



United Nations

FCCC/KP/CMP/2013/4



Framework Convention on
Climate Change

Distr.: General
21 October 2013

Original: English

**Conference of the Parties serving as the meeting
of the Parties to the Kyoto Protocol**

Ninth session

Warsaw, 11–22 November 2013

Item 5(a) of the provisional agenda

Issues relating to joint implementation

Guidance relating to joint implementation

**Annual report of the Joint Implementation Supervisory
Committee to the Conference of the Parties serving as
the meeting of the Parties to the Kyoto Protocol***

Summary

This report covers the work of the Joint Implementation Supervisory Committee (JISC) during the period from 28 September 2012 to 24 September 2013. It highlights the achievements of and the challenges faced by the JISC in its supervision of the joint implementation (JI) mechanism. In particular, it reports on the work of the JISC in response to the request made by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its eighth session. The report contains a number of recommendations for actions to be undertaken by the CMP in the context of the review of the “Guidelines for the implementation of Article 6 of the Kyoto Protocol”, as well as recommendations to ensure that JI remains a viable and effective tool for international collaboration for developed country Parties and the private sector in mitigating their greenhouse gas emissions. Lastly, it reports on the status of the financial resources for the work on JI.

* This document was submitted after the due date in order to take into account the outcomes of the 33rd meeting of the Joint Implementation Supervisory Committee, which was held on 23 and 24 September 2013.

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I. Introduction

A. Mandate

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by decision 10/CMP.1, established the Joint Implementation Supervisory Committee (JISC) to supervise, inter alia, the verification of emission reductions or removal enhancements generated by projects under Article 6 of the Kyoto Protocol (hereinafter referred to as JI projects) in accordance with the Guidelines for the implementation of Article 6 of the Kyoto Protocol (hereinafter referred to as the joint implementation (JI) guidelines).¹

2. In accordance with paragraph 3(a) of the JI guidelines, the JISC is required to report on its activities to each session of the CMP, which provides guidance regarding the implementation of Article 6 of the Kyoto Protocol and exercises authority over the JISC.

B. Scope of the report

3. This annual report of the JISC to the CMP covers JI activities during the period from 28 September 2012 to 24 September 2013 (hereinafter referred to as the reporting period). The Chair of the JISC, Mr. Derrick Oderson, will highlight any relevant subsequent matters in his oral report to CMP 9. During the reporting period, the JISC held three meetings.

4. This report describes the status of JI and recommends urgent action for consideration by CMP 9. As in past years, it refers to the work undertaken by the JISC during the reporting period, including the further operationalization of the verification procedure under the JISC (hereinafter referred to as JI Track 2),² the associated project caseload, the operation of the JI accreditation process and the financial status of JI.

5. Full details of the operation and functions of the JISC are available on the UNFCCC JI website, which is the central repository for reports on meetings of the JISC, project- and accreditation-related information and documentation adopted by the JISC.³

C. Action to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

6. After reviewing this report and taking note of the oral report by the Chair of the JISC, CMP 9 may wish to consider and adopt the recommendations of the JISC relating to accreditation under JI, the review of the JI guidelines, and the issuance of emission reduction units (ERUs) in the early part of the second commitment period (see chapter III below).

7. In accordance with paragraphs 4–6 of the JI guidelines, the CMP is to elect the following to the JISC for a term of two years, upon nominations being received from Parties:

(a) One member and one alternate member from Parties included in Annex I to the Convention (Annex I Parties) that are undergoing the process of transition to a market economy;

¹ Decision 9/CMP.1, annex.

² Defined in paragraphs 30–45 of the JI guidelines.

³ <<http://ji.unfccc.int>>.

- (b) One member and one alternate member from the Annex I Parties not referred to in paragraph 7(a) above;
- (c) Two members and two alternate members from Parties not included in Annex I to the Convention (non-Annex I Parties);
- (d) One member and one alternate member from small island developing States.

