



CONFERENCE OF THE PARTIES SERVING AS THE
MEETING OF THE PARTIES TO THE KYOTO PROTOCOL

Third session

Bali, 3–14 December 2007

Item 6 of the provisional agenda
Issues 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**

Note by the secretariat*

Part I

Summary

This annual report of the Joint Implementation Supervisory Committee (JISC) to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) covers activities from 18 November 2006 to 19 October 2007. The report does not cover the period from 20 October to 27 November, the closing date of the ninth meeting of the JISC; however, the Chair of the JISC, Ms. Fatou Gaye, will highlight any relevant matters during this period in her oral report to the CMP.

The report recommends actions to be taken by the CMP, at its third session, and particularly on a revised fee structure and the availability of resources. It also refers to work undertaken by the JISC during this reporting period, including on the further operationalization of the verification procedure and handling of the associated project caseload, and the operation of the Joint Implementation Accreditation Panel. Based on this information, the CMP may wish to provide further guidance on JI to the JISC.

The report also highlights the areas of governance, management and resources, which are critical to ensuring the efficient, cost-effective and transparent functioning of the JISC. The JISC, in developing the JI management plan for 2008–2009, among other issues, reiterates the urgent need for adequate and predictable resources to implement its activities.

* This document was submitted late to take into account the outcomes of the eighth meeting of Joint Implementation Supervisory Committee.

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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 its decision 10/CMP.1, established the Joint Implementation Supervisory Committee (JISC) to supervise, inter alia, the verification of emission reduction units generated by projects under Article 6 of the Kyoto Protocol (hereinafter referred to as joint implementation (JI)) as per the guidelines for the implementation of Article 6 of the Kyoto Protocol (hereinafter referred to as JI guidelines).¹

2. The JI guidelines require that the JISC report on its activities to each session of the CMP and that the CMP provides guidance regarding the implementation of Article 6 of the Kyoto Protocol and exercise authority over the JISC.

B. Scope of the report

3. This report provides information on work undertaken by the JISC since its last report to the CMP at its second session. Since completing the operationalization of the verification procedure under the JISC² (hereinafter referred to as Track 2 procedure), a year ago, the JISC has been working on the operation of the Track 2 procedure; information is given in this report on the decisions and actions taken by the JISC in the further operationalization and operation of the Track 2 procedure and highlights issues the CMP may wish to consider at its third session. The report also addresses governance issues, notably measures undertaken to ensure the efficient, cost-effective and transparent functioning of the JISC, as well as resource requirements and actual resources available for the work on JI during the biennium 2006–2007 and necessary for the 2008–2009 biennium.

4. The report covers the period from 18 November 2006 to 19 October 2007 (the reporting period).³ The report does not cover the period from 20 October to 27 November, the closing date of the ninth meeting of the JISC; however, the Chair of the JISC, Ms. Fatou Gaye, will highlight any relevant matters during this period in her oral report to the CMP.

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

5. Having reviewed the annual report of the JISC and having taken note of all matters agreed by the JISC, the CMP, at its third session, may wish to take the following actions:

- (a) Provide further guidance relating to JI, notably to the JISC;
- (b) Take note of the JI management plan covering the biennium 2008–2009;
- (c) Urge Parties included in Annex I to the Convention (Annex I Parties) to make prompt voluntary contributions to the Trust Fund for Supplementary Activities for funding the work on JI in the biennium 2008–2009, at a level that would allow the full implementation of the JI management plan for the biennium;
- (d) Endorse the revision to the fee structure adopted by the JISC (see annex I);

¹ Decision 9/CMP.1, annex.

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

³ Further details on operations, functions and agreements/decisions are also available on the UNFCCC JI website <<http://ji.unfccc.int>>.

- (e) Elect one member and one alternate member to the JISC from each of the following, for a term of two years, based on nominations being received from Parties:
- (i) Parties not included in Annex I to the Convention (non-Annex I Parties);
 - (ii) Non-Annex I Parties;
 - (iii) Annex I Parties with economies in transition;
 - (iv) Alliance of Small Island States;
 - (v) Annex I Parties.

6. The CMP is also to elect an additional alternate member from Annex I Parties to replace, for the remainder of the period, the alternate member who has resigned (see para. 33). The JISC was not able to appoint a new alternate member prior to the third session of the CMP as no nomination had been received from the concerned constituency.

