

2 April 2013

English/Russian only

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Subsidiary Body for Implementation

Thirty-eighth session

Bonn, 3–14 June 2013

Item X of the provisional agenda

Views on the revision of the joint implementation guidelines

Submissions from Parties

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its eighth session, invited Parties and admitted observer organizations to submit to the secretariat, by 18 February 2013, further views on how the joint implementation guidelines and other decisions of the CMP pertaining to joint implementation should be revised.¹

2. The secretariat has received seven submissions from Parties and admitted observer organizations and one submission from an intergovernmental organization. In accordance with the procedure for miscellaneous documents, the four submissions from Parties² and the one submission from an intergovernmental organization³ are attached and reproduced* in the languages in which they were received and without formal editing. In line with established practice, the three submissions from admitted observer organizations have been posted on the UNFCCC website.⁴

¹ Decision 6/CMP.8, paragraph 12.

² Also available at <http://unfccc.int/documentation/submissions_from_parties/items/5902.php>.

³ Also available at <http://unfccc.int/parties_observers/igo/submissions/items/3714.php>.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

⁴ Available at <http://unfccc.int/parties_observers/ngo/submissions/items/3689.php>.

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GE.13-60655

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* This submission is supported by Albania, Croatia, Iceland, Montenegro, Serbia and the former Yugoslav Republic of Macedonia.

Руководящие принципы механизма совместного осуществления

Республика Беларусь поддерживает усилия Сторон, направленные на развитие измененного механизма совместного осуществления (далее – СО), разработанного с целью активизации действий Сторон в соответствии с их национальными стратегиями по сокращению выбросов парниковых газов и деятельности по предотвращению последствий изменения климата на рациональной основе на основе единого международного руководства, а также с большим уважением отмечает предпринятые Комитетом по надзору за совместным осуществлением (далее – КНСО) шаги в соответствии с его мандатом, и приветствует принятие соответствующих решений Совещания Сторон Киотского протокола по достижению этой цели.

Всеобъемлющий подход к пересмотру руководящих принципов СО должен предусматривать слияние Трэка 1 и Трэка 2, дальнейшую разработку процедур аккредитации, наличие общедоступной информации о проектах совместного осуществления и национальных процедурах (желательно с переводом на английский язык), размещение информации на специально разработанном для этого и общедоступном веб-сайте.

Более детальные предложения от Республики Беларусь по данным вопросам представлены ниже:

Руководящий орган.

Новый Руководящий орган должен опираться на опыт КНСО и уроки, извлеченные в ходе реализации проектов СО в последние годы в целях обеспечения успешной реализации СО в после первого периода обязательств Киотского протокола, активизации заинтересованности и участие в СО со стороны Сторон Киотского протокола и частных компаний. Руководящий орган должен выполнять свой мандат по общему надзору за СО в рамках и под руководством Совещания Сторон Киотского протокола, отвечать за установление обязательных стандартов СО и рекомендованных процедур для реализации проектов СО принимающей Стороной принимая во внимание национальные условия, процедуры для определения базовых линий и регистрации деятельности по СО, демонстрацию принципа дополнительности, включая списки

реализованных проектов, мониторинг, отчетность и верификацию сокращения выбросов парниковых газов.

При подготовке пересмотренных руководящих принципов СО должно быть уделено внимание таким вопросам, как аккредитация независимых экспертных организаций, проверка качества выполненных ими работ, возможно путем выборочной проверки отчетов о детерминации (верификации), в том числе с возможностью приостановление их деятельности в случае выявления докладов со значительными ошибками или низкого качества.

Единицы сокращения выбросов (далее – ЕСВ) должны быть выданы Стороне в течение месяца или в течении любых других сроков, четко прописанных в национальном законодательстве, но в том случае, если национальное законодательство не регулирует данный вопрос или в случае любого другого несоответствия, Руководящий орган должен иметь право соответствующим образом реагировать, в том числе обладать правом на завладение и выдачу ЕСВ от своего имени, а также сообщить Комитету по соблюдению о таком факте.

В том случае, если Руководящий орган будет наделен полномочиями выдавать ЕСВ, в руководящих принципах СО должно быть закреплено четкое положение о необходимости получения до выдачи ЕСВ письменного подтверждения принимающей Стороны относительно их выдачи.

Сборы для покрытия административных расходов Руководящего органа и его вспомогательных структур должны взиматься только с участников проекта.

Членство в Руководящем органе.

Руководящий орган должен состоять из 14-16 членов от Сторон Киотского протокола. При применении процедуры выборов членов Руководящего органа должно быть уделено достаточное внимание вопросу обеспечения представительства стран Приложения I, имеющих опыт в реализации проектов СО. В целях достижения значительных результатов работы члены Руководящего органа должны быть высококвалифицированными, например, иметь опыт в области реализации механизмов Киотского протокола, в том числе проектов СО, а также разработки или реализации иных рыночных механизмов, касающихся сокращений выбросов парниковых газов. Они также должны иметь представление о перспективных направлениях относительно инвестиций в сфере охраны окружающей среды.

