

Latest updates and way forward of the Joint Crediting Mechanism (JCM)

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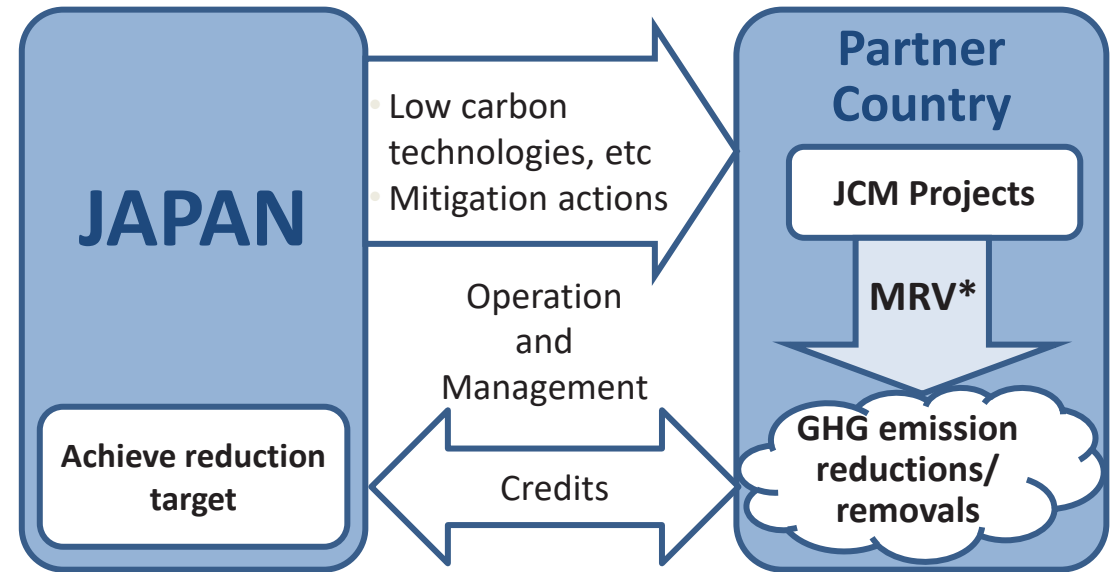


**Ministry of the Environment
Government of Japan**

Joint Crediting Mechanism (JCM)

Progress:

- 17 partner countries with 146 projects in the pipeline
- More than 22,000 credits issued from 21 projects
- 46 projects registered
- 69 MRV* methodologies approved



MRV: measurement, reporting and verification

(Example of pipeline projects)



【Waste heat recovery in cement industry】
(Indonesia)
149,063tCO₂/y.
Start operation: Jun. 2018.



【Waste to Energy plant】
(Myanmar)
4,125tCO₂/y.
Start operation: Jun. 2017



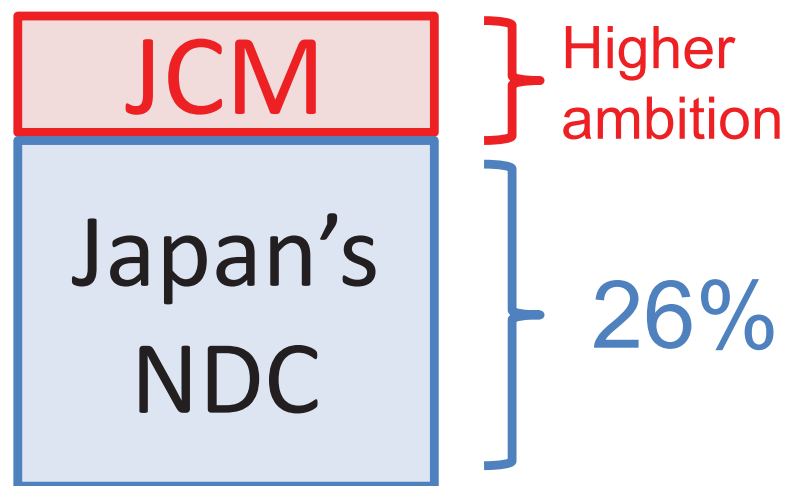
【Operation Optimization in Utility Facility】
(Indonesia)
34,956t
Start operation Dec. 2017



【Low carbonization of mobile communication station】
(Indonesia)
146t
Start operation: Apr. 2017

Japan's emission reduction target and the JCM

- Japan will achieve the target of 26% reduction through domestic emission reductions and removals without using international credits while the amount of credits acquired by Japan under the JCM will be appropriately counted as Japan's reduction.
- So far 10million tCO₂ is expected to be realized by 2030 from the pipeline projects.
- Implementation of JCM projects is to be scaled-up through further mobilization of private sector finance.

