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Second session
Nairobi, 6–17 November 2006

Agenda item 6
Report of the Joint Implementation Supervisory Committee

Guidance on the implementation of Article 6 of the Kyoto Protocol

Proposal by the President

Decision -/CMP.2

Guidance on the implementation of Article 6 of the Kyoto Protocol

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Mindful of the objective of the Convention as set out in its Article 2,

Recalling the provisions of Articles 3 and 6 of the Kyoto Protocol,

Cognizant of decisions 2/CMP.1, 9/CMP.1 and its annex (joint implementation guidelines), and 10/CMP.1,

Recognizing the significant progress in the work towards operationalizing the verification procedure under the Joint Implementation Supervisory Committee,

Concerned about the lack of adequate and predictable funding during the initial phase of the process under the Joint Implementation Supervisory Committee and the impact thereof on support services for the work on joint implementation,

Recognizing that the work on joint implementation can be accomplished only if sufficient financial and human resources are available to support the work of the Joint Implementation Supervisory Committee,

Expressing its deep appreciation to Parties that have generously contributed to funding the work on joint implementation since the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling paragraph 7 of decision 9/CMP.1 which states that any administrative costs arising from procedures contained in the joint implementation guidelines relating to the functions of the Joint Implementation Supervisory Committee shall be borne by both the Parties included in Annex I to the Convention and the project participants, and paragraph 2 (h) of decision 10/CMP.1 which requests the Committee to develop provisions for the charging of fees to cover administrative costs relating to the activities of the Committee,

Stressing the importance of consistency and transparency in requests for funding and in the reporting of resources allocated to support the work of the Joint Implementation Supervisory Committee,

Noting that 13 Parties have provided to the secretariat information, in accordance with paragraph 20 of the joint implementation guidelines, on their designated focal points and eight Parties have provided information on their national guidelines and procedures for approving joint implementation projects,

General

1. *Invites* Parties wishing to be involved in joint implementation projects to provide to the secretariat information in accordance with paragraph 20 of the joint implementation guidelines if this information has not been previously provided;

2. *Notes with appreciation* the annual report (2005–2006) of the Joint Implementation Supervisory Committee and its addendum (FCCC/KP/CMP/2006/5 and Add.1), including progress made during the first year of operation of the Committee on the development of a work programme and budget, the implementation of the verification procedure under the Committee, the establishment of the accreditation process under the Committee, the development of project design document forms, and related guidance and clarifications to assist project participants;

Governance

3. *Commends* the Joint Implementation Supervisory Committee for developing its management plan pursuant to paragraph 2 (g) of decision 10/CMP.1 and its efforts in streamlining procedures and processes, in particular with regard to taking into account experience of the Executive Board of the clean development mechanism, and seeking ways to provide information to project participants, stakeholders and the general public;

4. *Requests* the Joint Implementation Supervisory Committee, with a view to it reporting to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session, to keep the joint implementation management plan under review and make adjustments as necessary to continue ensuring the efficient, cost-effective and transparent functioning of the Committee and related activities on joint implementation by, inter alia:

- (a) Identifying and implementing, wherever warranted by and compatible with the principles and the purpose of joint implementation, further measures aimed at strengthening the joint implementation process and its responsiveness to the needs of Parties and stakeholders;
- (b) Adopting appropriate management indicators;

5. *Clarifies* that with regard to revisions of the joint implementation management plan, the Joint Implementation Supervisory Committee shall:

- (a) Adopt revisions of the management plan, as needed, on the basis of a draft prepared by the secretariat in response to the needs identified by the Committee;
 - (b) Make any revisions of the management plan, adopted by the Committee, publicly available as an annex to its meeting report;
 - (c) Submit the latest version of the management plan to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at each session for information;
6. *Requests* the secretariat to implement expeditiously the management plan adopted by the Joint Implementation Supervisory Committee;
7. *Notes with appreciation* the information on decisions of the Joint Implementation Supervisory Committee, and on the status of work undertaken by the Committee, as reflected on the UNFCCC joint implementation website maintained by the secretariat;
8. *Encourages* the Joint Implementation Supervisory Committee to continue to implement measures to ensure transparency through, inter alia, publishing of regular reports by the Committee and its subcommittees, panels and/or working groups, communication with constituencies and exchange of information with stakeholders;
9. *Requests* the Joint Implementation Supervisory Committee to emphasize its executive and supervisory role, including by establishing or strengthening its support structure as necessary, including relevant subcommittees, panels and/or working groups, accredited independent entities and the secretariat servicing the system;
10. *Decides* that the executive and supervisory role of the Joint Implementation Supervisory Committee includes, inter alia:
- (a) General management and organization of its work, including the establishment of subcommittees, panels and/or working groups;
 - (b) Definition of the services and administrative support functions required by the Joint Implementation Supervisory Committee and its subcommittees, panels and/or working groups, and the financial resources to support this work;
11. *Requests* the secretariat to strengthen the services and administrative support provided to the Joint Implementation Supervisory Committee as defined by the Committee in its management plan;
12. *Invites* the Subsidiary Body for Implementation to consider at its twenty-sixth session, in the context of its consideration of the programme budget for 2008–2009, the matter of remunerating members and alternate members of the Joint Implementation Supervisory Committee through an increased daily subsistence allowance that is 40 per cent more than the standard rate, not to exceed USD 5,000 per year, bearing in mind that this is not so much an adequate compensation for their services as an acknowledgement of the substantial sacrifice of time and financial interest on their part, with a view to making a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session to request the secretariat to make appropriate arrangements, effective 1 January 2008;
13. *Invites* the Subsidiary Body for Implementation to consider at its twenty-sixth session, in the context of its consideration of the programme budget for 2008–2009, the matter of covering the costs of travel and the daily subsistence allowance of all members and alternate members of the Joint Implementation Supervisory Committee from the part of the Trust Fund for Supplementary Activities

