



## Annex 34

**Non-binding best practice examples to demonstrate additionality for SSC project activities**

In response to decision 1/CMP.2 (paragraph 15(a)), which encouraged the Board to provide non-binding best practice examples on the demonstration of additionality to assist the development of project design documents, in particular for small-scale project activities, after considering public input and an expert assessment, the Board at its thirty-fifth meeting agreed to provide the following examples:

1. Project participants shall provide an explanation to show that the project activity would not have occurred anyway due to at least one of the following barriers:

- (a) **Investment barrier:** a financially more viable alternative to the project activity would have led to higher emissions;

Best practice examples include but are not limited to, the application of investment comparison analysis using a relevant financial indicator, application of a benchmark analysis or a simple cost analysis (where CDM is the only revenue stream such as end-use energy efficiency). It is recommended to use national or global accounting practices and standards for such an analysis.

- (b) **Access-to-finance barrier:** the project activity could not access appropriate capital without consideration of the CDM revenues;

Best practice examples include but are not limited to, the demonstration of limited access to capital in the absence of the CDM, such as a statement from the financing bank that the revenues from the CDM are critical in the approval of the loan.

- (c) **Technological barrier:** a less technologically advanced alternative to the project activity involves lower risks due to the performance uncertainty or low market share of the new technology adopted for the project activity and so would have led to higher emissions;

Best practice examples include but are not limited to, the demonstration of non-availability of human capacity to operate and maintain the technology, lack of infrastructure to utilize the technology, unavailability of the technology and high level of technology risk.

- (d) **Barrier due to prevailing practice:** prevailing practice or existing regulatory or policy requirements would have led to implementation of a technology with higher emissions;

Best practice examples include but are not limited to, the demonstration that project is among the first of its kind in terms of technology, geography, sector, type of investment and investor, market etc.

- (e) **Other barriers** such as institutional barriers or limited information, managerial resources, organizational capacity, or capacity to absorb new technologies.

2. Project participants shall:

- (a) Identify the most relevant barrier;



- (b) Provide transparent and documented third party evidence such as national/international statistics, national/provincial policy and legislation, studies/surveys by independent agencies etc.

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