

**JI-JISC44-AA-A01**

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# Draft Joint implementation two-year management plan 2022–2023

Version 01.0

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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, 51 projects have been determined by the JISC as meeting the relevant requirements under the Track 2 process, and 548 projects have been published by host Parties under the Track 1 process. Since 2008, almost 872 million emission reduction units have been issued under Track 1 and Track 2.
4. At CMP 12 (in 2016), Parties expressed appreciation for the work of the JISC, reiterated their concern regarding the difficult market situation currently faced by participants in JI 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.<sup>1</sup>
5. At the fifteenth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP 15) (in 2019) the CMP took note of the annual report of the JISC.
6. The JI management plan (MAP) for 2022–2023 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.

## 2. Vision for joint implementation

7. The vision for the work of the JISC in the period 2022–2023 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 Protocol commitments.

## 3. Objectives

8. 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;

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<sup>1</sup> Decision 4/CMP.12, paras. 3–5.

- (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 joint implementation operations

- 9. The number of JI submissions expected under the Track 2 procedure for the period 2022–2023 will be minimal, including project design documents (PDDs), determinations, monitoring reports and verifications. With the Doha Amendment entering into force, necessary resources have been allocated to maintain sufficient capacity and infrastructure. This will ensure the processing of project submissions once received by the secretariat along with enhanced infrastructure and capacity to support JI operations.
- 10. Activities under this objective include:
  - (a) Servicing of regulatory bodies: includes supporting JISC meetings and its report to the CMP;
  - (b) Responding to external queries;
  - (c) Processing of project submissions: covers all project cycle-related requests such as 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 (JISC 37);
  - (e) Servicing of Party-level bodies: the CMP and subsidiary bodies for JI-related agenda items;
  - (f) Providing services relating to legal affairs, 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

- 11. 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.
- 12. Activities under this objective include:
  - (a) Website maintenance;
  - (b) Monitoring of the intergovernmental negotiation process and creation and use of opportunities to provide further information and recommendations as appropriate for the development of rules to operationalize Article 6 of the Paris Agreement.