II. Joint implementation at the start of the second commitment period of the Kyoto Protocol

8. As at the final day of the reporting period, a total of 809,330,496 ERUs had been issued from around 520 JI projects, broken down as follows:

- (a) 85,447,646 ERUs issued through the verification procedures under the responsibility of host Parties (JI Track 1) from around 480 JI projects;
- (b) 3,882,850 ERUs issued through the verification procedure under the JISC (JI Track 2) from 42 JI projects.

9. Of the above number, 542,128,951 ERUs were issued during the reporting period, equivalent to 67 per cent of the total.

10. The financial condition of JI during the reporting period itself was stable, due largely to changes agreed by CMP 6 allowing the charging of fees on JI Track 1 projects.

11. JI is a mature instrument that could, in theory, be an effective tool at the disposal of Parties now and in the future. It provides an established infrastructure for identifying and investing in activities that reduce or remove greenhouse gas (GHG) emissions, for assessing the quality and quantity of the mitigation outcomes of those activities and for issuing, trading and accounting for units corresponding to those outcomes, all within a system of emission caps. JI will be an invaluable tool when Parties take on the level of ambition that science tells us is needed to avoid the worst effects of climate change.

12. Nevertheless, several factors at the start of the second commitment period have seriously undermined JI. In the view of the JISC, such factors do not just raise concerns about the operations of JI, but also threaten its continued relevance as a useful instrument within the global climate change regime.

13. The first set of factors relates to the continuing low level of ambition regarding the emission reduction targets being established by Parties, which manifests itself in a weakening of demand for JI credits.

14. Annex I Parties are unlikely to require a significant number of ERUs to meet their emission caps for the first commitment period, given that other types of Kyoto Protocol units – namely assigned amount units (AAUs) and removal units (RMUs), the bulk of which remain to be issued – are likely to be available in large numbers. Those Parties are equally unlikely to require a significant number of ERUs to meet their caps for the second commitment period, given its limited scope and level of mitigation ambition.

15. The situation is being exacerbated in some cases by changes in rules being set at the national level. With regard to the traditional major buyer of JI units, namely entities covered by the European Union Emissions Trading System (EU ETS), the number of international credits – which may, under EU ETS rules, be ERUs or certified emission reductions (CERs) from the clean development mechanism (CDM) – that may be used during the 13-year period from 2008 to 2020 is approximately 1,600 million. That limit has been mostly filled after only five years, leaving a remaining limit of fewer than 600 million credits to cover all remaining eight years. That limit is expected, given recent trends, to be

mostly used up in 2014, and sufficient quantities of ERUs and CERs have already been issued to meet (and exceed) the limit. Current EU ETS rules do not permit any additional use of ERUs (or CERs) in the pre-2020 period and also do not address the use of such credits beyond 2020.

16. The second set of factors referred to in paragraph 12 above relates to uncertainty over the future supply of ERUs. Under the accounting rules of the Kyoto Protocol, ERUs relating to emission reductions or removals achieved during the second commitment period can be issued only by converting the host Party's AAUs or RMUs for that commitment period. Those AAUs and RMUs are not expected to be issued until 2016 at the earliest, thereby delaying the issuance of the corresponding ERUs. However, Parties agreed⁴ at CMP 8 to consider modalities for expediting the continued issuance, transfer and acquisition of ERUs, with a decision on that matter expected to be taken at CMP 9. Without a decision on early issuance being taken at CMP 9, the incentive for continuing existing JI projects and implementing new ones will continue to diminish.

17. Some developments hold the promise of creating alternative sources of demand for JI units. The European Union effort-sharing decision envisions the use of ERUs (and CERs). As noted in paragraph 15 above, however, that demand is likely to be met by quantities of ERUs and CERs that have already been issued or are expected to be issued from existing projects. In addition, it was hoped that Australia's proposed emissions trading system would create increased demand, but recent developments there may now put that into question.

18. The combined impact of the aforementioned factors poses an existential threat to JI, which is losing momentum and, with it, is rapidly losing the intellectual and institutional capacity built up over the years, in particular in relation to the private sector and other stakeholders.

