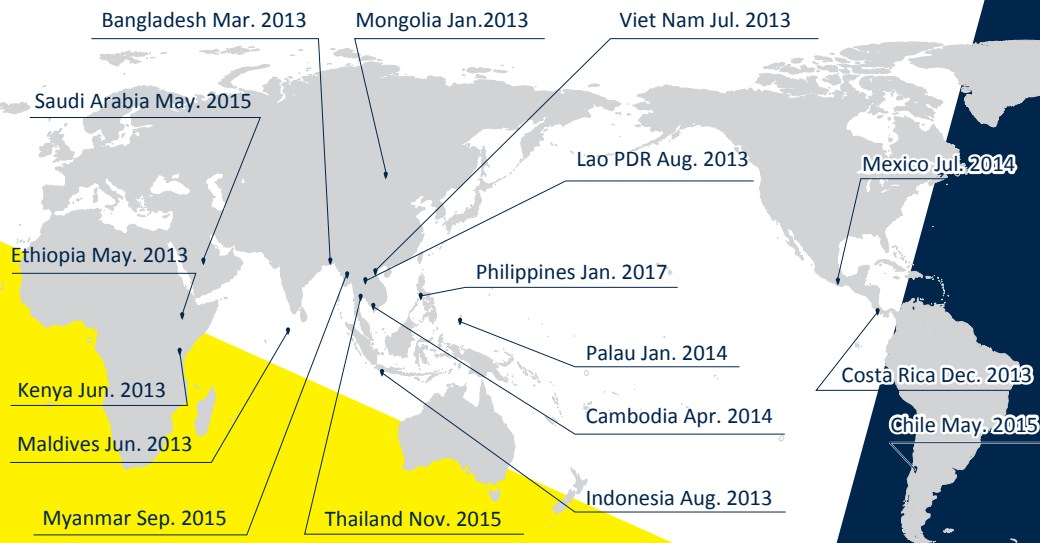


What is the JCM?

| Basic concept of the Joint Crediting Mechanism (JCM)

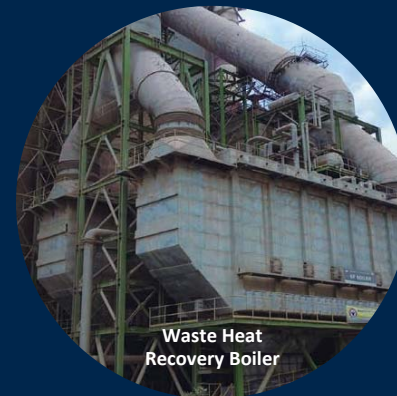
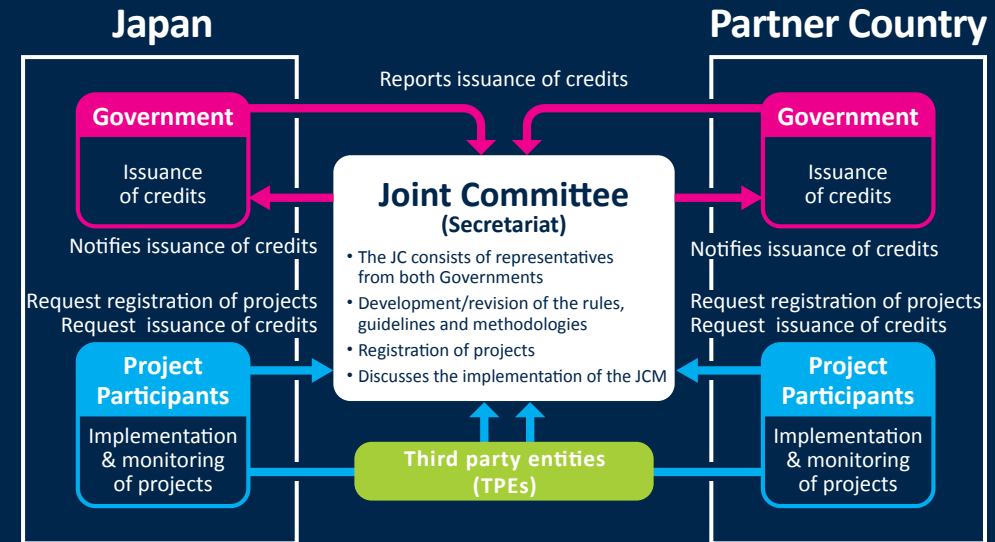
- Facilitates diffusion of leading low carbon technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of developing countries.
- Appropriately evaluates contributions to GHG emission reductions or removals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

