

## **The Joint Crediting Mechanism (JCM): Achievements and current progress of project implementations Side Event Report**

Overseas Environmental Cooperation Center, Japan (OECC)  
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This is a report of a side event held at 21st Session of the Conference of the Parties to the UNFCCC (COP21) from November 30<sup>th</sup> to December 11<sup>th</sup> 2015, in Paris, France.

- Title : The Joint Crediting Mechanism (JCM): Achievements and current progress of project implementations
- Date : 11:30 - 13:00, Friday, December 11, 2015
- Organizer(s) : Ministry of the Environment, Japan (MOEJ), Global Environment Centre Foundation (GEC), Overseas Environmental Cooperation Center, Japan (OECC)
- Venue : Observer room 03 , the Conference Centre (Blue Zone), Le Bourget, Paris, France
- Facilitator: Makoto Kato, Overseas Environmental Cooperation Center, Japan (OECC)
- Presenter : Dr. Yuji Mizuno, Senior Planning Officer, Market Mechanisms Office, Ministry of the Environment, Japan (MOEJ)
- Comentators:
  - Mr. Takaaki Ito, Deputy Director, Market Mechanisms Office, MOEJ
  - Mr. Dicky Edwin Hindarto, Indonesia JCM Secretariat
  - Dr. Osamu Bannai, Global Environment Centre Foundation (GEC)
  - Ms. Noriko Hase, Japan International Cooperation Agency (JICA) Expert
  - Mr. Jiro Ogahara (OECC)
- Abstract: The Joint Crediting Mechanism (JCM) is one of various approaches Japan and partner countries are jointly developing and implementing. The recent progress and expectations on the implementation of the JCM were reported and discussed among the representatives from Indonesia (a JCM partner country), MOEJ, JICA, OECC and GEC.

■ <b>Summary of the presentation session</b>
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- Yuji Mizuno, Ministry of the Environment, Japan (MOEJ) : “Progress in the Joint Crediting Mechanism”



- The JCM supports GHG emission reductions in partner countries.
- In exchange, a part of these emission reductions will be counted as achievement of Japan's emission reduction target stated in its INDC.
- The JCM ensures transparency and environmental integrity.
- The JCM promotes formation of projects which realize additional emission reductions.
- Japan's INDC estimates to realize 50 to 100 million tons of emission reductions by 2030 through the JCM programs.
- So far 16 partner countries have joined the JCM while Japan and the Philippines expressed their mutual intention to start the JCM at the COP21.
- MOEJ is working on several financing schemes which include: JCM Model Project under which finances up to 50% of the initial investment cost of projects, as well as schemes which are operated in collaboration with JICA and ADB.
- So far 43 projects in 14 countries have received finances from MOEJ, and there is a variety in the sectors including, for example, energy efficiency in factories and convenience stores, transport, etc.

<b>■ Summary of the discussion session</b>
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- Dicky Edwin Hindarto, Indonesia JCM Secretariat:
  - We have started working with Japan since 2010, and long before we signed the JCM agreement which was in 2013. At that time I have asked for a new system that can benefit both countries and Japan came up with the JCM. So far, in Indonesia we have 3 approved projects and other 17 projects in the pipeline.
  - I believe that there are many benefits for Indonesia joining the JCM. We are learning how to reduce emission reductions by using advanced technology, we are also learning how to transfer technology, and how to achieve sustainable development among others.
  - In Indonesia we have successfully developed JCM projects, and also JCM infrastructure through development of project cycles.
- Takaaki Ito, Deputy Director, Market Mechanisms Office, (MOEJ)
  - Japan thinks it is essential and welcoming to receive opinions and feedbacks from partner countries in order to promote dissemination of low carbon technologies. Among others, information on technology needs is especially helpful. This type of information



sharing and communication is important to promote the JCM with partner countries.

- Japan has established the JCM registry in November. At this point JCM credits are yet to be issued, however, it will be operated to ensure transparency.
  
- Osamu Bannai (GEC):
  - GEC is the Secretariat of the JCM Financing scheme. So far we have more than 40 JCM Model Projects.
  - We are also the Secretariat of the JCM Feasibility Study program and each of these studies is open to the public through the GEC website.
  
- Noriko Hase (JICA Expert):
  - In JICA our project purpose is to enhance low-carbon development in Indonesia. To support willingness of our counterpart in Indonesia, JICA has started, for example, what it is called “linkage study” which serves to analyze the linkage between JCM and other mitigation policies in Indonesia.
  - Issues to be discussed are how to link their national registry with JCM registry, or how to streamline the MRV national regulation and the MRV regulation for the JCM.
  - Through the activities, we find out that the JCM and its projects can serve as a good tool to improve communication between different stakeholders in Indonesia for low carbon development.
  
- Jiro Ogahara (OECC)
  - I am currently working for activities to find potential JCM projects in Costa Rica.
  - Costa Rica is a relatively new country which joined the JCM., It has already developed their own plans and goals accordingly.
  - OECC is currently working on activities towards promotion of JCM project implementation through technical consultations for the dissemination of low carbon technologies through the JCM.

#### ■ Q&A

- If there is any research done to summarize activities under the JCM

A. Y. Mizuno (MOEJ):

New Market Information Platform<sup>1</sup> developed by OECC gathers relevant information on the JCM. Analytical research is available at the IGES website<sup>2</sup> and details on specific projects

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<sup>1</sup> URL: <http://www.mmechanisms.org/e/>

<sup>2</sup> URL: <http://www.iges.or.jp/en/climate-energy/mmm/index.html>



can be accessed through the GEC website<sup>3</sup>.

■ Can you elaborate on how evaluation on additionality has been done?

A. D. Hindarto, JCM Indonesia:

We do not have a procedure for additionality test in the JCM. All of the projects under the JCM cannot be done in other scheme, because of the level of investment and access to technology.

A. Y. Mizuno (MOEJ):

All of the projects which were selected as JCM Model Projects are new projects since MOEJ is supporting only the initial investment. Though the discussion on additionality can be endless, it is fair to believe that these projects realizes additional emission reductions since not the projects which have already started but only the new projects can be candidates for the scheme.

■ How to allocate the credits between Japan and partner countries. If the country issued by the Japanese registry, then how the partner country will claim its part?

A. Takaaki Ito (MOEJ):

The JCM scheme starts as a non-tradeable crediting scheme which means credits issued in Japan and credits issued in partner countries cannot be traded internationally. The JCM registry is established both in Japan and in each partner country. Allocation of credits is decided before the issuance of credits in each country's JCM registeries. Credits may be domestically tradable within the country's own JCM registry.

■ How to ensure transparency?

A. D. Hindarto, JCM Indonesia:

Information is available at the JCM Indonesia website<sup>4</sup> in English. For example, request of public comments is notified on the website.

■ The candidate technologies for JCM projects are limited to Japanese technologies?

A. Takaaki Ito (MOEJ):

It is not limited to Japanese technologies. Any advanced technologies which realize additional emission reductions can be a candidate. For example, there are registered projects which introduced Hungarian and Czech technologies.

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<sup>3</sup> URL: <http://gec.jp/jcm/index.html>

<sup>4</sup> URL: <http://www.jcmindonesia.com/en/>