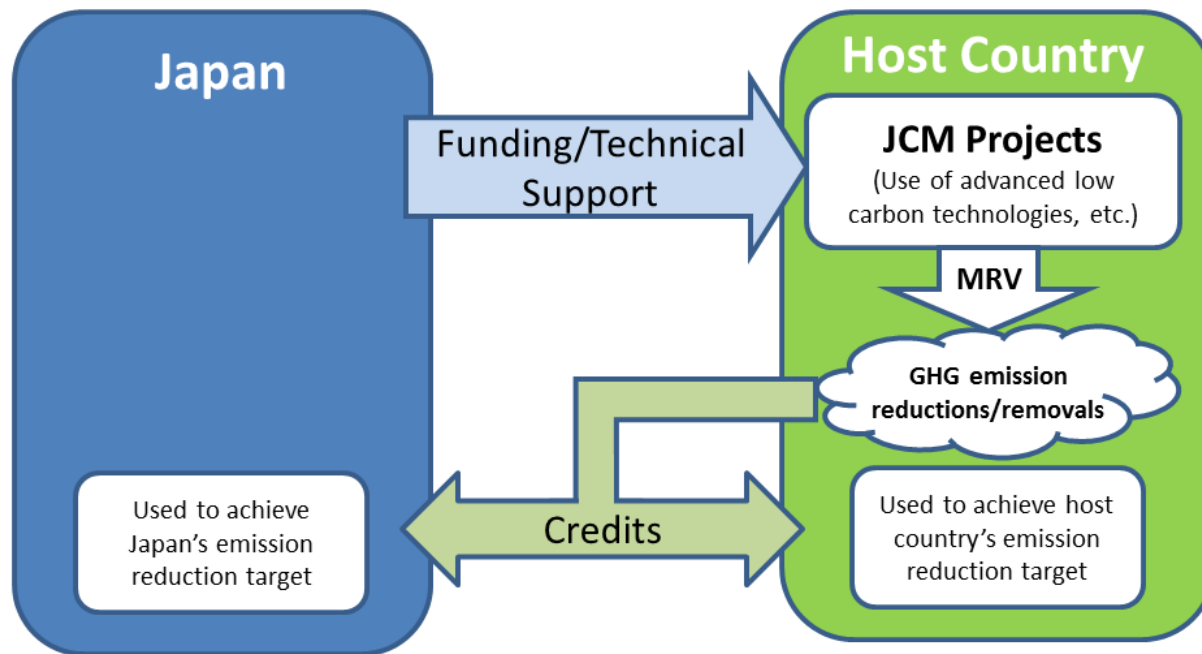


Introduction to the Joint Crediting Mechanism

24 August 2016

Concept of JCM



- **Project-based bilateral offset crediting mechanism** managed by Japan and a host country
- Facilitates the diffusion of **low-carbon technologies** that lead to GHG emission reductions that are **measurable, reportable & verifiable**
- Contributes to sustainable development of host country