19. The overwhelming sense of the JISC is that significant changes to the set-up of the mechanism are needed if JI is to remain a useful tool in the future. As stated in the previous annual report of the JISC to the CMP,⁵ JI needs to be urgently reformed as a mechanism implemented by host Parties at the national level under the international guidance and oversight of a governing body and under the authority of, and with accountability to, the CMP. JI could and should remain open to a wide range of activities, including those at the project, programmatic, sector and policy levels, particularly in areas not covered by emissions trading systems. Such an evolution would further enhance the value of JI as a policy instrument that Parties may implement nationally in line with their overall mitigation objectives, while providing effective support to Parties for their collaboration on mitigation efforts at the international level. Such reforms need to be accompanied by an increased mitigation ambition of developed countries.

20. The JISC will continue to operate JI Track 2 in accordance with section E of the JI guidelines during the period before the amendments to Annex B to the Kyoto Protocol enter into force, provided that the relevant host Parties meet the requirements of paragraph 20 of those guidelines, and taking into account decision 4/CMP.6, paragraph 10. The JISC will also continue to provide guidance on the JI mechanism as needed. Barring broader reforms, however, the volume and significance of such work is expected to diminish markedly over time.

⁴ See paragraph 16 of decision 1/CMP.8 and paragraphs 5, 13 and 14 of decision 6/CMP.8.

⁵ FCCC/KP/CMP/2012/4.

III. Recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

21. The JISC gave consideration to its previous recommendations regarding the review of the JI guidelines⁶ and, on the basis of the outcomes of CMP 8 and its evolving experience in supervising the implementation of JI, agreed to recommend the following additional points for the consideration of Parties at CMP 9.

22. With regard to the accreditation system for accredited independent entities (AIEs), the JISC agreed that the CMP may wish to consider establishing a unified accreditation system for both project-based mechanisms under the Kyoto Protocol: the CDM and JI. The accreditation panels of both mechanisms have been collaborating in their work in past years and the JISC firmly believes that a unified accreditation system would achieve economies of scale, resulting in reduced regulatory burdens and associated transaction costs. The JISC stands ready to collaborate fully with the CDM Executive Board in implementing a unified accreditation system, but considers that strategic direction is required from the CMP to give impetus to such work.

23. With regard to its previous recommendations regarding the revised JI guidelines, the JISC considers it necessary and appropriate to provide updated inputs, in particular with regard to the setting of mandatory standards for host Parties, standardized baselines and the description of the JI project cycle.

24. Specifically, with reference to document FCCC/KP/CMP/2012/5, the JISC recommends that the CMP give consideration to:

(a) The following revised version of paragraph 5(b) and (c):

(i) “Setting minimum technical standards for activities, after collaboration with host Parties and stakeholders, which ensure the additionality of emission reductions and the objectivity and consistency of their measurement. Such standards shall:

a. Provide objective criteria for the demonstration of additionality, through the use of positive lists, performance benchmarks, financial return benchmarks and the objective demonstration of barriers;

b. Define the criteria for the inclusion of potential emission sources within a project boundary and the requirements for the accuracy of their measurement;

(ii) Setting minimum standards to facilitate the development of project-cycle procedures by host Parties that shall ensure adequate provisions in relation to transparency of decision-making processes, including the publication and transmission of outcomes, the rights of directly affected entities to be given adequate hearing prior to decision-making, the right of appeal and the right to a timely decision;

(iii) Facilitating the sharing and dissemination of best practices and recommendations for the operationalization of joint implementation among Parties in a collaborative manner”;

(b) The following revised version of paragraph 30(a): “Either on the basis of the characteristics of the specific emission reduction activity or as a predetermined standardized metric for a defined class of emission reduction activities or emission sources”;

(c) Modifying the structure of chapters VI and VII by merging them under the title “Project cycle” and dividing that new section into the following sequential subsections:

⁶ As contained in document FCCC/KP/CMP/2012/5.

