

Recent Development of The Joint Crediting Mechanism (JCM)

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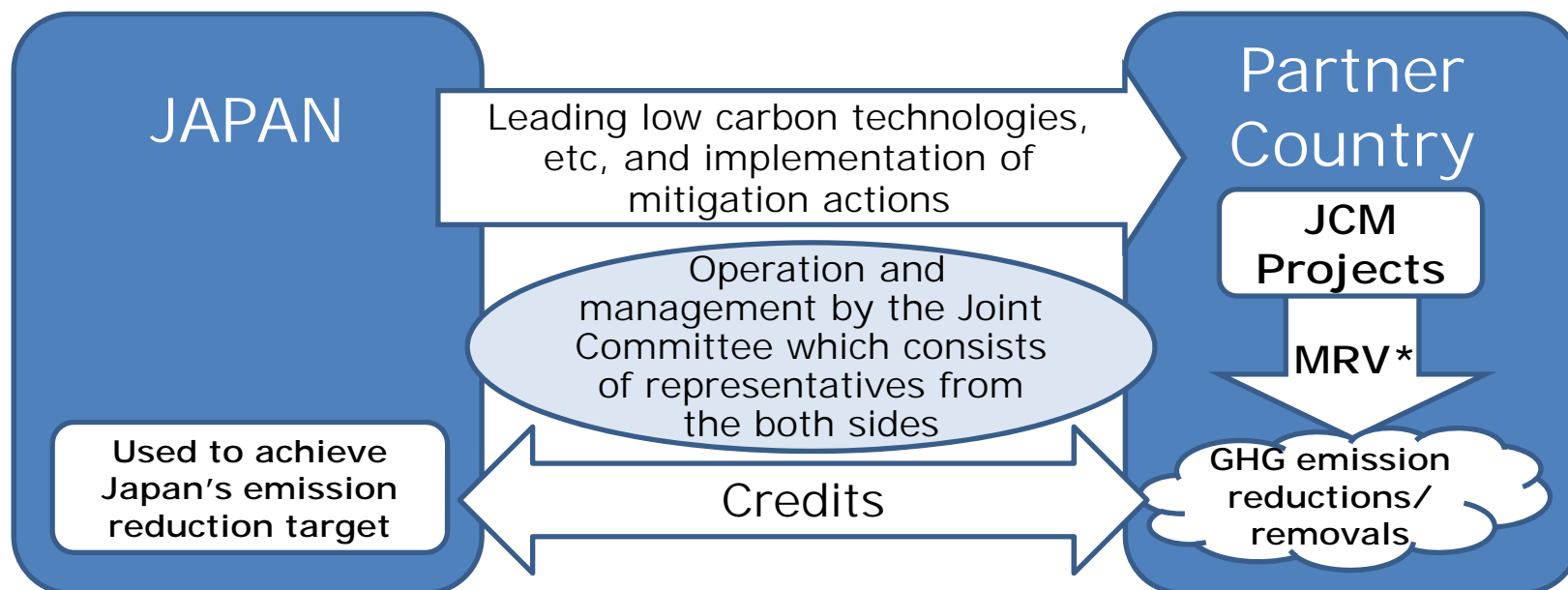
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@Japan Pavilion



Basic Concept of the JCM

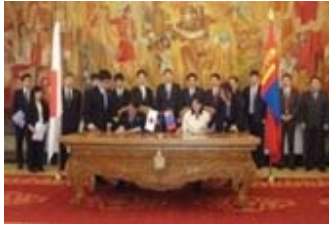
- Facilitating diffusion of leading low carbon technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of developing countries.
- Appropriately evaluating contributions from Japan to GHG emission reductions or removals in a quantitative manner and use them to achieve Japan's emission reduction target.
- Contributing to the ultimate objective of the UNFCCC by facilitating global actions for GHG emission reductions or removals.



*measurement, reporting and verification 2

JCM Partner Countries

- Japan has held consultations for the JCM with developing countries since 2011 and has established the JCM with Mongolia, Bangladesh, Ethiopia, Kenya, Maldives, Viet Nam, Lao PDR, Indonesia, Costa Rica, Palau, Cambodia, Mexico, Saudi Arabia, Chile, Myanmar, Thailand and the Philippines.