II. Work undertaken since the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

A. Summary of the work undertaken

7. With the official launch of the Track 2 procedure in October 2006, the JISC shifted its focus to the operation of the process itself. Over the last year it has worked, including through its accreditation panel, on the accreditation of applicant independent entities and issued guidance and clarification, where necessary, with regard to both the accreditation procedure and the Track 2 procedure. The JISC ensured that the Track 2 procedure was fully functioning in time for the approaching start of the first commitment period of the Kyoto Protocol.

8. To ensure that information on decisions by the JISC and the process leading thereto was well communicated, members and alternate members of the JISC and the secretariat convened and/or took part in a number of events at which processes were explained and results presented. The JISC took note of interests and concerns of stakeholders and, wherever feasible and compatible with the Marrakesh Accords and decisions of the CMP, sought to address them through improved processes and procedures.

9. To ensure the best use of time and resources in meeting future challenges, the JISC, taking into account a proposal by the Executive Secretary, and with the assistance of the secretariat, has prepared a new JI management plan (JI-MAP),⁴ covering the biennium 2008–2009, on the basis of an assessment of the management plan for the biennium 2006–2007.

10. In summary, with the shift in its focus from process development to case handling/process management as of late 2006, the JISC has performed the required functions and tasks under its purview. It should be noted that the achievements were made possible by the high level of time and effort devoted by members and alternate members of the JISC and the Joint Implementation Accreditation Panel (JI-AP) and by the secretariat.

⁴ FCCC/KP/CMP/2007/4/Part II.

B. Verification procedure under the Joint Implementation Supervisory Committee

11. Since the launch of the Track 2 procedure on 26 October 2006, 86 project design documents (PDDs) have been submitted to date and made publicly available on the UNFCCC JI website, in accordance with paragraph 32 of the JI guidelines. Two determinations were published and one was deemed final, in accordance with paragraphs 34 and 35 of the JI guidelines, respectively.

12. At its sixth meeting, with a view to further improving the operationalization of the Track 2 procedure, the JISC:

- (a) Discussed possible options with regard to the timing of the submission of written project approvals by Parties involved, confirmed that at least one other Party, in addition to the host Party or Parties, should be involved in a JI project and clarified that:
 - (i) At least the written project approval(s) by the host Party or Parties should be provided to the accredited independent entity (AIE) and made available to the secretariat by the AIE when submitting the determination report regarding the PDD for publication in accordance with paragraph 34 of the JI guidelines;
 - (ii) At least one written project approval by a Party involved in the JI project, other than the host Party or Parties, should be provided to the AIE and made available to the secretariat by the AIE when submitting the first verification report⁵ for publication in accordance with paragraph 38 of the JI guidelines, at the latest;
- (b) Agreed on a clarification regarding the public availability of documents under the verification procedure under the JISC, in which the JISC also requested the secretariat to perform completeness checks before making documents publicly available;
- (c) Agreed on the addition of 10 experts to the dedicated roster of experts, after having considered the applications received in response to the second corresponding call for experts, which was open from 15 December 2006 until 26 January 2007.

C. Criteria for baseline setting and monitoring

13. Following the amendment of the thresholds for JI small-scale (SSC) projects by the CMP at its second session,⁶ the JISC, at its sixth meeting, adopted revised provisions for such projects and revised guidelines for users of the JI PDD form for SSC projects and the form for submission of bundled JI SSC projects.

D. Accreditation process for independent entities

14. The JI-AP held five meetings during the period covered by this report. Since the announcement on 26 October 2006 that the JI accreditation process would start on 15 November 2006, fifteen applications for accreditation from independent entities have been received. All of these applications are from entities that also applied for accreditation under the clean development mechanism (CDM); thirteen of these entities have already been designated for at least one function (validation or verification/certification) in at least one sectoral scope under the CDM.

⁵ "Verification report" means a report on the determination regarding reported reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks which is submitted by an AIE to the secretariat in accordance with paragraph 38 of the JI guidelines.

⁶ Decision 3/CMP.2, paragraph 14.

15. The JI-AP established JI assessment teams (JI-ATs) for fourteen applications for accreditation by selecting experts from the roster of experts established for this purpose. The assessment work by the respective JI-ATs is now under way for these fourteen applications. A JI-AT has not yet been established for the remaining one application owing to its late submission.