- (i) Development of the design document for a JI activity;
- (ii) Approval of the JI activity by the host Party;
- (iii) Determination of the JI activity;
- (iv) Registration of the JI activity by the host Party;
- (v) Review by the governing body and recording of the JI activity;
- (vi) Monitoring of emission reductions and removals;
- (vii) Verification of emission reductions and removals;
- (viii) Issuance of ERUs;
- (d) Incorporating new paragraphs into the new "Project cycle" section:
 - (i) Concerning the reporting by host Parties of their standards and procedures for approving JI activities, including responsibilities, timelines and the review and appeals process, in the subsection "Approval of the JI activity by the host Party";
 - (ii) Regarding the possibility of the JISC or governing body triggering a review of a JI activity before recording it, in the subsection "Review by the governing body and recording of the JI activity";
 - (iii) Presenting the steps to be undertaken before ERUs are issued, including conditions, timelines and criteria for initiating the process, in the subsection "Issuance of ERUs";
 - (iv) Requiring the deduction of a share of proceeds for adaptation and administrative expenses, in the subsection "Issuance of ERUs".

25. In addition to the above-listed inputs to the review of the JI guidelines, the JISC has given consideration to the matter of transition from the current to the revised guidelines. The JISC considers it critical that JI remain fully operational throughout the transition; therefore, projects should be accepted for determination and registration under the current JI guidelines for a period of time after the adoption of revised JI guidelines. The JISC recommends a period of 12 months in that regard, to allow sufficient time to make the revised guidelines operational. The JISC further considers that current projects wishing to operate under the revised JI guidelines should be required to demonstrate compliance with the revised guidelines within 24 months of the adoption of the revised guidelines. As an interim measure, in order to process existing projects, the JISC would be required to operate until the revised JI guidelines were made fully effective.

26. Noting the potential constraints on the creation of ERUs due to the time lags in the calculation and issuance of AAUs for the second commitment period, and in order to facilitate the smooth operation of JI, the JISC recommends that host Parties that have a quantified emission limitation or reduction commitment inscribed in the third column of annex B to the Kyoto Protocol in annex I to decision 1/CMP.8, provided that their eligibility has not been suspended in accordance with decision 27/CMP.1, annex, chapter XV, may be permitted by the CMP to undertake an advanced issuance of AAUs for the second commitment period. The JISC recommends that such advanced issuance be capped at an amount equivalent to circa 1 per cent⁷ of a Party's assigned amount established for the first commitment period. The JISC notes that such advanced issuance should be solely for the purpose of allowing the conversion to ERUs to take place and that any advanced

⁷ The JISC agreed that advanced issuance should be capped, as a low percentage of a Party's assigned amount established for the first commitment period, at around 1 per cent, on the understanding that CMP 9 might wish to adjust the final number when considering the recommendation.

issuance should be fully accounted for in the later issuance of AAUs for the second commitment period. Such an approach seems both technically straightforward and politically feasible, as it does not require as substantial changes as would have been required for approaches previously proposed by the JISC and does not touch on the issue of the conversion of AAUs from the first commitment period.

IV. Work undertaken in the reporting period

A. Ensuring a productive future for joint implementation

27. In the reporting period, the JISC worked to maintain the mechanism as a viable and effective tool for international collaboration for developed country Parties and the private sector in mitigating their GHG emissions. The JISC considers it to be its responsibility, within the guidance set by the CMP, to provide a strong foundation on which to continue to build JI as a tool for mitigating GHG emissions.

28. In working to fulfil its responsibility, the JISC pursued the following objectives:

(a) Objective 1: make an effective contribution to the future development of JI. The JISC contributed extensively in the reporting period to the consideration by Parties and other stakeholders of how JI can be further developed and used in the period beyond 2012, particularly through its development of complementary recommendations;

(b) Objective 2: achieve greater efficiency in the continued operation of JI. The JISC continued to monitor its regulatory documents in the process of reviewing the JI guidelines and to identify possible ways of strengthening its policy guidance (e.g. accreditation and baseline-setting), ensuring clarity and improving its usability. With the support of the secretariat, the JISC continued to consider and assess project-related submissions;

(c) Objective 3: continue to promote the mechanism. The JISC continued its outreach activities aimed at ensuring an enhanced understanding among stakeholders and policymakers of the benefits and contributions of JI to addressing climate change (see chapter V.B below). As part of that, and as requested by Parties at CMP 8, the secretariat made available comprehensive information on the issuance of ERUs.