| JCM Partner Countries (as of Nov.2018)



*Year of the signature

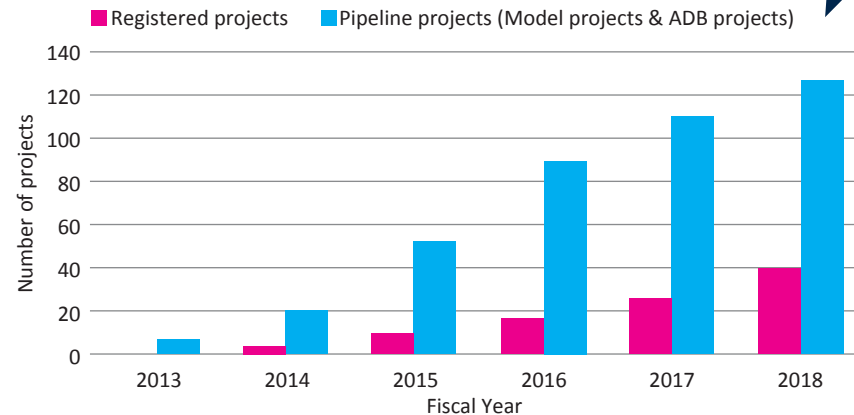
| Scheme of the JCM



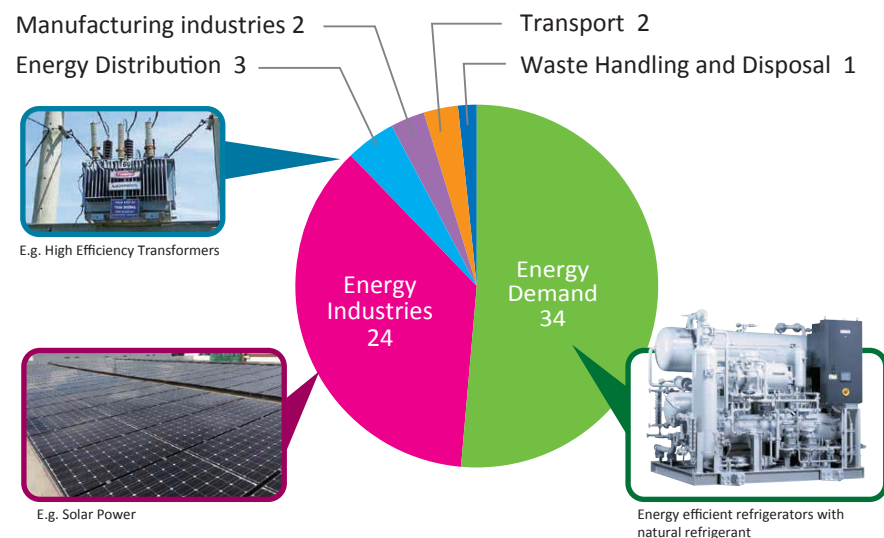
Progress of the JCM

Number of registered projects and pipeline projects as of Nov. 2018

21,426 t-CO₂ of JCM credits have been issued from 16 JCM projects as of Nov. 2018.

