

CDM-EB73-A08-CLAR

Clarification

Applicability of the “Guidelines on the assessment of investment analysis”

Version 01.0



United Nations
Framework Convention on
Climate Change

1. Introduction

1. The following clarifications on the application of the "Guidelines on the assessment of investment analysis" are provided to address two issues identified during the assessment of projects and entities, namely: (a) the determination of the period of assessment and (b) the applicability of the default values for the expected return on equity.

2. Clarifications

2.1. Determination of the period of assessment

2. If project participants choose a renewable crediting period and if the technical lifetime of the CDM project activity is more than 20 years, the investment analysis shall be conducted for 20 years and include the fair value of the project activity assets at the end of the assessment period.
3. If project participants choose a renewable crediting period and if the technical lifetime of the CDM project activity is less than 20 years, the investment analysis shall be conducted over a period corresponding to the technical lifetime of the project activity and the fair value at the end of the assessment period shall be set at zero.

2.2. Applicability of the default values for the expected return on equity

4. The default values for the expected return on equity as adopted by the Board at its sixty-second meeting are based on long term historical returns and therefore may also be applied by projects with a start date prior to the sixty-second meeting of the Board.

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