

**JI-JISC31-AA-A1**

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# Draft JI two-year business plan and management plan 2013–2014

Version 01.0

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**United Nations**  
Framework Convention on  
Climate Change

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## **1. Introduction**

1. The Joint Implementation Supervisory Committee (JISC) was assigned by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) to supervise the joint implementation (JI) mechanism, in particular the Track 2 process. The current document comprises the following parts:
  - (a) The business plan, as contained in the main body of this document, sets out the strategic direction of the JISC for the JI mechanism during 2013 and 2014;
  - (b) The management plan (MAP), as contained in the appendix to this document, sets out the work, capacity needs and resource requirements necessary to implement the business plan.
2. The second commitment period under the Kyoto Protocol (KP) is just beginning and much uncertainty remains regarding the future of JI. The business and management plans seek to adapt to the changing environment of JI by continuing to improve the mechanism and keeping it operational during a challenging phase.
3. The JISC expects JI to remain an effective tool used by developed country Parties in their collaborative work to mitigate their greenhouse gas emissions. In this context, the JISC has worked over the past couple of years to identify improvements and new ideas that will make JI better suited to address future challenges as a mechanism with a clearly defined and accessible set of features and systems providing for an accurate monitoring of mitigation actions and environmental integrity.
4. The remainder of this document sets out the JI business plan 2013–2014. The 2013–2014 management plan is attached as an appendix to this document.

## **2. The evolving context in 2013 and beyond**

5. JI has continued to evolve and improve over the years, delivering emission reduction offsets on a scale that has exceeded initial expectations. In this endeavour, all actors involved in JI have made tremendous efforts to operationalize the mechanism, and to continue to improve the process as well as simplify and expand its scope.
6. The work of the JISC as supervisor of the Track 2 process has also had an important influence on the establishment of national verification procedures implemented by Parties involved in JI under Track 1.
7. As of the end of February 2013, more than 550 projects in 17 countries from both Track 1 and Track 2 are included in the pipeline of JI projects, with around 50 projects having been determined by the JISC to meet the relevant requirements under the Track 2 process. Host Parties have already issued over 650 million emission reduction units (ERUs) generated by these projects from both tracks since 2008. These numbers stand in sharp contrast to the situation at the beginning of 2012 when just over 130 million ERUs had been issued. JI has now reached a market size in terms of generated carbon credits that is surpassed only by the clean development mechanism (CDM).
8. However, as the second commitment period under the KP begins, JI will operate in a carbon market that is rapidly changing:

- (a) The demand for ERUs from the KP's compliance market is declining significantly due to a reduction in the number of participating countries, and the general economic downturn, which has reduced the need for offsets. In addition, the most significant demand for ERUs, which comes from the European Union Emissions Trading Scheme (EU ETS), has also dramatically declined due to quantitative limits until 2020 and new qualitative restrictions on ERUs;
  - (b) Several carbon markets/mechanisms in various countries, regions and jurisdictions are expected to become operational in the coming years, especially after 2015, including in countries involved in JI such as Ukraine and Kazakhstan;
  - (c) New approaches negotiated under the UNFCCC are expected to provide channels for collaboration among Parties on mitigation action, including the new market mechanism (NMM), the framework for various approaches (FVA), nationally appropriate mitigation actions (NAMAs), and the Green Climate Fund (GCF).
9. These factors have resulted in a market with weak demand for both CDM and JI units, which in turn has led to a rapid drop in the prices of these units. This has eroded the incentive to develop new projects. The JISC expects that the volume of project-related submissions under Track 2 will substantially decline in the next biennium. Similarly, the level of submissions from host Parties of Track 1 projects for publication is also expected to decrease. As a result, income for supporting JI-related activities is also expected to decrease in the current biennium.
10. The demand for ERUs in international carbon markets up to 2020 is uncertain. While some sources estimate demand for CDM and JI units at between 1 and 2 billion units in the period 2013–2020, such estimates are subject to many uncertainties, most importantly relating to the level of mitigation ambition among host Parties and quantitative and qualitative restrictions on the use of units, as well as the development of other mechanisms.
11. The JISC believes that JI is at a fundamental crossroads. The mechanism, particularly with the revisions to the JI guidelines currently under consideration, has significant potential to provide a model for market-based approaches beyond 2020. Yet there is a clear risk that the knowledge and institutional capacity built up in JI over the years among Parties and other stakeholders could be lost. New proposed mechanisms, both under the UNFCCC process and outside, will take time to become established and may face difficulties in providing offsets into international markets in the short and medium terms. This means that JI and the CDM are likely to remain the main offset mechanisms over the coming years and they need to be given the appropriate level of attention.

### **3. Response of the JISC**

#### **3.1. The JISC's vision for JI**

12. The overarching vision for the work of the JISC in the period 2013–2014 is to continue to maintain JI as a viable and effective tool of international collaboration for developed country Parties and the private sector in mitigating their emissions of greenhouse gases. The JISC considers that its role, within the guidance set by the CMP, is to provide a robust foundation to further build JI as a means of mitigating greenhouse gas emissions

in the period beyond 2012, taking into consideration the evolving context of the carbon market.