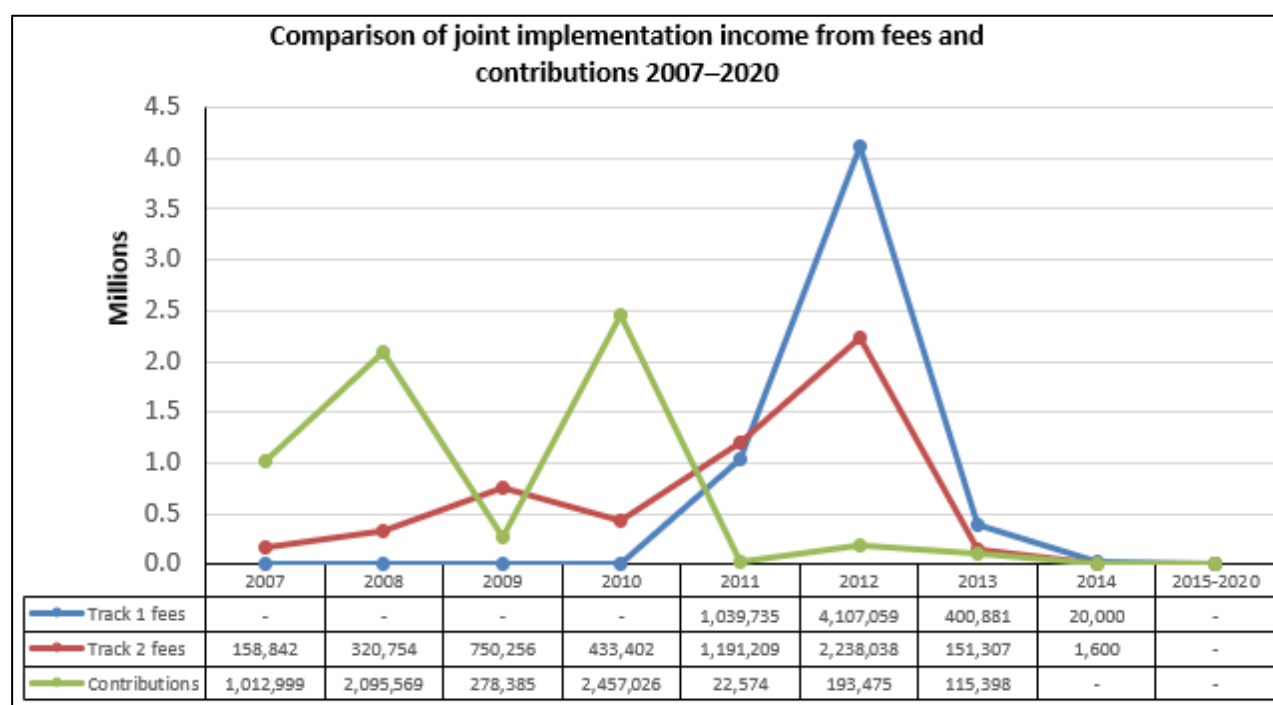
## 4. 2022–2023 programme budget

13. This section presents details on the 2022 and 2023 projected income and a budget for the operation of the JI mechanism for the same period.
14. The MAP reflects the cost-sharing of cross-cutting activities and support, made possible through the secretariat’s Mitigation Division. As such, the secretariat can redeploy human resources during the next two years on an as-needed basis to meet shifting short- and medium-term demands across the various division activities and projects.

### 4.1. Income

15. As at 31 August 2021, no income from fees or voluntary contributions has been received in 2020 and 2021. No income is expected in the 2022–2023 biennium.
16. Figure 1 shows the fees from Track 1 and Track 2 and the voluntary contributions provided by Parties.

**Figure 1. Comparison of joint implementation income from fees and contributions 2007–2020 (in USD)**



### 4.2. Proposed 2022–2023 budget

17. The proposed budget for 2022 is USD 276,178. The budget is also estimated to be the same for 2023. This represents a 53.7 per cent reduction compared to 2021. Table 1 provides the proposed 2022–2023 budget by object of expenditure for the operation of the JI mechanism.
18. The budget includes a provision for one scheduled virtual meeting of the JISC per year, to be coordinated from Bonn, Germany, over the two-year period.

19. The 2022–2023 budget, in comparison with the 2021 budget, includes budget reductions in the following cost categories:
- (a) Staff costs, reflecting a downward adjustment to the estimated staff effort based on actuals for 2021. The secretariat staff required to implement the 2022–2023 MAP and ensure the mechanism is ready and functional is estimated at one staff equivalent a year for 2022 and 2023;
  - (b) Expert fees providing for only a small number of cases;
  - (c) Travel of representatives, reflecting that the JISC meeting will be virtual. Furthermore, there are no Joint Implementation Accreditation Panel (JI-AP) meetings planned for in the biennium, reflecting that the JISC, at its 37th meeting, decided to rely on the CDM accreditation system with effect from 2 August 2016, and, as of this date, meetings of JI-AP ceased;
  - (d) Travel of staff, reflecting prudent management of resources;
  - (e) Training and skills development, reflecting prudent management of resources;
  - (f) Operating expenses, reflecting downward adjustments to the projected planned charges for the total cost of ownership;
  - (g) Mobile communications, reflecting prudent management of resources;
  - (h) Supplies and material, reflecting prudent management of resources.

