

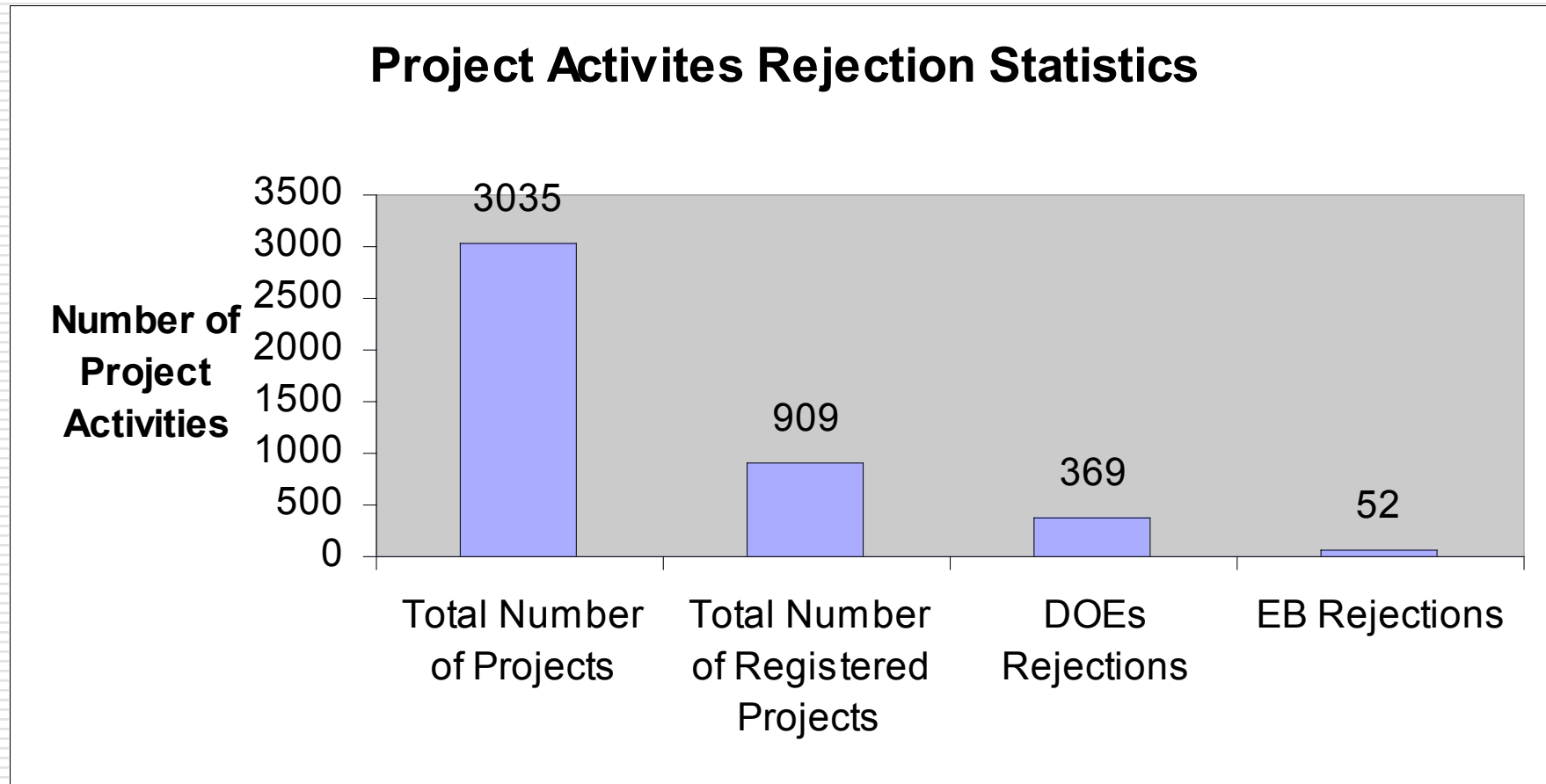
EB 38

Relations with Designated
Operational and Applicant Entities

“Rejections by DOEs” Statistics

- During COP/MOP Bali DOEs decided to issue a press release, stating how many projects are stopped by them in the validation process, i.e., do not achieve the registration stage.
- This was called “Rejections by DOEs” and includes projects with negative validation opinion, or “denial of validation”, and projects uploaded before 31/12/2006 with very low possibility to have CARs and CRs closed.

"Rejections by DOEs" Statistics (Jan 2008)



“Rejections by DOEs” Statistics

- Of all projects in the pipeline
 - 12% are rejected by DOEs
 - 2% are rejected by EB

"Rejections by DOEs" Statistics (Jan 2008)

Validation and Verification Manual

- Inputs about materiality
- Presence of EB members during next meeting
- Discussion of review cases

DOEs Regional Calibration Meetings

- 1'st meeting in Mumbai (09/02/2008)
- Meetings to be scheduled in China and Brazil
 - Presentation of final version of VVM
 - Presence of EB members and secretariat

Investment analysis for CDM projects in China

□ Details

- When assessing financial analyses presented for Chinese projects to demonstrate additionality, DOEs verify that the input values used in a financial analysis are the same values used in the feasibility study. In China, feasibility studies are carried out by an accredited independent third party and they are approved by the local government. Hence, if the DOE is able to confirm that the same input values have been used, the DOE will not further assess these values and will not evaluate the correctness of the data used in the feasibility studies.

Investment analysis for CDM projects in China (cont.)

□ Details (cont.)

- However, at EB 37 EB agreed to register with corrections these projects if the DOE submits a corrected validation report that "ensure that the input values used in this economic comparison are independently validated by the DOE" or "which includes a full independent validation opinion of the input values used in the investment analysis"
- These corrections requested by the EB seem to indicate that the EB expects DOEs to independently evaluate the input values used in the financial analysis even if these values are taken from a feasibility study report.

Investment analysis for CDM projects in China (cont.)

□ Conclusion/Proposal

- Clear guidance is thus requested with regard to whether DOEs are expected to independently evaluate feasibility studies of Chinese projects if data from such feasibility studies are used as basis for a financial analysis.
- This guidance needs to be included in the further guidance for the assessment of investment analyses currently developed by the Board and this guidance needs eventually to be included in the additionality tool.
- If this process is followed, and such an issue is addressed through providing more guidance in the additionality tool, this would constitute a revision of the additionality tool and there would also be a grace period in accordance with the procedures for the revision of methodologies and tools.

Pending issues

- ❑ Starting date of the project activities – Input to EB37
- ❑ Approval of already operational project activities – Input to EB37
- ❑ Affidavit by top management of Project Participants – Input to EB37
- ❑ Tool for the demonstration and assessment of additionality – Input to EB37
- ❑ How "deep" could a DOE go in the verification of the veracity of the information validated – Input FROM EB37

Next interactions with the Board and the secretariat

- VVM Workshop
- CDM Workshop
- EB 39

Thank you!