

May 21, 2010

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Chair

Joint Implementation Supervisory Committee

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Joint Implementation Supervisory Committee

c/o UNFCCC Secretariat  
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**Ref: Call for public inputs on experience with the verification procedure under the JISC**

Honorable Members of the Joint Implementation Supervisory Committee,

We would like to express our appreciation for the opportunity to share our experience and observations regarding the verification procedure under the JISC and the potential improvement for the future operation of JI.

This response to the call for public input reflects our recommendations on the selected topics suggested by the JISC, primarily focusing on the suggestions for improvements for the future operation of JI. We believe that any further actions and improvements of the operation of JI should be guided by full recognition of specific nature and institutional structure of JI.

- 1. *Proactively leading multi-stakeholder' dialogue.*** We would suggest the JISC playing a more proactive, leading role for coordinated action among different actors, providing more often opportunities for exchanges and dialogue, beyond project-specific level. We would propose the JISC to assess the need for establishing a working/ brainstorming group on project-based mechanisms in Annex I countries that may provide views and recommendations on topics of common interest, without being prescriptive.

This leading role may also consist in contributing to readiness and active stakeholder engagement in anticipation of new approaches under potential future carbon market mechanisms. For instance, the involvement of different stakeholders involved in existing and emerging project-based instruments in the Annex I (e.g., JI Track 1, Track 2, domestic JI, programmatic JI, GIS) could bring diversified and rich perspectives to the dialogue.

Organization of additional JISC meetings and technical workshops in JI host countries will facilitate engagement and dialogue with local stakeholders.

- 2. *Consolidating engagement of the Designated Focal Points (DFPs).*** The dialogue may also be improved with the DFPS stimulating their more active involvement and building capacity and

creating predictable institutional environment for JI projects. Such dialogue could take form of annual meetings of the JISC and DFPs to discuss progress made and future development of JI mechanism (e.g., exchange of experience and lessons learned in both JI Track 1 and Track 2 in view of developing the most efficient approaches). This effort could consolidate the DFPs as separate key stakeholder's group and reinforce their engagement in the JI regulatory process at the global level.

3. ***Clarifying playground for the Accredited Independent Entities (AIEs) and third party groups of expertise.*** The institutional structure of the JI attributes strong role and responsibility to the AIEs in assessing methodological approaches and choices that may be made by project developers following the JISC Guidance. It is of key importance to ensure that professional, high-quality sectoral and regional expertise is allocated by the AIEs to the assessment of new JI specific approaches in full recognition of the national context, industry and end-users regulations and practices.

We would suggest JISC considering the possibility to establish modalities of communication of AIEs with the third parties technical and sector experts and recognized local/national industrial and academic associations/institutions. The access to external expertise may facilitate assessment of different aspects of a new JI-specific approach. This would be of particular importance to facilitate the development of multi-project baseline. The current limitation to the specific internal expertise of the AIEs may sometimes increase time and uncertainties of the verification process and inhibit innovation.

4. ***Rewarding innovation and risk-taking in transitional period.*** We would suggest the JISC to adopt consistent, predictable approach vis-à-vis possible evolution of JI requirements and regulations (e.g., in post-2012 period). Such approach could consist: (i) providing sufficient period for transition for the activities under development; and (ii) excluding retroactive use of new JI requirements to ensure stability for registered or close to registration projects (thereby avoiding revisions). The lessons learned by the WB from developing and implementing early JI projects indicate that predictable treatment of early movers and recognition of the high level of regulatory risks faced by them would be helpful in stimulating innovation to address the regulatory uncertainty.
5. ***Supporting simplified and innovative methodology approaches, including multi-project baselines and simplified additionality.*** We would strongly support JISC in encouraging development of simplified and innovative approaches, transparently and conservatively demonstrating that the emission reductions by the project activity are additional to those that would otherwise occur.

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. Innovative approaches should also include multi-project baseline setting and monitoring, aligning with the specific sectoral context and procedures/practices and develop a simplified set of rules and baselines (e.g. based on default values, positive sector-specific list of automatically additional technologies/activities based on benchmarks).

Further, we would propose the JISC to contribute to the establishment of *simplified approaches for additionality demonstration* that could be based on increased scrutiny of baseline definitions, using a simplified common practice test or using a positive list of technologies or types of activities prioritized by host country's climate policy.

These could become highly beneficial topics for exchange and common effort within a potential working/ brainstorming group on project-based mechanisms in Annex I countries (please see topic 1 above).

6. ***Encouraging accreditation of local independent entities.*** We would suggest JISC to consider ways for encouraging accreditation of local independent entities. This could provide several benefits for the operation of JI by (i) enlarging the set of available AIEs and reducing possible delays in the verification process, in particular at the stage of delivery; (ii) stimulating competition among AIEs in terms of ensuring internal high-level local expertise, in particular the lead technical experts/reviewers; and (iii) facilitating wider acceptance of national practices and standards through better assimilation and establishment of positive precedents.

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,



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