29. The JISC, at its 31st meeting, requested the secretariat to prepare a concept note on the strategic direction of the JI accreditation system in the short term and on the revision of the JI guidelines.

B. Verification procedure under the Joint Implementation Supervisory Committee

30. By 24 September 2013, under JI Track 2, 331 project design documents (PDDs) and one programme of activity design document had been submitted and made publicly available on the UNFCCC JI website in accordance with paragraph 32 of the JI guidelines.

31. In total, 52 determinations regarding PDDs have been published on the UNFCCC JI website in accordance with paragraph 34 of the JI guidelines, of which:

(a) A total of 51 positive determinations for projects located in six host Parties were deemed final in accordance with paragraph 35 of the JI guidelines. During the first commitment period of the Kyoto Protocol, those projects would achieve emission reductions of approximately 53 million tonnes of carbon dioxide equivalent;

- (b) One determination was rejected by the JISC;
- (c) No determinations are currently open for review.

32. By 24 September 2013, 129 verifications of emission reductions had been published on the UNFCCC JI website, of which 127 were deemed final in accordance with paragraph 39 of the JI guidelines, one was withdrawn and one open for review. Those verifications are from 42 JI projects that had determinations deemed final. Those final verifications allowed for 23.9 million ERUs to be issued. In total, 18 of the 51 positive determinations referred to in paragraph 31(a) above submitted monitoring/verification reports for emission reductions up to the end of 2012, which were deemed final.

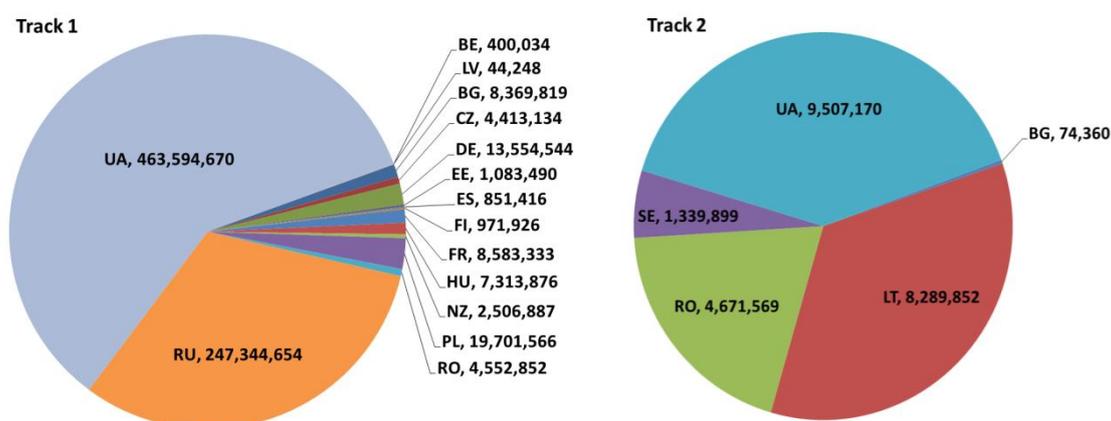
33. In addition to the project-related submissions under JI Track 2, by 24 September 2013, 595 projects had been published by host Parties on the UNFCCC JI website under JI Track 1, of which 545 have received unique project identifiers and have been submitted to the international transaction log.

34. Detailed information on the project-related submissions under both JI Tracks 1 and 2 is available in the section “JI projects” on the UNFCCC JI website. The total ERUs issued by host Parties under both JI Tracks 1 and 2 are shown in table 1 and the breakdown by country is shown in the figure below.