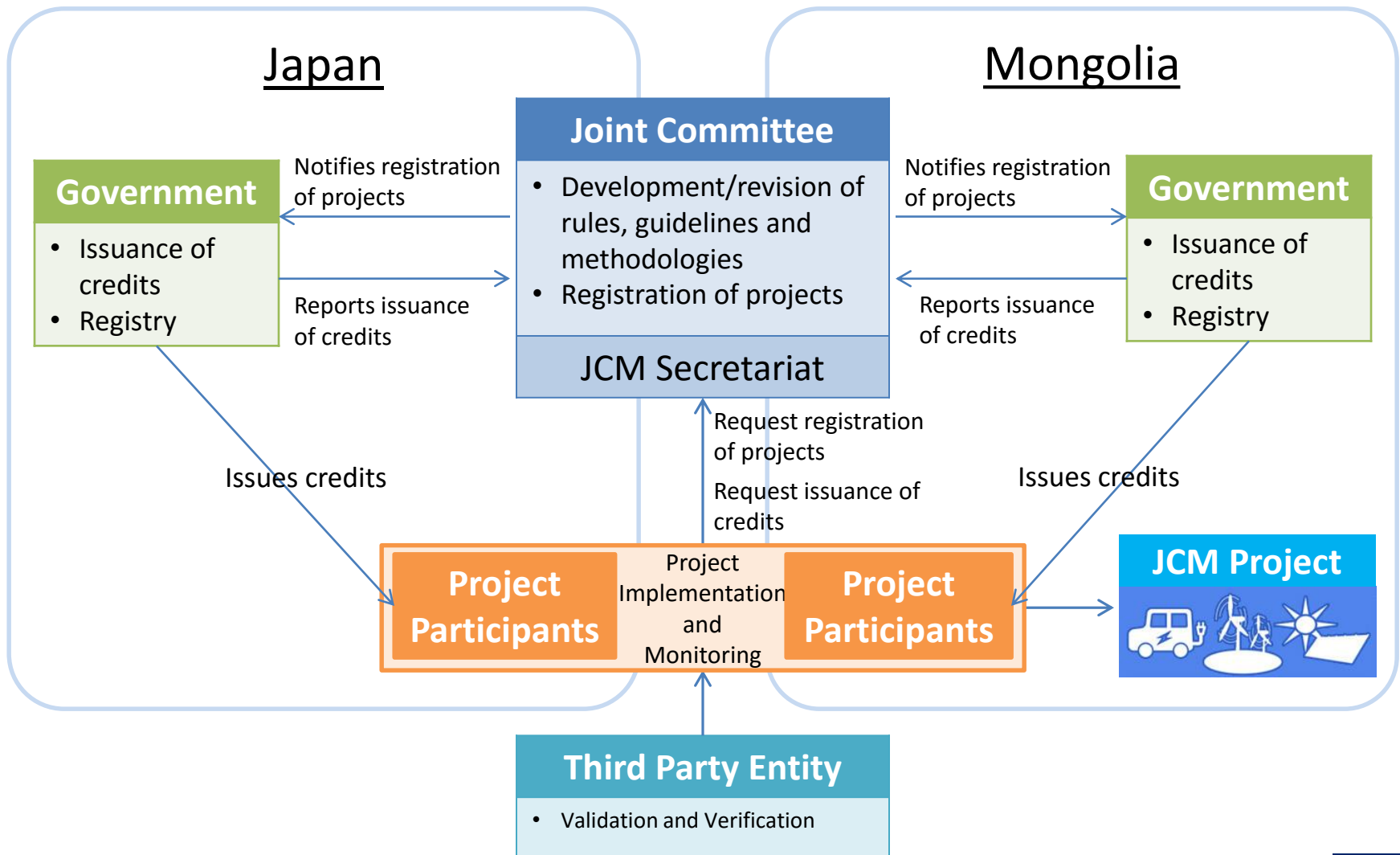
Key features of JCM

- **JCM procedures, rules, and guidelines:**
 - ✓ have robust JCM methodologies
 - ✓ balance between transparency and environmental integrity, and simplicity and practicality
 - ✓ guidelines for key components of JCM available from Joint Committee

- **JCM credits:**
 - ✓ can be used both by Japan and the host country to achieve their GHG emission reduction targets
 - ✓ Are non-tradable, as of now

- **Operational period of JCM:**
 - ✓ until a new international agreement under the UNFCCC comes into effect
 - ✓ extension possible

Roles of key entities in JCM projects



Project cycle



JCM Project Types

➤ Sectors

- ✓ Eligible project types defined by sectors
- ✓ 15 sectors based on CDM sectoral scopes
- ✓ JCM project may fall within one or more sectoral scopes

➤ Technologies

- ✓ Advanced low-carbon technologies:
 - ✓ enable considerable, long-term reduction of GHG emissions
 - ✓ make the project more sustainable
 - ✓ proven but not widely used in developing countries
- ✓ Different technologies/project types within each sector
- ✓ Approved by the Joint Committee based on proposed methodology
- ✓ JCM model and demonstration projects