### 3.2. Overall direction of work

13. Considering the above, the JISC still believes that there remains much unexploited potential in JI for contributing to the international collaboration on mitigation in the longer term when the overall demand for offsets will increase. The JISC has proactively sought, through its work in 2011 and 2012 and its recommendations to the CMP, to ensure that the mechanism improves and remains relevant as a mitigation tool beyond 2012 as an important policy tool for Parties as they address climate change.
14. At the eighth session of the CMP, Parties expressed appreciation for the work of the JISC to develop transitional measures and revised key attributes for JI in the form of draft JI guidelines, submitted with the JISC annual report. Parties subsequently requested the Subsidiary Body for Implementation (SBI) to further develop guidelines drawing on the work of the JISC and inputs by Parties and stakeholders.
15. The JISC will continue to provide project-related activities and accreditation services for ensuring the continued timely operation of the JI system. Evaluating the work needed to be undertaken during this period, the JISC has prioritized the activities that are fundamental to the functioning of JI and the ones that respond more generally to the responsibilities given by the CMP to the JISC.
16. The JISC will also need to continue its engagement with stakeholders and decision-makers in the carbon market in order to communicate market and regulatory developments and continued improvements of the mechanism.
17. A continued increase of project submissions under both Track 1 and Track 2 processes in 2012 resulted in an improved financial situation for the JISC and its support structure, and there are sufficient resources to continue work and maintain key capacity in the short and medium terms. The JISC is nevertheless of the view that it needs to be judicious in its use of resources in the 2013–2014 biennium and beyond, and reduce its expenditures over time to respond to an anticipated reduced income.
18. In the current biennium, the JISC is committed to regularly review the performance of the JI MAP and its support structure in light of the evolving environment and financial situation. This will require appropriate monitoring systems within the secretariat, many of which are already in place.

## 4. Objectives

19. In the pursuit of attaining its vision, the JISC has recognized the importance of achieving the following major objectives:
  - (a) **Objective 1: Effective contribution to the future development of JI.** The JISC shall contribute to the consideration of Parties and other stakeholders of how JI can be further developed and used in the period beyond 2012, particularly through the revision of the JI guidelines;
  - (b) **Objective 2: Greater efficiency in the continued operation of JI.** The JISC shall secure resources required for the continued operation of the mechanism, including the processing of submissions relating to projects and accreditation,

and strengthen its policy guidance to ensure its clarity and improve its usability in both the short and long term;

- (c) **Objective 3: Continued promotion of the mechanism.** The JISC shall strengthen its outreach to ensure an enhanced understanding among stakeholders and policymakers of the benefits and contributions of JI to addressing climate change.

#### **4.1. Objective 1: Effective contribution to the future development of JI**

20. Probably the most important work of the JISC in 2012 was to support the process of reviewing and revising the JI guidelines based on the mandate from the seventh session of the CMP in Durban, South Africa. This work remains relevant in 2013 although the focus has now shifted from the JISC to the SBI and the CMP in finalizing the revised set of JI guidelines.
21. Considering its experience gained in the operation of the JI mechanism and from interactions with stakeholders, the JISC will need to follow the intergovernmental processes and will have the opportunity to provide further information and recommendations, including through its annual report to the CMP. To further understand the value of JI on the ground, the JISC wishes to undertake an assessment of how Parties have made use of JI and what impact it is having.

#### **4.2. Objective 2: greater efficiency in the continued operation of JI**

22. The JISC will need to continue its work to operate and further improve the JI Track 2 procedure. The JISC expects around 90 submissions during the biennium (10 project design documents (PDDs), 10 determinations, 35 monitoring reports and 35 verifications), with a possible distribution of around 75 per cent in the first year of the biennium. In addition, about 80 submissions are expected under the Track 1 procedure in 2013 and 2014 for publication and issuance of an identification number, with a majority of them uploaded in the first year. The processing and assessment of submissions and maintenance of the project cycle process remains the top priority of the secretariat's support.
23. The JISC has been active in the last few years in refining its guidance for the Track 2 project cycle, and its general sense is that the current state of this guidance is generally suitable for JI today, given that Parties are currently considering the review of the overall rules set by the CMP through the JI guidelines. There may, however, be usefulness in enhancing possibilities for standardization in JI projects, as a means of simplifying both their development and assessment. In this context, the JISC wishes to explore changes to its guidance on criteria for baseline setting and monitoring to allow for concepts such as positive lists, standardized approaches and standardized baselines.
24. A limited number of new applications for accreditation are expected for 2013 and 2014 and it will be important to ensure the continuous operation of the existing accreditation system. By decision 11/CMP.7, Parties encouraged the JISC to continue streamlining the process of accrediting independent entities, including efforts to align the JI accreditation process with the CDM accreditation process. In this context, the JISC will need to monitor the revision of the CDM accreditation standard, accreditation procedure and designated operational entity (DOE) performance monitoring procedure, and propose ways to align the JI and CDM accreditation documents accordingly.