Table 1
Total emission reduction units issued under joint implementation, 2008–2013

	<i>Track 1</i>	<i>Track 2</i>	<i>Total</i>
2008	120 000	–	120 000
2009	4 670 641	1 324 448	5 995 089
2010	28 033 010	2 921 570	30 954 580
2011	86 702 918	6 818 250	93 521 168
2012	517 108 849	9 083 486	526 192 335
2013	148 812 228	3 735 096	152 547 324
Total	785 447 646	23 882 850	809 330 496

Total emission reduction units issued under joint implementation, by host Party



Abbreviations: BE = Belgium, BG = Bulgaria, CZ = Czech Republic, DE = Germany, EE = Estonia, ES = Spain, FI = Finland, FR = France, HU = Hungary, LT = Lithuania, LV = Latvia, NZ = New Zealand, PL = Poland, RO = Romania, RU = Russian Federation, SE = Sweden, UA = Ukraine.

C. Accreditation of independent entities

35. Since the announcement on 26 October 2006 that the JI accreditation process would start on 15 November 2006, 14 independent entities (IEs)⁸ have been granted accreditation, of which three have voluntarily withdrawn their accreditation.⁹

36. During the reporting period, no additional IEs were accredited or their scope of accreditation extended.

37. The JISC approved the transfer of the accreditation to a new legal entity for TÜV Rheinland (JI-E-0012) from “TÜV Rheinland Japan Ltd.” to “TÜV Rheinland (China) Ltd.”.

38. The JISC agreed to explore possibilities for coordination between the JISC and the CDM Executive Board in the consideration of their two accreditation systems.

39. In response to guidance from Parties, the JISC has worked with the Joint Implementation Accreditation Panel (JI-AP) to assist in the performance of its functions concerning accreditation issues in accordance with the workplan of the JI-AP for 2013.

40. To ensure the quality of the project validations and emission reduction and limitation determinations carried out by applicant independent entities (IEs) and AIEs, the JI-AP worked on the following:

- (a) The assessment of new applications for accreditation;
- (b) The continuous monitoring of the compliance of the IEs and AIEs with the JI accreditation standard;
- (c) Addressing complaints and disputes from and against IEs and AIEs;
- (d) Enhancing the capacity and consistency of the JI assessment team experts.

41. The JISC, at its 30th meeting, thanked the Chair and Vice-Chair of the JI-AP, Mr. Oderson and Mr. Benoît Leguet, and the rest of the members of the JI-AP for their work in 2012 and appointed Mr. Wolfgang Seidel and Mr. Chebet Maikut as the new Chair and Vice-Chair, respectively. At the same meeting, the JISC agreed to extend the term of the current members of the JI-AP by one year.

42. The JI-AP held one meeting during the reporting period as part of its work in support of the JISC. At that meeting, the JI-AP considered reports on assessments of AIEs, agreed on the AIE assessment planning and reviewed the performance of assessment teams. Electronic decisions were made by the panel to ensure the continuity of the accreditation processes.

43. At the same meeting, the JI-AP, in accordance with its workplan for 2013, conducted a joint session with the CDM Accreditation Panel. The two accreditation panels discussed ongoing developments in the CDM and JI accreditation processes and provided comments to the secretariat on the revision of regulatory documents, including a concept note on options for the strategic direction of the JI accreditation system, the draft revised CDM accreditation standard, the revised CDM accreditation procedure, and the revised CDM procedure to monitor the performance of designated operational entities (DOEs).

⁸ See <<http://ji.unfccc.int/AIEs/List.html>>.

⁹ Namely SGS United Kingdom Limited, Japan Consulting Institute and Deloitte Tohmatsu Evaluation and Certification Organization.

V. Governance and management matters

A. Interaction with bodies and stakeholders

44. The JISC continued its regular interaction with IEs and AIEs in the reporting period, encouraging them to provide written inputs and inviting the Chair of the DOE/AIE (CDM DOE and JI AIE) Coordination Forum to meetings of the JISC.

45. The JISC also continued its interaction with project participants, inviting them to its meetings. However, in March 2013 the JI Action Group ceased to exist, formally withdrawing as a communication channel between project developers and the JISC.

