

**JI-JISC40-AA-A01**

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# Draft joint implementation two-year management plan 2018–2019

Version 01.0

DRAFT



**United Nations**  
Framework Convention on  
Climate Change

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## 1. Introduction

1. The Joint Implementation Supervisory Committee (JISC) is 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.
2. The work of the JISC as the supervisor of the Track 2 process has had an important influence on the establishment of national procedures and guidelines adopted by Parties involved in the Track 1 process.
3. To date, there are 51 projects determined by the JISC to meet the relevant requirements under the Track 2 process and 548 projects have been published by host Parties under the Track 1 process. Since 2008, 871 million emission reduction units (ERUs) have been issued under Track 1 and Track 2.
4. At CMP 12, Parties expressed appreciation for the work of the JISC and reiterated their concern regarding the difficult market situation currently faced by participants in JI (decision 4/CMP.12 paragraphs 3 and 4) and stressed the need to ensure sufficient infrastructure and capacity for the mechanism's use by Parties for as long as it is needed, requesting the JISC to make the necessary adjustments to ensure the efficient, cost-effective and transparent functioning of JI.
5. The JI management plan (MAP) for 2018-2019 reflects the commitment of the JISC to continue to provide efficient and cost effective support to operate the Track 2 process and provide the infrastructure necessary for the JI Track 1 process as expected by the CMP. Should the Doha amendment be ratified (as adopted in decision 1/CMP.8) by sufficient Parties and enter into force and the demand for ERUs increase, the infrastructure and capacity to support JI operations would be ramped up immediately for uninterrupted service.

## 2. Vision for JI

6. The vision for the work of the JISC in the period 2018–2019 is to “ensure sufficient infrastructure and capacity for the mechanism's use by Parties for as long as it is needed”. The JISC considers that its role, within the guidance set by the CMP, is to continue to maintain the necessary capacity to operate JI as a mitigation tool and as an important policy instrument available to Parties for a flexible and cost efficient means of fulfilling a part of their Kyoto commitments.

## 3. Objectives

7. In the pursuit of its vision, the JISC recognizes the importance of achieving the following two objectives:
  - a) **Objective 1: Maintain infrastructure and capacity to ensure JI operations.** The JISC will continue to provide efficient and cost effective support to operate the JI Track 2 process and provide the infrastructure necessary for the JI Track 1 process as expected by the CMP;
  - b) **Objective 2: Promotion of the lessons learned.** Considering its experience gained in the operation of JI and from interactions with stakeholders, the JISC will

continue to monitor the intergovernmental negotiation process and create and use opportunities to provide further information and recommendations as appropriate for the development of rules to operationalize Article 6 of the Paris Agreement.

### **3.1. Activities by Objective**

#### **3.1.1. Objective 1: Maintain infrastructure and capacity to ensure JI operations**

8. The number of JI submissions expected under the Track 2 procedure for the period 2018-2019 will be minimal, including project design documents (PDDs), determinations, monitoring reports and verifications. Necessary resources have been allocated to maintain sufficient capacity and infrastructure at present, however should the Doha amendment enter into force and project submissions are received by the secretariat, the infrastructure and capacity to support JI operations would be immediately enhanced.
9. Activities under this objective include:
  - (a) Servicing of regulatory bodies: includes supporting meetings of the JISC and the JISC report to the CMP;
  - (b) Responding to external queries;
  - (c) Processing of project submissions: covers all project cycle related requests such as publishing PDDs and monitoring reports, finalizing determination requests, finalizing issuance requests, etc.;
  - (d) Annual review of the reliance of the CDM accreditation system: as mandated by the JISC at its thirty-seventh meeting;
  - (e) Servicing of Party-level bodies: the CMP and subsidiary bodies for JI-related agenda items.
  - (f) Providing services relating to legal, finance, human resources, information and knowledge management, information and communication technology, travel planning and management.

#### **3.1.2. Objective 2: Promotion of the lessons learned**

10. The JI mechanism has been recognized by various stakeholders for its value as a tool to incentivize and focus investment on emission reduction projects in an emission-capped environment.
11. Activities under this objective include:
  - (a) Web site maintenance
  - (b) Monitoring the intergovernmental negotiation process and creating and using opportunities to provide further information and recommendations as appropriate for the development of rules to operationalize Article 6 of the Paris Agreement.