Registered JCM projects (1)

Reg. Date	Country	Project Title
Jul 2016	Palau	Small Scale Solar Power Plants for Commercial Facilities in Island States II
Jul 2016	Palau	Small Scale Solar Power Plants for Schools in Island States
Jun 2016	Indonesia	Installation of Inverter-Type Air Conditioning System, LED Lighting and Separate Type Fridge Freezer Showcase to Grocery Stores in Republic of Indonesia
May 2016	Viet Nam	Introduction of Amorphous High Efficiency Transformers in Power Distribution Systems in the Southern Part of Viet Nam
May 2016	Viet Nam	Low Carbon Hotel Project in Vietnam: Improving the Energy Efficiency of Commercial Buildings by Utilization of High Efficiency Equipment
Mar 2016	Indonesia	Energy Saving for Air-Conditioning at Textile Factory by Introducing High-efficiency Centrifugal Chiller in Batang, Central Java (Phase 2)
Mar 2016	Indonesia	Energy Saving for Air-Conditioning at Textile Factory by Introducing High-efficiency Centrifugal Chiller in Karawang West Java

Registered JCM projects (2)

Reg. Date	Country	Project Title
Nov 2015	Viet Nam	Promotion of Green Hospitals by Improving Efficiency / Environment in National Hospitals
Aug 2015	Viet Nam	Eco-Driving by Utilizing Digital Tachograph System
Jun 2015	Mongolia	Installation of High-Efficiency Heat Only Boilers in 118th School of Ulaanbaatar City Project
Jun 2015	Mongolia	Centralization of Heat Supply System by Installation of High-Efficiency Heat Only Boilers in Bornuursoum Project
Apr 2015	Palau	Small-Scale Solar Power Plants for Commercial Facilities in Island States
Mar 2015	Indonesia	Project of Introducing High-Efficiency Refrigerator to a Food Industry Cold Storage
Mar 2015	Indonesia	Project of Introducing High-Efficiency Refrigerator to a Frozen Food Processing Plant
Oct 2014	Indonesia	Energy Saving for Air-Conditioning and Process Cooling by Introducing High-Efficiency Centrifugal Chiller

Paris Agreement and JCM

➤ Paris Agreement

- ✓ aims to limit global temperature rise to well below 2 degrees C
- ✓ all Parties are obligated to prepare national plans or targets (Nationally Determined Contributions) and pursue domestic mitigation measures

➤ Article 6 (market mechanism)

- ✓ cooperative approaches that involve the use of internationally transferred mitigation outcomes towards NDCs
- ✓ mechanism for mitigation and sustainable development
- ✓ Non-market approach

➤ JCM regarded as one of cooperative approaches

Member countries, methodologies & projects

	2013	2014	2015	2016
JCM Member countries	Mongolia Bangladesh Ethiopia Kenya Maldives Viet Nam Lao PDR Indonesia Costa Rica	Palau Cambodia Mexico	Saudi Arabia Chile Myanmar Thailand	<i>Philippines (?)</i>
Registered projects		1	7	7
Approved methodologies		5	14	4
Pipeline projects	→ 100			

Financing support for JCM

- As of now, JCM credits are internationally non-tradable
- Financial supports to JCM projects are made at the early stages of the project
 - supplement the initial investment cost
 - mitigate the financing cost

Japanese gov't	<ul style="list-style-type: none">• Subsidy / funding to projects• Need to engage Japanese partners
ADB	<ul style="list-style-type: none">• Grant to sovereign projects• Interest subsidy to non-sovereign project (private sector)
Carbon credit	<ul style="list-style-type: none">• Not currently available

FAQ

- What kind of technologies are applicable under the JCM? Do you have to use Japanese technology?
- How are JCM credits shared between the entities involved in a JCM project?
- What are the costs associated with developing JCM projects?
- How long does it take to register a project?
- How is JCM different to CDM?