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Draft annual report of the JISC to the CMP

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1. Introduction

1.1. Summary

1. This report covers the work carried out by the Joint Implementation Supervisory Committee (JISC) from 1 September 2018 to 17 September 2019. During the reporting period, the JISC maintained the necessary infrastructure for the operation of joint implementation and prudently managed its resources as requested by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol. [The JISC adopted the joint implementation two-year management plan 2020–2021, reflecting its continuing commitment to supporting the operation of the mechanism.]

1.2. Mandate

2. The CMP, by decision 10/CMP.1, established the JISC to supervise, inter alia, the verification of emission reductions or removal enhancements generated by JI projects in accordance with the JI guidelines.¹
3. In accordance with paragraph 3(a) of the JI guidelines, the JISC is required to report on its activities at each session of the CMP. The CMP provides guidance regarding the implementation of Article 6 of the Kyoto Protocol and exercises authority over the JISC.

1.3. Scope

4. This annual report of the JISC to the CMP covers JI activities carried out between 1 September 2018 and 17 September 2019 (hereinafter referred to as the reporting period).
5. It describes the status of JI and covers the work undertaken by the JISC during the reporting period, including its responsibilities relating to the operation of the verification procedure under the JISC (hereinafter referred to as JI Track 2),² and the financial status of the JI mechanism.
6. Full details of the operation and functions of the JISC are available on the JI web pages of the UNFCCC website, which are the central repository for reports on meetings of the JISC, information on JI projects and accreditation, and documents adopted by the JISC.³

1.4. Possible action to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

7. The CMP may wish to review the annual report of the JISC.
8. In accordance with paragraphs 4 and 5 of the JI guidelines, the CMP is to elect JISC members for a term of two years, upon receipt of nominations from Parties, as follows:
 - (a) One member and one alternate member from Parties included in Annex I that are undergoing the process of transition to a market economy;

¹ Decision 9/CMP.1, annex.

² Outlined in paras. 30–45 of the JI guidelines.

³ <http://ji.unfccc.int>.

- (b) One member and one alternate member from Parties included in Annex I not referred to in paragraph 7(a) above;
- (c) Two members and two alternate members from Parties not included in Annex I;
- (d) One member and one alternate member from small island developing States.

2. Status of joint implementation

- 9. Activity under JI almost ceased at the end of the first commitment period of the Kyoto Protocol in 2012. The last issuance of ERUs under JI Track 1⁴ was reported in August 2015, whereas the last JI Track 2 ERU issuance was reported in October 2014.
- 10. As ERUs are created by converting part of a country's assigned amount units under the Kyoto Protocol, no host Party is yet able to issue ERUs for the second commitment period. This will remain the case until the Doha Amendment enters into force, including for the host Party.
- 11. The Conference of the Parties recommended that experience gained and lessons learned from existing mechanisms and approaches adopted under the Convention and its related legal instruments be taken into account in preparing the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement.⁵ The JISC reiterates its recommendations to the CMP related to its reflections on and analysis of the experience and lessons learned from JI, as contained in its 2016 annual report.⁶
- 12. The JISC recognizes that valuable work was carried out by the Subsidiary Body for Implementation on the review of the JI guidelines, and that the draft modalities and procedures for JI⁷ draw upon the lessons learned from JI and can serve as an important input to the preparation of the rules, modalities and procedures of the mechanism established by Article 6, paragraph 4, of the Paris Agreement.

3. Work undertaken in the reporting period

3.1. Ensuring cost-effective and transparent functioning of joint implementation

- 13. CMP 14 did not give the JISC any new mandates.
- 14. The JISC maintained operations in accordance with its two-year management plan for 2018–2019 by maintaining the infrastructure and capacity to support JI operations, as needed, and by monitoring the intergovernmental negotiation process and creating opportunities to provide further information and recommendations from the lessons learned from JI, as appropriate, for the development of the rules to operationalize the mechanisms under Article 6 of the Paris Agreement.

⁴ In accordance with the JI guidelines (para. 13), under JI Track 1, national governments, not the JISC, are responsible for the oversight of projects and for the issuance of ERUs from those projects.

⁵ Decision 1/CP.21, para. 37(f).

⁶ FCCC/KP/CMP/2016/5, annex I.

⁷ FCCC/SBI/2016/L.8, annex.