#### **4.3. Objective 3: Continued promotion of the mechanism**

25. The JISC will need to continue its communication and outreach work to ensure that the mechanism is well understood and remains relevant for market participants, stakeholders and policymakers. In this context, the JISC will need to review its engagement with the media and its communication tools, including the JI website. It will also need to continue its interaction with designated focal points (DFPs) and support for the DFP Forum, in order to further solidify their valuable experience in implementing JI.
26. In the current times of uncertainty regarding the future of JI, the JISC considers it very important to engage in a dialogue with the carbon market policymakers during the 2013–2014 period. This strategic activity is needed to ensure a mutual understanding of the characteristics and regulations of the carbon markets and mechanisms worldwide and the possible involvement of the JI mechanism in these markets.

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## Appendix 1. Management plan

### 1. Introduction

1. This management plan (MAP) sets out the work, capacity needs and resource requirements necessary to implement the joint implementation (JI) business plan for the 2013–2014 period. It provides details regarding the routine activities to support the operation of JI, the various projects, products and indicative timelines for non-routine work, and the human and financial resources required. The MAP therefore includes tasks requested by Parties through decision 6/CMP.8.
2. On the basis of the planned activities and associated resource estimates, the budget for JI-related work for 2013–2014 is USD 3,290,510 (see table 7). As can be seen, this figure is lower each year than the previous year's budget, due in part to lower estimations of the associated costs for meetings (including travel). The resources required to deliver some of the JI Track 2-related work will depend on the actual level of submissions.

### 2. Assumptions

3. The Joint Implementation Supervisory Committee (JISC) is dedicated to the efficient and cost-effective functioning of the JI Track 2 procedure supervised by the JISC. Despite uncertainty with regard to the timing of determinations and verifications, a continued level of project submissions in general is expected, and therefore resource requirements need to be maintained to ensure adequate operation of the JI Track 2 procedure. However, to increase efficiency, the JI-MAP continues to include cost sharing of cross-cutting activities and support within the secretariat's Sustainable Development Mechanisms (SDM) programme.
4. The JISC expects around 90 submissions under the Track 2 procedure in the 2013–2014 biennium, including project design documents (PDDs), determinations, monitoring reports and verifications. The projection of incoming submissions is the area of greatest uncertainty for the JISC, and thus represents a challenge with respect to planning, budgeting and allocating resources. The JISC notes the need to closely monitor the status of submissions and will continue to work with independent entities (IEs) and designated focal points (DFPs) to improve the reliability of the information made available for estimating its project-related workload.
5. Considering the latest developments in the area, the JISC is expecting to receive perhaps just one new application for accreditation from IEs during the biennium. However, the JISC expects a slight increase in the number of other accreditation activities due to the introduction of performance assessments into the JI accreditation process.
6. Many activities to develop the products detailed in this JI-MAP are of a collaborative and cross-cutting nature. This requires maximum flexibility from the secretariat in its deployment of human resources. The numbers of staff resources associated with each project and activity are detailed in tables 1, 2, 3 and 4. As the biennium progresses, the secretariat may redeploy the SDM human resources as needed to meet shifting short- and medium-term demands across the various activities.



### 3. Focus areas

7. Having examined the objectives set out in the business plan, as well as the nature and purpose of work to be conducted under them, the secretariat has identified a set of projects to be undertaken in the 2013–2014 period. It has organized these projects into four focus areas to allow it to effectively manage the consequent workload, control the delivery of products in the appropriate timeframes, and coordinate the links and the flexible deployment of staff across related work. This organization of work is consistent with the project governance structure applied across the SDM programme and ensures the efficient use of resources by the secretariat.
8. The four focus areas are:
  - (a) Contribution to the strategic improvement of JI;
  - (b) Continuing to operate JI efficiently and effectively;
  - (c) Promotion, outreach and stakeholder interaction;
  - (d) Development of appropriate tools and systems.
9. The following sections set out the work to be conducted under each of these areas, including the description and benefits of each project and the specific products to be delivered, together with indicative timelines and staff resources. For each area, the corresponding projects are expected to contribute to achieving the overall goal of the area as well as the underlying objectives.