16. By the end of the present reporting period, the secretariat, as mandated by the JISC/JI-AP,⁷ had conducted three public calls for experts to establish the roster of experts referred to in paragraph 15 above: from 9 October to 20 November 2006; from 13 December 2006 to 17 January 2007; and from 28 February to 24 September 2007. As a result, there are currently 37 experts in the roster.

17. At its sixth meeting, the JISC, based on the recommendation by the JI-AP, considered a revision of the JI accreditation procedure, clarified issues related to the JI accreditation process and adopted the following:

- (a) A procedure for accrediting independent entities by the JISC (version 02)⁸;
- (b) Clarification regarding conditions for designated operational entities (DOEs) for acting provisionally as accredited independent entities;
- (c) Clarification regarding scopes and steps of witnessing activities under the JI accreditation procedure;
- (d) Clarification regarding identification of witnessing opportunities by designated operational entities acting provisionally as accredited independent entities;
- (e) Clarification regarding responsibility of accredited premises of accredited independent entities.

18. At its seventh meeting, the JISC, based on the recommendation by the JI-AP, considered measures to facilitate the accreditation regarding the function of determination of emission reductions or enhancements of removals. At the same meeting, the JISC also reviewed a clarification referred to in paragraph 17 above. Based on these, the JISC adopted the following:

- (a) Clarification regarding monitoring period of JI project for witnessing of verification function of applicant independent entities;
- (b) Clarification regarding conditions for designated operational entities for acting provisionally as accredited independent entities (version 02).

19. The JISC considered measures to reduce the cost and time for the accreditation of applicant independent entities that are DOEs under the CDM, taking into account the discussions the JI-AP has had on this issue. On this basis, the JISC communicated with the CDM Executive Board to seek its opinion on the possibility and modalities, if appropriate, of collaboration between the JI and CDM accreditation processes. Consequently, communication between the Chairs of the JI-AP and the CDM-AP has started on this issue.

20. Following the resignation of JI-AP member Mr. Ken Beck Lee as of 14 February 2007, and the result of a subsequent call for experts, the JISC, at its seventh meeting, selected Mr. Massamba Thioye as a new JI-AP member. Mr. Thioye took up his work on 30 May 2007 and started participating in JI-AP meetings from the sixth meeting.

⁷ JISC meeting reports are available at <http://ji.unfccc.int/Sup_Committee/Meetings>.

⁸ Version 02 replaced version 01 effective as of 17 February 2007.

21. At its eighth meeting, the JISC, based on the recommendation by the JI-AP, considered revisions of the terms of reference and indicative levels of fees for JI-ATs and a new clarification regarding utilization of laboratory services for monitoring and verification, and adopted the following:

- (a) Terms of reference for JI assessment teams (version 02);
- (b) An indicative level of fees to be paid to the JI assessment team by the applicant independent entity or accredited independent entity (version 02);
- (c) Clarification regarding utilization of laboratory services for monitoring and determination of emission reductions or enhancements of removals.

22. In addition to the above, the JISC took note of the further work by the JI-AP, including the revision of forms used in the JI accreditation process, the preparation of guidance documents for JI-ATs for their efficient and appropriate assessment work, and training of experts in the roster.

23. The JISC as well continued its consideration on modalities of collaboration with applicant and accredited independent entities with regard to the JI accreditation process.

24. The JISC expressed its appreciation of the efficient work of the JI-AP and the resulting progress made on the JI accreditation process during the present reporting period.

III. Governance matters

A. Provisions for the charging of fees and cooperation with other bodies and stakeholders

Mandate and background

25. The CMP, by its decision 10/CMP.1, requested the JISC to develop provisions for the charging of fees to cover administrative costs relating to the activities of the JISC. The JISC developed these provisions and subsequently reported to the CMP at its second session. By its decision 3/CMP.2, the CMP endorsed the fee structure proposed by the JISC and requested the JISC to report annually to the CMP on the revenue received by the secretariat from the charging of fees to cover administrative costs relating to the activities of the JISC, with a view to reviewing these arrangements as necessary.

26. The CMP, by its decision 10/CMP.1, encouraged the JISC to collaborate with:

- (a) The Executive Board of the CDM;
- (b) The Compliance Committee under the Kyoto Protocol, in particular with regard to the list of Parties referred to in paragraph 27 of the JI guidelines;
- (c) The designated focal points (DFPs) for Article 6 under the Kyoto Protocol;
- (d) Observers to meetings of the JISC, referred to in paragraph 18 of the JI guidelines, through regular question-and-answer sessions held in this context.

