verification/certification procedures are outlined below in the context of possible answers to these questions.

Options:

A. Design Generic Guidelines. The measuring/monitoring protocols and verification/certification procedures could be designed as generic instructions, in the same way as measurement and verification guidelines for many national AIJ programs are designed. Such an approach would provide general guidance for all projects, rather than guidance that is specific to particular types of projects. This approach is consistent with two strategic policy objectives regarding the CDM: minimization of transaction costs, and encouragement of participation.

With only generic guidance, however, the CDM would run the risk of reduced transparency and accuracy of estimated GHG benefits, and therefore reduced certainty of results. Generic guidance would also likely result in inconsistencies among projects, an effect already observed in national AIJ program results. While generic measuring/monitoring protocols and verification/certification procedures may increase participation in the CDM, this increased participation may come at the expense of decreased real GHG benefits. A further disadvantage associated with generic guidelines is that it would be more difficult to grant certification and to obtain international credibility for CERs.

B. Design Project Type-Specific Guidelines. An alternative approach would be design measuring/monitoring protocols and verification/certification procedures that are specific to project types. This approach does not necessarily have to be more burdensome to the project developers than the generic approach, and might, in fact, result in easier implementation because the procedures would be more clearly defined. This approach would also likely increase the accuracy of estimated emission reductions, and therefore, the certainty of emission reductions.

The level of detail required by this approach would have to be carefully evaluated. For example, guidelines might be developed for renewable energy projects or might be disaggregated further by *type* of renewable energy project (i.e., wind, solar, biomass, geothermal, and hydro). Given the fact that biomass is about 50 percent carbon, an argument might be made that at least biomass energy projects should be treated separately from other renewable project types. Another consideration would be leakage and potential reversal of project benefits - i.e., are there aspects of these issues that argue for their treatment by project type, rather than generically? Certainly the issue of permanence discussed above under Issue #4 suggests that forestry projects are different from energy projects in this regard. Similarly, an argument could be made that project-specific, or economic sector specific, baselines should be developed for individual countries (e.g., a power sector baseline for Costa Rica). This would result in greater consistency across projects, but developing such baselines and ensuring that they are acceptable to the host countries would increase the administrative burden of the CDM considerably. Nevertheless, work on this topic, and other aspects of measuring/monitoring protocols and verification/certification procedures, through the AIJ