Члены нового Руководящего органа должны выдвигаться Сторонами.

Принимающая сторона.

Стороны, участвующие в проектах СО, обязаны обеспечить общедоступность информации о национальных правилах и процедурах СО, возможно разместив ее на национальном и английском языках (других официальных языках Организации Объединенных Наций).

Если Сторона намеренно или ненамеренно нарушает правила и процедуры стандартов или руководящих принципов СО, Руководящий орган должен проинформировать Сторону о таких несоответствиях с требованием обеспечить должное соответствие правил или процедур в течение определенного периода времени. В случае неустранения Стороной такого несоответствия в указанный период времени Руководящий орган должен сделать общедоступной информацию о таком нарушении и направить ее в Комитет по соблюдению для дальнейшего рассмотрения.

Право на передачу.

Руководящий орган может иметь специальный счет «виртуальных» ЕСВ. Если Сторона рассматривается как несоответствующая пересмотренным руководящим принципам СО и не имеет права передавать ЕСВ до момента разрешения вопроса о несоответствии Сторона дает согласие Руководящему органу на передачу этих «виртуальных» ЕСВ. В этом случае Руководящий орган является гарантией того, что Сторона аннулирует соответствующее количество единиц установленного количества равное количеству «виртуальных» ЕСВ как только будет решен вопрос о ее соответствии.

Дополнительность.

Вопрос о дополнительной должен быть обсужден в более широком контексте, включая списки дополнительных особенностей проектов СО для каждой страны с ее учетом национальных особенностей.

Для более прозрачной и активной реализации СО должны быть разработаны обязательные и необязательные стандарты, концентрирующиеся на проектах, программах, секторах и политических уровнях.

Guidance related to joint implementation

Republic of Belarus supports efforts of the Parties aimed at the development of modified JI regime designed with a view to further enhance Parties' national strategies on GHG emission reduction and mitigation activities in a streamlined manner with the international guidance and notes with appreciation steps undertaken by the JISC in accordance with its mandate and relevant CPM decisions towards the achievement of this goal.

The overarching approach to the revision of the joint implementation guidelines should envisage the merge of JI Track 1 and Track 2, further elaboration of accreditation procedures, availability of public information on JI projects and national procedures (preferably translated into English) posted on a designated and publicly accessible website.

Some more detailed views on the issue are given below:

Governing Body

The new Governing Body should build upon the experience of the JISC and lessons learned in implementing the JI mechanism over the past years to ensure the success of joint implementation after the first commitment period of the Kyoto Protocol reinvigorated by the continued interest and active participation on the part of governments and private companies. It should implement its mandate on the overall supervision of joint implementation under the authority and guidance of the CMP and be responsible for setting mandatory JI standards and recommended procedures for projects implementation by host Parties while taking into account national conditions, procedures for baselines and registration of joint implementation activities, demonstration of additionality, including the positive lists of projects, monitoring, reporting and verification of GHG emission reductions.

In preparing the revised joint implementation guidelines thorough consideration should be given to such issues as the accreditation of independent entities, quality of works performed by possible spot-checking of determination/verification reports, including the suspension of activities in case of identification of reports with considerable mistakes or of low quality.

ERUs should be issued by the Party within a month or any other timeframe clearly prescribed by the national legislation; where the legislation was not duly obeyed by or in case of any other inconsistencies the new Governing Body should have a right to respond accordingly, including the

option for takeover and issuance of ERUs on its own behalf and inform the Compliance Committee on such a fact. In case Parties decide in favor of a highly "centralized" JI mechanism option where Governing Body is entrusted with a right to issue ERUs – there should be a clear provision enabling this option only with a written approval of the Host Party received before the issuance.

Fees to cover the administrative costs of the Governing Body and its support structures should be levied of the project participants only.

Membership

The Governing Body should comprise of 14-16 members from Parties to the Kyoto Protocol. When putting in place the procedures for election of the Governing Body there should be enough safeguards for giving due consideration to representation of Annex I countries having the experience in project implementation. To provide meaningful output the members of the new Governing Body should have enough qualification to work effectively, e.g. have an experience in the area of Kyoto flexible mechanisms, JI projects as well as development or implementation of greenhouse gas market mechanisms. They also should have an understanding of business perspectives regarding investment in the environmental field.

The Members of the New Governing Body should be nominated by the Parties.

Host Parties

A Party participating in joint implementation should make information on the rules and procedures for the JI publicly available, possibly in national language and English/other official UN language.

If Party intentionally or unintentionally breaks some of the standards or procedures approved by JI, Governing Body should inform the Party on such non conformity and urge it to rectify the issues identified within a specified period of time. If the situation remains unchanged after this specified period expires – the Governing Body should make such evidence publicly available and forward it to the Compliance Committee for further consideration.

Eligibility to transfer

The Governing Body could have a special account with 'virtual' ERUs. If the Party is considered to be not in compliance with mandatory provisions of revised JI Guidelines and has no right to transfer ERUs until the issue of

non-conformity is rectified the Party gives an approval to Governing Body to transfer these 'virtual' ERUs. In this case the New Governing Body is a guarantee that the Party will cancel the required amount of AAUs and transfer the amount of ERUs equal to the 'virtual' ERUs as soon as it rectified its case of non-conformity.