Mongolia
Jan. 8, 2013
(Ulaanbaatar)



Bangladesh
Mar. 19, 2013
(Dhaka)



Ethiopia
May 27, 2013
(Addis Ababa)



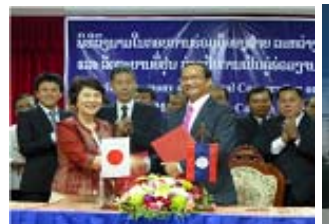
Kenya
Jun. 12, 2013
(Nairobi)



Maldives
Jun. 29, 2013
(Okinawa)



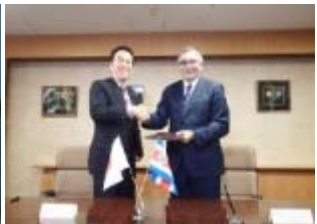
Viet Nam
Jul. 2, 2013
(Hanoi)



Lao PDR
Aug. 7, 2013
(Vientiane)



Indonesia
Aug. 26, 2013
(Jakarta)



Costa Rica
Dec. 9, 2013
(Tokyo)



Palau
Jan. 13, 2014
(Ngerulmud)



Cambodia
Apr. 11, 2014
(Phnom Penh)



Mexico
Jul. 25, 2014
(Mexico City)



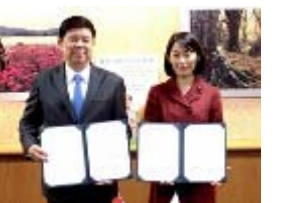
Saudi Arabia
May 13, 2015



Chile
May 26, 2015
(Santiago)



Myanmar
Sep. 16, 2015
(Nay Pyi Taw)



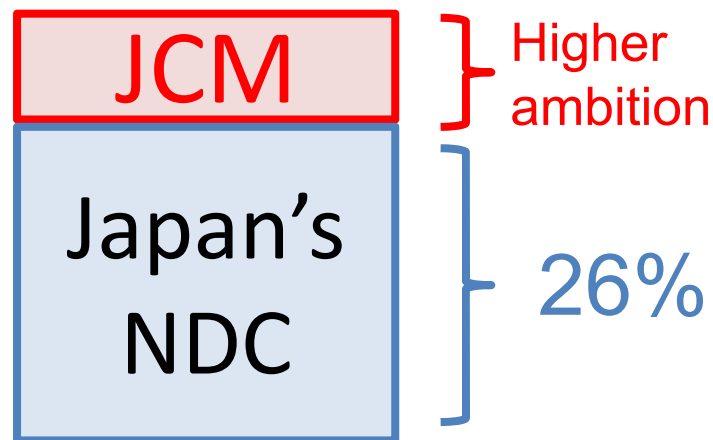
Thailand
Nov. 19, 2015
(Tokyo)



the Philippines
Jan. 12, 2017
(Manila)

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.
- 10 million 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.*