B. Work undertaken and action taken

27. At its eighth meeting, the JISC considered possible revisions to the fee structure as endorsed by the CMP through decision 3/CMP.2, paragraph 16, to incorporate preferential treatment of JI small-scale projects regarding advance payments on the fee for processing of verification reports. On the basis of these discussions, the JISC adopted draft version 02 of the provisions for the charging of fees to cover administrative costs relating to JISC activities, as contained in annex I, and agreed to submit it for endorsement to the CMP at its third session, after which time it would enter into force.

28. At its eighth meeting the JISC also took note of the status of revenues received by the secretariat from the charging of fees to cover administrative costs relating to JISC activities to date. The revenues amounting to USD 224,809 from applications for accreditation and USD 158,842 from the advance payments on the fee for the processing of verification reports. For the latter, the JISC, in its JI management plan, highlighted the intention to accumulate these fees for use only after 2010 (see para. 55 below).

29. At its sixth and seventh meetings, the JISC discussed cooperation with other bodies, taking into account the request of the CMP in its decision 10/CMP.1, and concluded that it would collaborate as and when the need arises. With regard to collaboration with the CDM Executive Board, the JISC initiated the communication (see para. 19 above).

30. In relation to the mandate referred to in paragraph 26 (c) above, the JISC noted the information on the designation of focal points for approving JI projects sent to the secretariat so far in accordance with paragraph 20 of the JI guidelines, and invites further designations. In addition, the JISC has interacted with the DFPs during a roundtable discussion held in October 2007. This allowed for discussions on means of collaboration between DFPs and the JISC, as well as amongst DFPs themselves, and helped to provide feedback to the JISC on its operation and operationalization of the Track 2 procedure and to the secretariat on DFP-related issues (communication, information, etc.) and suggestions for further improvement.

31. With regard to the mandate referred to in paragraph 26 (d) above, the JISC has continued to have question-and-answer sessions with registered observers at each of its meetings and to webcast these sessions.⁹

C. Membership issues

32. The CMP, at its first session, established the JISC and elected its members and alternate members (table 1) in accordance with paragraphs 4, 5 and 8 of the JI guidelines. At its sixth meeting, its first meeting of the calendar year 2007, the JISC elected by consensus Mr. Shailendra Kumar Joshi, a member from a non-Annex I Party, as its Chair, and Mr. Georg Børsting, a member from an Annex I Party, as its Vice-Chair. Following the resignation of Mr. Joshi after the sixth meeting of the JISC (see para. 33 below), and in accordance with paragraph 3 of rule 13 of the rules of procedure¹⁰ of the JISC, the JISC, at its seventh meeting, elected a new Chair, Ms. Fatou Gaye, for the remainder of the term. The tenures of the Chair and Vice-Chair will end immediately before the first meeting of the JISC in 2008.

33. During the reporting period covered, one member and one alternate member have resigned: Mr. Shailendra Kumar Joshi and Mr. Darren Goetze, respectively. Mr. Joshi resigned as of 2 May 2007 and Mr. Goetze as of 15 August 2007. The JISC decided in the latter case, through electronic decision-making in accordance with rule 25 of the rules of procedure of the JISC, to request the relevant constituencies to nominate a new member and a new alternate member, in accordance with rule 8 of the rules of procedure of the JISC. As at the date of this report, the relevant constituencies have not nominated replacements, and in the absence of such nominations, the CMP may wish to elect the replacements for the resigned member and alternate member in the context of the election of other members and alternates by the CMP at its third session.

⁹ <http://ji.unfccc.int/Sup_Committee/Meetings>.

¹⁰ <<http://ji.unfccc.int/Ref/Documents/Rules.pdf>>.