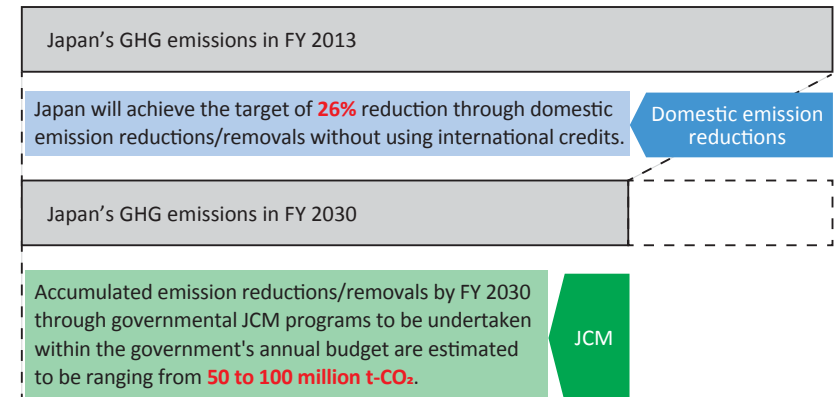


Number of approved methodologies as of Nov. 2018



Japan's NDC

Japan's emission reduction target and the JCM



- The amount of credits acquired by Japan under the JCM will be appropriately counted as Japan's reduction in accordance with the Paris Agreement.
- 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.

Article 6 of the Paris Agreement (Excerpt)

- 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.
- The use of internationally transferred mitigation outcomes to achieve nationally determined contributions** under this Agreement shall be voluntary and authorized by participating Parties.

Sustainable Development, Environmental Integrity and Transparency

Contributing to sustainable development

Promotion of sustainable development is articulated in relevant JCM documents such as “Bilateral Document between Japan and each JCM partner country” and “Rule of implementation for the JCM”.

Ensuring environmental integrity

Net emission reductions

The transfer and use of ITMOs must not result in an increase in global emissions. In order to achieve this, **the JCM methodology requires to set conservative reference emissions, which will be calculated below business-as-usual (BaU) emissions.** This approach will ensure that trading of credits/units, can realize real global emission reductions.

Transparency

All the JCM related decisions including rules and guidelines, methodologies, registered projects, and issuance of credits, are published in the **publicly accessible JCM website for public scrutiny.** **Local stakeholder consultation** is also required and documented in the project design document, which will be also posted in the JCM website for public comments.

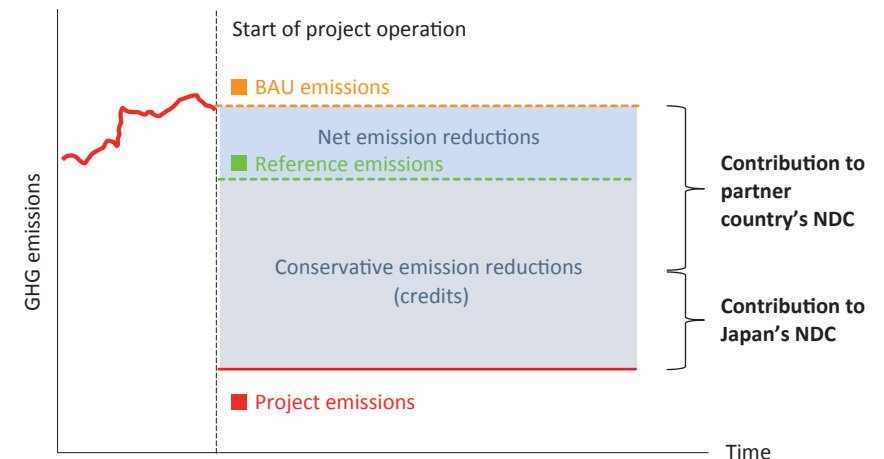
Avoidance of double counting

The JCM has developed its own rules and procedures, **to avoid double registration of project, double issuance of credit and double usage of already issued credits or allocated allowances.** It is important to define a robust accounting rule **to avoid double claiming of credit under the Paris Agreement.**