The JCM related Articles in the Paris Agreement

Article 6 of the Agreement

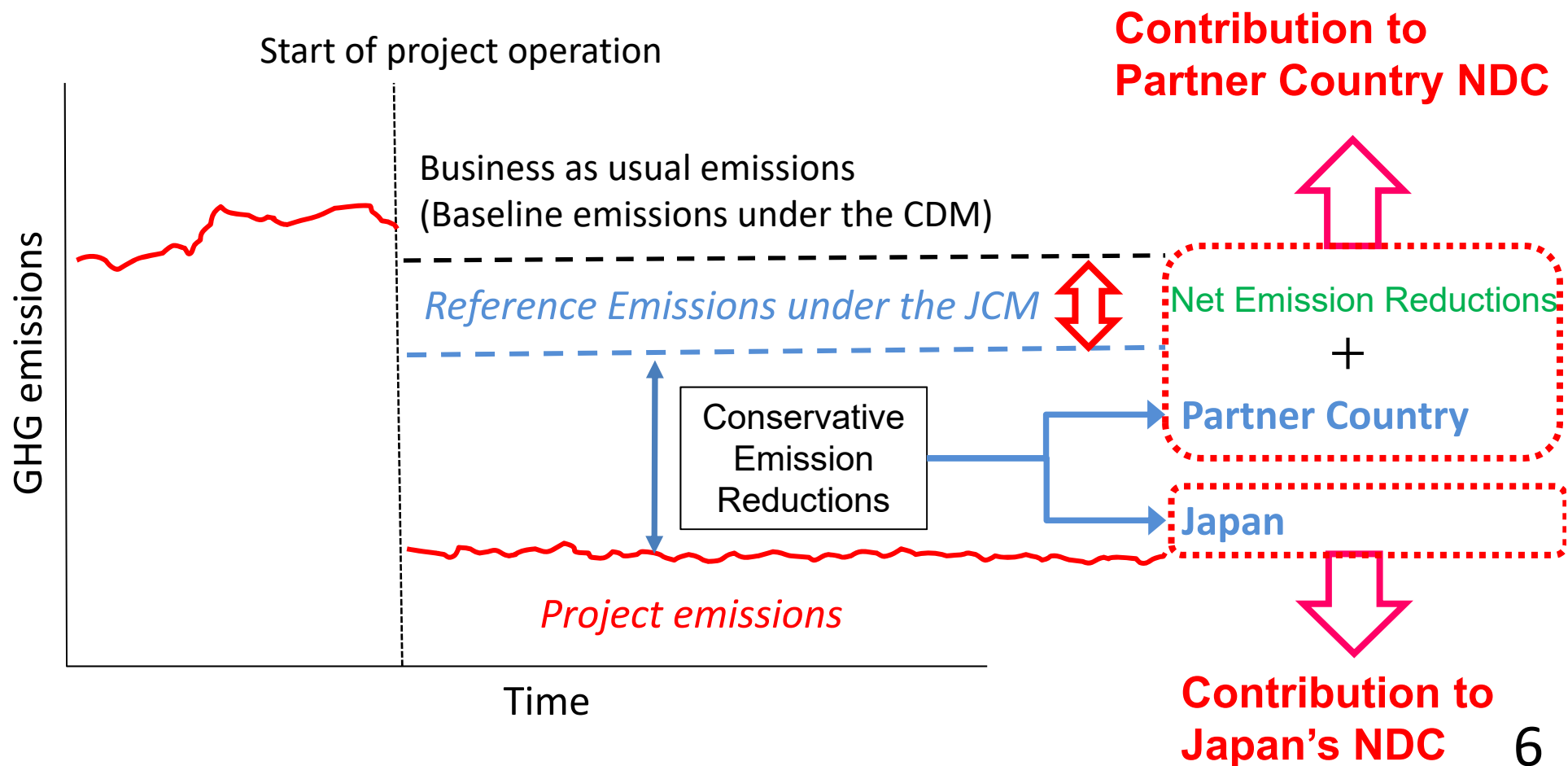
2. Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.
3. The use of internationally transferred mitigation outcomes to achieve nationally determined contributions under this Agreement shall be voluntary and authorized by participating Parties.

- Use of market mechanisms, including the JCM, is articulated under Article 6 which prescribes for the use of emission reductions realized overseas towards national emission reduction targets.
- The amount of emission reductions and removals acquired by Japan under the JCM will be appropriately counted as Japan's reduction in accordance with the Paris Agreement.
- Japan is going to contribute to the development of the guidance for robust accounting including for avoidance of double counting to be adopted by the CMA*.

*the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

JCM'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.



Progress of the JCM in each partner country as of Dec 3 2018

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	2
Kenya	Jun 2013	3		3	2
Maldives	Jun 2013	3	1	1	2
Viet Nam	Jul 2013	7	9	14	22
Lao PDR	Aug 2013	4	1	3	4
Indonesia	Aug 2013	8	16	16	34
Costa Rica	Dec 2013	2		3	2
Palau	Apr 2014	5	3	1	4
Cambodia	Apr 2014	4	1	2	6
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	4	7	27
Philippines	Jan 2017	1			8
Total	17	62	40	63	144

JCM Model Projects by MOE

The budget for projects starting from FY 2018 is 6.9 billion JPY (approx. USD 69 million) in total by FY2020

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)

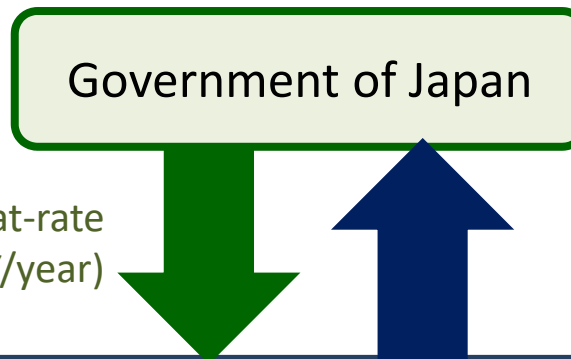


- Scope of the financing: facilities, equipment, vehicles, etc. which reduce CO₂ from fossil fuel combustion as well as construction cost for installing those facilities, etc.
- Eligible Projects : starting installation after the adoption of the financing and finishing installation within three years.