#### 3.1. Focus area A: Contribution to the strategic improvement of JI

10. This area relates to improvements in JI of a strategic nature that may have subsequent and far-reaching implications for the operation of the mechanism. It includes work that may contribute to changes in the guidance on JI provided by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), the further development of the JISC strategy regarding JI, and work that could significantly alter approaches to work adopted by the JISC and/or the secretariat.
11. **Project 173: Strategic direction of JI.** This project is composed of work relating to the strategic direction for the development and use of JI, including contributions to the development by the Subsidiary Body for Implementation (SBI) and CMP of new guidelines for joint implementation. At the eighth session of the CMP, the SBI was requested to prepare recommendations, including draft revised joint implementation guidelines, for consideration by the CMP at its ninth session. The project also includes the preparation of a report to assess how Parties have implemented JI and what impact it is having at the national level, including both JI Track 1 and Track 2.
12. Benefit: Continuing role for the JI as a collaborative tool for Parties and the private sector.
13. **Project 163: Improve the performance and role-definition of AIEs.** This project is to improve the accreditation of accredited independent entities (AIEs) to strengthen their performance and improve the efficiency of the system by amending the accreditation standard and accreditation procedure.

Benefits: Consistency of accreditation decisions; improved AIE performance; alignment of accreditation procedures with international practices; and potential reduction in JI accreditation costs.

14. **Project 95: Staged improvement of the quality management system (QMS).** This project is to continue the implementation of an appropriate QMS for the work of the secretariat in support of JI, in a staged manner by initially defining and operating the QMS in selected areas of SDM work and subsequently extending it across the rest of the programme.
15. Benefits: More consistent and predictable internal processes for delivering on time, in scope and within agreed costs and quality standards; improved efficiency in the conduct of work; expedited knowledge transfer to newly recruited and reassigned staff; provision of a basis for continuous improvement of internal processes and a common baseline for major improvement interventions.

**Table 1: Focus area A: products and resources (for the 2013–2014 period)**

Project title	Product	Indicative timeline	JISC consideration	Person months*
<b>Strategic direction of JI: 173</b>	Recommendations to CMP 9 on the review of the JI Guidelines	Q2–Q4 2013	Yes	3 (P) 0.5 (G)
	Assessment of national JI implementation and impacts (for both tracks 1 and 2)	Q4 2013	Yes	
<b>Improve the performance and role-definition of operational entities within the mechanism, including through revised standards and</b>	Up-to-date materials from the revision of the CDM accreditation standard, accreditation procedure and DOE performance monitoring procedure	Q1 2013	Yes	0.4 (P) 0.1 (G)

Project title	Product	Indicative timeline	JISC consideration	Person months*
<b>procedures: 163</b>	Gap analysis between the JI and CDM accreditation systems and identification of potential scope for alignment or integration	Q2 2013	Yes	
<b>Staged improvement of the quality management system (QMS): 95</b>	Continued implementation of the quality management system	2013–2014	No	0.8 (P) 0.4 (G)

\* Note: P denotes professional staff, G denotes general service staff

### 3.2. Focus area B: Continue to operate JI efficiently and effectively

16. This area addresses work that the JISC has identified as necessary to achieve greater efficiency and effectiveness while safeguarding environmental integrity. These projects aim to improve the mechanism in a manner that meets the needs of stakeholders as well as the expectations of the outside world.
17. **Project 208: Improving the JI project cycle:** This project is to facilitate the development of JI projects through the revision of the "Guidance on criteria for baseline setting and monitoring", which is the key document defining the methodological requirements for JI projects (last revised by the JISC in September 2011), to allow for, inter alia, establishing positive lists of technologies/processes, developing standardized approaches and standardized baselines that may be used for demonstrating additionality or baseline-setting for specific projects in a particular host country or region. The project will also develop top-down standardized baselines for selected sectors and countries/regions so that any project participants may use them where applicable. The project further modifies the process for handling the submissions of JI projects under Track 2 utilizing more electronic decisions of the JISC to facilitate the decision-making on each submission.
18. **Benefit:** The transaction cost for developing JI projects by project participants and for determining of JI projects by accredited independent entities will be reduced.

**Table 2: Focus area B: products and resources (for the 2013–2014 period)**

Project title	Product	Indicative timeline	JISC consideration	Person months*
<b>Improving the JI project cycle: 208</b>	Revised guidance on criteria for baseline-setting and monitoring to allow for positive lists, standardized approaches and standardized baselines	2013–2014	Yes	6.1 (P) 1.0 (G)
	Top-down standardized baselines	2014	Yes	
	Revision of the use of electronic decisions in JI	Q2 2013	Yes	

\* Note: P denotes professional staff, G denotes general service staff

### 3.3. Focus area C: Promotion, outreach and stakeholder interaction

19. This area relates to measures to engage with external stakeholders that shape opinions about JI and that influence decisions made about its future. These measures include means to gather information in order to support the continuous improvement of JI and also means to create a more accurate perception of JI with a view to promoting the use of the mechanism as a tool for mitigation.
20. **Project 170: Enhanced media engagement.** This project aims to enhance media engagement procedures and plans in order to ensure a balanced representation of JI in the media with a fair and accurate representation of the benefits of JI.
21. Benefits: Increased amount and quality of reporting on JI; increased awareness and accurate understanding about the mechanism.
22. **Project 199: Dialogue with carbon market policymakers.** This project aims to ensure an effective dialogue with carbon market policymakers, with a view to making them aware of the benefits of JI and promoting greater use of the mechanism as a tool for mitigation and sustainable development.
23. Benefits: Increased demand for, and use of, JI.

