



Framework Convention on Climate Change

Distr.: Limited
10 December 2010

Original: English

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

Sixth session

Cancun, 29 November to 10 December 2010

Agenda item 7

Issues relating to joint implementation

Draft decision -/CMP.6

Guidance on the implementation of Article 6 of the Kyoto Protocol

Proposal by the President

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), 10/CMP.1, 2/CMP.2, 3/CMP.2, 3/CMP.3, 5/CMP.4 and 3/CMP.5,

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

Expressing its appreciation to Parties that have contributed to funding the work on joint implementation,

Recalling decision 9/CMP.1, paragraph 7, 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,

Recognizing that the level of financial resources available for the activities of the Joint Implementation Supervisory Committee is significantly lower than the budget presented in the joint implementation management plan for the biennium 2010–2011,

Welcoming the provision of information to the secretariat, in accordance with paragraph 20 of the joint implementation guidelines, by 35 Parties on their designated focal

points and by 29 Parties on their national guidelines and procedures for approving joint implementation projects,

Reiterating that a Party hosting a joint implementation project shall make information on the project publicly available in accordance with paragraph 28 of the joint implementation guidelines,

Also reiterating the importance of ensuring the efficient, cost-effective and transparent functioning of joint implementation and the executive and supervisory role of the Joint Implementation Supervisory Committee,

Stressing the importance of constituencies nominating members and alternate members to the Joint Implementation Supervisory Committee who have the required qualifications, sufficient time and the commitment to serve on the Committee and perform their functions, in order to ensure that the Committee has the necessary expertise in, inter alia, financial, environmental and joint implementation regulatory matters and executive decision-making, and works in an effective manner,

I. 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,¹ if this information has not been previously provided;

2. *Takes note with appreciation* of the annual report of the Joint Implementation Supervisory Committee, including information on the work programme and budget of the Committee, and on the actions taken;²

3. *Notes with appreciation* that 238 project design documents and one programme of activities design document, 28 determinations regarding project design documents, 32 monitoring reports and 26 verifications of reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks have been made publicly available in accordance with paragraphs 32, 34, 36 and 38 of the joint implementation guidelines, that 15 independent entities have applied for accreditation and that there are currently three accredited independent entities;

4. *Commends* the Joint Implementation Supervisory Committee for the efficient implementation and operation of the verification procedure under the Committee;

5. *Encourages* the Joint Implementation Supervisory Committee to make further efforts to facilitate the process of accrediting independent entities;

6. *Also encourages* the Joint Implementation Supervisory Committee to continue enhancing the implementation of the verification procedure under the Committee, taking into account the distinct characteristics of joint implementation under Article 6 of the Kyoto Protocol, to continue to promote transparency and to emphasize in its interaction with designated focal points, independent entities, project participants and stakeholders that approaches specific to joint implementation are available;

7. *Acknowledges with appreciation* that the Joint Implementation Supervisory Committee has developed a standard for applying the concepts of materiality and level of assurance in verifications conducted in accordance with paragraph 37 of the joint implementation guidelines;

¹ Decision 9/CMP.1, annex.

² FCCC/KP/CMP/2010/9.

8. *Also acknowledges with appreciation* that the Joint Implementation Supervisory Committee has kept its regulatory documents under review with a view to improving the clarity of the provisions and guidelines established regarding the verification procedure under the Committee;
9. *Further acknowledges with appreciation* that the Joint Implementation Supervisory Committee has continued its efforts in enhancing the transparency and efficiency of the accreditation process, including the adoption of the accreditation standard and the revision of the accreditation procedure;
10. *Clarifies*, in relation to the participation requirements set out in section D of the joint implementation guidelines, with regard to a Party included in Annex I to the Convention whose quantified emission limitation or reduction commitment for the first commitment period has not yet been inscribed in Annex B to the Kyoto Protocol but that wishes to host a joint implementation project, that (a) in the interest of transparency, the secretariat may accept for publication the project design documents of joint implementation projects and (b) the Joint Implementation Supervisory Committee may consider these projects in accordance with the joint implementation guidelines before the amendment to include the respective host Party in Annex B to the Kyoto Protocol enters into force;
11. *Agrees* to continue consideration of the issue of issuance of emission reduction units from those projects at its seventh session, while noting that the host Party may issue and transfer emission reduction units only after the amendment to include it in Annex B enters into force and upon its meeting of the eligibility requirements set out in paragraph 21 of the joint implementation guidelines;³
12. *Takes note with appreciation* of the report on experience with the verification procedure under the Joint Implementation Supervisory Committee and possible improvements in the future operation of joint implementation;⁴
13. *Requests* the Joint Implementation Supervisory Committee to implement the action areas in section VI of the report referred to in paragraph 12 above with appropriate prioritization, taking into account the latest financial situation as well as the financial projections, with a view to accelerating the joint implementation process without undermining its credibility and environmental integrity, in particular with respect to:
- (a) Further improving the verification procedure under the Committee, by enhancing the clarity of its documents, setting time limits in the joint implementation project cycle, making use of electronic decision making, in particular in relation to reviews, and encouraging and supporting project-based innovative methodological approaches;
- (b) Further streamlining the accreditation process, by building on synergies with and lessons learned from other accreditation processes;
14. *Takes note* of the view of the Joint Implementation Supervisory Committee, as presented in the report referred to in paragraph 12 above, on the need for a future operation of joint implementation after the first commitment period;
15. *Decides* to initiate the first review of the joint implementation guidelines in accordance with decision 9/CMP.1, paragraph 8, at its seventh session;
16. *Requests* the Joint Implementation Supervisory Committee to make to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session recommendations on options for building on the approach embodied in joint implementation, taking into account, inter alia, the report referred to in paragraph 12