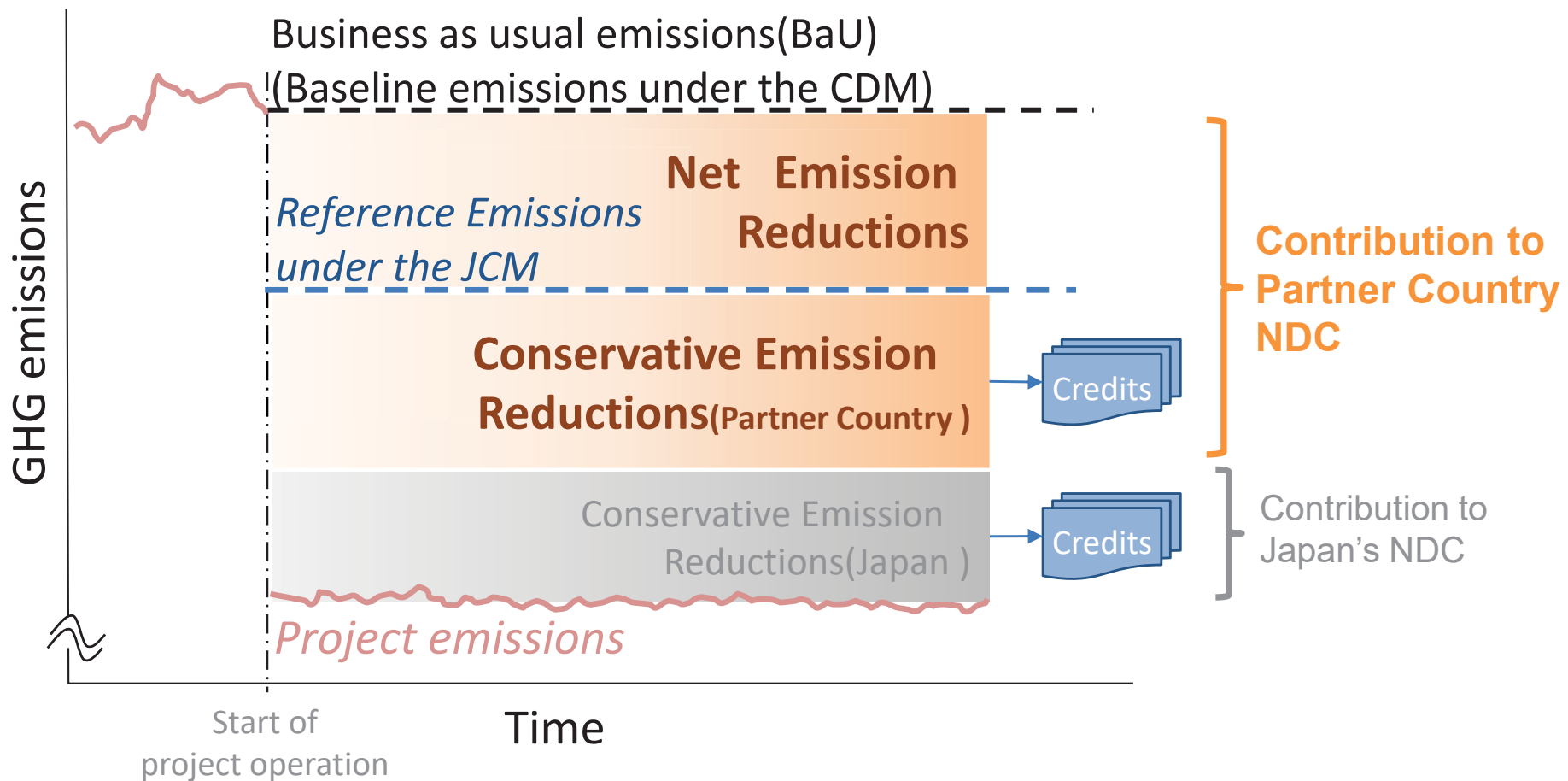


“Plan for Global Warming Countermeasures (Cabinet Decision, May 2016)”

- *Apart from contributions achieved through private-sector based projects, accumulated emission reductions or removals by FY 2030 through governmental JCM programs to be undertaken within the government's annual budget are estimated to be ranging from 50 to 100 million t-CO₂.*
- *The JCM is not included as a basis of the bottom-up calculation of Japan's emission reduction target, but the amount of emission reductions and removals acquired by Japan under the JCM will be appropriately counted as Japan's reduction.*

Japan's Contribution to NDC

- JCM's conservative emission reduction calculation (reference emissions below BaU emissions) will ensure a net decrease and/or avoidance of GHG emissions.
- This part of emission reductions will automatically contribute to the achievement of NDC to both country.



