

# The World Bank – August 31, 2012

## Comments on the revised Joint Implementation guidelines

---

### Introduction

We appreciate the opportunity to comment on the first revision of the joint implementation (JI) guidelines.

This submission draws from insights and lessons derived from the World Bank's carbon finance experience across many different types of projects, programs and sectors around the world over the past decade, including JI projects. This input builds on our previous input made on the 13<sup>th</sup> April 2012. We would be pleased to elaborate further and contribute to this important work as needed. The submission is divided into two parts: (i) Specific comments on the revised guidelines; and (ii) recommendations for broadening the application of JI.

### I. Specific comments on the revised guidelines

1. *The guidelines could be more explicit in defining a separation for the functions of standards and procedure setting and the executive functions ensuring conformity with standards and procedures.* It is recommended that the governing body be split, with one arm acting as the executive and a more technical arm setting standards and procedures.

2. *The governing body and its technical group, should not duplicate the work of AIEs.* It is recommended that a positive determination by the accredited independent entity results in automatic registration and a positive verification in automatic issuance and para 32-33 amended accordingly. Additionally, the requirement for the governing body to assess selected projects is therefore considered unnecessary (para 5 (f) (ii)).

3. *More details are required regarding timelines and specific procedures.* It will be useful if timelines for decision making by the governing body and also for host parties could be defined to increase transparency and efficiency. The verification procedure is to be streamlined, which we welcome, however, the procedure is not clearly defined in the guidelines in this draft, and would benefit from more details. 4. *Additionality.* Since JI is operating in countries with emissions caps, the additionality assessment can be different to that of the clean development mechanism (CDM). A simpler approach rather than the complex approach defined in the annex would be more appropriate for example the activity is included on a positive list, or that it exceeds a sector benchmark.

### II. Recommendations for broadening the application of JI

In the following we summarize our recommendations as outlined in our aforementioned submission from April 13, 2012.

**In revising the JI guidelines, the JISC may consider the following ways of improving the efficiency and attractiveness of the mechanism:**

1. *The JI guidelines could benefit from a better definition of key principles that would help ensure environmental integrity and transparency of the national JI procedures.* This could include for example:

- Overarching principles for establishing simplified/standardized approaches for baselines that embed additionality demonstration;
- Approaches for ensuring that enable carbon crediting projects to also contribute to compliance at the host country level (e.g., based on some useful insights from experience with the domestic use of JI in countries with tight emissions caps);
- Innovative approaches for accounting for and crediting the mitigation impacts of policy-driven activities beyond project-by-project to increase the complementarity of JI with other climate policy instruments while avoiding double-counting.

**A broader vision for use of JI could be considered to improve its relevance in the post-2012 context:**

*2. The JI mechanism and its established regulatory frameworks could be used in broader ways to contribute to GHG mitigation objectives at the national and international level, such as:*

- A project-by-project approach to supporting the engagement of new countries under a cap or tapping the mitigation potential of nationally defined priority sectors (it reveals useful information on costs, clarifies baseline emission levels, stimulates technology transfer and builds capacities);
- A transitional instrument that would help link different national and regional markets and enhance mitigation in sectors that may be less suitable for cap-and-trade schemes (e.g., demand-side energy efficiency, forestry, agriculture);
- A domestic compliance offset scheme;
- A testing ground for new approaches for the use of carbon crediting schemes under potential new market mechanisms to provide directly carbon price signal to individual investors within a capped environment.

*3. Experience gained by other GHG mitigation programs implemented in a capped environment could be taken into consideration while defining the scope of the revision of the JI guidelines. JI guidelines may include provisions for more flexible crediting based on upfront financing approaches as compared to the performance-based annual crediting of JI activities (e.g., through the establishment of reserves and clear definition of liability).*

**Contact:** Felicity Spors, [fspors@worldbank.org](mailto:fspors@worldbank.org)