

## Agenda item 4.1

Paragraph 15 of the annotated agenda

# Further recommendations on the review of the joint implementation guidelines (Annex 4)

**JISC 38**

Bonn, Germany, 17 to 18 March 2016



## Procedural background

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The **CMP 8** requested the SBI to prepare revised JI guidelines for consideration by the CMP. The SBI has since deliberated on this matter at each session.

The **SBI 43** agreed to continue discussion on the review of the JI guidelines at SBI 44, on the basis of the proposed draft JI modalities and procedures.

The **CMP 11** requested the JISC to submit recommendation in the context of the review of the JI guidelines for consideration at SBI 44, inter alia, on options to address:

- a) Concerns raised by stakeholders;
- b) Validation by an accredited independent entity (AIE) of post-registration changes.



## Purpose

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The purpose of this paper is to provide the JISC with draft recommendations on the review of the JI guidelines that it may wish to submit to SBI 44 in accordance with the CMP 11 request, on options to address:

- a) Concerns raised by stakeholders;
- b) Validation by an AIE of post-registration changes.



# Key issues and proposed solutions

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## 1. Concerned raised by stakeholders

The secretariat has analysed options to address the concerns raised by stakeholders, taking into account the process for stakeholder consultation under the CDM and under other standards (Verified Carbon Standard, Gold Standard, etc.).

**Under the CDM**, stakeholders are given the opportunity to comment on project activities on two occasions:

- a) Prior to validation. Project participants conduct LSC before the start date of the project activity. The feedback received from stakeholders is reported in the PDD and validated by the DOE. Local stakeholders may submit a complaint to the DNA of the host Party(ies) if they find that the outcome of the LSC is not appropriately taken into account.
- b) During validation. A 30-day GSC is conducted after publication of the PDD on the UNFCCC CDM website.



## Key issues and proposed solutions

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**Under the VCS, the ACR and CRA,** no relevant requirements are set for LSC during the project development and validation. LSC is undertaken or in line with host country regulation or voluntary by the project participants. The LSC outcomes are reported in the PDD.

**Under the GS,** more explicit and prescriptive rules are set out for how to conduct the LSC and report on outcomes. A second LSC round is required during the PDD development, for stakeholders to give feedback on how their comments have been taken into account and integrated in the PDD. LSC is also required in case of PRC to the project boundary.

**Under the CCB,** more explicit and prescriptive rules are set out for how to conduct the LSC and report on outcomes. LSC is also required in case of PRC. A 30-day GSC is conducted after publication of both the PDD and the monitoring reports.



## Key issues and proposed solutions

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The table below summarises the phases of the project development cycle during which stakeholder consultation occurs under the different standards mentioned above.

	<b>CDM</b>	<b>VCS</b>	<b>ACR</b>	<b>CAR</b>	<b>CCB</b>	<b>GS</b>
At PDD development	X	X	X	X	X	X
At validation	X				X	
After registration, in case of PRC					X	X
At verification					X	



## Key issues and proposed solutions

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The JISC may wish to consider the following recommendations:

- a) **Recommendation 1:** In paragraph 46(b) the bracketed text should be accepted as this represents best practice across the CDM and other standards;
- b) **Recommendation 2:** In paragraph 50, it should include a clarification that the summary of comments and how due account was taken on these comments refers to those comments received under the paragraphs 46(b) and 48;



### c) Recommendation 3:

- Option 1: To accept the bracketed text in paragraphs 55 and 58, in order to ensure transparency and involvement of stakeholders at the verification stage, noting that including these requirements would go beyond the current common practice across the CDM and other standards;
- Option 2: Not accept the bracketed text in paragraphs 55 and 58, in order to not introduce potential delays and possible increases in transaction costs. This is consistent with the current common practice across the CDM and other standards;



### d) Recommendation 4:

- Option 1: To include a period for stakeholder commenting in respect of post-registration changes to the activity (including validation on how due account was given to comments received). This would increase transparency and involvement of stakeholders, but would go beyond the current common practice across the CDM and other standards;
- Option 2: Not include a period for stakeholder commenting in respect of post-registration changes to the activity. This would be consistent with the current common practice across the CDM and other standards and would avoid the introduction of potential delays and possible increases in transaction costs.



# Key issues and proposed solutions

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## 2. Validation by an AIE of post-registration changes

The secretariat has analysed the process for validation of PRC under the CDM and under other standards (Verified Carbon Standard, Gold Standard, etc.)

**Under the CDM**, two different procedural tracks are defined for approving post-registration changes:

- a) Prior approval track, for changes that may affect project additionality, scale, methodology applicability or have permanent impact on the monitoring plan. The project participants must hire a DOE to validate the changes and submit its opinion to the Board for approval.
- b) Issuance track, for minor changes. These changes are validated by the verifying DOE, which incorporates its conclusion on the PRC in the verification report for submission together with the request for issuance.



## Key issues and proposed solutions

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**Under the GS**, changes that have impact on estimated ER or on GS project qualification are described in the monitoring report and validated by the verifying DOE. The GS reserves the right to review the changes that have a significant impact.

**Under the VCS and the ACR**, changes that require revision to baseline or additionality assessments must be disclosed in the monitoring report and validated at the subsequent verification.

**Under the CCB Standards**, an additional round of validation at the time of verification is required for significant changes from the validated PDD. The new validation must be successfully completed and a validation statement issued before, or concurrent with, the completion of the next verification.



## Key issues and proposed solutions

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The JISC may wish to consider the following recommendation:

- a) **Option 1:** To include validation requirements for post-registration changes. This is consistent with the current common practice across the CDM and other standards;
- b) **Option 2:** Not to include validation requirements for post-registration changes, in order to not introduce potential delays and possible increases in transaction costs. This would be inconsistent with the current common practice across the CDM and other standards.



## Subsequent work and timelines

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Following the consideration and possible amendment by the JISC of the draft recommendations contained in the appendix, the secretariat will include the agreed recommendations in a draft document for submission to the SBI, which will be finalized in consultation with the Chair and Vice-Chair of the JISC.



## Recommendations to the JISC

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The JISC may wish to consider, amend as appropriate, and agree on its recommendations to SBI 44, on the basis of the proposed recommendations mentioned above.



Thank You