Progress of the JCM in each partner country as of Jun 20 2019

Partner countries	Start from	No. of JC	No. of registered projects	No. of approved methodologies	Pipeline (JCM Financing Programme & Demonstration Projects in FY 2013-2018)
Mongolia	Jan 2013	6	5	3	9
Bangladesh	Mar 2013	4	1	3	6
Ethiopia	May 2013	3		3	1
Kenya	Jun 2013	3		3	3
Maldives	Jun 2013	3	1	1	2
Viet Nam	Jul 2013	8	9	15	22
Lao PDR	Aug 2013	4	1	3	5
Indonesia	Aug 2013	8	16	18	34
Costa Rica	Dec 2013	2		3	2
Palau	Apr 2014	5	3	1	4
Cambodia	Apr 2014	4	1	2	5
Mexico	Jul 2014	2		1	6
Saudi Arabia	May 2015	2	1	1	1
Chile	May 2015	2		1	2
Myanmar	Sep 2015	2		1	7
Thailand	Nov 2015	4	5	9	29
Philippines	Jan 2017	1			8
Total	17	62	46	68	146 ⁵

JCM Model Projects by MOE

The budget for projects starting from FY 2019 is **9.9 billion JPY (approx. USD 99 million)** in total by FY2021

(1 USD = 100 JPY)

Finance part of an investment cost (**less than half**)

Government of Japan

✳️ Includes collaboration with projects supported by JICA and other governmental-affiliated financial institute.

Conduct MRV and expected to deliver at least half of JCM credits issued

International consortiums (which include Japanese entities)



- Scope of the financing: facilities, equipment, vehicles, etc. which reduce CO₂ from fossil fuel combustion as well as construction cost for installing those facilities, etc.
- Eligible Projects : starting installation after the adoption of the financing and finishing installation within three years.

ADB Trust Fund: Japan Fund for Joint Crediting Mechanism (JFJCM)

The budget for FY2019

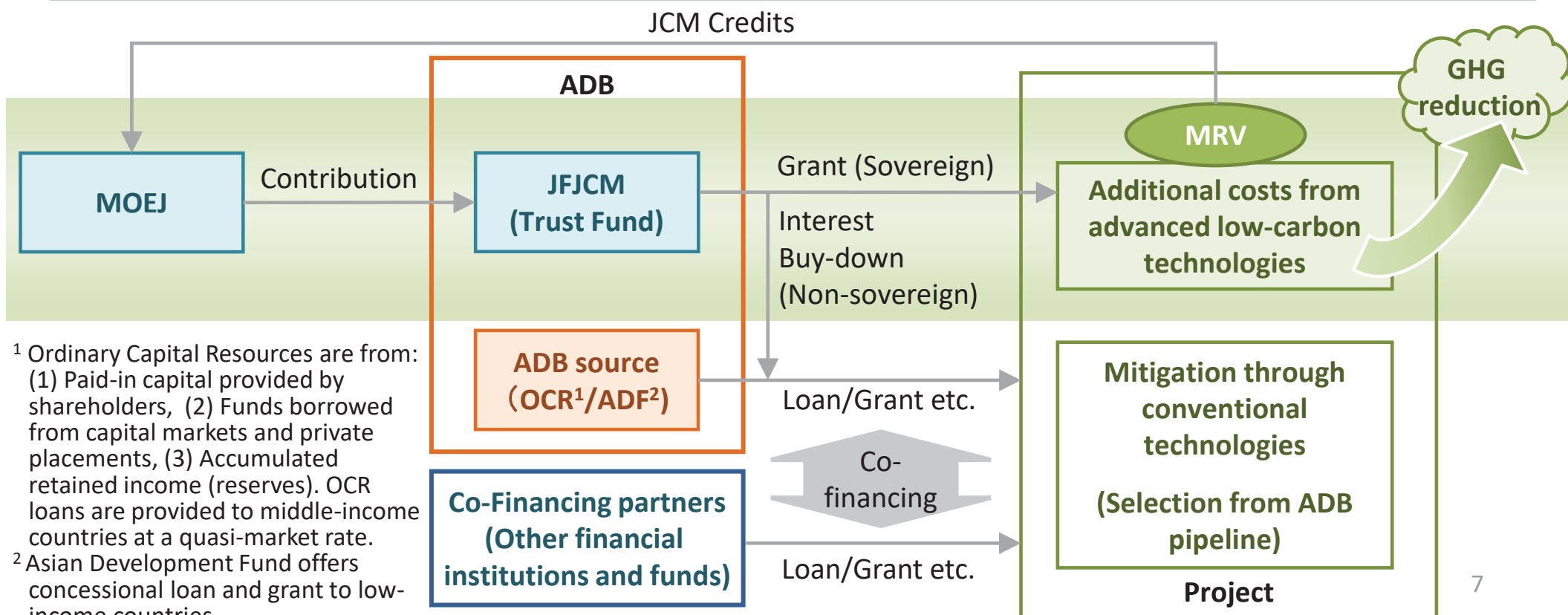
- JPY 1 billion (approx. USD 10 million)