**Table 3: Focus area C products and resources (for the 2013–2014 period)**

Project title	Product	Indicative timeline	JISC consideration	Person months*
<b>Enhanced media engagement: 170</b>	Media engagement strategy and implementation plan	Q2 2013	Yes	1 (P) 0.5 (G)
	Communications products (factsheets, project sheets)	Q3 2013	No	
	Enhanced JI website	Q3 2013	No	
<b>Dialogue with carbon market policymakers: 199</b>	Strategy for dialogue with carbon market policy makers	Q1 2013	Yes	1.5 (P) 0.5 (G)
	Implementation reports	Q4 2013	Yes	

\* Note: P denotes professional staff, G denotes general service staff

### 3.4. Focus area D: development of appropriate tools and systems

24. This area relates to the development and implementation of tools and systems that are appropriate for the changing needs of JI. Such tools and systems should enhance efficiency by reducing effort and costs and improving the quality and timeliness of outputs.
25. **Project 206: JI data extracts (JI information system and the international transaction log).** This project aims to deliver a daily feed of all JI project data elements and a snapshot of Kyoto unit (assigned amount units and removal units) holdings into a database, with a view to making those data available for analysis and for publication on portals.
26. Benefit: Data will be made publicly available on the secretariat website in a user-friendly format, and will be updated regularly.

27. **Project 105: SDM information system (IS).** This project includes a modern IT platform and development structures on which continuous business improvement can be implemented in a future-proof, flexible and efficient way to support “time to market”. It is expected to result in a reduction by 70 per cent in the systems implementation time of a typical workflow to deliver new and change procedures, a reduction by 90 per cent of time to upload documents, the faster delivery of websites with more functionality, a reduction by 90 per cent in effort in finding documents and records, a reduction to one business day of time taken to generate regular reports after close of reporting period, 99.9 per cent availability of IT solution during agreed service hours, and improvement of 90 per cent of performance of IT solution responsiveness.
28. **Benefits:** New and enhanced functionality; simplification of day-to-day business processes leading to more responsive services to SDM customers; greater transparency in the work of the SDM programme in support of the mechanisms; modern and efficient collaboration with stakeholders; compliance with the secretariat's record management policy and a reduction of effort spent on record management; improved near-to-real time management information; better information to understand and manage work; operation to an agreed service level.

**Table 4: Focus area D products and resources (for the 2013–2014 period)**

Project title	Product	Indicative timeline	JISC consideration	Person months*
<b>JI data extracts (JI-IS and ITL): 206</b>	Data extracts	Q2 2013	No	0.3 (P) 0 (G)
<b>SDM-IS: 105</b>	SDM Information System	2013–2014	No	4.4 (P) 0.8 (G)

\* Note: P denotes professional staff, G denotes general service staff

#### 4. Routine operations

29. The implementation of the JI business plan requires not only the above set of projects but also the routine operations that must be performed as part of the ongoing operation of JI. As these routine operations are cross-cutting in nature, they have been grouped together. Table 5 provides further information on these routine operations.

**Table 5: Routine operations supporting JI and resources (2013–2014)**

Identification number – description	P staff person months	G staff person months
CS-020 – Supporting the efficient operations of the JISC	6	6
CS-021 – Supporting the efficient operation of the JI Accreditation Panel	6	4
CS-023- Management of communication with JISC	2	2

Identification number – description	P staff person months	G staff person months
CS-024 – Assessment of compliance with JI requirements relating to project and entity submissions	23.8	4
CS-027 – Facilitating defined interactions between the JISC, secretariat and stakeholders, including through organization of workshops and round tables, and support to the DFP forum	8	4
CS-005 – Support the activities of the DOE/AIE forum	0.8	0.0
CS-007 – Development and approval of the JISC MAP and two-year business plan	0.7	0.2
CS-010 – Communication and outreach	2.5	1.2
CS-011 – Courses and learning interventions delivered and evaluated according to portfolio	1.3	0.7
CS-101 – Managerial and supervisory time	5.0	3.9
CS-111 – Maintain list of approved projects, monitor and report on projects and routine activities	2.2	1.3
CS-112 – Regional calibration workshops for DOE/AE (three workshops)	1.2	0.3
CS-126 – Provide ongoing financial support according to best practice	0.9	5.1
CS-127 – Provide on-going HR support according to best practice	1.1	1.1
CS-128 – Maintain statistical information on internal and external platforms	1.1	0.8
CS-131 – Official document management, including cataloguing and indexing regulation	1.5	0.8
CS-132 – Managing the documents and records, developing the functional requirements and maintaining the document and record system	1.3	0.6
Diverse support activities that individually represent a low volume of work	1.7	2.1

30. The secretariat effort to execute this MAP (i.e. to deliver the products shown in tables 1–4 and to undertake the routine operations shown in table 5 amounts to a total of 84.6 person months of professional staff and 41.5 person months of general services (support) staff time.

