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**Conference of the Parties serving as the meeting
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Matters 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**

Summary

This report covers the work carried out by the Joint Implementation Supervisory Committee (JISC) from 22 September 2016 to 25 August 2017. During the reporting period, the JISC ensured sufficient infrastructure and capacity for the use of joint implementation by Parties, and prudently managed its resources in response to a request by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol. The JISC adopted the joint implementation two-year management plan 2018–2019, reflecting its continuing commitment to provide support for the operation of the mechanism. Further, the JISC reviewed the implementation of the reliance on the clean development mechanism accreditation system.

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Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1–7	3
A. Mandate	1–2	3
B. Scope of the report.....	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	12–19	4
A. Ensuring cost-effective and transparent functioning of joint implementation	12–15	4
B. Accreditation of independent entities	16–17	4
C. Verification procedure under the Joint Implementation Supervisory Committee	18–19	5
IV. Governance and management matters.....	20–29	5
A. Interaction with bodies and stakeholders	20–21	5
B. Outreach activities	22	5
C. Membership issues.....	23–24	5
D. Election of the Chair and the Vice-Chair of the Joint Implementation Supervisory Committee	25–26	6
E. Meetings in 2017	27–29	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	34–35	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 JI guidelines, the JISC is required to report on its activities to 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 of the report

3. This annual report of the JISC to the CMP covers joint implementation (JI) activities carried out between 22 September 2016 and 25 August 2017 (hereinafter referred to as the reporting period).

4. This report describes the status of the JI mechanism 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 of 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) One member and one alternate member from Parties included in Annex I that are undergoing the process of transition to a market economy;

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

(c) Two members and two alternate members from Parties not included in Annex I;

(d) One member and one alternate member from small island developing States.

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

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>.

Track 1⁵ was reported in August 2015, whereas the last JI Track 2 ERU issuance was reported in October 2014 (see chapter III.C below).

9. As ERUs are created by converting part of a country's assigned amount units under the Kyoto Protocol into ERUs, 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 JI,⁸ although not recommended for adoption by the SBI, draw upon the lessons learned from JI and serve as an important input for preparing 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 12 did not provide the JISC with any new mandates for this reporting period. The CMP reiterated its request⁹ to the JISC to ensure sufficient infrastructure and capacity for the mechanism's use by Parties for as long as is needed, making necessary adjustments to ensure the efficient, cost-effective and transparent functioning of JI.

13. To fulfil its responsibilities, the JISC, at its 40th meeting, agreed on the JI two-year management plan 2018–2019,¹⁰ with the aim of achieving the following objectives:

- (a) Objective 1: maintain infrastructure and capacity to ensure JI operations;
- (b) Objective 2: promote the lessons learned from JI.

14. To achieve objective 1, the JISC has allocated the resources necessary for: (1) the services and infrastructure to support its meetings; (2) its readiness to process JI project submissions; (3) periodic review of the implementation of the reliance on the clean development mechanism (CDM) accreditation system; and (4) provision of support to the subsidiary bodies and the CMP on JI-related matters.

15. To achieve objective 2, the JISC will monitor the intergovernmental negotiation process and use as well as create opportunities to provide further information and recommendations from the lessons learned from JI, as appropriate, for the development of the rules to operationalize Article 6 of the Paris Agreement.

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.

⁶ Decision 1/CP.21, paragraph 37(f).

⁷ FCCC/KP/CMP/2016/5, annex I.

⁸ FCCC/SBI/2016/L.8, annex.

⁹ Decision 4/CMP.12, paragraphs 3–5.

¹⁰ Document JI-JISC40-A01-INFO, available at <http://ji.unfccc.int/Ref/Docs.html>.

B. Accreditation of independent entities

16. The JISC reviewed the implementation of the reliance on the CDM accreditation system and agreed to continue allowing designated operational entities (DOEs) accredited under the CDM to act voluntarily as accredited independent entities (AIEs) to perform JI determinations and verifications. As at 25 August 2017, nine DOEs had submitted self-declarations expressing their interest to act voluntarily as AIEs.

17. 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.

C. Verification procedure under the Joint Implementation Supervisory Committee

18. Since the inception of JI, 597 JI projects have been published under JI 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 of the 129 published verifications, 128 have been deemed final.¹¹ A total of 871,893,629 ERUs have been issued, of which 846,477,357 were under JI Track 1 and 25,416,272 under JI Track 2.

19. As in the previous reporting period, no JI Track 2 project was submitted during the current reporting period.

IV. Governance and management matters

A. Interaction with bodies and stakeholders

20. The JISC continued to make itself available for interaction with independent entities, AIEs, project developers and observers, both at its 40th meeting and during the reporting period. The JISC encouraged written input to the agenda for its 40th meeting from stakeholders, and invited to the meeting the chairs of the DOE/AIE Coordination Forum and the Project Developer Forum.

21. In the context of promoting experience gained and lessons learned from the operation of JI, the JISC will organize a side event to be held at COP 23 (November 2017), with the aim of engaging relevant stakeholders, including AIEs, project developers and designated focal points, during the event.

