

JI-JISC34-AA-A02

Draft Recommendation

Elaborated recommendation to the SBI on
the accreditation system for JI aligned with
that of the CDM

Version 01.1

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United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. Following several considerations and recommendations by the Joint Implementation Supervisory Committee (JISC) on the joint implementation (JI) accreditation system, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), in paragraph 5 of decision 5/CMP.9, requested *“the Joint Implementation Supervisory Committee to submit elaborated recommendations on the accreditation system for joint implementation aligned with that of the clean development mechanism (CDM), taking into consideration decision 6/CMP.8, paragraph 15(b)”, for consideration by the Subsidiary Body for Implementation (SBI) at its fortieth session (June 2014).*

2. Purpose of this document

2. The draft recommendation below provides the JISC with a basis for meeting the CMP mandate referred to in paragraph 1 above, with a view to make the best use of synergies between the JI and CDM accreditation systems.

3. Subsequent work and timelines

3. In accordance with the CMP mandate, the JISC recommendation is to be considered by the Subsidiary Body for Implementation at its fortieth session.

4. Recommendations to the JISC

4. The JISC may wish to consider the draft recommendation below, amend it as required, and adopt it for inclusion as an annex to the report of its thirty-fourth meeting. It would then be published for consideration by to the SBI 40.

1. Elaborated recommendation to the Subsidiary Body for Implementation on accreditation system for joint implementation aligned with that of the clean development mechanism taking into consideration decision 6/CMP.8 paragraph 15(b)

1.1. Mandate for the elaborated recommendation

1. In paragraph 15 of decision 6/CMP.8, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) agreed, with regard to the review of the joint implementation (JI) guidelines, on a set of key attributes that shall characterize the future operation of joint implementation including: “(...) (b) *Closely aligned or unified accreditation procedures between joint implementation and the clean development mechanism that take into account differences in the respective modalities and procedures of the two mechanisms.*”
2. In paragraph 22 of its annual report to the CMP¹, for consideration by the CMP at its ninth session, the Joint Implementation Supervisory Committee (JISC) had reported to the CMP that “*with regard to the accreditation system for accredited independent entities (AIEs), the JISC agreed that the CMP may wish to consider establishing a unified accreditation system for both project-based mechanisms under the Kyoto Protocol: the CDM and JI*”. The JISC also noted that “*the accreditation panels of both mechanisms have been collaborating in their work in the past years and the JISC firmly believes that a unified accreditation system would achieve economies of scale, resulting in reduced regulatory burdens and associated transaction costs.*” The JISC further reported to the CMP that it “*stands ready to collaborate fully with the CDM Executive Board in implementing a unified accreditation system, but considers that strategic direction is required from the CMP to give impetus to such work.*”
3. In paragraph 5 of decision 5/CMP.9, the CMP requested the JISC “*to submit elaborated recommendations on the accreditation system for joint implementation aligned with that of the clean development mechanism, taking into consideration decision 6/CMP.8, paragraph 15(b), for consideration by the Subsidiary Body for Implementation (SBI) at its fortieth session (June 2014).*”
4. This elaborated recommendation is prepared by the JISC for the consideration of the SBI. The Executive Board of the clean development mechanism (CDM-EB) was not requested by the CMP to undertake work in relation to this matter but was informed, at its seventy-seventh meeting, of the work of the JISC in relation to accreditation and this request of the CMP.

1.2. Existing infrastructure for accreditation

5. The functions of the CDM-EB and the JISC in relation to accreditation of their respective mechanisms are very similar.

¹ FCCC/KP/CMP/2013/4.