15. [The JISC, at its 42nd meeting, adopted the JI two-year management plan 2020–2021 with the dual aim of maintaining infrastructure and capacity to ensure JI operations, and promoting lessons learned from JI.]

3.2. Outreach activities

16. The secretariat maintains the JI web pages and the UNFCCC web pages related to the JI negotiations as a promotional tool and a repository of information relating to the mechanism.

3.3. Meeting in 2019

17. [In accordance with decision 4/CMP.12, the JISC held its 42nd meeting on 17 September 2019, in a virtual environment. A total of ## of the 18 current JISC members and alternate members virtually participated in the meeting and electronic oaths of service were submitted to fulfil the requirements of the rules of procedure of the JISC.⁸]
18. The annotated agenda for the meeting, documentation on supporting agenda items, on-demand broadcasts and a report containing all agreements reached by the JISC are available on the JI web pages.⁹
19. In the spirit of prudent resource management, the JISC decided not to hold any more physical meetings during the year, and that the Chair and Vice-Chair would consult electronically with members for any decision-making.

3.4. Interaction with bodies and stakeholders

20. The JISC continued to make itself available for interaction with independent entities, AIEs, project developers and observers by encouraging written input from stakeholders to the agenda for its 42nd meeting and inviting the chairs of the DOE/AIE Coordination Forum and the Project Developer Forum to the meeting.

3.5. Accreditation of independent entities

21. The JISC reviewed its reliance on the clean development mechanism accreditation system and agreed to continue allowing DOEs accredited under the clean development mechanism to act voluntarily as AIEs to perform JI determinations and verifications. [As at 17 September 2019, three DOEs had submitted self-declarations expressing their interest in acting voluntarily as AIEs.]
22. During the reporting period, no JI project determinations or verifications under JI Track 2 were submitted by a DOE acting voluntarily as an AIE under JI.

3.6. Verification procedure under the Joint Implementation Supervisory Committee

23. Since the inception of JI, 597 JI projects have been published under Track 1, of which 548 have received unique project identifiers and have been submitted to the international transaction log. Information on 332 projects and one programme of activities under JI

⁸ See http://ji.unfccc.int/Ref/Documents/JI_proc01.pdf.

⁹ http://ji.unfccc.int/Sup_Committee/Meetings/index.html.

Track 2 has been made available on the JI web pages. A total of 52 determinations regarding project design documents have been published, of which 51 have been deemed final, while 128 of the 129 published verifications have been deemed final. A total of 871,893,629 ERUs have been issued, of which 846,477,357 were under Track 1 and 25,416,272 under Track 2.

24. As in the previous reporting period, no determination or verification cases were submitted for processing under JI Track 2 during the current reporting period.

4. Governance and management matters

4.1. Membership issues

25. CMP 14 elected new members and alternate members of the JISC to fill vacancies arising from the expiration of the terms of tenure of outgoing members and alternate members. During the reporting period, the JISC comprised the members and alternate members listed in table 1.
26. The JISC wishes to highlight to the CMP the importance of constituencies filling vacant seats and the impact of vacant seats on constituting a quorum. The JISC encourages constituencies with vacant seats to nominate individuals to join the JISC.

Table 1. Members and alternate members of the JISC elected by the CMP at its fourteenth session and at the fiftieth sessions of the subsidiary bodies

Member	Alternate member	Constituency
Mr. Emil Calles ^{b, c}	Mr. Agré Assie ^{b, c}	Parties not included in Annex I
Ms. Boryana Kamenova ^{b, c}	Ms. Volha Vasilevskaya ^{b, c}	Parties included in Annex I with economies in transition
Ms. Vanessa Leonardi ^a	Mr. Konrad Raeschke-Kessler ^a	Parties included in Annex I
Mr. Kyekyeku Opong-Boadi ^a	Mr. Carlos Fuller ^{a, d}	Parties not included in Annex I
Mr. Ahmed Waheed ^a	Mr. MD Ziaul Haque ^a	Parties not included in Annex I
Mr. Jakob Wiesbauer-Lenz ^b	Mr. Benoît Leguet ^b	Parties included in Annex I
Mr. Albert Williams ^a	Mr. Derrick Oderson ^a	Small island developing States
Ms. Izabela Zborowska ^a	Ms. Iryna Rudzko ^a	Parties included in Annex I with economies in transition
Vacant ^{b, c}	Ms. Gherghita Nicodim ^b	Parties included in Annex I with economies in transition
Vacant ^{b, c}	Mr. Takahiko Tagami ^b	Parties included in Annex I

^a Term: two years, ending immediately before the first meeting of the JISC in 2020.