**Table 6: Overview of the secretariat effort required for 2013–2014**

Identification number – description	P staff person months	G staff person months
Focus area A: Contribution to the strategic improvement of JI	4.2	1
Focus area B: Continue to operate JI efficiently and effectively	6.1	1
Focus area C: Promotion, outreach and stakeholder interaction	2.5	1
Focus area D: development of appropriate tools and systems	4.7	0.8
Routine operations	67.1	38.1
<b>Total (person months)</b>	<b>84.6</b>	<b>41.9</b>

31. The number of staff required for 2013–2014, as displayed in Table 6, will ensure that the secretariat has the necessary capacity to undertake the work planned in this MAP.

## 5. Critical success factors

32. The successful implementation of this business plan will be dependent on appropriately addressing the following critical success factors:

- (a) The first critical success factor is that the JISC will schedule periodic reviews of ongoing JI performance as a committee to identify areas for improvement. Linked to this is the need for the JISC to periodically review the status of implementation of its business plan to allow it to make mid-course corrections of priorities if and as required;
- (b) The second critical success factor is that the JISC support structure has the required capacity and capability to deliver all required inputs of the necessary quality, and on schedule, so as to allow the JISC to confidently make appropriate decisions in an efficient manner.

33. In order to manage the risks associated with each of these critical success factors it is essential that the JISC periodically plan a review of its own performance and that of its support structure. The creation of appropriate monitoring systems within the secretariat allows for the production of dedicated and regular reports regarding human and financial resources and overall performance of the mechanism. These systems will continue to be strengthened so that the information provided by the consequential enhanced reporting can assist the JISC in ensuring that the risks associated with delivery are appropriately managed.

## 6. 2013–2014 programme budget

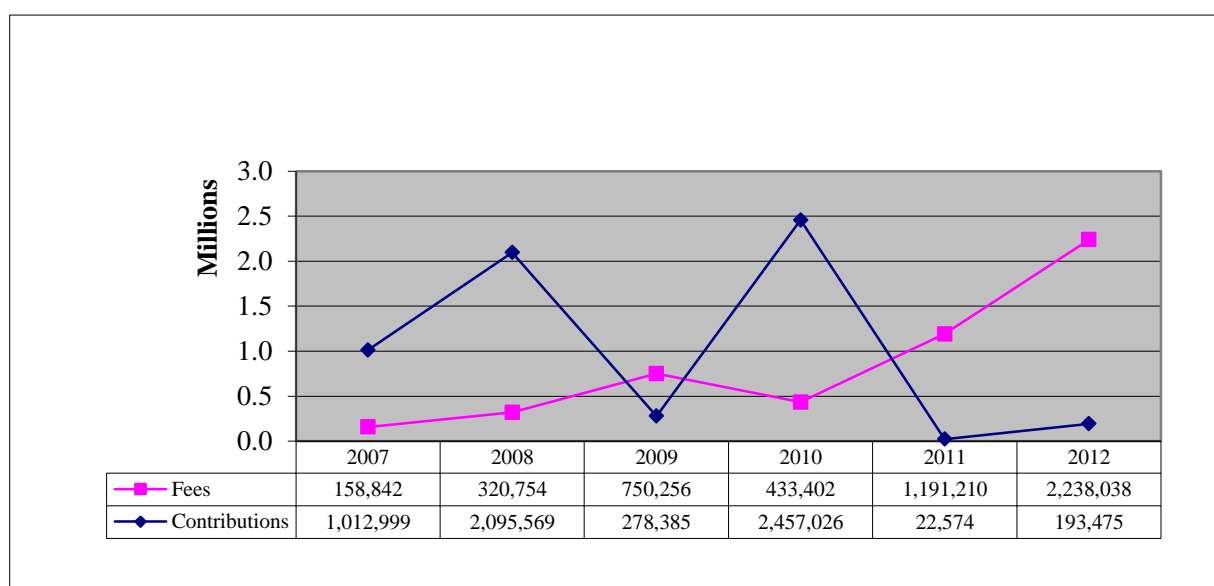
34. This chapter presents details on the 2013 and 2014 projected income from fees and a budget for the operation of the JI mechanism for the same period.



## 6.1. Income

35. The work on JI in 2013–2014 will be principally funded from Track 2 (ref: 4/CMP.6) project fees received and from Track 1 fees. The income available from Track 2 fees amounts to USD 2.2 million in 2012. Figure 1 shows the fees from Track 2 and the voluntary contributions provided by Parties from 2007 to 2012.

**Figure 1: Comparison of JI Income from fees and contributions 2007–2012 in USD**



36. Track 1 fees received in 2012 amounted to USD 4,107,059 and are estimated at USD 1.45 million for both 2013 and 2014. Track 2 fees are estimated at approximately 0.7 million for the same period.

