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**To** [ji-info@unfccc.int](mailto:ji-info@unfccc.int) (also uploaded on JI interface)  
**From** martin.enderlin@pd-forum.net  
**Date** 16 September 2009  
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**Subject** **Call for public input on determination and verification manual (DVM) - second draft**

CHAIRMAN

Your contact:  
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Honorable Members of the JI Supervisory Committee,  
Dear Mr. Oderson,

The members of the Project Developer Forum (PD Forum) respectfully provide herewith their submission to your public call for input as a follow-up to the intervention at the recent JI technical workshop held in Kiev on September 8-9, 2009.

The Project Developer Forum (PD Forum) wishes to thank the JISC and its panels/working groups/teams not only for their hard work and subsequent release of the Draft Determination and Verification Manual (DVM), Version 2, but also for the various, regular opportunities to comment on the draft document. Its sister document, the VVM, has already proven to help increase efficiency and has become a key tool for assisting all stakeholders to better perform their individual roles in the project cycle and it can be expected that this document will have a similarly positive effect on Joint Implementation.

The DVM is well written and touches on all aspects of the determination and verification process as outlined in Article 6 of the Kyoto Protocol and the annex to decision 9/CMP.1. The PD Forum supports the change in the latest version so that JI-specific approaches are considered the first option with use of CDM methodologies as second alternative; this correctly reflects the fundamental difference between JI and CDM. The DVM does not however, provide essential guidance related to the importance/significance of an amount, transaction, or discrepancy identified by the AIE, a concept known as materiality.

Both materiality and level of assurance concepts are crucial in any assurance scheme and are an integral part of any offset and emissions trading scheme. The PD Forum fully supports the inclusion of these auditing concepts and its inclusion in the final version of the DVM and we offer our assistance in this process.

Materiality is a widely accepted approach in accounting and verification auditing schemes. The concept of materiality enables the auditor to place increased attention to elements where even minor errors may result in significant deviations from the true value or desired result while at the same time apply reasonable and reproducible estimations to confirm those issues where even large deviations from the result have rather negligible impact on the total audit opinion/outcome.

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In addition to the general request to include the concept of materiality and level of assurance we hope the JISC will also come up in due course with a glossary that determines not only key definitions and concepts, but also defines terms like:

- clearly (§ 7),
- reasonable (§ 19),
- significant (§ 19),
- appropriate (§ 20),
- justifiable (§ 26),
- good monitoring practice (§ 52 ii),
- standard auditing techniques (§ 77) etc.

With reference to the use of an approved CDM methodology and subsequent deviation from it (§ 26) we seek clarification on the question if the latest valid version under the CDM must be used (with the same grace periods and dates of effectiveness). Given that § 29a requires use of the most recent version of the additionality tool approved by the EB and § 51(a)(i) requires the use of the most recent version of any SSC methodology we would expect and support a parallelism as a general ruling, i.e. only versions which are still valid under the CDM may be used.

Uncertainty (§ 35 (f) (vii)): The uncertainty of key parameters is, where possible, described by stating the uncertainty range at the 95% confidence level. We would like to point out that a 95% confidence interval can be calculated for any amount of samples. In itself it does not provide an indication whether the range [and therefore the associated sampling regime] is acceptable or not. Without guidance on the acceptable bandwidth, the 95% confidence range has no particular meaning.

Calibration (§ 35 (i)) is a standard procedure of any good monitoring practice. Monitoring experience tells us that there is need for guidance for assessing compliance with calibration frequency requirements which is based on sound statistics. However, annex 9 of the annotations to the proposed agenda of EB49 is clearly more conservative than statistical rules require, and we suggest that the DVM need not stipulate such excessively conservative measures.

Nearly any project gets implemented differently than planned at PDD stage. We therefore welcome the flexibility provided for deviations from an approved CDM methodology (§ 37) without lengthy procedures within JISC and deferring that decision to accredited independent entities (AIEs). The same comment is valid for revisions of monitoring plans (§ 75). It goes without saying that we therefore also support a stringent accreditation process that ensures methodological competence within AIEs for the sectoral scopes applied for and a thorough understanding of the fundamental difference between CDM validation and JI determination. Given the current accreditation process, however, the PD Forum would like to see an enhancement of the assessments of methodological competence of any IE.