Table 1. Members and alternate members of the Joint Implementation Supervisory Committee

Members	Alternate members	Nominated by
Mr. Olle Björk ^a	Mr. Franzjosef Schafhausen ^a	Other Annex I Parties
Mr. Georg Børsting (Vice-Chair) ^b	Mr. Darren Goetze (resigned as of 15 August 2007)	Other Annex I Parties
Mr. Jaime Bravo ^a	Mr. Marcos Castro Rodriguez ^a	Non-Annex I Parties
Ms. Fatou Gaye (Chair) ^b	Mr. Vincent Kasulu Seya Makonga ^b	Non-Annex I Parties
Mr. Maurits Blanson Henkemans ^b	Mr. Hiroki Kudo ^b	Other Annex I Parties
Mr. Shailendra Kumar Joshi (resigned as of 2 May 2007)	Mr. Maosheng Duan ^a	Non-Annex I Parties
Mr. Derrick Oderson ^a	Ms. Yumiko Crisostomo ^a	Alliance of Small Island States
Mr. Oleg Pluzhnikov ^a	Mr. Evgeny Sokolov ^a	Annex I Parties with economies in transition
Ms. Daniela Stoycheva ^b	Ms. Astrida Celmina ^b	Annex I Parties with economies in transition
Mr. Vlad Trusca ^b	Mr. Matej Gasperic ^b	Annex I Parties with economies in transition

^a Term: two years ending immediately before the first meeting in 2008.

^b Term: three years ending immediately before the first meeting in 2009.

D. Calendar of meetings in 2007

34. At its sixth meeting, the JISC adopted its tentative meeting schedule for 2007, and revised it at its subsequent meetings as necessary, deciding to schedule four meetings during 2007 (table 2).

Table 2. Joint Implementation Supervisory Committee meetings in 2007

Meeting	Date	Location
Sixth	15–16 February	UNFCCC headquarters, Bonn, Germany
Seventh	3–4 May	UNFCCC headquarters (in conjunction with the twenty-sixth sessions of the subsidiary bodies)
Eighth	18–19 October	UNFCCC headquarters
Ninth	26–27 November	Bali, Indonesia (in conjunction with the twenty-seventh sessions of the subsidiary bodies and the third session of the CMP)

35. The annotated agendas for the JISC meetings, including documentation supporting agenda items, as well as reports containing all agreements reached by the JISC, are available on the UNFCCC JI website.¹¹

36. To ensure the efficient organization and management of work, the meetings of the JISC were preceded by informal consultations of one to two days.

E. Transparency, communication and information

37. Rule 21 of the rules of procedure of the JISC requires that the work of the JISC be transparent, subject to the need to protect confidential information. This encompasses the timely public availability of documentation and channels through which external comments by all Parties and all UNFCCC

¹¹ <http://ji.unfccc.int/Sup_Committee/Meetings>.

accredited observers and stakeholders can be submitted for consideration by the JISC.¹² Rule 20 requires that documentation be made available via the Internet.¹³ Furthermore, the JI guidelines (in particular para. 16) require that decisions by the JISC be made available to the public.¹⁴

38. The UNFCCC JI website is the principal means by which these requirements are met. It contains reports of meetings of the JISC, documentation on all matters agreed by the JISC, and documentation relating to operations and functions of the JISC and its support structure (e.g. the JI-AP), accredited independent entities, project participants, experts, the public and the secretariat. It also presents information made available by designated focal points established by Parties and notified to the secretariat. In addition, it contains a wide range of background documentation relating to JI (from CMP decisions to application forms for experts). Furthermore, it provides an interface for public input on various topics as deemed necessary by the JISC and for experts to apply for membership on supporting bodies (e.g. JI-AP). Linked to the website is the JI News facility which sends the latest information on JI to more than 1,235 of the website's 1,245 subscribers.¹⁵

39. The secretariat also operates two extranets and 30 listservers to promote efficient, cost-effective and transparent exchange of information between the JISC, the JI-AP, JI-ATs and the secretariat. These electronic facilities are essential for the smooth and cost-effective functioning of the JISC. Additional extranets and listservers relating to the Track 2 procedure and the accreditation process under the JISC may be added in the future.

40. In accordance with paragraph 18 of the JI guidelines and rule 22 of the rules of procedure of the JISC, all Parties and UNFCCC accredited observers and stakeholders may attend JISC meetings as observers, except where otherwise decided by the JISC and provided they register at least two weeks before the meeting. In addition, the JISC organized question-and-answer sessions as a side event of the twenty-fifth and twenty-sixth sessions of the subsidiary bodies, which were open to all participants of the sessions.¹⁶

41. To further improve transparency, the JISC webcasts its meetings and its question-and-answer sessions.¹⁷

42. In addition, two workshops on JI were held in Bonn, Germany, on 13–14 February and 15–16 October 2007.¹⁸ Organized by the secretariat, the workshops brought together JISC members and alternate members, and more than 80 experts on project-based mechanisms, including designated focal points, applicant independent entities, representatives of Annex I Parties and non-Annex I Parties, UNFCCC accredited non-governmental organizations and intergovernmental organizations, project developers and consultants, to share their experiences, views and information on the progress of the JISC and the expectations of various stakeholders in the process, including with regard to critical issues relating to the operation of the Track 2 procedure and the accreditation process under the JISC.