JCM F-gas Recovery and Destruction Model Project by MOE

【Budget for FY 2018】
40 million JPY (approx. 0.4 million USD) (1 USD = 100 JPY)

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



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

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

Budget for FY2017

JPY 1 billion (approx. USD 10 million) ※JPY 1.2 billion in 2016, and 1.8 billion in 2015 and 2014 respectively

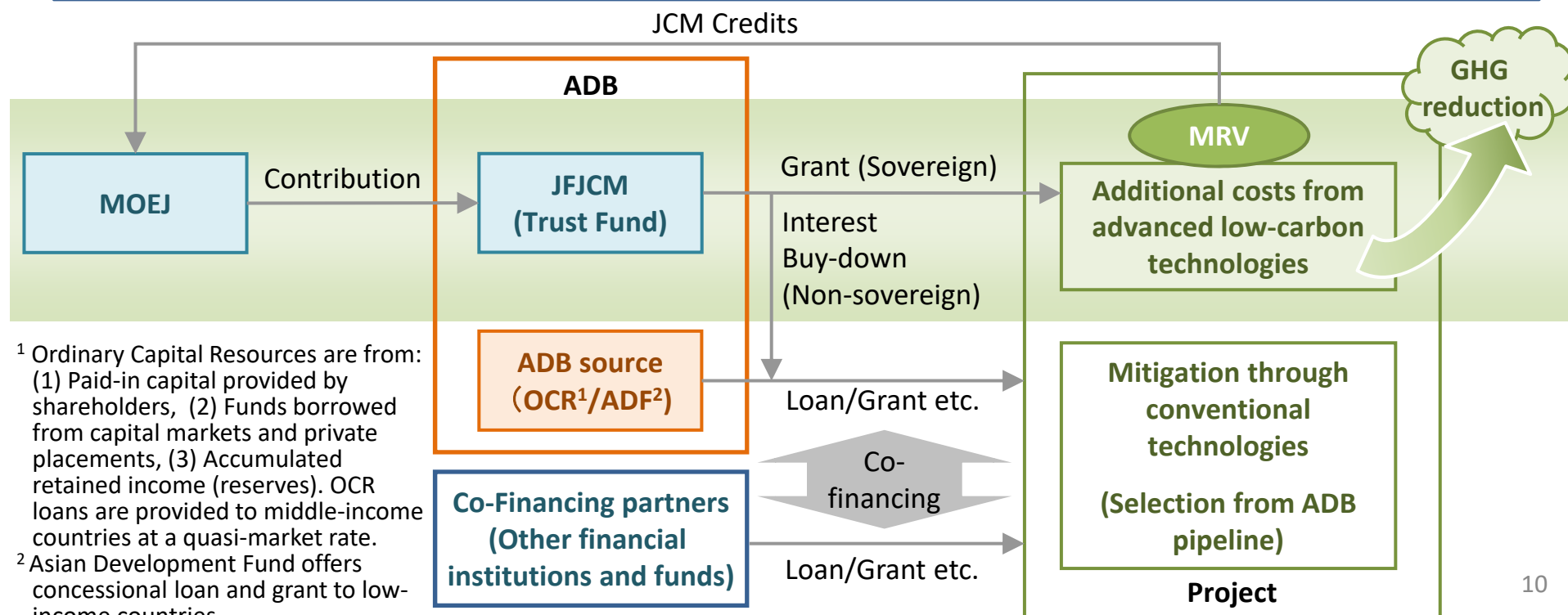
(1 USD = 100 JPY)

