

CDM-PA9131-RULE01

Ruling note

Request for registration for “Use of charcoal from renewable biomass originated from forest plantations for the production of primary iron in Vallourec & Mannesmann do Brasil”

Version 01.0



United Nations
Framework Convention on
Climate Change

1. The CDM-Executive Board decided to reject the above proposed project activity on 13 September 2013 in accordance with "Procedures for review of requests for registration", version 1.2, EB 55, Annex 40, paragraphs 20 and 28 (the procedure). According to paragraph 27 of the procedure, the ruling shall contain an explanation of the reasons and rationale for the final decision, which are as follows:
 - (a) The DOE (BVCH) failed to substantiate the additionality of the project activity through barrier analysis in accordance with validation and verification manual (VVM) version 1.2, paragraph 115(a), and "Guidelines for objective demonstration and assessment of barriers", EB 50, Annex13, paragraphs 5, 7 and 9.
 - (b) The relevant requirements in full are:
 - (i) VVM, version 1.2, paragraph 115(a) states that *"If barrier analysis has been used to demonstrate the additionality of the proposed CDM project activity, the PDD shall demonstrate that the proposed CDM project activity faces barriers that prevent the implementation of this type of proposed CDM project activity."*
 - (ii) EB50, Annex13, paragraph 5, guideline 2 states that *"Demonstrate in an objective way how the CDM alleviates each of the identified barriers to a level that the project is not prevented any more from occurring by any of the barriers. Provide transparent and documented evidence, and offer conservative interpretations of this documented evidence. Anecdotal evidence can be included, but alone is not sufficient proof."*
 - (iii) EB 50 Annex 13, paragraph 7, guideline 4 states that *"Barriers that can be mitigated by additional financial means can be quantified and represented as costs and should not be identified as a barrier for implementation of project while conducting the barrier analysis, but rather should be considered in the framework of investment analysis."*
 - (iv) EB50 Annex13, paragraph 9, guideline 6 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. Therefore, it should be demonstrated that the loan approval (or other significant financing decision(s)) by the lender takes explicitly the CDM registration into account."*
 - (c) The PP and DOE claimed the barriers/incentives to investments and financing and sectoral/policy/regulatory barriers. The DOE failed to demonstrate that the proposed CDM project activity faces investment barrier that prevent the implementation of the project activity and did not provide evidences to support the claim that the financing of the project activity was assured only due to the benefit of the CDM. The DOE also failed to demonstrate that the sectoral/policy/regulatory barriers were prohibitive in nature in specific relation to the proposed project activity and how the CDM has helped to alleviate these barriers.
2. Please note, however, that, with appropriate revisions, this project activity may be resubmitted for validation and registration provided it meets the requirements for

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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	28 October 2013	Initial publication Related to EB 55, Annex 40 Paragraphs 20, 27 & 28

Decision Class: Ruling
Document Type: Ruling note
Business Function: Registration
Keywords: E-0009, PA9131, additionality, barrier analysis, rejected project activity