Additionality

The issue of additionality should be discussed in the broader context including the lists of additional projects specifics different for each country based on national circumstances.

Mandatory and non-mandatory standards and procedures for more transparent and active implementation of the mechanism should be elaborated, concentrating on project, program, sector and policy levels

**SUBMISSION BY IRELAND AND THE EUROPEAN COMMISSION ON BEHALF OF
THE EUROPEAN UNION AND ITS MEMBER STATES**

**This submission is supported by Albania, Croatia, the Former Yugoslav Republic of
Macedonia, Iceland, Montenegro and Serbia.**

Dublin, 18 February 2013

**Subject: Further views on how the joint implementation guidelines and other decisions of
the Conference of the Parties serving as the meeting of the Parties to the Kyoto
Protocol pertaining to joint implementation should be revised.**

I. Introduction and general views

The EU welcomes the opportunity to submit further views on the revision of the JI Guidelines and on the recommendations contained in document FCCC/KP/CMP/2012/5, taking into account, as appropriate, our experiences with implementing the mechanisms under the Kyoto Protocol, including national guidelines.

The EU welcomes the ‘Revised set of key attributes and transitional measures and draft revised joint implementation guidelines’ contained in document FCCC/KP/CMP/2012/5 and the proposals made by the JISC in its annual report in relation to the transition between the old and the new JI guidelines (referred to in paragraphs 25 b, c and d of document FCCC/KP/CMP/2012/4), and look forward to further discussions.

The EU commends the JISC for its efforts undertaken to increase cooperation with all stakeholders, for its outreach activities and for its comprehensive work that resulted in its recommendations on modalities and procedures for the implementation of article 6 of the Kyoto Protocol as contained in FCCC/KP/CMP/2012/5 (“the proposal”).

The EU also welcomes the decisions taken at CMP.8 in Doha enabling the JI mechanism to function after 2012, including the considerations by the Subsidiary Body for Implementation of modalities for expediting the continued issuance, transfer and acquisition of ERUs under Article 6 for the second commitment period.

These procedures should provide sufficient predictability to investors, market stability and credibility. It is imperative that a solution secures the robustness of the accounting and MRV system and provides sufficient incentive for Parties to ratify a second commitment period. The EU will actively engage in further work to secure this aim towards the adoption of a solution as early as possible and preferably at CMP.9.

II. General comments on the SBI procedure

The EU welcomes the proposals contained in FCCC/KP/CMP/2012/5 and FCCC/KP/CMP/2012/4 to be used by Parties as a basis for discussion at SBI 38 for the review of the guidelines.

The EU endorses the set of key attributes decided at CMP.8 and is prepared to engage constructively with other parties to implement those key attributes in the revision of the joint implementation guidelines. These key attributes include:

- a single unified track;
- closely aligned unified accreditation procedures between joint implementation and the clean development mechanisms, taking into account differences in the respective modalities and procedures;
- improved transparency;
- an appeals process;
- transparent and objective requirements to ensure that projects are additional;
- mandatory requirements for host Parties regarding the approval of baselines, monitoring and reporting, including transparent and objective requirements for the setting of standardized baselines.

We look forward to constructive discussions during SBI 38 on revision of the JI Guidelines, with a view to adopting the new set of rules at CMP.9. The revised and streamlined JI procedures should enable JI to reach its potential while ensuring environmental integrity.

In further developing the review procedure, the EU continues to support the view that JI should become a mechanism implemented at the national level under the international guidance and oversight of a new governing body and under the authority of, and with accountability to, the CMP.

III. Specific comments on issues to be addressed

Regarding the issues to be addressed in more detail by the Subsidiary Body for Implementation in preparing the revised Joint Implementation guidelines as in para. 16 of decision -/CMP.8 (Guidance on the implementation of Article 6 of the Kyoto Protocol), namely

- the level of oversight,
- the additionality of Joint Implementation projects, recognizing such concepts as positive lists of project types,

- the issuance model and
- the consistency of projects aimed at enhancing anthropogenic removals by sinks with decision 9/CMP.1, paragraph 4 and Article 3, paragraph 4 of the Kyoto Protocol,

the EU would like to point out the following:

Before the EU could assess an alternative approach to the issuance of units (as proposed in paragraph 49 of the proposal), further details would need to be provided and impacts assessed and taken into account.

Essential standards/key requirements for baseline setting should be set by the governing body. It should be clarified that baselines should generally reflect the respective sectoral contributions towards achieving the quantified emission limitation and reduction obligations of the host country. Consequently, as a minimum, baselines should be at least equal to or lower than the lowest relevant historic activity emission rates.