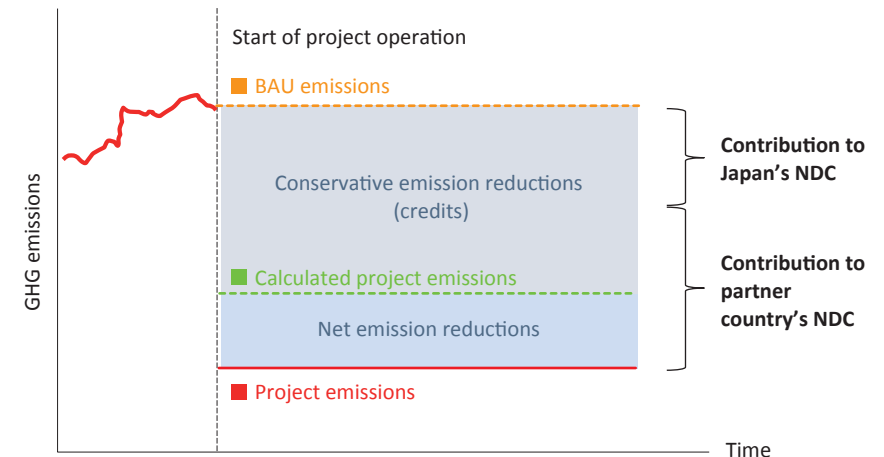
Achieving net emission reductions

JCM’s conservative emission reduction calculation will ensure a net decrease and/or avoidance of GHG emissions. This part of emission reductions will automatically contribute to the achievement of NDC.

Type A: Reference emissions below BaU emissions



Type B: Calculated project emissions above actual project emissions



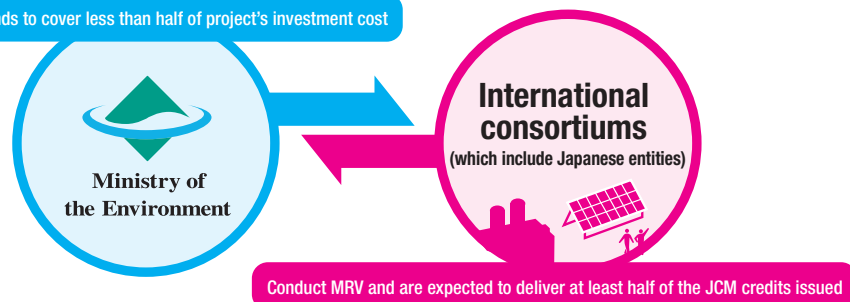
JCM Financing Programmes by the Ministry of the Environment, Japan (MOEJ)