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

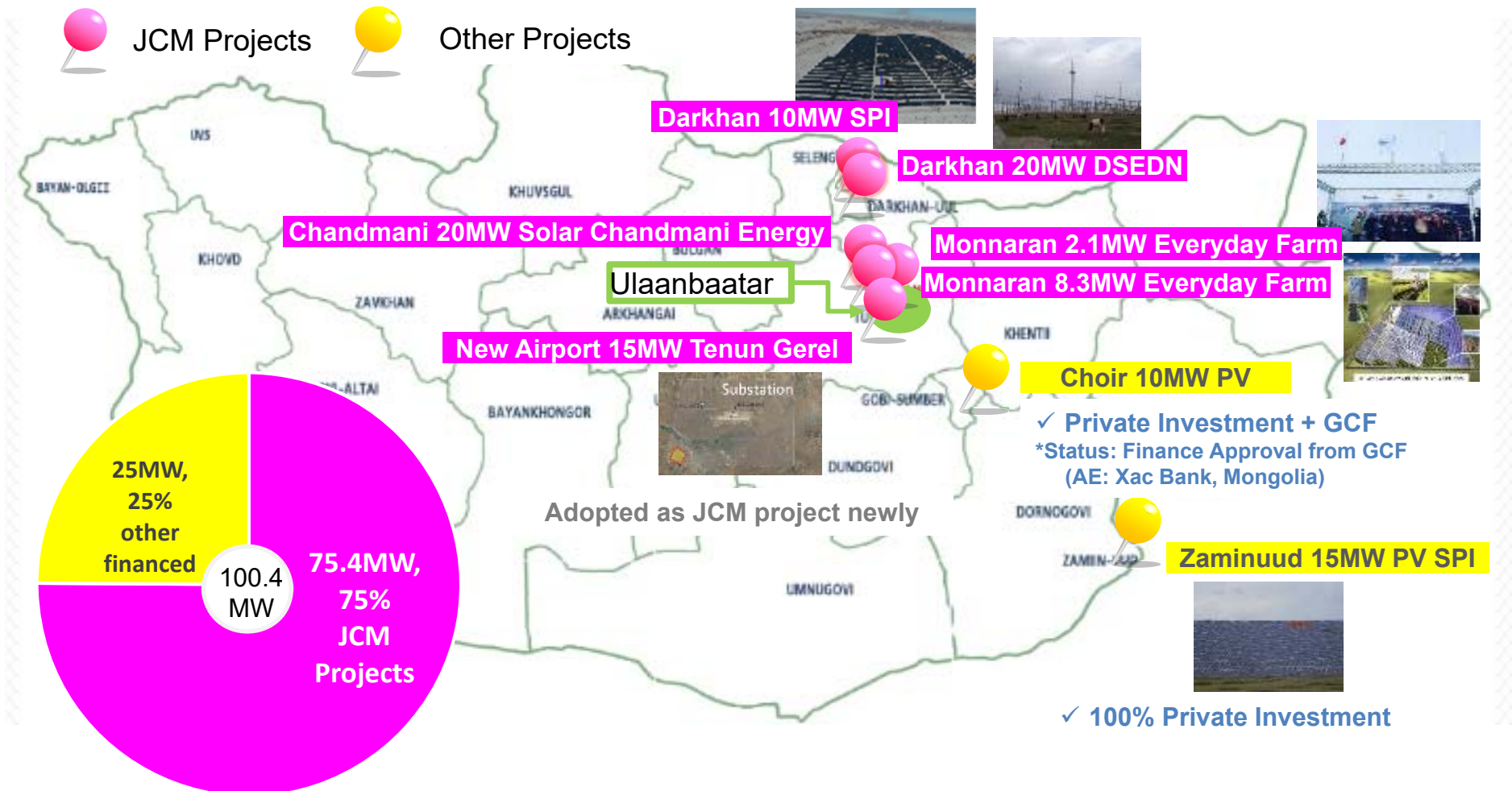


The Case of JCM's Contribution to NDC (Mongolia)



- Emission reduction of 14% is aimed to be realized by 2030 in total national GHG emissions, compared to the projected emissions under BAU scenario.
- In energy sector, the share of renewable electricity capacity to be increased up to 30% of total electricity generation capacity by 2030, from 7.62% in 2014.

75% of solar PV power facilities so far have been installed by the JCM as of June 2018



* JCM related Contribution for NDC in Mongolia: 75 MW

*Private Investment PV Project by the trigger of successful JCM projects: 25MW

Thank you
for your attention