The new JI procedures should also facilitate the application of innovative methodological approaches leading to net emission reductions and/or avoidance of greenhouse gas emissions for the participating countries. This should include, but would not have to be limited to, the application of standardised ambitious baselines (e.g. based on benchmarks). Using such options should be encouraged in the guidelines as a general rule rather than as an exception. The baseline of JI projects using standardized baselines should be updated regularly, e.g. every three years, according to transparent and objective criteria established ex ante. Any such approaches should be predictably defined ex ante and not be applied retroactively. Criteria on the establishment of standardized baselines including quality assurance and quality control of data used to establish them should be proposed by the governing body and approved by the CMP. Once national standardized or sectoral baselines have been established, to enhance environmental effectiveness, their use should be mandatory for new projects. However, where existing project-specific (bottom-up) baselines are more ambitious than standardized baselines, bottom-up approaches shall continue to be applied.

Essential standards/key requirements for additionality should be set by the governing body. This process should continue the improvement of the demonstration of additionality (paragraph 31 of the proposal). If project-specific baselines are used, the guidance should clarify *inter alia* that the JI benefits must have been considered necessary in the decision to undertake the project as a JI project activity. In such cases, a public notification process should be implemented taking into account the prior consideration process under the CDM, as appropriate. If standardized or sectoral baselines as described in para. 13 above are used, the concept of prior consideration could be modified, e.g. by providing that these standardized baselines should only be applicable to activities with a start date after the approval of the respective baseline.

If positive lists for additionality are elaborated by the host Parties, those shall be in conformity with specific, objective and transparent criteria which have been set out by the governing body and agreed by the CMP.

Regarding the process of bringing all JI projects fully into accordance with the new JI modalities and procedures (cf. para. 25 c) iv) of document FCCC/KP/CMP/2012/4), it should be clarified that this includes the application of the minimum requirements for baselines outlined above for crediting from 1 January 2014 for JI projects registered prior to that date. Where required, the project baselines shall be updated accordingly. Also, projects that started in CP1 and in CP2 before 1 January 2014 should be scrutinized in order to check whether they can still be considered additional.

Revision of the Joint Implementation guidelines

SBI 38

Switzerland welcomes the progress made at CMP 8 for the revision of the Joint Implementation (JI) guidelines with the adoption of key attributes and welcomes the opportunity to provide further input with a view to adopt the revised guidelines at CMP 9.

The first review of the JI guidelines pursuant to decision 9/CMP.1 needs to draw upon the experience and lessons learnt so far with JI and the CDM. Switzerland is of the view that JI should continue in the context of robust accounting rules, mandatory standards that ensure environmental integrity and strong MRV rules. Therefore, Switzerland supports the revision of the JI guidelines in view of enhancing the environmental integrity of this mechanism so that global mitigation action can be increased and confidence in market mechanisms can be reinforced. Switzerland is of the view that an incremental approach to the revision of the JI guidelines is needed, so that consistency between market mechanisms, both under the Kyoto Protocol and the Convention can continuously be increased. All market mechanisms will benefit both from increased coherence in rules and structures across mechanisms and from efforts to streamline and simplify rules and procedures, and to increase predictability for the private sector.

The following submission outlines Switzerland's views on: 1) General considerations on the "Draft revised joint implementation guidelines" by the Joint Implementation Supervisory Committee (JISC); 2) Implementation of the key attributes agreed upon at CMP 8; 3) Further elements to be integrated in the revised JI guidelines; and 4) Transitional measures.

1. General considerations on the "Draft revised joint implementation guidelines" by the JISC

Switzerland commends the JISC for its work and recommendations regarding the revision of the JI guidelines and supports many elements proposed by the JISC in its "Draft revised joint implementation guidelines" dated 19th October 2012 (FCCC/KP/CMP/2012/5), especially:

- Functions and role of the governing body for supervising JI: the governing body should be placed under the authority and guidance of the CMP and should perform functions such as setting mandatory standards and procedures (in relation to the approval of baselines, demonstration of additionality, MRV requirements, among others), assessing the conformity of JI activities and related processes with the mandatory modalities and procedures, as well as informing the Compliance Committee of any non-conformity;
- Criteria for eligibility of host Parties for hosting JI projects and having ERUs issued for the JI projects they host;
- Requirements for monitoring and verification of emission reductions of JI projects;
- Issuance of ERUs by the governing body based on the verification of emission reductions;
- Definition of standards applicable for the accreditation of the Accredited Independent Entities (AIE) by the governing body.

2. Implementation of the key attributes agreed upon at CMP 8

With regards to the key attributes agreed upon at CMP 8, Switzerland would like to specify how these key attributes should be translated into modalities and procedures in the revised JI guidelines.

(a) A single unified track for JI projects

In the context of a single unified track for JI projects, JI should evolve into a mechanism implemented by host Parties at the national level under international guidance and with mandatory standards in order to ensure the environmental integrity of the mechanism and the confidence in the emission reductions resulting from JI projects.

(b) Closely aligned or unified accreditation procedures between JI and the CDM that take into account differences in the respective modalities and procedures of the two mechanisms

The competence and independence of the entities that validate and verify emission reductions is essential to promote confidence in the mechanism. The modalities regarding the accreditation of these entities should include the possibility for suspending or withdrawing the accreditation to an AIE, with clear rules regarding prior hearing of the entity and no consequences for already validated projects. The accreditation procedure for JI should be unified with the accreditation of the CDM to enhance effectiveness and to lower costs.