46. The JISC continued to meet for question and answer sessions with registered observers at each of its meetings. It also held question and answer sessions as side events at CMP 8 and the thirty-eighth sessions of the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice. Those sessions are available as webcasts on the UNFCCC JI website.

47. The Designated Focal Points Forum held an informal meeting in conjunction with CMP 8.

48. In addition, members of the JISC and representatives of the secretariat continued to interact with stakeholders by, inter alia, attending conferences and workshops on JI and/or carbon-market events, making presentations on the activities of the JISC and exchanging views on the JI mechanism.

49. No other stakeholder events were carried out in the reporting period, owing primarily to the mechanism's low level of market activity, a corresponding low level of interest in JI among stakeholders, and a corresponding low number of policy issues discussed at the meetings of the JISC.

B. Outreach activities

50. Guided by a revised strategy, adopted at the 29th meeting of the JISC and intended to increase awareness about, and participation in, JI Track 2, the secretariat, on behalf of the JISC:

(a) Continued its efforts to enhance media engagement, on the basis of the results of a survey of media outlets and communication offices in comparable institutions and agencies;

(b) Supported the JISC in its outreach to the press.

C. Membership issues

51. The CMP, by decision 10/CMP.1, established the JISC and subsequently elected its members and alternate members in accordance with paragraphs 4, 5, 6 and 8 of the JI guidelines.

52. CMP 8 elected new members and alternate members of the JISC to fill vacancies arising from the expiration of the terms of tenure of outgoing members and alternate members. During the reporting period, the JISC comprised the members and alternate members listed in table 2.

Table 2
Members and alternate members of the Joint Implementation Supervisory Committee as elected by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session

<i>Member</i>	<i>Alternate member</i>	<i>Constituency</i>
Ms. Carola Borja ^a	Mr. Carlos Fuller ^a	Non-Annex I Parties
Mr. Mykhailo Chyzhenko ^b	Ms. Milya Dimitrova ^b	Annex I Parties with economies in transition
Mr. Piotr Dombrowicki ^a (Vice-Chair)	Mr. Oleg Pluzhnikov ^a	Annex I Parties with economies in transition
Mr. Chebet Maikut ^a	Ms. Hlobsile Sikhosana ^c	Non-Annex I Parties
Mr. Derrick Oderson ^a (Chair)	Mr. Andrew Yatilman ^a	Small island developing States
Mr. Wolfgang Seidel ^a	Mr. Marko Berglund ^{a, d}	Annex I Parties
Mr. Evgeny Sokolov ^b	Mr. Hiroki Kudo ^b	Annex I Parties
Ms. Julia Justo Soto ^b	Mr. Evans Njewa ^b	Non-Annex I Parties
Ms. Irina Voitekhovitch ^b	Ms. Mihaela Smarandache ^b	Annex I Parties with economies in transition
Ms. Gertraud Wollansky ^b	Mr. Benoît Leguet ^b	Annex I Parties

^a Term: two years, that is, ending immediately before the first meeting in 2014.

^b Term: two years, that is, ending immediately before the first meeting in 2015.

^c The candidate was deemed elected at the seventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in accordance with the decision of the CMP referred to in document FCCC/KP/CMP/2011/10, paragraph 62.

^d Mr. Marko Berglund replaced Ms. Gertraud Wollansky, who resigned as of 8 December 2012 as an alternate member.

D. Election of the Chair and the Vice-Chair of the Joint Implementation Supervisory Committee

53. At its 31st meeting, the JISC elected by consensus Mr. Oderson, a member from a non-Annex I Party, as its Chair, and Mr. Piotr Dombrowicki, a member from an Annex I Party, as its Vice-Chair. The tenures of the Chair and the Vice-Chair will end immediately before the first meeting of the JISC in 2014.

54. The JISC expressed its deep appreciation to the outgoing Chair, Mr. Seidel, and Vice-Chair, Ms. Carola Borja, for their excellent leadership during 2012.