- (a) Under decision 3/CMP.1, Annex, paragraph 5 (f) to (g), the CDM-EB is required to be responsible for the accreditation of operational entities in accordance with appendix A to that annex, including decisions on re-accreditation, suspension and withdrawal of accreditation.
 - (b) The JISC, pursuant to decision 9/CMP.1, Annex, paragraph 3 (b) and (c) is responsible for the accreditation of independent entities in accordance with appendix A to that annex, and for the review of standards and procedures, giving consideration to the work of the CDM-EB.
- 6. Both accreditation systems are currently operating in accordance with very similar standards, set at CMP level (in appendix A to each of 3/CMP.1, Annex and 9/CMP.1, Annex).
- 7. Both constituted bodies are mandated to review the accreditation standards set by the CMP that apply to their mechanism and make recommendations to the CMP (see 3/CMP.1 Annex, paragraph 5 (g) and 9/CMP.1, Annex, paragraph 3 (c)).
- 8. Both constituted bodies have adopted accreditation standards and procedures to elaborate on the guidance provided by the CMP. These regulations have followed the same approaches, with the regulations of the JISC being initially modelled on those of the CDM-EB, and improvements made to one set have generally led to similar changes in the other. Over time, some differences have emerged, especially given that the CDM-EB introduced extensive improvements through the revisions of its accreditation standard and procedure it adopted in 2013. However, in the assessment of the JISC, there are no substantive reasons for maintaining such differences between the CDM and JI accreditation system.
- 9. In addition, each constituted body is mandated to obtain the support and expertise that it needs through establishing and running panels, committees and working groups (see 3/CMP.1, Annex, paragraph 18 and 9/CMP.1, Annex, paragraph 13). These technical support panels and committees remain under the authority of the constituted body that sets them up (CDM-EB or JISC) and that body remains accountable to the CMP in respect of technical work undertaken by these panels, committees and working groups. At the current time, there is a CDM accreditation panel (CDM-AP) and a JI accreditation panel (JI-AP), that carry out almost identical functions in relation to the review of accreditation submissions and performance management of entities accredited under the respective mechanism.
- 10. The only substantive difference in terms of the structure of accreditation functions between the two mechanisms is that the CMP formally designates operational entities under the CDM as a result of Article 12, paragraph 5 of the Kyoto Protocol whereas under joint implementation, the CMP does not have this role. To date, the CMP has always followed the recommendation of the CDM-EB as to designation.

1.3. Proposal to closely align the CDM and JI accreditation systems

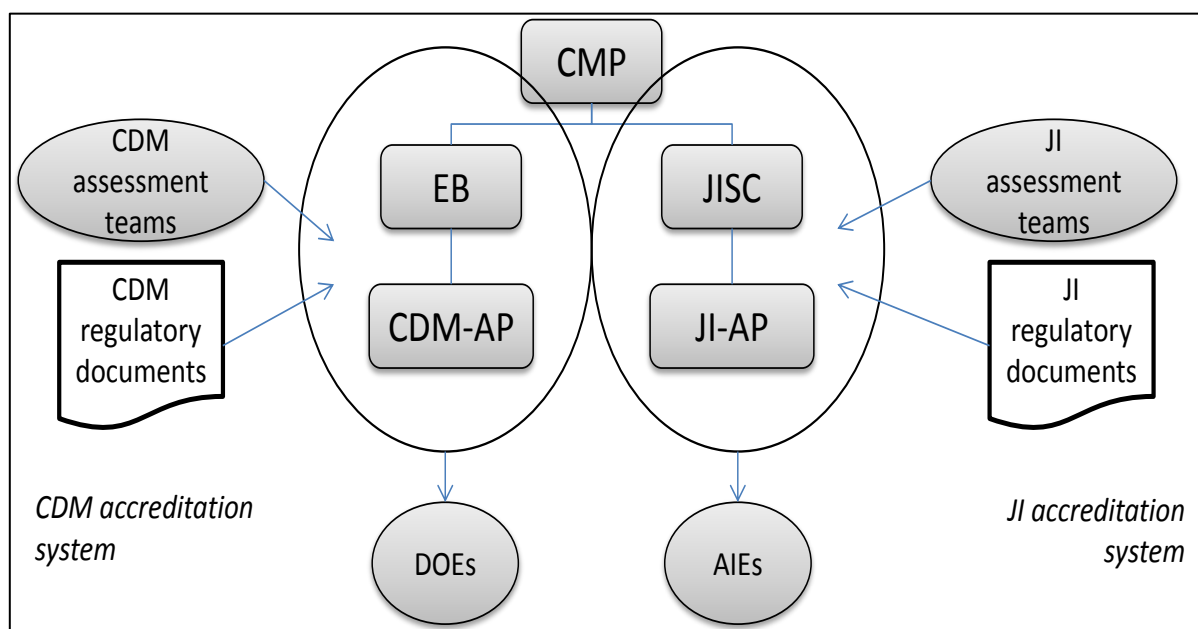
- 11. As noted above, the two project based mechanisms have almost identical rules for accreditation functions and processes but have been run separately. In