Scheme

To provide the financial incentives for the adoption of advanced low-carbon technologies which are superior in GHG emission reduction but expensive in ADB(Asian Development Bank)-financed projects

Purpose

To develop ADB projects with sustainable and low-carbon transition perspective by introducing advanced low-carbon technologies as well as to acquire JCM credits



¹ Ordinary Capital Resources are from: (1) Paid-in capital provided by shareholders, (2) Funds borrowed from capital markets and private placements, (3) Accumulated retained income (reserves). OCR loans are provided to middle-income countries at a quasi-market rate.

² Asian Development Fund offers concessional loan and grant to low-income countries.

JCM F-gas Recovery and Destruction Model Project by MOE

【The budget for FY 2019】
41 million JPY (approx. 0.41 million USD) (1 USD = 100 JPY)

Finance part of the cost in flat-rate
(up to 40 million JPY/year)

Government of Japan

Conduct MRV to estimate GHG emission reductions.
At least half or ratio of financial support to project cost (larger ratio will be applied) of JCM credits issued are expected to be delivered to the government of Japan

International consortiums (which include Japanese entities)

Manufacturers of equipment which uses F-gas

Users of equipment which uses F-gas

Entities for recovery and transportation of used F-gas (recycling or scrap entities)

Entities for destruction of used F-gas (may use existing facility for destruction)

Purpose

To recover and destroy F-gas (GHG except for energy-related CO₂, etc) from used equipment instead of releasing to air, and reduce emissions

Scope of Financing

- Establish scheme for recovery and destruction
- Install facilities/equipment for recovery/destruction
- Implementation of recovery, transportation, destruction and monitoring

Project Period

Three years in maximum (Ex. 1st year for scheme, 2nd year for facilities, 3rd year for recovery/destruction)

Eligible Projects

- After the adoption of financing, start implementation of recovery/destruction within three years
- Aim for the registration as JCM project and issuance credits

“Asian Regional Knowledge Sharing Workshop on International Market Mechanisms and Transparency under Paris Agreement” (Jan 2019)

- Aimed to enhance readiness of countries for transparently reporting, including the use of international market mechanisms, in accordance with modalities, procedures and guidelines (MPGs) for the transparency framework, which were adopted in COP24.
- Also provided training for the 2006 IPCC Guidelines for GHG inventories.
- Achievements:
 - ✓ Gained a better understanding of MPGs for the transparency framework.
 - ✓ Obtained new ideas for what participants would have to do for preparing biennial transparency reports by 2024.
 - ✓ Understood what corresponding adjustments practically mean to their reporting and accounting of NDCs.

Overall Progress in the JCM

- ◆ Rapidly progressing in terms of numbers, scale and impacts.
- ◆ Needs to enhance the efficiency of the JCM project cycle.

Contribution to the NDC

- ◆ Both countries should closely cooperate how the JCM can be implemented to contribute to the achievement of NDC in support of government policy and measures.

Decarbonizing infrastructure development

- ◆ The JCM is the key to this strategy and MOEJ will strengthen the JCM supported decarbonizing infrastructure development.

Article 6 and the JCM

- ◆ The JCM is the real and concrete example of cooperative approaches being implemented under the Article 6, paragraph 2.