Protocol

**Information contained in the project application for
investment project under Clean Development Mechanism**

1. Goal of the project, sector and type of activity.
2. Detailed information on participants of the project with indication of the form of their property.
3. Whereabouts of the facility.
4. Information on ongoing activity.
5. Detailed description of the project.
6. Annual historical and estimated baseline volume (without a CDM project) of GHG emissions.
7. Information on technologies and equipment planned for utilization.
8. Information on projected total cost of the project, equipment and need for additional investment.
9. Preliminary plan and timing for realization of the project.
10. Expected volume of emission reduction in greenhouse gases.
11. Calculated economic efficiency of the project, ecological and social effects from project realization.
12. Proposed sources and mechanism of realization of the project.
13. Conformity of the project with the national criteria of sustainable development.

Appendix No. 2
to the Statute on the order of preparation and realization of
investment projects within the framework of the Clean
Development Mechanism under the Kyoto Protocol

**National Criteria of Sustainable Development to be applied to
investment projects under Clean Development Mechanism**

Economic:

- Reduction in consumption of energy and raw materials per unit of ready goods;
- Increase in productivity or use of natural resources by introduction of modern technologies;
- Assistance in the development of private sector in the Republic of Uzbekistan.

Ecological:

- Contribute to preservation of environment and prevent degradation;
- Minimize natural raw material consumption and reduce production wastes;
- Introduce technologies based on recycling and-or use of renewable natural resources;
- Reduction in negative impacts on the environment.

Social:

- Contribute employment and increase real incomes of the population;
- Improve health of people involved in realization of the project and the population residing in the project site;
- Increase awareness of the population on rational use of natural resources.

A proposed investment project is not obliged to satisfy all national criteria of sustainable development, but should not make any negative impact on sustainable development of the country, according to the mentioned criteria.