

The World Bank
Carbon Finance Unit
1818 H Street, NW, Washington, DC 20433, USA

Ms. Fatou Gaye
Chair
Joint Implementation Supervisory Committee

Mr. Børsting
Vice-Chair
Joint Implementation Supervisory Committee

c/o UNFCCC Secretariat
Project-Based Mechanisms Programme
P.O. Box 260 124
D-53153 Bonn, Germany

Washington DC, July 31, 2007

Ref: Call for public input on possible topics related to the work of the Joint Implementation Supervisory Committee (JISC) to be included in the discussions of the upcoming technical workshop on Joint Implementation planned to be held on 15-16 October 2007

Honorable Members of the Joint Implementation Supervisory Committee,

The World Bank Carbon Finance Unit would like to express its appreciation for the opportunity to submit proposals of the possible topics to be included in the discussions of the upcoming technical workshop of JI.

The first Technical Workshop of JI held in Bonn, Germany, on 13-14 February, 2007, provided an opportunity for the participants of different nature (e.g. designated focal points, future independent accredited entities, NGOs, IGOs, and project developers) to exchange their views and comments on the development of JI procedures, practices and experience gained. A second planned workshop gives an opportunity for continuing discussion on the set of remaining issues and to draw lessons learned from the latest experience under the JISC verification procedure.

We welcome the JISC proposal of structuring the second workshop around several more focused discussions to make exchanges more efficient in comparison to the presentations/questions mode used earlier.

The topics that we would recommend for the upcoming JI technical workshop concern the verification procedure under the JISC (JI Track 2) as well as the issues related to the ongoing development of the Track 1 (see Annex I). Although the latter is not under the direct mandate of the JISC, we believe that

the occasion of the workshop could be utilized to discuss JI more broadly, including the JI Track 1 and ERUs issuance and transfer process issues in order to further support the development of JI in general.

We would be happy to respond to questions and/or provide additional input if it is deemed useful to Members of the JISC.

Sincerely,

Johannes Heister
Carbon Finance Unit
The World Bank

Annex I – Proposed topics for the discussions of the upcoming technical workshop on Joint Implementation

Verification procedure under the JISC

1. As of 30 July, 75 PDDs have been published on the UNFCCC web-site for the verification procedure under the JISC. The final determination report is available so far for only one of them (Switch from wet-to-dry process at Podilsky Cement, Ukraine). One of the main reasons of such a slow progress of the final determination of the JI Track 2 projects could be the lack of operational procedures for JI Track 2 approval in some host countries, as well as the time necessary to complete the accreditation of the independent entities.

The insights/discussions by the workshop participants would be welcomed on the following issues:

Topic 1.1. Reasons for the limited progress of final determinations.

Topic 1.2. Does the JISC have the capacity and resources to provide final determinations in a timely manner in 2008 with growing number of projects and taking into account the need for many projects to start ERs monitoring in January 1, 2008?

Topic 1.3. Possible Q&A session with the representatives of the host countries with regard to the JI Track 2 approval procedures (e.g. expected timelines, remaining operational issues for the approval procedure).

2. As mentioned above, although a considerable number of PDDs have been submitted for the verification procedure under the JISC, the limited number of final determinations gives limited opportunities to draw lessons with regard to the JI methodological issues. The workshop should be used as an opportunity for reviewing/exchanging experience related to these issues.

Topic 2.1. Exchange of views on experiences with the determination process, including issues related to the PDD format, methodologies and procedures etc. from the projects submitted for the verification procedure under the JISC.

Common issues for JI Track 1 and Track 2

3. Relative to the JI afforestation and reforestation (A/R) projects, the International Transaction Log (ITL) specifies that only Removal Units (RMUs), and not Assigned Amount Units (AAUs), can be converted to ERUs. This means that these ERUs will only be available in 2014 (after the Kyoto period inventories have been submitted and reviewed) for host countries that have chosen to prepare their A/R inventory after the first commitment period and not annually. Furthermore, these ERUs, given that they are based on RMUs, cannot be banked and must be utilized in the commitment period for which they were issued. In addition, in order for a country to issue RMUs the country needs to fulfill all reporting and inventory requirements and consequently should be eligible for Track 1. Thus, the possibility of JI Track 2 A/R projects is strongly limited. With regard to the JI A/R projects, we would suggest the following topic:

Topic 3. Discussing/exploring potential solutions to the current limiting implication of the ITL rules on the JI A/R projects.

4. During the previous workshop, the question of the procedures for the ERUs issuance and transfer (timing, authorizations and administration) was raised by the participants as one of the major lacking

elements in the national JI procedures. We would propose to include this issue into the upcoming workshop agenda:

Topic 4. Review of the latest developments of ERUs issuance and transfer procedures in the host countries.

JI Track 1

Topic 5. Update of the recent developments of the national approval procedures for JI Track 1 projects by the Designated Focal Points or other relevant authorities of the host countries (host countries' eligibility under Article 6 and 17, expected timelines, remaining operational issues for the approval procedure).