## 6.2. Proposed 2013–2014 budget

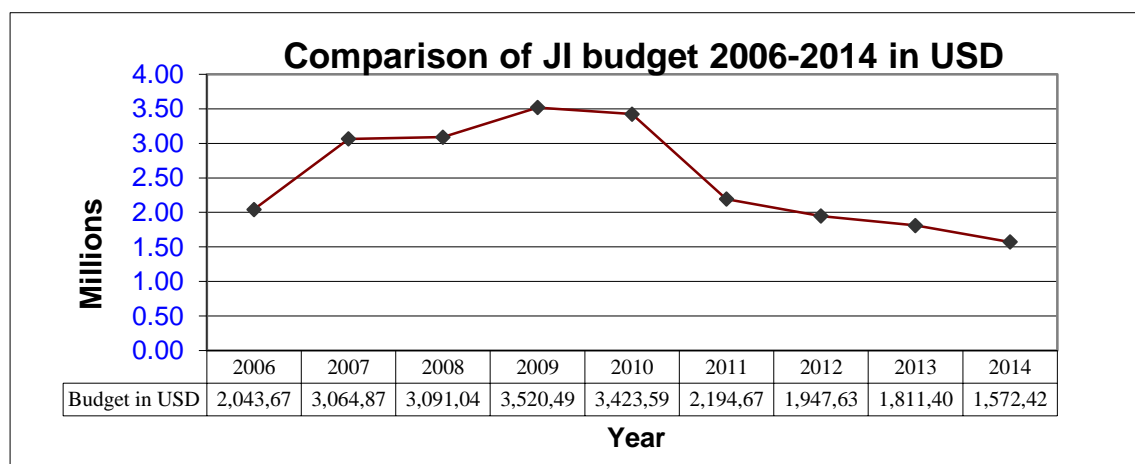
37. Table 7 highlights the proposed 2013–2014 budget by object of expenditure for the operation of JI. The principal component of the budget consists of human resources (64 per cent of the total). It should be noted that the figure is less than 5 per cent of the SDM programme's total staff budget.
38. The budget includes provision for three scheduled meetings of the JISC and two meetings of the JI accreditation panel, per year, to be held in Bonn, Germany. The material reduction in staff travel is due to the various meetings that are now scheduled to be held in Bonn.
39. The budget for consultancy in 2013 has two components. A major portion of the figure budgeted for 2013 is a six-month consultancy to support project 208 - Improving the JI project cycle. The other component is to cover any IT-related needs to support the JI workflows as these evolve with a similar amount budgeted for 2014.
40. The slight increase in operating expenses in 2013 is due to a 7 per cent contribution from JI to support the SDM IS programme which addresses the improvement and future-proofing of the secretariat's IT infrastructure.

41. A major reduction can be seen under the budget item “expert fees”, due to the expected decrease in project submissions in the next two years.

**Table 7: Proposed 2013–2014 budget by object of expenditure, compared against 2012 budget (in USD)**

Object of Expenditure	Budget 2014	Budget 2013	Budget 2012	% variance 2013 vs 2012	% variance 2014 vs 2013
Staff	942 162	987 778	942 162	4.8%	-4.6%
General Temporary Assistance	9 422	9 878	9 422	4.8%	-4.6%
Consultants	12 262	99 149	102 332	-3.1%	-87.6%
Expert fees	68 072	47 436	90 560	-47.6%	43.5%
Expert travel	35 849	35 849	154 435	-76.8%	0.0%
Staff-related costs	3 988	3 988	3 988	0.0%	0.0%
Travel of representatives	134 433	134 433	137 428	-2.2%	0.0%
Travel of staff	11 500	11 500	56 905	-79.8%	0.0%
Training and skills development	5 000	5 000	5 000	0.0%	0.0%
Operating expenses	160 835	260 002	213 335	21.9%	-38.1%
Communications	3 000	3 000	3 000	0.0%	0.0%
Supplies	5 000	5 000	5 000	0.0%	0.0%
<b>Total</b>	<b>1 391 523</b>	<b>1 603 013</b>	<b>1 723 568</b>	<b>-7.0%</b>	<b>-13.2%</b>
Programme support costs (PSC) 13%	<b>180 898</b>	<b>208 392</b>	<b>224 064</b>		
<b>Grand total</b>	<b>1 572 421</b>	<b>1 811 404</b>	<b>1 947 632</b>		