(c) Clear and transparent information in English on the UNFCCC website regarding all relevant public information required for JI projects by stakeholders, AIEs and host Parties

All documents must be published on the UNFCCC website, respectively by Parties hosting Article 6 projects, AIEs, project participants and the secretariat, and must include downloadable electronic versions in English of the project design document (including information on baseline setting), and validation, monitoring and verification reports, as well as data on the issuance of ERUs for each JI project.

(d) An appeal process under the authority of and accountable to the CMP against decisions of the JISC

An independent appeal process against decisions of the governing body should be put in place, in order to ensure confidence in JI and consistency and transparency of the decision-making process. The appeal process should be based on the principles of rules of law and due process, such as independence and impartiality, transparency, prevention of conflict of interests, timely decisions and fairness. The appeal process for JI should be the same as the appeal process for the CDM, in order to promote synergies between structures and efficient use of resources.

(e) Clear, transparent and objective requirements to ensure that projects are additional to what would otherwise occur

See section 3 (b) below.

(f) Mandatory requirements for host Parties with respect to the approval of baselines, monitoring and reporting, including clear, transparent and objective requirements for the setting of standardized baselines by host Parties

See section 3 (b) below.

3. Further elements to be integrated in the revised JI guidelines

(a) The level of oversight needed to assure a common approach among host Parties

Switzerland sees JI as a mechanism implemented by host Parties at the national level under international guidance and with mandatory standards that will strengthen the environmental integrity of the mechanism and the confidence in the emission reductions resulting from JI projects.

In this constellation of a single unified track for JI projects, a governing body will have an important role for supervising JI, setting mandatory standards and procedures, requesting a review of implemented activities relating to the validation or verification by an AIE, assessing the conformity of JI activities and related processes with the mandatory modalities and procedures, as well as informing the Compliance Committee of any non-conformity.

The governing body should consist of members which can act as independently as possible in a non-politicized manner and without conflicts of interests. As such, members should not have any negotiating mandate under the UNFCCC and should not take instructions from Parties. Political issues should be deferred by the governing body to the CMP. The governing body should have broad representation of Annex I Parties with a commitment under Article 3 for the current commitment period, but also include Annex I Parties without a commitment under Article 3 for the current commitment period as well as non-Annex I Parties. In addition, representatives of the private sector and from accredited NGOs, both from Annex I and non-Annex I countries, should be represented in the governing body, in order to enhance cooperation with the private sector and civil society. In order to keep the committee as efficient as possible, the current size of the JISC (20 persons) should not be exceeded. Therefore, adding representatives of the private sector and from accredited NGOs should imply the replacement of the current alternates by these new representatives. We suggest to have half of the members of the governing body representing the private sector and NGOs (10 persons).

Switzerland supports a harmonization and unification of governing bodies for JI and the CDM, for reasons of efficiency and consistency. The process for selecting candidates should be transparent. Nominations should include written documents highlighting qualifications and relevant background of the nominees. Several years of significant technical, regulatory, climate change and/or financial experience should be required for an application as a member. Drawing upon the experience of stakeholder involvement, interactions between the governing body and stakeholders should be fostered.

Independent entities that are accredited by the governing body through the accreditation procedure will play an important role for validation and verification tasks.

(b) The additionality of JI projects, recognizing such concepts as positive lists of project types that would automatically be deemed additional and prior consideration of JI projects, taking into account, as appropriate, the application of standardized baselines

It was decided at CMP 8 that a key attribute of the revised JI guidelines is that clear, transparent and objective requirements have to ensure that projects are additional to what would otherwise

occur. To do so, mandatory standards regarding additionality are needed. Switzerland suggests to using standards regarding additionality in the CDM also for JI so that standards for JI and the CDM can be unified. In general, such procedures should be standardized and streamlined, both in the CDM and JI.

Minimum standards for baseline setting are needed so that baselines are more stringent than business-as-usual scenarios. These standards include that JI must have been considered as necessary for the implementation of the emission reduction activity and that such consideration is decisive for the undertaking of the implementation of the project. The requirement of prior consideration, like in the CDM, is needed in order to avoid retroactive crediting of non-additional activities. JI emission reduction activities must be additional to existing policies and measures. Policies must be reflected in the baseline. Baselines must be validated by an AIE, approved by the host Party, and the conformity of the baseline with the mandatory standards must be confirmed by the governing body.

For positive lists, mandatory standards for their establishment must also be set, and conformity with the standards must be confirmed by the governing body.

(c) The issuance of ERUs

Availability, clarity and transparency of all documents and information on JI projects (e.g. verification reports and information on the issuance of ERUs for each project) is a fundamental requirement for the credibility in the mechanism and for building international confidence that mitigation efforts do take place. This key requirement is however not sufficient to demonstrate that JI projects are additional. It requires mandatory standards on baseline setting that Parties comply with, independent verification of emission reductions and international oversight that ERUs are issued in conformity with the verification reports.