B. Outreach activities

22. The secretariat supported the JISC in promoting JI and in the organization of a side event at CMP 12 on the theme of lessons learned from JI towards Article 6 of the Paris Agreement. The secretariat maintains the JI web pages and the UNFCCC web pages related to the JI negotiations as a promotional tool and a repository of information relating to the mechanism.

¹¹ The determinations and verifications have been published on the JI web pages. Of 129 published emission reductions, 128 were deemed final in accordance with paragraph 39 of the JI guidelines and 1 was withdrawn (as opposed to 130 verifications published and 129 verifications deemed final as reported in document FCCC/KP/CMP/2015/4).

C. Membership issues

23. CMP 12 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.

24. 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 twelfth session

<i>Member</i>	<i>Alternate member</i>	<i>Constituency</i>
Mr. Emil Calles ^b	Mr. Komi Tomyeba ^b	Parties not included in Annex I
Ms. Boryana Kamenova ^b	Ms. Volha Vasilevskaya ^b	Parties included in Annex I with economies in transition
Mr. Benoît Leguet ^b	Mr. Jakob Lenz ^b	Parties included in Annex I
Ms. Gherghita Nicodim ^b (Vice-Chair)	Mr. Mykhailo Chyzhenko ^b	Parties included in Annex I with economies in transition
Mr. Kyekyeku Oppong-Boadi ^a	Mr. Carlos Fuller ^{a, c}	Parties not included in Annex I
Mr. Guoqiang Qian ^a	Vacant ^{a, d}	Parties not included in Annex I
Mr. Konrad Raeschke-Kessler ^a	Ms. Vanessa Leonardi ^a	Parties included in Annex I
Mr. Takahiko Tagami ^b	Vacant ^{b, e}	Parties included in Annex I
Mr. Albert Williams ^a (Chair)	Mr. Derrick Oderson ^a	Small island developing States
Ms. Izabela Zborowska ^a	Ms. Iryna Rudzko ^a	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 2018.

^b Term: two years, ending immediately before the first meeting of the JISC in 2019.

^c Nomination pending since the eleventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP). Mr. Fuller will remain in office until his successor is nominated by the respective regional group/constituency.

^d Mr. Chebet Maikut resigned effective 18 May 2016. Nomination pending since CMP 12.

^e Nomination pending since CMP 10.

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

25. At its 40th meeting, the JISC elected by consensus Mr. Albert Williams, a member from a Party not included in Annex I, as its Chair, and Ms. Gherghita Nicodim, a member from a Party included in Annex I, as its Vice-Chair. Their tenures will end immediately before the first meeting of the JISC in 2018.

26. The JISC expressed its deep appreciation to the outgoing Chair, Mr. Raeschke-Kessler, and Vice-Chair, Mr. Williams, for their excellent leadership during 2016.

E. Meetings in 2017

27. The JISC held its 40th meeting on 19 May 2017 in Bonn, Germany.

28. In the spirit of prudent management of its resources, the JISC decided not to have any more physical meetings in 2017, and requested that its Chair and Vice-Chair consult electronically with members for any decision-making required during the remainder of the year.

29. The annotated agenda for the JISC meeting, documentation on supporting agenda items and the report containing all agreements reached by the JISC are available on the JI web pages.¹²

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.¹³ Resources were used in support of the approved JI two-year business plan and management plan 2016–2017.¹⁴

31. A summary of the income of the JISC in 2017 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 for 2017

(United States dollars)

	<i>Amount</i>
Carry-over from 2016 ^a	4 461 944
Contributions received in 2017	–
Total joint implementation Track 1 fees for 2017	–
Total joint implementation Track 2 fees for 2017	–
Total income with 2016 carry-over	4 461 944

Note: The financial reporting period in 2017 is from 1 January to 31 July.

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

32. The budget and expenditure of the JISC for 2017 is shown in table 3.

Table 3

Comparison of the actual expenditure versus the budget of the Joint Implementation Supervisory Committee for 2017

(United States dollars)

<i>Comparative status of expenditure against budget</i>	<i>2017^a</i>
Budget	826 998
Expenditure	437 118
Difference	389 880

^a The financial reporting period in 2017 is from 1 January to 31 July.

33. Table 4 summarizes the financial status of the JI mechanism for 2017, showing a balance at the end of the reporting period of around USD 4 million.

¹² http://ji.unfccc.int/Sup_Committee/Meetings/index.html.

¹³ 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 JI.

¹⁴ Document JI-JISC37-A01-INFO, available at <http://ji.unfccc.int/Ref/Docs.html>.

Table 4

Financial status of the Joint Implementation Supervisory Committee for 2017

(United States dollars)

<i>Summary of current financial status as at 31 July 2017</i>	<i>Amount</i>
Carry-over from 2016	4 461 944
Contributions from Parties in 2017	–
Income from joint implementation (Tracks 1 and 2) fees	–
Subtotal	4 461 944
Expenditure in 2017	437 118
Balance	4 024 826

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 22 September 2016 to 25 August 2017, and provide further guidance, as required, for the future work of the JISC.

35. The JISC also recommends that the CMP invite the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its first session (November 2017), to consider the experience gained and lessons learned from JI¹⁵ in informing the implementation of Article 6 of the Paris Agreement.

¹⁵ As contained in annex I to document FCCC/KP/CMP/2016/5.