¹² At its first meeting, the JISC had agreed that communications addressed to the JISC, or its members and alternate members, received by the secretariat would be made available on the JISC extranet and that all such communications would receive a standard acknowledgement of receipt. On this basis, the JISC, at its seventh meeting, agreed on procedures for communication of the public with the JISC.

¹³ Agendas, work programmes, annotations to proposed agendas, etc.

¹⁴ <http://ji.unfccc.int/Sup_Committee/Meetings>.

¹⁵ As at 31 July 2006.

¹⁶ <<http://ji.unfccc.int/Workshop>>.

¹⁷ <http://ji.unfccc.int/Sup_Committee/Meetings>.

¹⁸ <<http://ji.unfccc.int/Workshop>>.

F. Role of the secretariat

43. The UNFCCC secretariat services the JISC, in accordance with paragraph 19 of the JI guidelines and rule 28 of the rules of procedure of the JISC.
44. The secretariat provided administrative, logistical and substantive support to three JISC meetings and four JI-AP meetings during the reporting period. It also administered the workflows behind the processes (accreditation and project cycle), developed and maintained the JI website electronic workflows and the web interfaces for calls for public input and experts, and responded to external queries.
45. The secretariat has also made significant progress in the development of the JI information system for supporting to the workflow associated with the Track 2 procedure and is developing the necessary interface connections with the International Transaction Log (ITL) to ensure timely and accurate communication of the JI project related information to the ITL.
46. The number of secretariat staff supporting the JISC when it was established was low. Although additional staff members have been recruited, staffing at the secretariat remains tight. To ensure the long-term provision of timely, high-quality support to the JISC, particularly with respect to case handling under the accreditation and Track 2 procedures, the resources requirement will need to be carefully reviewed as the work associated with the procedures proceeds, as reflected in the JI management plan for 2008–2009 (FCCC/KP/CMP/2007/4 (Part II)).
47. The secretariat undertook fund-raising in support of the work on JI, managed contributions from Parties, and reported regularly to the JISC on the status of resources (see chapter IV below).

IV. Resources

A. Joint implementation management plan 2008–2009

48. The CMP, by its decision 3/CMP.2, requested the JISC to keep the JI 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 JI by, inter alia:
- (a) Identifying and implementing further measures aimed at strengthening the JI process and its responsiveness to the needs of Parties and stakeholders;
 - (b) Adopting appropriate management indicators.
49. At its eighth meeting, the JISC considered and agreed on the draft management plan for 2008–2009 prepared by the secretariat, as contained in document FCCC/KP/CMP/2007/4 (Part II).
50. At the same meeting, the JISC noted the need, in accordance with decision 3/CMP.2, to develop appropriate management indicators. The JISC indicated its intention to consider this issue in its forthcoming meetings, noting already that possible indicators may relate to the operationalizing of the Track 2 procedure, including the associated accreditation process, and highlighting that the JISC has made substantial progress in this regard.

B. Resources for the work on joint implementation

51. During the reporting period, the JISC monitored and reviewed the status of resources for the work on JI, based on reports by the secretariat. Information on the major activity areas (e.g. meetings and activities of the JISC, activities relating to accreditation of independent entities and submissions of PDDs and determinations, technical workshops, and activities by the secretariat in support of the above-mentioned areas of work) and resource requirements was developed and maintained by the

secretariat. This information was used for fund-raising, and has been included in the JI-MAP. Updated information on the resource situation is also included in the JI-MAP.

52. Annex I contains a summary of pledges and contributions by Parties and regional organizations to support work on JI in 2006–2007. Contributions are acknowledged with appreciation.

53. The CMP, by its decision 9/CMP.1, decided that administrative costs arising from procedures contained in the JI guidelines relating to the functions of the JISC shall be borne both by Annex I Parties and by the project participants according to specifications set out in a decision by the CMP at its first session. In this context, the CMP, by its decision 10/CMP.1, requested the JISC to develop provisions for the charging of fees; the JISC developed these provisions and subsequently reported to the CMP at its second session. At its eighth meeting, the JISC agreed to recommend a revision to the fee structure to the CMP (see para. 27 above).