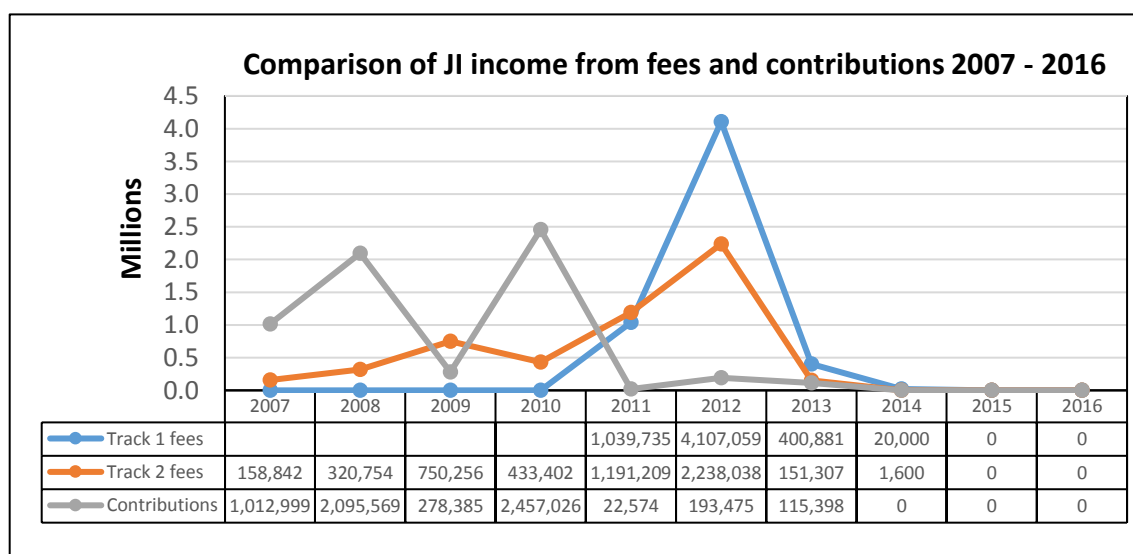
## 4. 2018–2019 programme budget

12. This section presents details on the 2018 and 2019 projected income and a budget for the operation of the JI mechanism for the same period.
13. The MAP reflects the cost sharing of cross-cutting activities and support, made possible through the secretariat’s Sustainable Development Mechanisms (SDM) programme. As such, the secretariat can redeploy SDM human resources during the next two years on an as-needed basis to meet shifting short- and medium-term demands across the various programme activities and projects.

### 4.1. Income

14. As at 31 March 2017, no income from fees or voluntary contributions has been received in 2016 and 2017. No income is expected in the 2018–2019 biennium.
15. Figure 1 shows the fees from Track 1 and Track 2 and the voluntary contributions provided by Parties from 2007 to 2016.

**Figure 1: Comparison of JI income from fees and contributions 2007–2016 (in USD)**



### 4.2. Proposed 2018–2019 budget

16. Table 1 provides the proposed 2018–2019 budget by object of expenditure for the operation of the JI mechanism.
17. The budget includes a provision for one scheduled meeting of the JISC per year, to be held in Bonn, Germany, over the two-year period.
18. The small budget increase in staff costs in the 2018-2019 budget, in comparison to the 2017 budget, reflects a change in the UNFCCC estimated standard cost per staff. The

secretariat staff required to implement the 2018–2019 MAP and maintain the mechanism ready and functional is estimated at 4 staff equivalent a year.

19. The budget reductions in expert fees and expert travel in the 2018-2019 budget, in comparison to the 2017 budget, are due to the expected decrease in project submissions and accreditation work in 2018 and 2019.
20. The budget reduction in travel of representatives in the 2018-2019 budget, in comparison to the 2017 budget, is due to no JI accreditation panel meetings included in the 2018-2019 budget (1 per year was budgeted for in the 2016-2017 budget). It may be recalled that JISC at its 37<sup>th</sup> meeting decided to rely on CDM accreditation system with effect from 2<sup>nd</sup> August 2016 and as of this date meetings of JI AP ceased.
21. The budget reduction in operating expenses in the 2018-2019 budget, in comparison to the 2017 budget, is a due to a reduction in the number of planned meetings of JISC and no JI AP meeting.

**Table 1. Proposed 2018-2019 budget by object of expenditure, compared against 2017 budget (in USD)**

Object of expenditure	Budget 2017	Budget 2018	Budget 2019	% variance 2018 vs 2017	% variance 2019 vs 2018
Staff <sup>(a)</sup>	488 346	494 291	494 291	1%	0%
Expert fees <sup>(b)</sup>	19 600	5 200	5 200	-73%	0%
Expert travel <sup>(c)</sup>	15 816	0	0	-100%	0%
Staff-related costs <sup>(d)</sup>	1 576	0	0	-100%	0%
Travel of representatives <sup>(e)</sup>	89 622	22 300	22 300	-75%	0%
Travel of staff <sup>(f)</sup>	8 000	4 000	4 000	-50%	0%
Training and skills development <sup>(g)</sup>	1 000	1 000	1 000	0%	0%
Operating expenses <sup>(h)</sup>	105 396	66 636	66 636	-37%	0%
Mobile communications <sup>(i)</sup>	1 500	1 200	1 200	-20%	0%
Supplies and material <sup>(i)</sup>	1 000	500	500	-50%	0%
<b>Subtotal</b>	<b>731 856</b>	<b>595 127</b>	<b>595 127</b>	<b>-19%</b>	<b>0%</b>
13% Programme support <sup>(k)</sup>	95 141	77 366	77 366		
<b>Total</b>	<b>826 998</b>	<b>672 493</b>	<b>672 493</b>		

(a) Staff costs include Staff and General Temporary Assistance salaries.