It is essential that there is international oversight by the International Transaction Log (ITL) regarding the issuance of ERUs for each JI project based on the amount of emission reductions that have been verified by the AIEs. Therefore, issuance should be done by the governing body itself or by host Parties under control of the governing body and the ITL.

The way how issuance should be done under the revised JI guidelines should not prejudice other decisions related to access to JI (such as the need for Parties of the Kyoto Protocol with a QELRO for the second commitment period to have ratified the second commitment period) before the issuance of ERUs for emission reductions after 1st January 2013 can take place.

In addition, the issuance of ERUs should imply a lower amount of ERUs to be issued to project participants, so that the host country hosting JI projects can use this mechanism as a contribution to meet domestic mitigation targets. Indeed, synergies are needed with the new market mechanisms under the Convention that aim at achieving a net mitigation effect, e.g. when the host Party and the investor Party share the emission reduction, with clear rules for avoiding double-counting. Both JI and the CDM need now to evolve and reflect the new situation where nationally adequate mitigation actions are required by all countries, both developed and developing countries, either under the Kyoto Protocol or under the Convention.

(d) The consistency of the accounting of JI projects aimed at enhancing anthropogenic removals by sinks with decision 9/CMP.1, paragraph 4, and Article 3, paragraph 4, of the Kyoto Protocol

The consistency of accounting rules and use thereof for the accounting of JI projects is important for the coherence of reporting and for tracking progress made toward the achievement of emission

reduction objectives. Therefore, JI projects must be allowed only for activities that are included in the Kyoto objective of the host Party: LULUCF JI projects must be allowed only in LULUCF activities that the host Party has elected under Article 3, paragraphs 3 and 4 of the Kyoto Protocol.

In addition, the non-permanence of LULUCF projects must be reflected through the conversion of RMUs into ERUs for these projects. Therefore, the conversion of AAUs into ERUs for LULUCF JI projects should not be allowed. This principle is in accordance with decision 9/CMP.1 (Guidelines for the implementation of Article 6 of the Kyoto Protocol, paragraph 4) that mentions that projects under Article 6 aimed at enhancing anthropogenic removals by sinks shall conform to definitions, accounting rules, modalities and guidelines under Article 3, paragraphs 3 and 4, of the Kyoto Protocol.

4. Transitional measures

Switzerland supports the transitional measures proposed by the JISC in its Annual Report to CMP 8 (FCCC/KP/CMP/2012/4, paragraph 25 (c)), in particular that: the revised JI guidelines should be effective on 1st January 2014, all JI projects registered prior to 1st January 2014 shall be governed by the revised JI guidelines from that date and those projects must be brought fully into accordance with the revised JI guidelines and any further guidance by 31st December 2014.

Transitional measures for existing JI projects are necessary to ensure coherence of the accounting system and environmental integrity of the mechanism. For JI projects for which ERUs were already issued for emission reductions until 31st December 2012 and which are seeking continuation or extension or renewal of the crediting period into the second commitment period, the validity of the original baseline need to be assessed according to the mandatory standards and their baseline need to be updated as appropriate, as it is the case for the renewal of the crediting period in the CDM. These projects must also demonstrate conformity with the requirements on transparency and public availability of information (such as monitoring and verification reports, as well as information on the amount of issued ERUs for each project), as set in decision 9/CMP.1 and subsequent decisions.

Ukraine's submission on the revision of the Joint Implementation guidelines

Supporting in general the idea of further reforming and development of the joint implementation mechanism, as important market instrument to the Kyoto Protocol, it is deemed necessary to recap on some of the core principles on which the joint implementation mechanism should be based during the second commitment period under the Kyoto Protocol.

1. Project cycle

1.1. The joint implementation mechanism should be based on a single project cycle which is implemented by the host Parties on the national level in accordance with the mandatory international standards and procedures and under the supervision of the renewed Joint Implementation Supervisory Committee (hereinafter - JISC).

1.2. The single project cycle should be developed in line with the following broad steps:

- development of a project design document by participants in the joint implementation activity;
- approval of the joint implementation activity by the host Party;
- determination of the project design document by an accredited independent entity;
- registration of the joint implementation activity by the host Party;
- recording of the joint implementation activity with the JISC;
- monitoring of emission reductions and removals by the participants in the joint implementation activity;
- verification of the emission reductions and removals by an accredited independent entity;
- issuance of the emission reduction units by the host Party and their further distribution to project participants in the joint implementation activity.

1.3. Demonstration of additionality for the joint implementation activity should be a constituent part of the approval process by the host Party.

1.4. Emission reduction units should be issued by the host Party on the basis of the verified emission reductions and removals.

1.5. The role and responsibilities of accredited independent entities should be clearly defined, including possible sanctions for non-compliance with the rules of determination and verification of the joint implementation activity.

1.6. The JISC, supported by the UNFCCC secretariat, should provide a strong monitoring of the performance of accredited independent entities in both their determination and verification activities, and should be vested with authority to impose sanctions for non-compliance.

2. JISC

2.1. The JISC should operate under the authority of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and should be accountable to it.