**Figure 2: JI budget comparison by year 2006 to 2014**



### 6.3. Expenditure

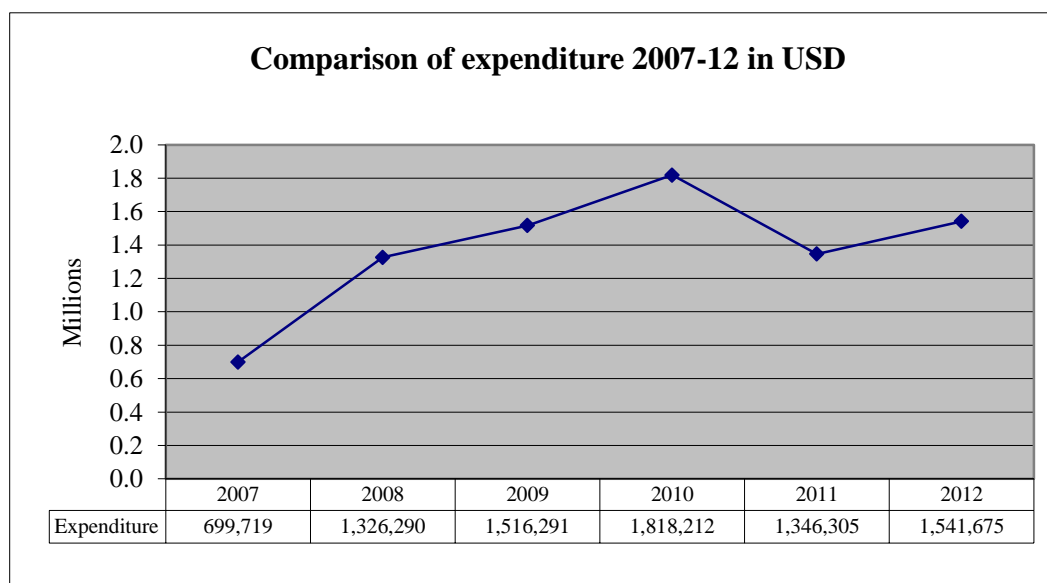
42. Table 8 below compares the actual expenditure with the budget for each object of expenditure in 2012. The difference between budget and expenditure under expert travel and operating expenses is attributable to the reduction in the number of accreditation panel meetings and the fact that two planned DFP forum meetings did not take place. Interactions with DFPs did, however, take place informally in the margins of other meetings. The major difference between budget and expenditure under consultancies is due to several activities that were originally planned for the year but did not occur after a subsequent re-evaluation of their relative importance, impact and proposed timing. A consultancy related to enhancement of the IT system in view of the CMP outcome from Durban regarding the second commitment period was postponed and this now appears in the budget for 2013 and 2014.

**Table 8: Comparison of expenditure 2012 with budget 2012 in USD**

Object of Expenditure	Budget 2012	Expenditure 2012	Variance	Expenditure vs Budget %
Staff	942 162	902 679	48 905	95
General Temporary Assistance	9 422			
Consultants	102 332	21 382	80 950	21
Expert fees	90 560	86 800	3 760	96
Expert travel	154 435	59 049	95 386	38
Staff-related costs	3 988	10 604	(6 616)	266
Travel of representatives	137 428	117 363	20 065	85
Travel of staff	56 905	18 811	38 094	33
Training & skills development	5 000	0	5 000	0
Operating expenses	213 335	146 053	67 282	68
Communications	3 000	1 574	1 426	52
Supplies	5 000	0	5 000	0
<b>Total</b>	<b>1 723 568</b>	<b>1 364 314</b>	<b>359 254</b>	<b>79</b>
PSC 13% overhead	224 064	177 361	46 703	79
<b>Grand total</b>	<b>1 947 632</b>	<b>1 541 675</b>	<b>405 957</b>	<b>79</b>

43. A comparison of expenditure for the years 2007 to 2012 is shown in Figure 4. It indicates a gradual increase in total expenditure in the period from 2008 to 2010 (however this declined considerably in 2011). Given the constraint in resources and the related concerns with regard to self-financing of the mechanism, 2012 was again characterized by a reduction in activity with a corresponding concentration on “business as usual” areas.

**Figure 4: Comparison of expenditure 2007–2012 (in USD)**



#### 6.4. Closing remarks

44. Table 9 provides details of the carry-over from 2011 and the income received in 2012. The subtraction of expenditure for 2012 (see Figure 3) results in a carry-over of USD 8.7 million. The balance of funds currently available is, therefore, sufficient to cover the planned JI activities in 2013–2014.

**Table 9: Summary of fund balance for JI**

	Projection	
	2012 (USD)	2013–2014 (USD)
Carry over from prior year	3 669 050	8 665 948
Contributions from Parties	193 475	0
Track 1 Fees	4 107 059	1 450 000
Track 2 Fees	2 238 039	650 000
Total income	10 207 623	10 765 948
Less expenditures	1 541 675	3 383 825
<b>Fund balance at 31 December</b>	<b>8 665 948</b>	<b>7 382 123</b>

45. The projected 2013–2014 income from Track 1 fees amounts to USD 1.4 million and the projection for Track 2 fees is approximately USD 0.7 million. The subtraction of the 2013–2014 budget, amounting to USD 3.4 million, and the addition of projected income

from 2013–2014, results in a projected surplus on 31 December 2014 of USD 7.4 million. This amount would then be available to implement JI activities in 2015 and beyond.

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### Document information

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