³ Decision 9/CMP.1, annex.

⁴ FCCC/KP/CMP/2010/9, annex I.

above and ongoing work being carried out by the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol, with a view to considering the recommendations of the Committee as part of the first review of the joint implementation guidelines;

II. Governance

17. *Commends* the Joint Implementation Supervisory Committee for maintaining a joint implementation management plan, pursuant to provisions in decision 10/CMP.1, paragraph 2 (g), decision 3/CMP.2, paragraph 5, decision 3/CMP.3, paragraph 6 (a), decision 5/CMP.4, paragraph 10 (a) and decision 3/CMP.5, paragraph 16 (a); for implementing measures aimed at strengthening the joint implementation process, taking into account the experience of the Executive Board of the clean development mechanism, as appropriate; and for its responsiveness to the needs of Parties, independent entities, project participants, stakeholders and the general public, given the limited resources available;

18. *Acknowledges with appreciation* that the Joint Implementation Supervisory Committee has developed a communication and outreach workplan;

19. *Encourages* the Joint Implementation Supervisory Committee:

(a) To continue to keep the joint implementation management plan under review and to make adjustments to it as necessary to ensure the efficient, cost-effective and transparent functioning of joint implementation;

(b) To enhance its interaction with designated focal points, independent entities and project participants;

20. *Also encourages* the Joint Implementation Supervisory Committee and the secretariat to strengthen their outreach activities to improve overall understanding of joint implementation and collaboration with stakeholders;

21. *Notes with appreciation* the information on decisions of the Joint Implementation Supervisory Committee and on the status of work undertaken by the Committee, as presented on the UNFCCC joint implementation website;⁵

22. *Encourages* the Joint Implementation Supervisory Committee, designated focal points, independent entities, project participants and stakeholders to make every effort to contribute towards a more transparent, consistent, predictable and efficient verification procedure under the Committee;

23. *Also encourages* independent entities to continue to build and improve their capacity to appropriately perform their functions under the verification procedure under the Joint Implementation Supervisory Committee;

III. Resources for the work on joint implementation

24. *Notes* that income from the charging of fees to cover administrative costs relating to the activities of the Joint Implementation Supervisory Committee will continue to accrue during the biennium 2010–2011 and that income from fees may cover the administrative expenses only as of 2012;

25. *Notes with concern* that the income from the charging of fees referred to in paragraph 12 above that has accrued to date is significantly lower than the level required to

⁵ <<http://ji.unfccc.int/index.html>>.

cover the estimated administrative costs relating to the activities of the Joint Implementation Supervisory Committee;

26. *Notes with appreciation* that the Joint Implementation Supervisory Committee has prepared financial and budget projections up to 2012, including an analysis of under which conditions the Committee will become self-financing, as part of the report referred to in paragraph 12 above;

27. *Urges* Parties included in Annex I to the Convention to make contributions to the Trust Fund for Supplementary Activities for funding the work on joint implementation in the biennium 2010–2011 at a level that would ensure the thorough and timely implementation of the joint implementation management plan;

28. *Decides* to establish provisions for the charging of fees for activities under the Track 1 procedure in order to contribute to the administrative costs of the Joint Implementation Supervisory Committee and its supporting structures, by introducing a fee of up to USD 20,000 for each large-scale project activity, including programmes of activities, and a fee of up to USD 5,000 for each small-scale project activity and for each programme of activities composed of small-scale project activities, with the fees payable upon publication of project documentation on the UNFCCC website;

29. *Decides* further that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol will review, and if necessary revise, the level and structure of these fees at its seventh session, on the basis of the recommendations of the Joint Implementation Supervisory Committee included in its annual report;

30. *Requests* the Joint Implementation Supervisory Committee to finalize the provisions for charging the fees outlined in paragraph 28 above at its first meeting in 2011, on the basis of an estimate of the administrative costs relating to the activities under Track 1, taking into account the existing provisions for the charging of fees for activities under the Track 2 procedure, and to apply the fees to projects for which documentation is submitted to the UNFCCC secretariat for publication from 1 March 2011 onwards;

31. *Also requests* the Joint Implementation Supervisory Committee to make further recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session on amendments to the fee structure including, inter alia, the introduction of a fixed annual fee payable by host Parties.