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Item X of the provisional agenda

**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 carried out by the Joint Implementation Supervisory Committee (JISC) from 26 August 2017 to 31 August 2018. During the reporting period, the JISC maintained the necessary infrastructure for the operation of joint implementation and prudently managed its resources as requested by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

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Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1–7	3
A. Mandate	1–2	3
B. Scope	3–5	3
C. Possible action to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol	6–7	3
II. Status of joint implementation	8–11	3
III. Work undertaken in the reporting period	12–25	4
A. Ensuring cost-effective and transparent functioning of joint implementation	12–13	4
B. Outreach activities	14–15	4
C. Meeting in 2018	16–18	4
D. Interaction with bodies and stakeholders	19	5
E. Accreditation of independent entities	20–21	5
F. Verification procedure under the Joint Implementation Supervisory Committee	22–23	5
G. Gender Dialogue	24	5
H. Stocktake on pre-2020 implementation and ambition	25	5
IV. Governance and management matters	26–29	6
A. Membership issues	26–27	6
B. Election of the Chair and Vice-Chair of the Joint Implementation Supervisory Committee	28–29	6
V. Status of financial resources for the work of the Joint Implementation Supervisory Committee and its supporting structures	30–33	7
VI. Recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol	34	8

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 JI¹ projects) in accordance with the “Guidelines for the implementation of Article 6 of the Kyoto Protocol” (hereinafter referred to as the JI guidelines).²

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

B. Scope

3. This annual report of the JISC to the CMP covers JI activities carried out between 26 August 2017 and 31 August 2018 (hereinafter referred to as the reporting period).

4. It describes the status of JI and covers the work undertaken by the JISC during the reporting period, including its responsibilities relating to the operation of the verification procedure under the JISC (hereinafter referred to as JI Track 2),³ and the financial status of the JI mechanism.

5. Full details of the operation and functions of the JISC are available on the JI web pages on the UNFCCC website, which are the central repository for reports on meetings of the JISC, information on JI projects and accreditation, and documents adopted by the JISC.⁴

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

6. The CMP may wish to review the annual report of the JISC.

7. In accordance with paragraphs 4 and 5 of the JI guidelines, the CMP is to elect JISC members for a term of two years, upon receipt of nominations from Parties, as follows:

(a) Two members and two alternate members from Parties included in Annex I that are undergoing the process of transition to a market economy;

(b) Two members and one alternate member from Parties included in Annex I not referred to in paragraph 7(a) above;

(c) One member and one alternate member from Parties not included in Annex I.

II. Status of joint implementation

8. Activity under JI almost ceased at the end of the first commitment period of the Kyoto Protocol in 2012. The last issuance of emission reduction units (ERUs) under JI Track 1⁵ was reported in August 2015, whereas the last JI Track 2 ERU issuance was reported in October 2014.

¹ Joint implementation.

² Annex to decision 9/CMP.1.

³ Outlined in paragraphs 30–45 of the JI guidelines.

⁴ <http://ji.unfccc.int>.

⁵ In accordance with paragraph 13 of the JI guidelines, under JI Track 1, national governments, not the JISC, are responsible for the oversight of projects and for the issuance of ERUs from those projects.

9. As ERUs are created by converting part of a country's assigned amount units under the Kyoto Protocol, no host Party is yet able to issue ERUs for the second commitment period. This will remain the case until the Doha Amendment enters into force, including for the host Party.

10. The Conference of the Parties (COP) recommended that experience gained and lessons learned from existing mechanisms and approaches adopted under the Convention and its related legal instruments be taken into account in preparing the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement.⁶ The JISC reiterates its recommendations to the CMP related to its reflections on and analysis of the experience and lessons learned from JI as contained in its 2016 annual report.⁷

11. The JISC recognizes that valuable work was carried out by the Subsidiary Body for Implementation (SBI) on the review of the JI guidelines, and that the draft modalities and procedures for JI⁸ draw upon the lessons learned from JI and can serve as important input to the preparation of the rules, modalities and procedures of the mechanism established by Article 6, paragraph 4, of the Paris Agreement.

III. Work undertaken in the reporting period

A. Ensuring cost-effective and transparent functioning of joint implementation

12. CMP 13 did not give the JISC with any new mandates.

13. The JISC maintained operations in accordance with its two-year management plan for 2018–2019 by maintaining the infrastructure and capacity to support JI operations as needed, and monitoring the intergovernmental negotiation process and creating opportunities to provide further information and recommendations from the lessons learned from JI, as appropriate, for the development of the rules to operationalize the mechanisms under Article 6 of the Paris Agreement.