decision 9/CMP.1, Annex, at paragraph 3(c) it was envisaged that review of accreditation standards and procedures by the JISC should give consideration to the relevant work of the clean development mechanism, and both constituted bodies are mandated to make recommendations to the CMP as appropriate.

12. This elaborated recommendation proposes a closely aligned accreditation system which would deliver accreditation services to both the CDM and JI, taking into account the differences in the respective modalities and procedures/guidelines of the two mechanisms. It is proposed that this closely aligned system could take the rules of CDM accreditation and apply them to JI, with the necessary changes, and share accreditation activities, while at the same time maintaining the separate accountability of the CDM-EB and the JISC to the CMP.
13. It is important to note that the JISC considers that the proposed closely aligned accreditation system can be implemented without revision to decision 3/CMP.1 or 9/CMP.1 as it is within the competence of each of the CDM-EB and the JISC to develop their own technical support structures, while remaining accountable to the CMP. As such, the JISC considers that the SBI could, if it considers appropriate, make recommendations to the CMP that are independent of the current review of the modalities and procedures for the CDM and the guidelines for the implementation of Article 6 of the Kyoto Protocol, both of which are under consideration by the SBI.
14. Further, the JISC wishes to note that in the proposed closely aligned accreditation system, formal accreditation responsibility as per 3/CMP.1 in respect of DOEs would remain with the CDM-EB and, in respect of 9/CMP.1 for AIEs, with the JISC. The two constituted bodies would oversee a single joint accreditation committee (abbreviated, for the purpose of this recommendation, to JAC). Bringing together the two accreditation functions in this manner recognises their almost identical roles within their respective mechanisms, as described above.
15. Under the proposed approach, accreditation decisions would be made by a JAC, under the authority and supervision of the CDM-EB and the JISC. The CDM-EB and JISC would remain separately accountable to the CMP in accordance with 3/CMP.1 and 9/CMP.1 respectively. The JAC would be of a technical nature, similar to the existing CDM-AP and JI-AP. Like the existing panels, its members would be independently recognized accreditation experts, who would be selected by the CDM-EB and the JISC.
16. The proposal is that the system would make use of a common regulatory framework for accreditation for both project based mechanisms and would conduct combined accreditation assessments.
17. The JISC recommends that the JAC could have, as its primary roles:
 - (a) Elaborating its governance documents for approval by the CDM-EB and JISC;
 - (b) Reviewing accreditation and reaccreditation requests;
 - (c) Planning and implementing assessment activities, combining CDM and JI related assessments in order to reduce costs;