JCM Model Projects

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

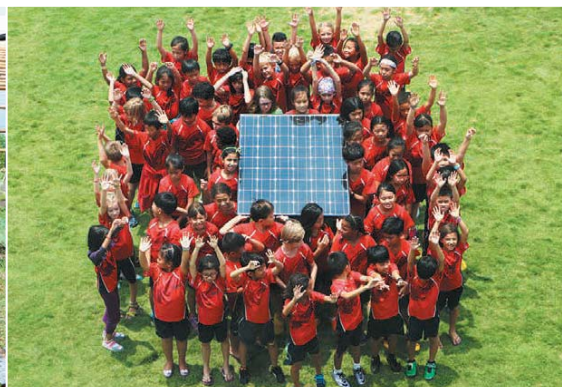
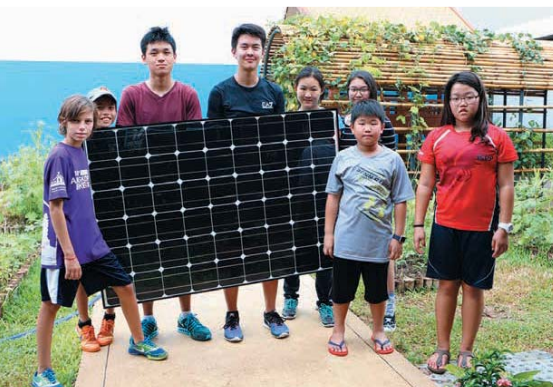
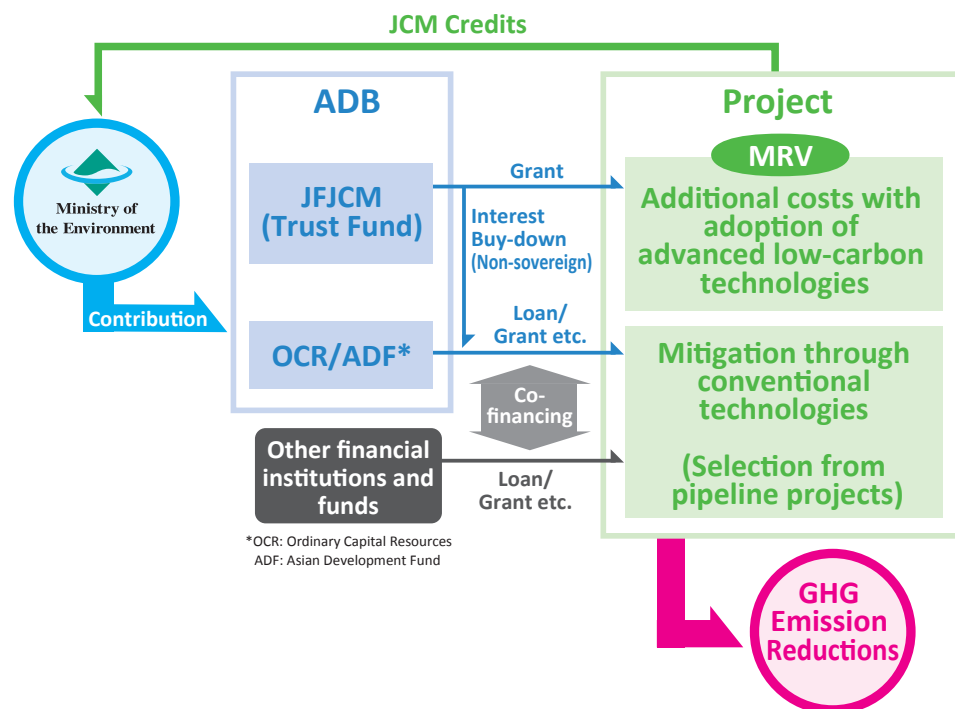
Budget from FY 2018 to FY 2020 | JPY 6.9 billion (approx. USD 69 million*) in total by FY 2020
*USD 1 = JPY 100

Provides funds to cover less than half of project's investment cost



Asian Development Bank (ADB) Trust Fund: Japan Fund for the JCM (JFJCM)

- ▶ **Budget for FY 2018** JPY 1 billion (approx. USD 10 million)
- ▶ **Scheme** To acquire credits of the JCM, provides financial incentives for the adoption of advanced low-carbon technologies which excel in GHG emissions reduction but expensive in terms of general ADB-financed projects.



Scaling up the JCM

Case 1: Replicating through Standard & Institutional Arrangement

- ➔ Leading low carbon technologies (Chiller/Refrigerator) have been introduced through the JCM.
- ➔ Using the project as a showcase, the technologies were expanded among ASEAN countries.
- ➔ Further business development is expected through the establishment of energy efficiency standards and relevant institutional arrangements.

Model project in Indonesia

Energy saving for Air-conditioning and Process Cooling at Textile Factory
 PP from Japan: Ebara Refrigeration Equipment & Systems Co., Ltd., Nippon Koei Co., Ltd. /
 PP from Indonesia: PT. Primatexco Indonesia, PT. Ebara Indonesia

- ➔ A high efficiency centrifugal chiller was installed for factory air conditioning.