dedicated to funding work on joint implementation, with a view to making a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session to request the secretariat to adjust UNFCCC practices accordingly;

[Joint implementation small-scale projects

14. *Amends* the thresholds for joint implementation small-scale projects in accordance with the revised thresholds for small-scale project activities under the clean development mechanism as defined in decision -/CMP.2 (*Further guidance relating to the clean development mechanism*);]

Resources for the work on joint implementation

15. *Notes* the information provided by the Joint Implementation Supervisory Committee regarding the provisions for the charging of fees to cover administrative costs relating to the activities of the Committee, developed in accordance with paragraph 2 (h) of decision 10/CMP.1;

16. *Endorses* the fee structure developed by the Joint Implementation Supervisory Committee, contained in annex III of document FCCC/KP/CMP/2006/5/Add.1:

- (a) Fees for accreditation:
 - (i) Application fee: USD 15,000 per application (one-off payment, non-reimbursable);
 - (ii) Cost of the work by assessment teams: direct payment from applicant or accredited independent entities;
- (b) Fee for processing of verification reports:¹
 - (i) USD 0.10 per tonne of CO₂ equivalent of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks for the first 15,000 tonnes of CO₂ equivalent generated by the project in question in a given calendar year;
 - (ii) USD 0.20 per tonne of CO₂ equivalent of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks for any amount in excess of 15,000 tonnes of CO₂ equivalent generated by the project in question in a given calendar year;
 - (iii) A fee calculated in accordance with paragraph 16 (b) (i) and 16 (b) (ii) above and equal to the expected average annual generation over the crediting period of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks by the project shall be paid as an advance payment when a determination report regarding a project design document is submitted to the secretariat in accordance with paragraph 34 of the joint implementation guidelines; this advance payment shall be deducted from the first payments due in accordance with paragraph 16 (b) (i) and 16 (b) (ii) above; if no verification report is submitted, any advance payment above USD 30,000 shall be reimbursed;

¹ "Verification report" means a report regarding reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks which has been submitted by an accredited independent entity to the secretariat in accordance with paragraph 38 of the joint implementation guidelines.

- (iv) No advance payment referred to in paragraph 16 (b) (iii) above shall be paid for projects with an expected average annual generation over the crediting period of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks below 15,000 tonnes of CO₂ equivalent; the maximum advance payment due shall be USD 350,000;

17. *Requests* the Joint Implementation Supervisory Committee, with the assistance of the secretariat, to report annually to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the revenue received by the secretariat from the charging of fees to cover administrative costs relating to the activities of the Committee, with a view to reviewing these arrangements as necessary;

18. *Expresses* deep concern about the shortfall in resources for work on joint implementation in the biennium 2006–2007, which is currently estimated to be approximately USD 2 million,² vis-à-vis requirements referred to in the joint implementation management plan for 2006–2007;

19. *Urges* Parties to make contributions to the Trust Fund for Supplementary Activities for funding the work on joint implementation in the biennium 2006–2007 as of early 2007, at a level that would allow the full implementation of the joint implementation management plan for 2006–2007, including through a strengthened capacity of the secretariat to support the Joint Implementation Supervisory Committee and its subcommittees, panels and/or working groups in their process implementation and decision-making;

20. *Requests* the secretariat to continue to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the level of contributions to the Trust Fund for Supplementary Activities for funding the work on joint implementation.

² This figure is based on the information reported in the joint implementation management plan for 2006–2007 contained in annex IV of document FCCC/KP/CMP/2006/5/Add.1.