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

**Japan**
- Government
  - Issuance of credits
  - Registry
- Joint Committee
  - Development/revision of rules, guidelines and methodologies
  - Registration of projects
- JCM Secretariat
  - Notifies registration of projects
  - Reports issuance of credits
- Third Party Entity
  - Validation and Verification
- Project Participants
  - Project Implementation and Monitoring
  - Notifies registration of projects
  - Request registration of projects
  - Request issuance of credits
  - Issues credits

**Mongolia**
- Government
  - Issuance of credits
  - Registry
- Joint Committee
  - Notifies registration of projects
- JCM Project
  - Issues credits
Project cycle

**JCM Steps**
- Methodology Development
- Approval of Methodology
- PDD Development
- Validation
- Registration
- Monitoring
- Verification
- Issuance of Credits

**Acting Body**
- Project Participant / Each Government / Joint Committee
- Joint Committee
- Project Participant
- Third Party Entity
- Joint Committee
- Project Participant
- Third Party Entity
- **Joint Committee** decides the amount
  Each Government issues the credits

Can be conducted simultaneously
Can be conducted by the same TPE

ADB
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)

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

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

<table>
<thead>
<tr>
<th>JCM Member countries</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>Mongolia</td>
<td>Palau</td>
<td>Saudi Arabia</td>
<td>Philippines (?)</td>
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<td>Bangladesh</td>
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<td>Viet Nam</td>
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<td>Lao PDR</td>
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<td>Costa Rica</td>
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- **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 | • Subsidy / funding to projects  
|               | • Need to engage Japanese partners |
| ADB           | • Grant to sovereign projects  
|               | • Interest subsidy to non-sovereign project (private sector) |
| Carbon credit | • 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?