

Submission by Nepal on behalf of the Least Developed Countries Group on Joint Implementation

The Least Developed Countries Group (LDC Group) welcomes the invitation to submit to the Subsidiary Body on Implementation (SBI), further views on how the Joint Implementation (JI) guidelines and other decisions of the CMP pertaining to JI should be revised. These views complement those presented in our submission contained in the document FCCC/KP/CMP/2012/MISC.1.

If one of the successes of the Doha COP was to ensure a second commitment period of the Kyoto Protocol (KP), it remains extremely important to continue to seek for ways and options to deal with the low mitigation ambition associated with the overall Doha outcome. The science on climate change is absolutely clear: if emissions are not lowered immediately, the opportunity to avert the worst impacts of climate change may be irrevocably lost. A series of recent scientific reports call for bold action as the world is on track for a 3°C to 5°C rise in temperature. Simultaneously, scientific analysis proves that a rise in temperature of less than 2°C – or even to 1.5°C – remains technically and economically feasible, but only with a political ambition that is backed by rapid and immediate action.

Although Doha outcome ensures the operational continuity of the mechanisms under the KP, the LDC Group still emphasizes the need to ensure that these mechanisms serve their real purpose which is to help Annex I Parties meet their commitments under the KP, while contributing to effective mitigation. For this important reason, the LDC Group supports the proposal to reform the JI mechanism and the way it is going to be applied during the second commitment period.

The LDC Group welcomes the progress achieved in Doha regarding this issue, as well as the decision 6/CMP.8 providing further guidance on the implementation of the Article 6 of the Kyoto Protocol, in particular the set of key attributions agreed with the view to characterize the future operation of the JI and to guide its review.

The LDC Group also recalls that during Doha COP, there were a substantive number of disagreements on issues relating to the second commitment period of the Kyoto Protocol between Annex I and non-Annex I Parties especially in using flexible mechanisms. Together, the three groups made of AOSIS, Africa and LDCs and representing more than 100 countries and more than 1.4 billion people, shared closely similar positions. The three Groups, in particular, called for all KP Parties to agree to a single number Quantified Emission Limitation and Reduction Objectives (QELROs) and to increase their level of ambition at least at the upper range. The LDC Group continues to call for those Parties who have submitted their QELROs to increase ambition, moving to a level consistent with science as quickly as possible before using flexible mechanisms like JI.

For the LDC Group, it has always been fundamental to request any Annex I party willing to use the flexible mechanisms to be part of KP and ratify the second commitment period first. The LDC Group calls upon all the Annex I parties to take the opportunity provided by the KP Review scheduled for 2014 to meet the dual requirements: (a) ratification and entry into force of the second commitment and (b) increase of ambition, before the ERUs are issued, at least by 15 April 2015.

Furthermore, the Assigned Amount Units (AAUs) of the first commitment period should not be converted to JI projects in the second commitment period but only AAU from QELROs submissions of the second commitment period could be converted as ERUs for any JI activities.

On other specific issues that need to be addressed by this submission, the LDC Group would like to present following views:

- *On Governance, including the level of oversight needed to assure a common approach among host Parties:* The LDC Group reemphasises its concerns over some proposal for fundamental changes in the governance of the the Joint Implementation Supervisory Committee (JISC), the body overseeing the JI. The Group calls for a level of oversight that will assure appropriate representation of Annex I and non-Annex I countries. The LDC Group does not support a new governing body being established but that the JISC should remain in place. The LDC Group neither supports the idea that the JISC comprises of only parties that are involved in JI projects nor of a restricted number of non-Annex I Parties. In fact, the LDC Group is of the view that a balanced representation of Annex I and non-Annex I Parties, including dedicated seats for LDCs and SIDS should continue to be the main form of participation of Parties in all the bodies that are created under the UNFCCC.
- *On the issues of additionality of JI projects, recognizing such concepts as positive lists of project types that would automatically be deemed additional and prior consideration of JI projects, taking into account, as appropriate, the application of standardized baselines:* The LDC Group believes that additionality is fundamental for the JI activities. The main idea is to ensure that a positive difference is registered between the emissions projected in the baseline scenario and the emissions estimated to be generated due to the implementation of every JI project. In any case, the discussion on additionality should not accommodate countries or try to provide flexibility in not having to address additionality.

- *On the issuance of emission reduction units, taking into account the changes to decision 13/CMP.1, as necessary:* The LDC Group believes that none of the two options currently offered by the JISC are really suitable.

- Option 1 - adopt procedures that allow host Parties to issue ERUs for reductions or removals in the second commitment period, with the amount of units issued subsequently deducted from the host Party's national registry for the commitment period upon AAUs or RMUs having been established for the Party.¹
- Option 2 - allow emission reductions and removals achieved by existing and new JI projects between 1 January 2013 and either the end of the true-up period or the establishment of assigned amount for a host Party for a second commitment period under the Kyoto Protocol, whichever is sooner, to be issued by host Parties as ERUs under the Track 2 procedure by converting AAUs or RMUs from the first commitment period, with such units to be used only for compliance with commitments for the second commitment period.

In its 2012 submission, the LDC Group stated that emission reduction units (ERUs) should not be issued before AAUs – which will be part of the report to calculate the assigned amounts due on 15 April 2015 and these will need to be reviewed before they can be issued to ensure their accuracy.

In relation with the eligibility related to issuance of KP units: The LDC Group expresses its concern regarding the views expressed in Doha to expedite the issuance of AAUs for the second commitment period.

The rules regarding the commitment period reserve (as they apply to units valid for the second commitment period), which would normally apply to transfers of ERUs under track 1 of the current JI, will not apply until the transferring Party calculates and records its assigned amount for the second commitment period.

LDC Group is of the view that the eligibility requirements for host Parties for JI projects should remain unchanged. The LDC Group believes that the main purpose of JI is to ensure flexible mechanisms contribute to meet commitments of the Annex I parties under the Kyoto Protocol and ensure environmental integrity, thus, the consistency of the accounting of Article 6 projects is very important and should contribute to enhance anthropogenic removals by sinks.

¹ See FCCC/KP/CMP/2012/4, Annual Report of the Joint Implementation Supervisory Committee to the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, paragraph 21.