2.2. The JISC should be authorized to the following:

- setting mandatory international standards and procedures with which joint implementation activities need to conform. These apply in particular to issues concerning the measurement, reporting and verification of emission reductions and removals, and should be developed in consultation with host Parties;
- establishing non-mandatory guidelines to support a consistent adoption and approval of joint implementation activities at national level taking into account the peculiarities of their application by each host Party;
- accrediting independent entities and supervision of their performance;
- overseeing the conformity of the implementation of JI activities with the mandatory standards and procedures and requiring the rectification of any cases of non-conformity;
- reporting to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the implementation of JI activities and the conformity of joint implementation activities with guidance provided by the governing body and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- fostering the robustness and transparency of the joint implementation mechanism and promoting awareness of the joint implementation mechanism.

2.3. The JISC should be kept to a manageable size, with the members being drawn from the Parties to the Kyoto protocol. At the same time members should act in their individual capacities and should have experience and competence in policy and strategic issues relating to joint implementation regulatory processes.

2.4. The JISC should conduct its work in an effective and transparent manner.

2.5. The JISC should be entitled to delegate specific responsibilities to independent committees composed of external experts and should be supported in this by the UNFCCC secretariat.

2.6. Project participants, accredited independent entities and host Parties should be allowed to appeal against the JISC's rulings regarding JI activities. The appeals should be considered by a special body (committee of appeals) designated by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for this purpose.

3. Eligibility requirements

3.1. Parties should fulfill the eligibility requirements before they are able to participate as host Parties or recipients of the emission reduction units under joint implementation activity.

3.2. Issuance of the emission reduction units and their further distribution to the project participants in the joint implementation activity after its recording by the JISC should not be subject to the current state of the eligibility requirements fulfillment by a host Party.

3.3. Eligibility requirements should be formulated in the context of the international climate regime in the second commitment period under the Kyoto Protocol.

4. Transitional issues

4.1. Joint implementation activities should continue to be operational under existing Track 1 and Track 2 procedures between 1 January 2013 and either the end of the “true-up” period or the establishment of assigned amount for a host Party for the second commitment period under the Kyoto Protocol, whichever is sooner (hereinafter “transitional” period)

4.2. Emission reductions or removals achieved by existing or new joint implementation activities during the “transitional” period may be issued by the host Party as emission reduction units under the Track 1 and Track 2 procedures by converting assigned amount or removal units from the first commitment period under the Kyoto Protocol with subsequent deduction of equivalent amount from assigned amount units from the first commitment period under the Kyoto Protocol to be carried-out to the second commitment period under the Kyoto Protocol.

Further views on how Joint Implementation guidelines and other Joint Implementation decisions should be revised

Introduction

The World Bank Group appreciates the opportunity to contribute to Parties' important work on the first review of the Joint Implementation (JI) guidelines in response to the invitation to submit further views on how the JI guidelines and other CMP decisions pertaining to JI should be revised, requested by the Conference of Parties serving as the Meeting of the Parties at its eighth session (CMP8) in the Guidance on the implementation of Article 6 of the Kyoto Protocol (FCCC/KP/CMP/2012/L.7, paragraph 12).

This submission draws from insights and lessons derived from the World Bank Group's carbon finance experience across many different types of projects, programs and sectors over the past decade, including JI projects. It also builds on our previous submissions made on April 13, 2012 and August 31, 2012. It is hoped that this will be considered as constructive input to Parties' deliberations. The World Bank Group would be pleased to elaborate further and contribute to this important work as needed.

The submission is divided into two parts: (i) transitional measures; and (ii) draft revised joint implementation guidelines.

I. Transitional measures

1. A prompt decision on the recommendations of the Joint Implementation Supervisory Committee (JISC) relating to the immediate issuance of Emission Reduction Units (ERUs) resulting from Joint Implementation (JI) projects registered in the first or second commitment period of the Kyoto Protocol would ensure continuity of projects from both tracks.
2. With a view to encouraging the continuous use of JI, it is recommended to provide for a long enough transitional period (more than one year). This period will allow project activities (registered prior to the date that new JI guidelines become effective) to be brought fully into accordance with the new JI modalities and procedures and take into account that a different time period may be required for Parties to design and make public their national implementation procedures for a single unified track for JI.
3. To ensure cost effectiveness of the transition to a single unified track for JI, host Parties may define fast track simplified procedures (e.g., not requiring a full re-determination of the project activity), to ensure compliance of project activities registered prior to the date when new JI guidelines become effective.

II. Draft revised Joint Implementation guidelines

Functions and membership of the governing body

4. The efficiency of the governing body may benefit from a clear definition of its functions as a strategic and policy making body. The governing body should delegate the administrative and operational responsibilities of JI to the full time bodies/panels under its authority, in particular relating to the functions of accreditation (paragraph 5(b)(iv)), issuance (paragraph 5(b)(v)) and registry (paragraph 5(e)).
5. The guidelines would benefit from more clarity on the scope and applicability of mandatory vs non-mandatory standards and procedures for JI. For example, there is an overlap of topics covered in paragraph 5(b) and paragraph 5(c). Clear definitions of the scope of mandatory standards and procedures would avoid any subjective interpretations and ensure transparency and predictability of the regulation.
6. The members of the governing body shall have the appropriate professional qualifications to enable them to effectively perform their role as part of the governing body. Such qualifications of members to be nominated under paragraph 18(b) and their experience in public sector and private sector areas related to the sector scopes of the JI should be clarified.

