

January 14, 2009

**Mr. Georg Børsting**  
Chair  
Joint Implementation Supervisory Committee

**Mr. Derrick Oderson**  
Vice-Chair  
Joint Implementation Supervisory Committee

c/o UNFCCC Secretariat  
Sustainable Development Mechanisms Programme (SDM)  
P.O. Box 260 124  
D-53153 Bonn, Germany

Ref: **Call for public input on determination and verification manual (DVM)**

Honorable Members of the Joint Implementation Supervisory Committee,

We would like to express our appreciation for the opportunity to submit our views on the expected nature and purpose of a Joint Implementation (JI) DVM.

We believe that a DVM, fully recognizing the nature and specific features of JI, would be a significant step forward in improving the procedures of determination and verification for JI Track 2 projects. By providing clearer guidance and higher predictability for all intended users (incl. project proponents, Designated Focal Points, Accredited Independent Entities (AIEs) and stakeholders), the DVM could stimulate development of innovative approaches and help AIEs in adopting broader methodology perspectives in comparison to their current experience.

This response to the call for public input contains our comments on the nature and purpose of a JI DVM, as well as on the appropriateness of the Clean Development Mechanism Validation and Verification Manual (VVM) to the development of a DVM.

## 1. Nature and purpose of DVM

DVM should become a practical, clear tool for the intended users clarifying a consistent way of interpreting the existing set of guidance for determining and verifying projects under the JISC verification procedure, in accordance with the *JI Guidelines*.<sup>1</sup>

We believe that a DVM should fully take into account specific nature and institutional structure of JI, and should be built on the recognition of following specific JI features:

1. Environmental integrity of international ERU transfers under JI is ensured by the “capped” Annex I context. It should be properly recognized that countries with JI projects have an incentive (as well as the capacity) to ensure environmental integrity of JI “Track 2” activities and emission reductions under their respective Kyoto emission targets or caps, having established a full set of compliance tools and met all JI eligibility requirements set out in the Decision 9/CMP.1.
2. DVM should ensure full compliance with and priority, as applicable, of *national guidelines and procedures for approving Article 6 projects, including the consideration of stakeholders’ comments, as well as monitoring and verification* (as per paragraph 20(b) of the *JI Guidelines*).
3. Each option listed by the JISC Guidance<sup>2</sup> in terms of baseline setting and monitoring, as well as of demonstration of additionality, should be equally available to the project proponents, free of any pre-judgment as to the quality or environmental integrity of any given approach. For instance, there should not be any formal requirement to justify the selection of a JI-specific approach (as per paragraph 20(b) of JISC Guidance) if it is appropriate for a specific project activity or if it is based on multi-project emission factor.
4. DVM should ensure that simplified and innovative approaches, transparently and conservatively demonstrating that the emission reductions by the project activity are additional to those that would otherwise occur, are not overburdened by requirements that are not relevant to the JI context during the determination process. For instance, simplified approaches for additionality demonstration could be based on increased scrutiny of baseline definitions (as per paragraph 2b(iii) of Annex I of JISC Guidance), using a simplified common practice test, or using a positive list of technologies or types or activities prioritized by host country’s climate policy. In regard to the baseline setting and monitoring, such innovative approaches may allow including multiple measures in one project activity (e.g. building retrofit, complex industrial processes), using energy intensity indicators, deeming approaches and best practices for energy efficiency projects.

We believe that the purpose of a DVM should provide clear definition and interpretation of key terms (such as *appropriate, reasonable, transparent, relevant, conservative* etc.) and features of methodological approaches (such as *accuracy, comparability, combination of multiple measures in complex projects, complex project boundary* etc.), relevant for determination and verification such as defined in the *JI Guidelines* and in the JISC Guidance. Illustrative examples could improve clarity of a DVM, however the inclusion of prescriptive requirements (e.g. the nature of documented evidence), could restrict the applicability and usefulness of a DVM.

---

<sup>1</sup> Decision 9/CMP.1 *Guidelines for the implementation of Article 6 of the Kyoto Protocol*, and its Annex B *Criteria for baseline setting and monitoring*.

<sup>2</sup> JISC *Guidance on Criteria for Baseline Setting and Monitoring* Version 01.

A DVM should also attempt to establish a transparent detailed description of the process of determination and verification, e.g. explanations on the relationship and interactions between project proponents, designated focal points and AIEs, as well as between AIEs and the JISC. For instance, to improve transparency, it would be useful to establish clear guidelines for the AIEs, similar to the requirements for the project proponents, to explain their observations and decisions regarding intermediate and final outcomes of project determination and verification.

Finally, the DVM should remain an evolving document that should be timely updated to maintain its usefulness.

## **2. On the appropriateness of using the CDM Validation and Verification Manual (VVM) for the development of a DVM**

The new VVM is an important effort and milestone for the CDM accomplished by the CDM regulator. However, the route followed by CDM in its rulemaking process is often creating a highly prescriptive context which restricts independent expert judgment during the validation of a project activity, e.g. when applying approved methodologies.

The institutional structure of the JI, in a contrary, attributes strong role and responsibility to the AIEs in assessing methodological choices that may be made by project developers according to the JISC Guidance.

In light of our understanding of the nature and purpose of a DVM explained above, we believe that a strong and useful Manual would need to be developed in full respect of specific JI features and keeping in mind the different sharing of responsibilities in the JI institutional setting. As a general approach to the drafting of a DVM it may therefore be useful to start the preparation of a DVM independently, analyzing what elements of the VVM could be useful and relevant in the JI context and which JI specific and appropriate new elements or approaches need to be included, rather than trying to modify the VVM into a DVM for JI.

The World Bank Carbon Finance Unit would appreciate the opportunity to provide more detailed specific comments on a draft DVM as appropriate.

We would be happy to respond to questions and/or provide additional input if this is deemed useful to Members of the JISC.

With kind regards,



Rama Chandra Reddy  
Acting Team Leader Policy and Methodology  
Carbon Finance Unit, The World Bank