(b) Expert fees refer to case fees.

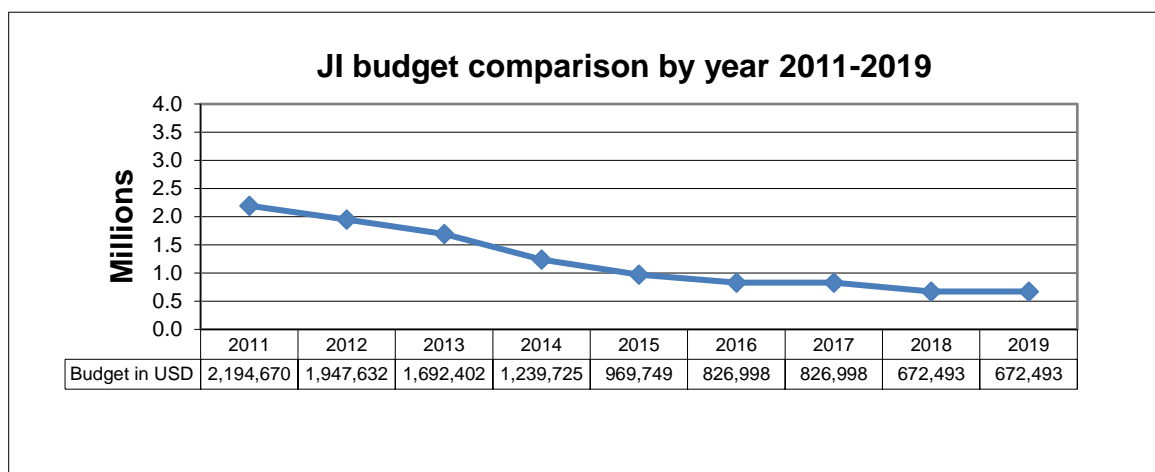
(c) Expert travel refers to ticket costs and daily subsistence allowance (DSA).

(d) Staff-related costs refer to overtime payments, dependency allowance, education grant, rental subsidy, home-leave travel, travel on appointment and separation.

- (e) Travel of representatives includes participants’ ticket costs and DSA.
- (f) Travel of staff includes ticket costs, DSA, terminal expenses and miscellaneous expenses.
- (g) Training and skills development costs include staff attendance or course fees, ticket costs and DSA.
- (h) Operating expenses include rental of equipment, shipping and transport costs, maintenance costs and other logistical costs, normally associated with meetings of regulatory bodies and their panels and working groups.
- (i) Mobile communications are official mobile telephone charges for mobile phone services.
- (j) Supplies and material include the acquisition of hardware, supplies, software and subscriptions.
- (k) Programme support – In accordance with the financial procedures of the United Nations, 13 per cent of overhead charges are payable on all trust funds of the UNFCCC to cover administrative services provided by the United Nations Office at Geneva and the UNFCCC secretariat.

22. Figure 2 shows a comparison of the annual JI budget from 2011 to 2019.

**Figure 2 Annual JI budget comparison by year 2011 to 2019**



### 4.3. Expenditure

- 23. Table 2 provides the comparison of the 2016 JI budget against expenditure as at 31 December 2016, by object of expenditure. The budget implementation rate for 2016 is 100.4 per cent.
- 24. The higher expenditure rate in staff cost (117.8 per cent) is due to the difference between the secretariat-wide estimated standard cost per staff position, as compared to the actual expenditure.
- 25. There were no expert fees and expert travel expenditures during the period covered, as there were no project submissions or accreditation work in 2016.
- 26. The lower expenditure rate in travel of representatives (60.8 per cent) was due to the lower number of participants in JISC 39 meeting than forecasted.

27. The higher expenditure rate in Travel of staff (128.2 per cent) is due to the difference between the standard calculation per mission as compared to the actual mission cost.
28. The lower expenditure rate in Operating expenses (88.7 per cent) is due to the difference between the secretariat-wide estimated standard meeting costs and the actual costs incurred.
29. The lower expenditure rate in Mobile communications (75.7 per cent) is due to is due to the difference between the secretariat-wide estimated standard meeting costs and the actual costs incurred.

