

CDM-PA6107-INFO01

Final ruling regarding the request for registration of “Eiamrungruang waste water treatment and biogas utilization project”

Version 01.0



United Nations
Framework Convention on
Climate Change

1. The CDM-Executive Board decided to reject the above proposed project activity on 25 October 2012, in accordance with "Procedures for review of requests for registration", version 1.2, EB 55, Annex 40, paragraphs 20, and 28 (the procedures). In accordance with paragraph 27 of the procedures, the rulings shall contain an explanation of the reasons and rationale for the final decision, which are as follows:
 - (a) The DOE (GLC) has failed to substantiate the additionality of the project activity and to meet the validation requirements, in particular how it has assessed that the project activity would not have occurred due to the "access to finance barrier", in accordance with version 1.2 of the validation and verification manual (VVM) paragraph 117, and that the financing of the project was assured only due to the benefit of the CDM as per EB 50 Annex 13 paragraph 9.
 - (b) Paragraph 117 of the VVM states that "The DOE shall: (a) Determine whether the barriers are real. The DOE shall assess the available evidence and/or undertake interviews with relevant individuals (including members of industry associations, government officials or local experts if necessary) to determine whether the barriers listed in the PDD exist. The DOE shall ensure that existence of barriers is substantiated by independent sources of data such as relevant national legislation, surveys of local conditions and national or international statistics. If existence of a barrier is substantiated only by the opinions of the project participants, the DOE shall not consider this barrier to be adequately substantiated. If the DOE considers, on the basis of its sectoral or local expertise, that a barrier is not real or is not supported by sufficient evidence, it shall raise a CAR to have reference to this barrier removed from the project documentation."
 - (c) Paragraph 9 of EB 50 Annex 13 states that "In case the PPs make the claim for investment barriers, they should demonstrate in the PDD that the financing of the project was assured only due to the benefit of the CDM."
 - (d) The DOE failed to provide further information on what was the ground of the "first approach to the Kasikorn Bank" or what actions were taken in November 2007. In addition, it is not clear how the gap between November 2007 and the date of investment decision (12/02/2008) demonstrates in an objective way that the PP was aware of the access to finance barrier at the time of investment decision, as the DOE confirms that the PP has applied for a loan during June 2008, after the date of investment decision. Therefore, considering that the loan was rejected after the date of the investment decision and the starting date of the project (i.e. 17/05/2008), it is not clear how the DOE assessed that the access to finance barrier is real at the time of investment decision and prevents the implementation of the project activity as per VVM v 01.2 paragraph 117.
 - (e) In addition, the DOE also failed to substantiate how the fact that the Krung Thai bank "has first right to revenues from carbon credits" ineludibly demonstrates that the financing of the project was assured only due to the benefit of the CDM. Further, considering that the Kasikorn bank rejected the loan application from the PP, it is not clear how the DOE considered this bank's opinion that "they don't consider subsidy or initial payments important while evaluating loan application" as relevant evidence to demonstrate in an objective way that that the financing of the project was assured only due to the benefit of the CDM, as per EB 50 Annex 13 paragraph 9.

2. Please note, however, that, with appropriate revisions, this project activity may be resubmitted for validation and registration provided it meets the requirements for validation and registration, in accordance with paragraph 42 of the CDM Modalities and Procedures (Decision 3/CMP.1).

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Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	10 December 2012	Project 6107 Related to EB 55 Annex 40 Paragraphs 20, 27, 28

Decision Class: Ruling
Document Type: Ruling note
Business Function: Registration
Keywords: rejected project activity