B. Outreach activities

14. The JISC organized a side event at COP 23 with the aim of engaging relevant stakeholders, including accredited independent entities (AIEs), project developers and designated focal points. It focused on lessons learned in the design of cooperative approaches to climate action.

15. The secretariat maintains the JI web pages and the newly launched UNFCCC web pages related to the JI negotiations as a promotional tool and a repository of information relating to the mechanism.

C. Meeting in 2018

16. In accordance with decision 4/CMP.12, the JISC decided to hold its 41st meeting on 19 June 2018 in a virtual environment. In doing so, the JISC became the first UNFCCC constituted body to hold a virtual meeting. A total of 15 of the existing 18 JISC members and alternate members virtually participated in the meeting and electronic oaths of service were submitted to fulfil the requirements of the rules of procedure of the JISC.⁹

⁶ Decision 1/CP.21, paragraph 37(f).

⁷ FCCC/KP/CMP/2016/5, annex I.

⁸ FCCC/SBI/2016/L.8, annex.

⁹ See http://ji.unfccc.int/Ref/Documents/JI_proc01.pdf.

17. The annotated agenda for the meeting, documentation on supporting agenda items, on-demand broadcasts and a report containing all agreements reached by the JISC are available on the JI web pages.¹⁰

18. In the spirit of prudent resource management, the JISC decided not to hold any more physical meetings during the year, and that the Chair and Vice-Chair would consult electronically with members for any decision-making.

D. Interaction with bodies and stakeholders

19. The JISC continued to make itself available for interaction with independent entities, AIEs, project developers and observers by encouraging written input from stakeholders to the agenda for its 41st meeting and inviting to the meeting the chairs of the designated operational entity (DOE)/AIE Coordination Forum and the Project Developer Forum.

E. Accreditation of independent entities

20. The JISC reviewed its reliance on the clean development mechanism accreditation system and agreed to continue allowing DOEs accredited under the clean development mechanism to act voluntarily as AIEs to perform JI determinations and verifications. As at 31 August 2018, 11 DOEs had submitted self-declarations expressing their interest in acting voluntarily as AIEs.

21. During the reporting period, no JI project determinations or verifications under JI Track 2 were submitted by a DOE acting voluntarily as an AIE under JI.

F. Verification procedure under the Joint Implementation Supervisory Committee

22. Since the inception of JI, 597 JI projects have been published under Track 1, of which 548 have received unique project identifiers and have been submitted to the international transaction log. Information on 332 projects and one programme of activities under JI Track 2 has been made available on the JI web pages. A total of 52 determinations regarding project design documents have been published, of which 51 have been deemed final, while 128 of the 129 published verifications have been deemed final. A total of 871,893,629 ERUs have been issued, of which 846,477,357 were under Track 1 and 25,416,272 under Track 2.

23. As in the previous reporting period, no determination or verification cases were submitted for processing under JI Track 2 during the current reporting period.

G. Gender dialogue

24. In accordance with decision 3/CP.23 and the established gender action plan, upon the request of the COP the Chair of the JISC represented the Committee at the gender dialogue held on 5 May 2018 during SBI 48.1. The secretariat supported the preparation of a technical paper and outcome reports on this matter.

H. Stocktake on pre-2020 implementation and ambition

25. As per the request from COP 23¹¹ and the invitation from the COP 23 President and the COP 24 President Designate in a letter of 17 June 2018, the JISC initiated efforts during the reporting period to provide input for the stocktake on pre-2020 implementation and ambition to be held at COP 24.

¹⁰ http://ji.unfccc.int/Sup_Committee/Meetings/index.html.

¹¹ Decision 1/CP.23, paragraph 17.

IV. Governance and management matters

A. Membership issues

26. CMP 13 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 1.

27. The JISC wishes to highlight to the CMP the importance of constituencies filling vacant seats and the impact of vacant seats on constituting a quorum. The JISC encourages constituencies with vacant seats to nominate individuals to join the JISC.