Phase 1: Registered on 31 Oct 2014

Phase 2: Registered on 24 Mar 2016



Case 2: Replicating through specific actions

- ➔ Amorphous high efficiency transformers have been introduced all over Viet Nam through the JCM.
- ➔ Local energy distribution company included specifications for hiring the technology in its procurement standard based on understanding on its effectiveness.
- ➔ Further business development is in progress in other countries (e.g. Lao PDR).

Model project in Viet Nam

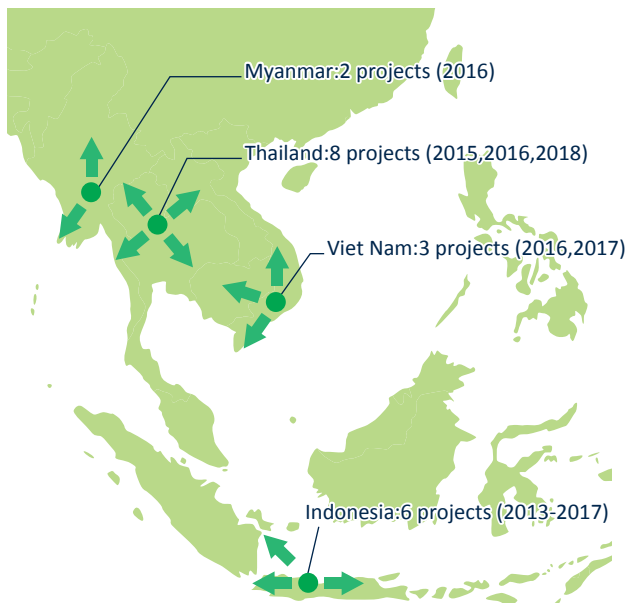
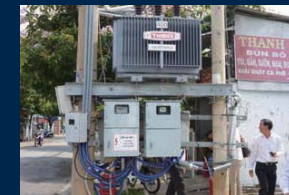
Introduction of Amorphous High Efficiency Transformers in Power Distribution Systems

PP from Japan: Yuko Keiso Co., Ltd. /
 PP from Viet Nam: EVN Southern Power Corporation

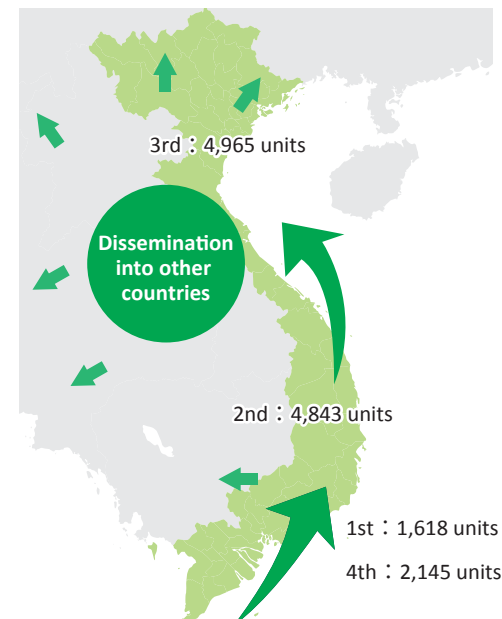
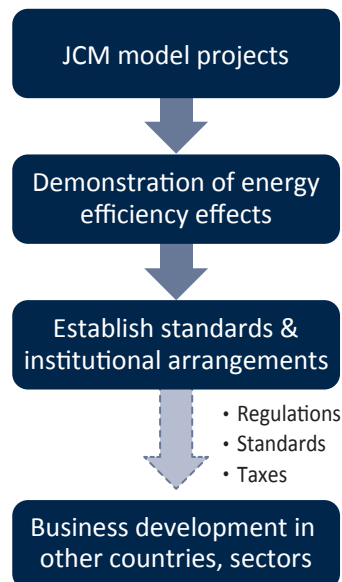
- ➔ 1,618 amorphous high efficiency transformers installed in the transmission and distribution networks of southern Viet Nam.

Registered on 15 May 2016

First credits issued on 10 Oct 2017



*Number of the JCM model projects



*Number of the installed units