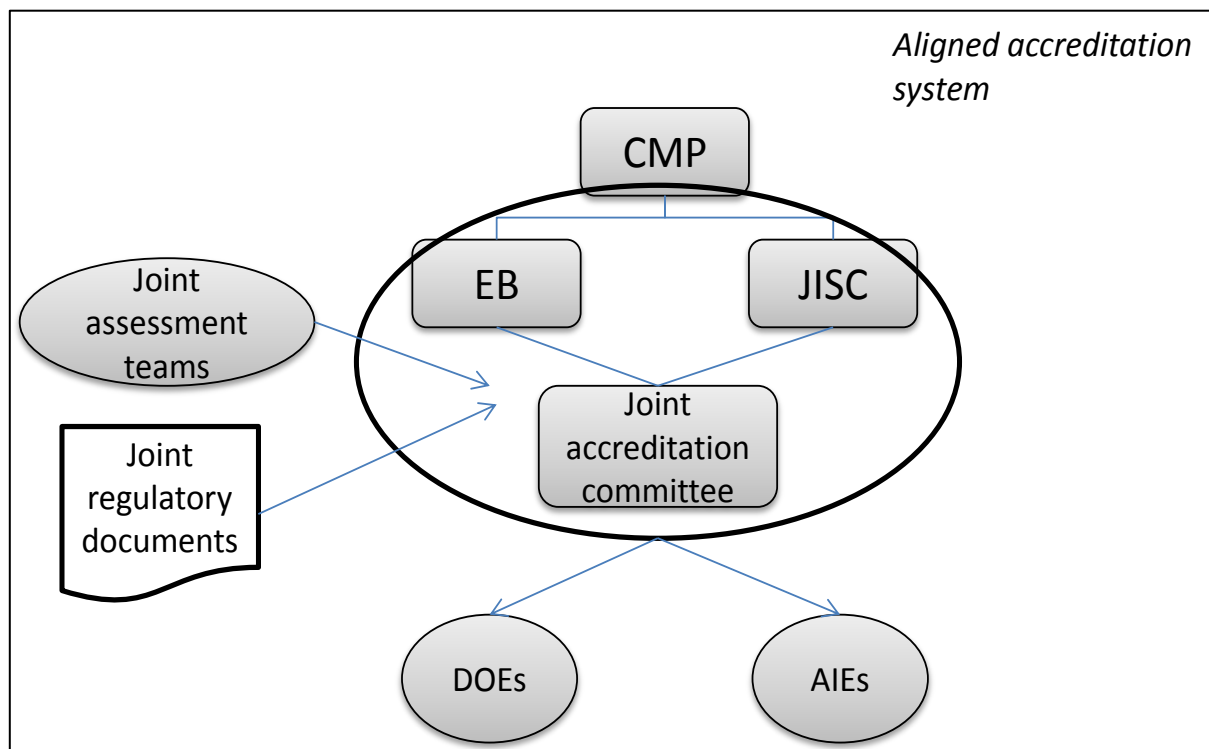
- (d) Taking accreditation decisions (i.e. initial accreditations, reaccreditations, performance assessments, regular surveillances, spot checks, suspensions) and reporting them to the CDM-EB and JISC;
 - (e) Taking accreditation-related policy decisions in consultation with the CDM-EB and JISC;
 - (f) Reporting its activities to the CDM-EB and JISC.
18. Figures 1 and 2 below depict the current accreditation infrastructure and the recommendation on closely aligned accreditation systems, respectively.

Figure 1. Current accreditation infrastructure under 3/CMP.1 and 9/CMP.1



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Figure 2. Proposed closely aligned accreditation systems, implementable within the existing rules of 3/CMP.1 and 9/CMP.1



1.4. Expected impacts of a closely aligned accreditation system

19. As noted above in paragraph 12, the proposed closely aligned accreditation system would not, in the view of the JISC, require that 3/CMP.1 and 9/CMP.1 be revised. As such, it seems to the JISC that the CMP would be in a position to confirm that the CDM-EB and JISC should share a common technical support structure for accreditation matters. The CMP could request the CDM-EB and the JISC to take the necessary steps to elaborate and implement the proposed joint accreditation committee in a similar way as the CDM-EB and the JISC each separately set up their current accreditation panels, but doing so jointly.
20. A closely aligned accreditation system could be expected to produce the following benefits:
 - (a) Consistent application of best practice on accreditation across both the project based mechanisms, by moving JI towards the CDM accreditation system, which is more developed, and then developing accreditation best practice consistently for both mechanisms;
 - (b) Ensuring a consistent approach to the same issues between CDM and JI, and so supporting the consistency of standards required for the project-based mechanisms under the Kyoto Protocol;
 - (c) Significantly reducing costs in implementing accreditation functions for the CDM-EB, the JISC, the secretariat and the independent entities under CDM and JI by removing duplication (for example, the secretariat has to