Table 1

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

<i>Member</i>	<i>Alternate member</i>	<i>Constituency</i>
Mr. Emil Calles ^a	Mr. Komi Tomyeba ^a	Parties not included in Annex I
Ms. Boryana Kamenova ^a	Ms. Volha Vasilevskaya ^a	Parties included in Annex I with economies in transition
Mr. Benoît Leguet ^a	Mr. Jakob Wiesbauer-Lenz ^a	Parties included in Annex I
Ms. Vanessa Leonardi ^b	Mr. Konrad Raeschke-Kessler ^b	Parties included in Annex I
Ms. Gherghita Nicodim ^a	Mr. Mykhailo Chyzhenko ^a	Parties included in Annex I with economies in transition
Mr. Kyekyeku Oppong-Boadi ^{b, c}	Mr. Carlos Fuller ^{b, d}	Parties not included in Annex I
Mr. Guoqiang Qian ^{b, c}	Vacant ^{b, e}	Parties not included in Annex I
Mr. Takahiko Tagami ^a	Vacant ^{a, f}	Parties included in Annex I
Mr. Albert Williams ^b	Mr. Derrick Oderson ^b	Small island developing States
Ms. Izabela Zborowska ^b	Ms. Iryna Rudzko ^b	Parties included in Annex I with economies in transition

^a Term: two years, ending immediately before the first meeting of the Joint Implementation Supervisory Committee (JISC) in 2019.

^b Term: two years, ending immediately before the first meeting of the JISC in 2020.

^c Nomination pending since the thirteenth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP). Mr. Oppong-Boadi and Mr. Qian remain in office until their successors are nominated by the respective regional group/constituency.

^d Nomination pending since CMP 11. Mr. Fuller remains in office until his successor is nominated by the respective regional group/constituency.

^e Nomination pending since CMP 13.

^f Nomination pending since CMP 10.

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

28. Prior to the 41st meeting of the JISC, its members electronically consulted and elected by consensus Ms. Gherghita Nicodim, a member from a Party included in Annex I, as its Chair and Mr. Kyekyeku Oppong-Boadi, a member from a Party not included in Annex I, as its Vice-Chair. Their tenures will end immediately before the first meeting of the JISC in 2019.

29. The JISC expressed its deep appreciation to the outgoing Chair, Mr. Albert Williams, and Vice-Chair, Ms. Gherghita Nicodim, for their excellent leadership during 2017.

V. Status of financial resources for the work of the Joint Implementation Supervisory Committee and its supporting structures

30. During the reporting period, the JISC continued to carefully monitor the status of, and prudently utilize, the resources available for the work on JI.¹² Resources were used in support of the approved two-year business plan and management plan for 2018–2019.¹³

31. A summary of the income of the JISC in the reporting period is provided in table 2. Tables 3 and 4 contain information on income and expenditure for the reporting period, including the status of income and expenditure against budget.

Table 2

Income for the work of the Joint Implementation Supervisory Committee

(United States dollars)

<i>Income source</i>	<i>Amount</i>
Carry-over from 2017 ^{a,b}	3 746 764
Contributions received in 2018	-
Total joint implementation Track 1 fees for 2018	-
Total joint implementation Track 2 fees for 2018	-
Total income with 2017 carry-over	3 746 764

Note: The financial reporting period is from 1 January 2018 to 31 August 2018.

^a After accounting for 2017 income and expenditure (full year).

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

32. The budget and expenditure of the JISC for the reporting period is shown in table 3.

Table 3

Comparison of the actual expenditure versus the budget of the Joint Implementation Supervisory Committee

(United States dollars)

<i>Comparative status of expenditure against budget</i>	<i>Amount^a</i>
Budget	672 493
Expenditure	522 448
Difference	150 045

^a The financial reporting period is from 1 January 2018 to 31 August 2018. Expenditure figure not final as July accounting period remains open at the date of preparing this report.

33. Table 4 summarizes the financial status of the JI mechanism for 2018, showing a balance at the end of the reporting period of USD 3 million.

¹² The CMP, by decisions 3/CMP.2, 3/CMP.3, 5/CMP.4, 3/CMP.5, 4/CMP.6, 11/CMP.7 and 6/CMP.8, 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.

¹³ See http://ji.unfccc.int/Ref/Documents/Info_note11.pdf.

Table 4

Financial status of the Joint Implementation Supervisory Committee for 2018

(United States dollars)

<i>Summary of financial status as at 31 August 2018</i>	<i>Amount</i>
Carry-over from 2017a	3 746 764
Contributions from Parties in 2018	-
Income from joint implementation fees (Tracks 1 and 2)	-
Subtotal	3 746 764
Expenditure in 2018	522 448
Balance	3 224 316

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

34. The JISC recommends that the CMP take note of its annual report for the reporting period from 26 August 2017 to 31 August 2018 and invites the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its first session, to use the experience gained and lessons learned from JI¹⁴ to inform the implementation of Article 6 of the Paris Agreement.

¹⁴ As contained in annex I to document FCCC/KP/CMP/2016/5.