As a concluding remark: We are convinced that environmental integrity and transparency are core principles to build trust in the flexible mechanisms under UNFCCC and we look forward to further contributing to that goal at another occasion.

We provide further detailed comments in the form provided. Thank you sincerely for your consideration, and we hope this input helps to stimulate discussion on possible edits to the DVM in order to improve the efficiency of the JI.

Kind regards,



Martin Enderlin  
Chair of the PD Forum

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Annex:



**INPUT TO DETERMINATION AND VERIFICATION MANUAL  
(SECOND DRAFT)**



**Your information**

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<i>Experience in JI (brief summary, no more than three sentences)</i>	<i>The 23 PD Forum Members (<a href="http://www.pd-forum.net">www.pd-forum.net</a>) have registered/validated/terminated over 600 CDM/JI projects. All members have in depth expertise in methodologies and validation/determination of baselines. Several are currently implementing JI projects and projects in other offsetting schemes likes VCS etc.</i>

*Please provide your input on the second draft determination and verification manual (DVM), which can be found on the call page.*

**Input (1): General remarks (optional)**

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*Pls. See our also our unsolicited letter dated September 16, 2009 which you may find also under [www.pd-forum.net](http://www.pd-forum.net). Many thanks !*

**Input (2): Input on the second draft DVM (It is not necessary to fill out all sections.)**

Section	Proposed change to the draft text (and reason, as appropriate)
A. BACKGROUND	
B. OBJECTIVES	
C. DEFINITIONS	
D. PRINCIPLES OF DETERMINATION AND VERIFICATION	
E. DETERMINATION	
1. General	
2. Publication of project design document	The requirement in 2d that “ <i>All documents are submitted in English, unless an [official] translation into English is provided</i> ” is excessive, considering the volume of information that has to be presented as part of the determination process, and requires additional costs and time. W recommend that The AIE shall establish which supporting documents, that serve as evidence to claims, assumptions, etc made in the pdd, shall be translated “officially” into English
3. Project approval by Parties involved	

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4. Project participants authorization by Parties involved	
5. Project boundary	
6. Leakage	
7. Baseline setting	
JI specific approach	<p>Paragraph 24(iv) states: “Local availability of technologies/techniques ... in the future”. The use of “the future” is confusing in this instance. We recommend that this should read “ local availability of technologies/techniques, skills and know-how and availability of best available technologies at the time the decision to go ahead with the project was taken”, in other words what happens in the future in this case is not relevant because it is nearly impossible to forecast with any accuracies. AIEs have been known to make unreasonable requests based on this point.</p>
Approved CDM methodology approach	
Multi-project emission factor	<p>We recommend a third option that allows for a sectoral benchmark to be used provided that the AIE can assess whether the PDD provides sufficient justification for this. Furthermore, in option (b) please clarify what “reasonable degree of accuracy” means in practical terms.</p>
8. Additionality	<p>We suggest that paragraph 29 on additionality for JI-specific approaches, is still too much focused on CDM approach. Option (c) in particular is not really an approach for additionality but more an information requirement for baseline selection. We suggest that option (c) is replaced by: ( c ) <b>other approaches</b> may be applied provided they are based on the provision of traceable and transparent information showing that the baseline was identified on the basis of conservative assumptions, that the project activity is not part of the identified baseline scenario and that the project will lead to reductions of anthropogenic emissions by sources of enhancements of net anthropogenic removals by sinks of GHG.</p>

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9. Crediting period	
10. Monitoring	
JI specific approach	
Approved CDM methodology approach	
Overlapping monitoring period	
11. Estimation/calculation of emission reductions or enhancements of removals	
12. Environmental impacts	
13. Stakeholder consultation	
14. Determination regarding small-scale projects (additional/alternative elements for assessment)	
15. Determination regarding land use, land-use change and forestry projects (additional/alternative elements for assessment)	
16. Determination regarding projects under programme of activities	<i>&lt;To be developed once the JISC adopts the definitions, forms, guidelines and procedures of programmes of activities.&gt;</i>
17. Determination report	
F. VERIFICATION	
1. General	
2. Publication of monitoring report	
3. Project implementation	
4. Compliance with monitoring plan	
5. Revision of monitoring plan	
6. Data management	
7. Verification report	
G. REFERENCES	
H. ABBREVIATIONS	
ANNEX: Determination and verification checklist	

**Please submit the form through the call web page.**