**Table 1. Proposed 2022–2023 budget by object of expenditure, compared against 2021 budget (in United States dollars)**

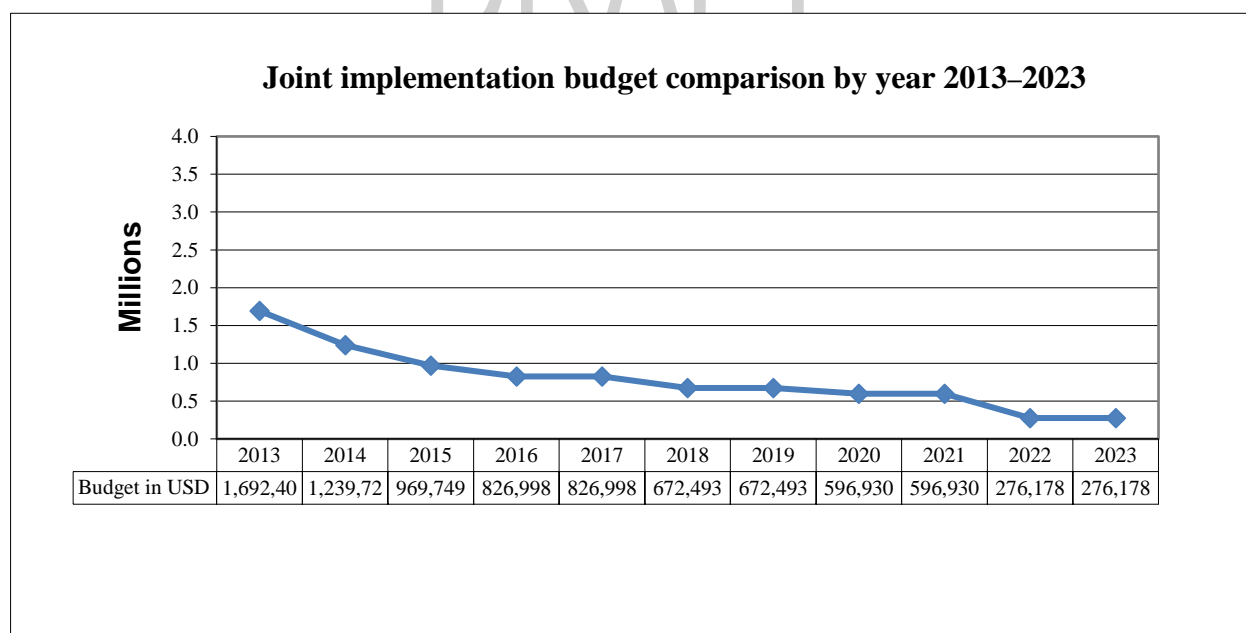
Object of expenditure	Budget 2021	Budget 2022	Budget 2023	% variance 2022 vs 2021	% variance 2023 vs 2021
Staff <sup>(a)</sup>	474 034	220 095	220 095	-53.6	-53.6
Expert fees <sup>(b)</sup>	1 200	1 200	1 200	0.0	0.0
Travel of representatives <sup>(c)</sup>	7 000	7 000	7 000	0.0	0.0
Travel of staff <sup>(d)</sup>	—	—	—	—	—
Training and skills development <sup>(e)</sup>	—	—	—	—	—
Operating expenses <sup>(f)</sup>	46 023	16 110	16 110	-65.0	-65.0
Mobile communications <sup>(g)</sup>	—	—	—	—	—
Supplies and material <sup>(h)</sup>	—	—	—	—	—
<b>Subtotal</b>	<b>528 257</b>	<b>244 405</b>	<b>244 405</b>	<b>-53.7</b>	<b>-53.7</b>
13% Programme support <sup>(i)</sup>	68 673	31 773	31 773	-53.7	-53.7
<b>Total</b>	<b>596 930</b>	<b>276 178</b>	<b>276 178</b>	<b>-53.7</b>	<b>-53.7</b>

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

- (b) Expert fees refer to case fees.
- (c) Travel of representatives includes participants' ticket costs and daily subsistence allowance (DSA).
- (d) Travel of staff includes ticket costs, DSA, terminal expenses and miscellaneous expenses.
- (e) Training and skills development costs include staff attendance or course fees, ticket costs and DSA.
- (f) Operating expenses include the total cost of ownership (TCO) charges. Service programmes in the secretariat (Information Systems, Conference Affairs Services and Administrative Services) render services to all secretariat activities funded from both core and non-core sources of funding. The purpose of TCO charges is to ensure the allocation of costs of these support services to the sources of funding to which they relate. In 2020–2021, the TCO charge per capita of EUR 13,500 will be applied.
- (g) Mobile communications are official mobile telephone charges
- (h) Supplies and material include the acquisition of hardware, supplies, software and subscriptions.
- (i) 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.

20. Figure 2 shows a comparison of the annual JI budget from 2013 to 2023.

**Figure 2. Annual joint implementation budget comparison by year (2013 to 2023)**



### 4.3. Expenditure

- 21. Table 2 provides the comparison of the 2020 and 2021 JI budgets against 2020 and 2021 (as at 31 August) expenditures by object of expenditure.
- 22. The expenditure for 2020 is 2.7 per cent lower than the 2020 linear rate (100 per cent). Travel of staff shows expenses related to staff separation costs.

23. The budget implementation rate for the first eight months of 2021 is 53.0 per cent, which is lower than the linear rate for 2021 of 66.6 per cent, reflecting prudent management of resources. Expenditure is expected to remain lower than the budget resulting in a higher-than-projected year-end available carry-over balance.