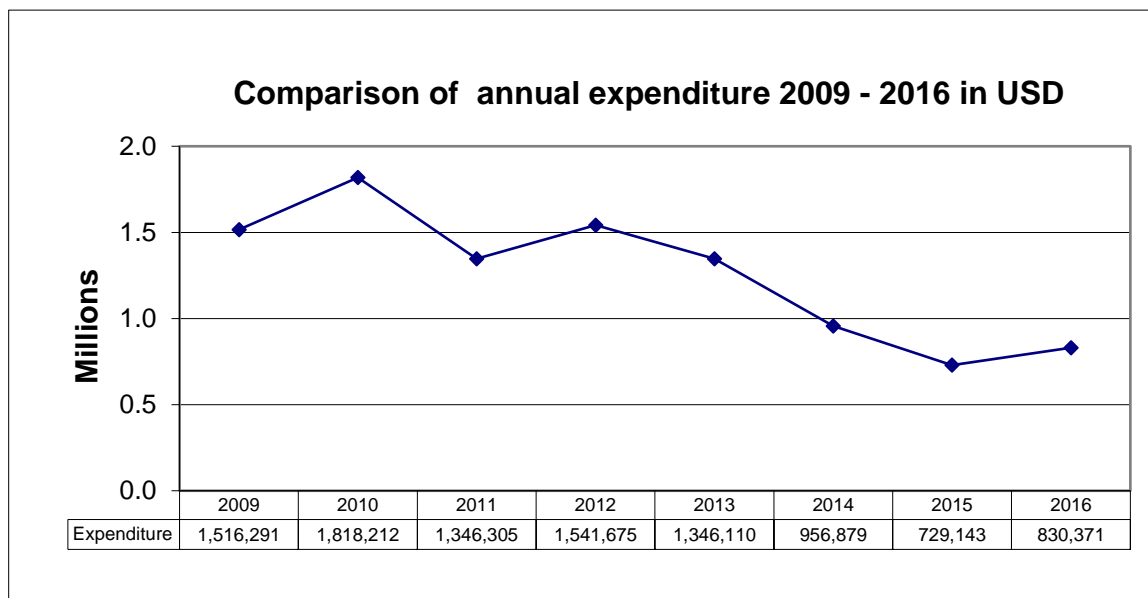
**Table 2. Comparison of the 2016 JI budget against expenditure as at 31 December 2016 (in USD)**

Object of expenditure	Budget 2016	Expenditure as at 31 December 2016	Expenditure vs. budget %
Staff	488 346	574 146	117.6
Expert fees	19 600	0	0
Expert travel	15 816	0	0
Staff-related costs	1 576	1 257	79.8
Travel of representatives	89 622	54 523	60.8
Travel of staff	8 000	10 254	128.2
Training and skills development	1 000	0	0
Operating expenses	105 396	93 526	88.7
Mobile communications	1 500	1 136	75.7
Supplies and materials	1 000	0	0
<b>Subtotal</b>	<b>731 856</b>	<b>734 842</b>	<b>100.4</b>
13% Programme support costs	95 141	95 529	
<b>Total</b>	<b>826 998</b>	<b>830 371</b>	



30. Figure 3 provides a comparison of annual expenditure for the years 2009 to 2016.

**Figure 3 Comparison of annual expenditure from 2009 to 2016 (in USD)**



#### 4.4. Closing remarks

31. Table 3 provides a summary of the projected fund balance for the JI mechanism at the end of 2019. The projections in this table are based on the assumption that, although a continued decrease in project submissions and accreditation work is expected, the 2018–2019 budget must ensure that sufficient infrastructure and capacity for the mechanism’s use by Parties remains in place until at least the end of the additional period for fulfilling commitments under the second commitment period of the Kyoto Protocol.

32. As can be seen in table 3, the balance of funds available at the end of 2017 (USD 3.6 million) is sufficient to cover the planned JI activities up until the end of the period 2018–2019 covered by this MAP, at which time a projected surplus, as at 31 December 2019, of just under USD 2.3 million would be available to implement JI activities in the period from 2020 and beyond.

**Table 3. Summary of the projected fund balance for the JI mechanism at end of 2019 (in United States dollars)**

	Projections		
	2017	2018	2019
Carry over from prior year (2016)	4 461 944	3 634 946	2 962 453
Track 1 fees	0	0	0
Track 2 fees	0	0	0
Contributions from Parties	0	0	0
<b>Total income</b>	<b>4 461 944</b>	<b>3 634 946</b>	<b>2 962 453</b>
Less projected expenditure <sup>(a)</sup>	826 998	672 493	672 493

				<b>Projections</b>		
<b>Fund balance</b>		<b>3 634 946</b>		<b>2 962 453</b>		<b>2 289 960</b>

(a) Projected expenditure as at 31 December 2017 and the assumption that expenditure remains constant over the 2-year period.

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### Document information

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