

## Agenda item 3 b

Paragraph 16 of the addendum of the annotated agenda

# REVISION TO THE “GUIDELINES ON ASSESSMENT OF INVESTMENT ANALYSIS”

CDM EB 62

Marrakesh, Morocco, 11-15 July 2011



## Default values for the expected return on equity

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The guidelines were revised to include a clarification on issues raised by stakeholders on the use of the default values on the expected return on equity:

1. In situations where an investment analysis is carried out in nominal terms, project participants can convert the real term values provided in the table below to nominal values by adding the inflation rate. The inflation rate shall be obtained from:
  - Inflation forecast of the central bank, or
  - Target inflation rate of the central bank, or
  - Average forecasted inflation rate for the host country published by the IMF or the World Bank
2. The default values for the expected return on equity are calculated after taxes.