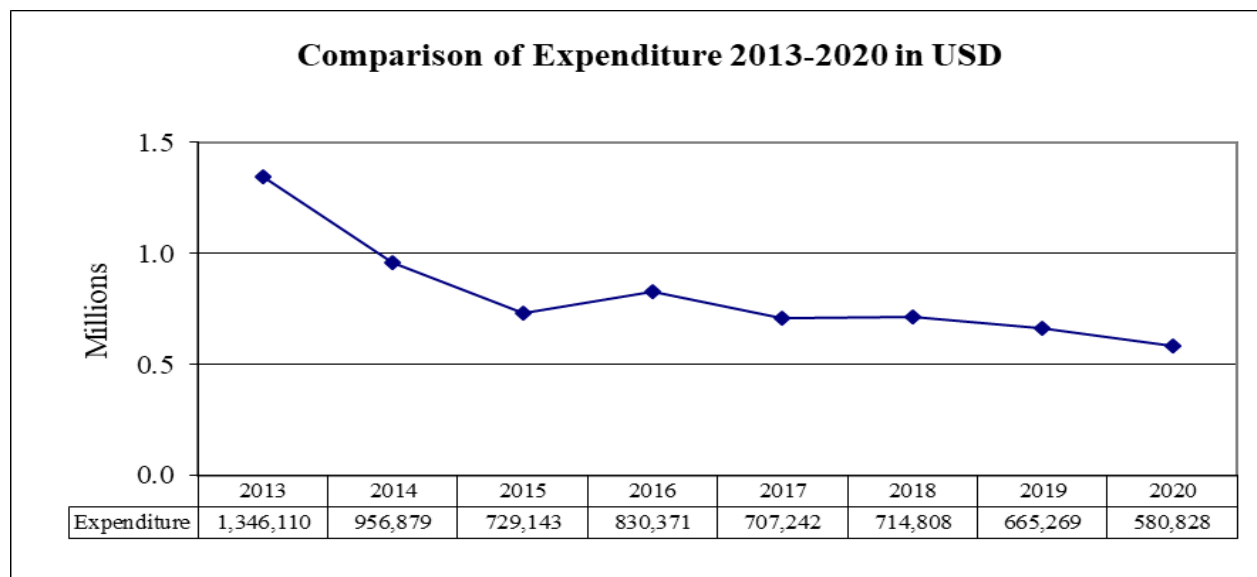
**Table 2. Comparison of the 2020 and 2021 joint implementation budgets against 2020 and 2021 (as at 31 August) expenditures (in USD)**

Object of expenditure	Budget 2020	Budget 2021	Expenditure as at 31 Dec. 2020	Expenditure as at 31 Aug. 2021	2020 expenditure vs. 2020 budget %	2021 expenditure as at 31 Aug vs. 2021 budget %
Staff	474 034	474 034	467 394	257 922	98.6	54.4
Expert fees	1 200	1 200	—	—	0.0	0.0
Travel of representatives	7 000	7 000	—	—	0.0	0.0
Travel of staff	—	—	10 278	—	n/a	—
Training and skills development	—	—	—	—	—	—
Operating expenses	46 023	46 023	36 335	22 039	78.9	47.9
Mobile communications	—	—	—	—	—	—
Supplies and materials	—	—	—	—	—	—
<b>Subtotal</b>	<b>528 257</b>	<b>528 257</b>	<b>514 007</b>	<b>279 961</b>	<b>97.3</b>	<b>53.0</b>
13% programme support costs	68 673	68 673	66 821	36 395	97.3	53.0
<b>Total</b>	<b>596 930</b>	<b>596 930</b>	<b>580 828</b>	<b>316 356</b>	<b>97.3</b>	<b>53.0</b>

24. Figure 3 provides a comparison of annual expenditure for the years 2013 to 2020.



**Figure 3. Comparison of expenditure 2013 - 2020 in USD**



#### 4.4. Projections

25. Table 3 provides a summary of the projected fund balance for the JI mechanism at the end of 2023. The 2022–2023 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.
26. As can be seen in table 3, the projected balance of funds available at the end of 2021 (USD 1.2 million) will be sufficient to cover the planned JI activities up until the end of the period 2022–2023 covered by this MAP, at which time a surplus of USD 0.6 million is projected.

**Table 3. Summary of the projected fund balance for the joint implementation mechanism at end of 2023 (in United States dollars)**

	Projections			
	2020	2021	2022	2023
Carry over from prior year	2 348 153	1 767 325	1 170 395	894 217
Track 1 and 2 fees	—	—	—	—
Contributions from Parties	—	—	—	—
<b>Total income</b>	<b>2 348 153</b>	<b>1 767 325</b>	<b>1 170 395</b>	<b>894 217</b>
Less projected expenditure <sup>(a)</sup>	580 828	596 930	276 178	276 178
<b>Fund balance</b>	<b>1 767 325</b>	<b>1 170 395</b>	<b>894 217</b>	<b>618 039</b>

<sup>(a)</sup> Projected expenditure for 2021, 2022 and 2023 with the assumption that expenditure will be equal to the available budget.

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### Document information

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