E. Meetings in 2013

55. The JISC adopted a tentative meeting schedule for 2013 at its 30th meeting. All meetings in 2013 took place as planned (see table 3).

Table 3
Joint Implementation Supervisory Committee meetings in 2013

<i>Meeting</i>	<i>Date</i>	<i>Location</i>
Thirty-first	21–22 March	Bonn, Germany
Thirty-second	17–18 June	Bonn (in conjunction with the sessions of the subsidiary bodies)
Thirty-third	23–24 September	Bonn

56. The annotated agendas for the meetings of the JISC, documentation supporting agenda items and reports containing all agreements reached by the JISC are available on the UNFCCC JI website.

VI. Report on the status of financial resources for the work of the Joint Implementation Supervisory Committee and its supporting structures

57. During the reporting period, the JISC monitored and reviewed the status of resources for the work on JI. Information and resource requirements were developed and maintained by the secretariat in relation to the major activity areas (such information has been included in the JI management plan¹⁰), including:

- (a) Meetings and activities of the JISC;
- (b) Activities relating to the project cycle, including the handling of submissions of PDDs, determinations, monitoring reports and verifications of Track 2 JI projects, and Track 1 project submissions;
- (c) Activities relating to the accreditation of IEs, including meetings of the JI-AP, and other meetings and consultations.

58. The budget performance report provided in this chapter contains information on income and expenditure for the reporting period and includes a status of income, a list of voluntary contributions and a status of expenditure against budget. Table 4 provides a summary of the income of the JISC in 2013.

¹⁰ The CMP, by decisions 3/CMP.2, 3/CMP.3, 5/CMP.4, 3/CMP.5 and 4/CMP.6, requested the JISC to keep the JI management plan under review and to make adjustments as necessary to continue ensuring the efficient, cost-effective and transparent functioning of the JISC.

Table 4
Income for the work of the Joint Implementation Supervisory Committee, 2013
 (United States dollars)

<i>Status of income in 2013^a</i>	<i>Amount</i>
Carry-over figure from 2012 ^b	9 084 478
Contributions received in 2013	41 163
Total joint implementation Track 1 fees 2013	360 911
Total joint implementation Track 2 fees 2013	298 417
Total income and 2012 carry-over	9 784 969

^a The financial reporting period in 2013 is from 1 January to 31 July.

^b Includes joint implementation Track 2 fees previously held in reserve.

59. Table 5 provides an overview of the voluntary contributions to the JISC received in 2013. The contribution is acknowledged with appreciation by the JISC.

Table 5
Contributions for the work of the Joint Implementation Supervisory Committee, 2013
 (United States dollars)

<i>Status of voluntary contributions in 2013</i>	<i>Amount</i>
Japan	41 163
Total contributions 2013	41 163

60. The approved budget of the JISC for 2013 amounted to USD 1,692,402, with expenditure amounting to USD 872,719, yielding a difference of USD 819,683, as shown in table 6.

Table 6
Comparison of the actual expenditure versus the budget of the Joint Implementation Supervisory Committee, 2013
 (United States dollars)

<i>Comparative status of expenditure against budget</i>	<i>2013^a</i>
Budget	1 692 402
Expenditure	872 719
Difference	819 683

^a The financial reporting period in 2013 is from 1 January to 31 July.

61. Table 7 summarizes the financial status of JI for 2013, showing a balance at the end of the reporting period of USD 8.9 million. Although expenditure has exceeded the income from fees and contributions for the seven-month period ending on 31 July 2013 by USD 172,228, it should be noted that the carry-over amount is estimated to be able to fund operations for approximately five years.

Table 7

Financial status of the Joint Implementation Supervisory Committee, 2013

(United States dollars)

<i>Summary of current financial status as at 31 July 2013</i>	<i>Amount</i>
Carry-over from 2012	9 084 478
Contributions from Parties 2013	41 163
Income from joint implementation fees (Tracks 1 and 2)	659 328
Subtotal	9 784 969
Less: expenditure in 2013	872 719
Balance	8 912 250