54. The resources for supplementary funding during the reporting period were as follows:

- (a) Carry over from 2005: USD 84,144;
- (b) Contributions by Parties in 2006–2007:¹⁹ USD 1,987,115 (see annex II).

55. At the end of the reporting period, the resource gap was USD 1,248,598 million for the remainder of the 2006–2007 biennium, based on the current budget (see annex II). It should also be noted that even with the agreed provisions on fees referred to in paragraph 27 above, based on the experience of the CDM, these funds are not expected to accumulate to adequate levels to fund the work of the JISC until 2010. Therefore, voluntary contributions from Annex I Parties need to continue to cover a major part of the administrative expenses for implementing Article 6 of the Kyoto Protocol, at least to the end of 2009.

56. Given this situation, the JISC has continued to reiterate the calls by the CMP to Annex I Parties to make contributions to the Trust Fund for Supplementary Activities to ensure that all necessary activities envisaged in support of Article 6 of the Kyoto Protocol can be carried out in a predictable and sustainable manner. Continued lack of such contributions might result in a scaling back of the envisaged work and cancellation of planned activities.

V. Summary of decisions

57. As per paragraph 16 of the JI guidelines, decisions of the JISC are made publicly available in all six official languages of the United Nations by including the decisions or referring to them (indicating their placement on the UNFCCC JI website) in the JISC annual report to the CMP.

¹⁹ As of 30 September 2007.

Annex I**Draft provisions for the charging of fees to cover administrative costs relating to the activities of the Joint Implementation Supervisory Committee**

1. The fees to cover administrative costs relating to the activities of the Joint Implementation Supervisory Committee shall be:
2. Fees for accreditation:
 - (a) Application fee: USD 15,000 per application (one-off payment, non-reimbursable);
 - (b) Cost of the work by assessment teams: direct payment from applicant or accredited independent entities.¹
3. Fees for processing of verification reports:²
 - (a) USD 0.10 per tonne of carbon dioxide (tCO₂) eq of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks for the first 15,000 tCO₂ eq generated by the project in question in a given calendar year;
 - (b) USD 0.20 per tCO₂ eq of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks for any amount in excess of 15,000 tCO₂ eq generated by the project in question in a given calendar year;
 - (c) A fee calculated in accordance with paragraph 3 (a) and (b) 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 annex to decision 9/CMP.1; this advance payment shall be deducted from the first payments due in accordance with paragraph 3 (a) and (b) above; if no verification report is submitted, any advance payment above USD 30,000 shall be reimbursed;
 - (d) No advance payment as referred to in paragraph 3 (c) above shall be paid for joint implementation small-scale projects and 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 tCO₂ eq; the maximum advance payment due shall be USD 350,000.

¹ Details are defined in the document entitled "Indicative level of fees to be paid to joint implementation assessment team by applicant independent entity or accredited independent entity" (P-JI-ACCR-05) <http://ji.unfccc.int/Ref/Documents/Fees_JI_ATS.pdf>.

² "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 annex to decision 9/CMP.1.

Annex II**Status of contributions to support joint implementation activities
in the biennium 2006–2007 (as at 10 October 2007)**

Party	Pledge (USD)	Received (USD)	Outstanding (USD)
Austria	25 100	25 100	0
Belgium	17 581	17 581	0
Canada ^a	656 253	156 253	500 000
Czech Republic	6 836	6 836	0
Denmark	47 822	47 822	0
European Community ^b	620 000	405 941	214 059
Estonia	5 000	5 000	0
Finland	64 680	64 680	0
France	63 550	63 550	0
Germany	105 263	105 263	0
Hungary	2 500	2 500	0
Ireland	8 075	8 075	0
Latvia	5 400	5 400	0
Luxembourg	3 747	3 747	0
Netherlands	50 229	50 229	0
Nordic Council	26 649	26 649	0
Norway	668 816	668 816	0
Slovenia	1 907	1 907	0
Spain	151 780	151 780	0
Sweden	29 986	29 986	0
United Kingdom of Great Britain and Northern Ireland	140 000	140 000	0
Total	2 701 174	1 987 115	714 059

^a Oral pledge at the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

^b An amount is shown here as outstanding only because the pledge (EUR 450,000) was to cover a period through the first six months of 2008 (approximately 40% of amount pledged is for activities in 2008).