^b Term: two years, ending immediately before the first meeting of the JISC in 2021.

- ^c Nomination pending since CMP 14. The current member or alternate member remains in office until his or her successor is nominated by the respective regional group or constituency.
- ^d Nomination pending since CMP 11. Current Officer remains in office until his/her successor is nominated by the regional group or constituency.

4.2. Election of the Chair and Vice-Chair of the Joint Implementation Supervisory Committee

27. Prior to the 42nd meeting of the JISC, its members electronically consulted and elected, by consensus, Mr. Oppong-Boadi, a member from a Party not included in Annex I, as its Chair, and Ms. Leonardi, a member from a Party included in Annex I, as its Vice-Chair. Their tenures will end immediately before the first meeting of the JISC in 2020.
28. The JISC expressed its deep appreciation to the outgoing Chair, Ms. Nicodim, and Vice-Chair, Mr. Oppong-Boadi, for their excellent leadership during 2018.

5. Status of financial resources for the work of the Joint Implementation Supervisory Committee and its supporting structures

29. During the reporting period, the JISC continued to carefully monitor the status of, and prudently utilize, the resources available for the work on JI.¹⁰ Resources were used in support of the approved two-year management plan for 2018–2019.¹¹
30. A summary of the income of the JISC in the reporting period is provided in table 2.

Table 2. 2019 income (as at 31 August 2019) ^a for the work of the Joint Implementation Supervisory Committee (United States dollars)

Income source	Amount
Carry-over from 2018 ^b	3 031 956
Contributions received in 2019	—
Total JI Track 1 fees for 2019	—
Total JI Track 2 fees for 2019	—
Total income with 2018 carry-over	3 031 956

^a The financial reporting period is from 1 January 2019 to 31 August 2019.

^b After accounting for 2018 income and expenditure (full year). Includes JI Track 2 fees previously held in reserve.

¹⁰ The CMP, by decisions 3/CMP.2, 3/CMP.3, 5/CMP.4, 3/CMP.5, 4/CMP.6, 11/CMP.7, 6/CMP.8 and 4/CMP.12 requested the JISC to keep the JI management plan under review and to make adjustments as necessary to continue ensuring the efficient, cost-effective and transparent functioning of the JISC.

¹¹ http://ji.unfccc.int/Ref/Documents/Info_note11.pdf.

31. The budget and expenditure of the JISC for the reporting period is shown in table 3.

Table 3. Comparison of the 2019 expenditure versus the 2019 budget (as at 31 August 2019)^a of the Joint Implementation Supervisory Committee (United States dollars)

Comparative status of expenditure against budget	Amount
Budget	672 493
Expenditure	468 928
Difference	203 565

^a The financial reporting period is from 1 January 2019 to 31 August 2019.

32. Table 4 summarizes the financial status of the JI mechanism as at 31 August 2019, showing a balance of USD 2.6 million.

Table 4. Financial status of the Joint Implementation Supervisory Committee for 2019^a (United States dollars)

Summary of financial status as at 31 August 2019^a	Amount
Carry-over from 2018	3 031 956
Contributions from Parties in 2019	—
Income from JI fees (Tracks 1 and 2)	—
Sub total	3 031 956
Expenditure in 2019	468 928
Balance	2 563 028

^a The financial reporting period is from 1 January 2019 to 31 August 2019.

33. Recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
34. The JISC recommends that the CMP take note of its annual report for the reporting period and invites the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to continue using the experience gained and lessons learned from JI¹² to inform the implementation of Article 6 of the Paris Agreement.

6. Abbreviations and acronyms

AIE	accredited independent entity
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
DOE	designated operational entity
ERU	emission reduction unit
JI	joint implementation

¹² As contained in document FCCC/KP/CMP/2016/5, annex I.

JI guidelines	"Guidelines for the implementation of Article 6 of the Kyoto Protocol"
JI project	project under Article 6 of the Kyoto Protocol
JISC	Joint Implementation Supervisory Committee

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