run two accreditation processes and entities wishing to be both a DOE under CDM and an AIE under JI must pay two separate fees for accreditation);

- (d) Reduced costs for accredited entities in maintaining accreditation because assessments of those accredited entities would be joint for CDM and JI (the accredited entities bear assessment costs);
- (e) Reduction of complexity in the accreditation infrastructure. This would be without any loss of environmental integrity or quality assurance capacity as the two systems already meet the same standards, as set by the CMP.

1.5. Aspects that could be elaborated by the CDM-EB and JISC

21. The CDM-EB and the JISC are each competent to determine the mandate and role of their technical support panels, committees and working groups. Both bodies have a practice of doing this through terms of reference for their support structure². It seems to the JISC that the CDM-EB and JISC could together elaborate the detailed operational functions of the joint accreditation system and establish the joint accreditation system. The respective annual reports to the CMP of the two constituted bodies would allow the bodies to report to the CMP on the operations of the joint accreditation committee.
22. The JISC considers that the CDM-EB and the JISC would need to undertake at least the following work if the CMP were to endorse the proposed closely aligned accreditation system:
 - (a) Procedures to elaborate how the membership of the proposed joint accreditation committee would be elaborated and how the CDM-EB and JISC would oversee the selection process;
 - (b) Procedures to ensure that challenges to accreditation decisions taken by the joint accreditation committee are reported to the relevant constituted body, for guidance of that body;
 - (c) Procedures to ensure that the CDM-EB and JISC are able to coordinate on matters related to accreditation and resolve differences of view between the two constituted bodies, or between one body and the joint accreditation committee should such occur;
 - (d) Elaborating the allocation of operational costs between CDM and JI. Both CDM and JI are funded through fees for registration/determination and issuance of CERs/Track 2 ERUs. The operational costs of the proposed joint accreditation committee could be shared by the mechanisms in proportion to their efforts of oversight;

² Terms of reference of the support structure of the CDM Executive Board : <http://cdm.unfccc.int/filestorage/1/j/extfile-20130604103122813-panels_proc02.pdf/panels_proc02.pdf?t=Zk58bjFxZGhxfdcOWAqf-8wrDqbh0Yk5twXz>, and; General Guidelines for panels and working groups under the Joint Implementation Supervisory Committee <http://ji.unfccc.int/Ref/Documents/Gen_Guid.pdf>.

- (e) Measures to transition the two mechanisms from the existing CDM-AP and the JI-AP to the joint accreditation committee.

1.6. SBI recommendation to the CMP

23. In accordance with the elaborated recommendation above, the JISC recommends that the SBI consider forwarding a draft decision to the CMP that:
 - (a) Requests the CDM-EB and the JISC to collaborate to elaborate and establish a joint accreditation committee under their authority and supervision, in accordance with 3/CMP.1 and 9/CMP.1;
 - (b) Also requests the CDM-EB and the JISC to collaborate to revise the regulations of the CDM and the JI rules in order to:
 - (i) Develop and apply terms of reference for the membership, appointment, competence and mandate of the joint accreditation committee and jointly revise such terms of reference at appropriate times;
 - (ii) Develop and apply a single regulatory framework for accreditation, including specific provisions to determine compliance with CDM and JI requirements;
 - (iii) Review and improve related processes, such as the qualification of experts;
 - (iv) Develop transitional arrangements.

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Document information

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