Ensuring efficiency of JI procedures and appropriate level of international oversight

7. A single unified track for JI is fundamentally based on a national implementation, supported by independent entities accredited by the governing body. In this context, to avoid any duplication of assessment and redundancy of verification efforts at the level of each individual activity, it is suggested that the review process by the governing body established in paragraph 5(h) and paragraph 48 may be omitted. The integrity of the mechanism would still be fully maintained by the governing body, given that it places emphasis of its international oversight on:
 - a) The initial assessment, monitoring and enforcement of the conformity of the processes implemented for JI in host Parties with the JI guidelines (e.g., as defined in paragraph 5(f)). To implement these functions, the relating scope and criteria of assessments, as well as the required expertise of the members of the governing body and of the members of the Compliance Committee, shall be clearly defined in the JI guidelines;
 - b) The assessment, monitoring and enforcement of the conformity of the services provided by the Accredited Independent Entities (AIEs) to the requirements of the JI guidelines;
 - c) The information pertaining to the assessments defined above shall be made publicly available.
8. The governing body shall continue to improve the efficiency and predictability of JI modalities and procedures by establishing simplified and streamlined project cycles for some categories of projects (e.g., projects using standardized baselines or deemed additional based on positive lists). For example, the governing body may consider suitability of the following non-mandatory modalities and procedures that can be deployed at the national level, as appropriate:

- a) For small-scale individual activities: New non-mandatory modalities and procedures for automatic registration of projects in the view to further reduce transaction costs and promote efficiency and predictability for small-scale JI projects deemed additional or using standardized baselines with embedded additionality demonstration. The modalities and procedures could be simplified as follows: (i) a project cycle is simplified to enable automatic registration of eligible projects on the basis of the standardized project design documents (check lists); and (ii) a verification stage would combine ex post determination by the AIE of project compliance with the requirements of the registered standardized project design document (check lists) and of the monitored emission reductions.
- b) For Programmes of Activity: Recognizing that simplification will promote predictability, efficiency and transparency and improve the attractiveness of the Program of Activity (PoA) concept, the PoA modalities and procedures shall allow for automatic inclusion of small and micro-scale activities (without validation by an AIE). Removing the concept of the JI Programme Activity (JI-PA) and applying the small and micro scale thresholds at the level of the individual activity could avoid inefficient stratification, as well as provide for simplified and streamlined monitoring approaches. Such modalities and procedures would combine ex post verification by the AIE of PoA activity compliance with the eligibility requirements of the registered PoA and of the monitored emission reductions.
9. Standards and procedures defined by the governing body relating to baseline setting and demonstration of additionality, including through positive lists and the validation of JI activities shall be practicable and tolerant to various national contexts in order to incentivize their effective deployment and implementation by Parties.
10. The governing body shall undertake efforts in developing relevant provisions into the modalities and procedures relating to policy-driven actions under JI and make relevant suggestions to the Conference of Parties. It is recommended that the definition of “joint implementation activity” is clarified, to include a wide range of activities, including those at project, programmatic, sector and policy levels. Promoting practicable and conservative modalities and procedures for policy-driven actions could help increase the relevance of the mechanism in the context of a capped environment.
11. The governing body shall develop, in close coordination with Parties, new non-mandatory guiding principles for baseline setting, monitoring and verification, in particular for policy-driven and sector-wide interventions under JI. Such approaches, if established in a conservative and robust way, may further improve credibility, consistency and transparency of mitigation actions implemented at the sectoral/national level.

Host Parties

12. Host Parties may authorize eligible JI project activities to use non-mandatory simplified modalities and procedures deployed at the national level in accordance with the guidelines provided by the governing body.

Participation requirements

13. The participation requirements for a single unified track should be set to accommodate countries that are not in full compliance with JI Track 1 eligibility requirements. This would increase geographic coverage of JI, as well as stimulate countries to improve their institutional setting to fully comply with the complete set of eligibility requirements.

Baseline setting

14. The draft guidelines say, in paragraph 33, that “the baseline shall be reviewed at regular intervals that shall not exceed five years, and shall, if necessary, be updated“. A periodical update of the baseline ensures that the creditable emission reductions are real and conservative. However, a timeline with regard to baseline review should take into account the specificity of sectors and economic and regulatory circumstances. It could, for example, rely on periodic cross-checking of pre-defined thresholds that would trigger the review of the baseline. In the case of forestry and other land-use activities, the review of the baseline should coincide with the 10 years crediting period as inventories of such activities often take place at 5 or more year intervals.
15. The definition of leakage provided in paragraph 41(f) shall include the notion of “significance,” as is the case for the other building blocks of the monitoring plan.

February 14, 2013
