

General Overview of the JCM between Japan and Indonesia

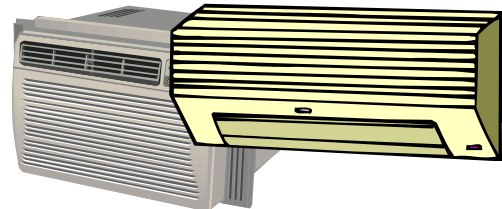
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All ideas are subject to further consideration and discussion with Indonesia

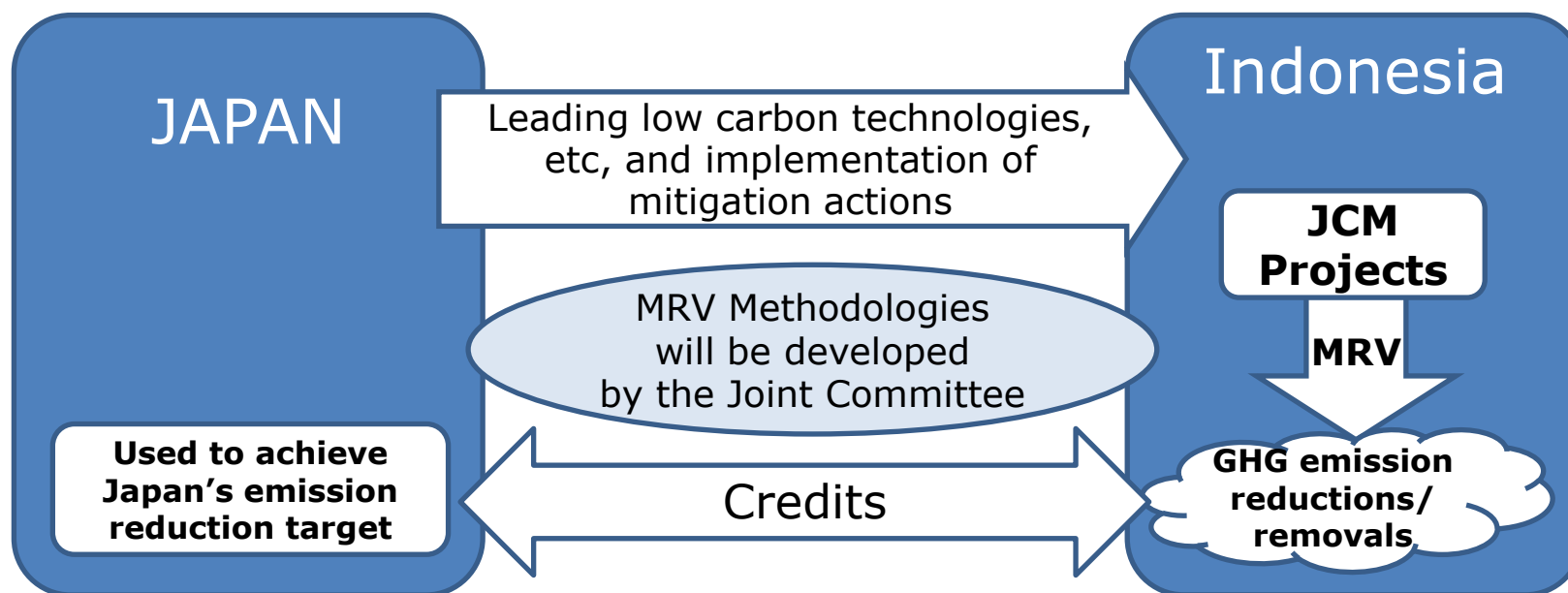
Low-Carbon Growth

- In order to effectively address the issue of climate change, it is necessary for both developed and developing countries to achieve low-carbon growth all around the world by fully mobilizing technology, markets and finance.
- Widespread use of advanced low-carbon technologies and products in various fields including renewable energy, highly efficient power generation, home electronics, low-emission vehicles, and energy-savings in factories must be accelerated.
- Realizing a low carbon society by combining these technologies and products with appropriate systems, services, and infrastructure is also crucial.

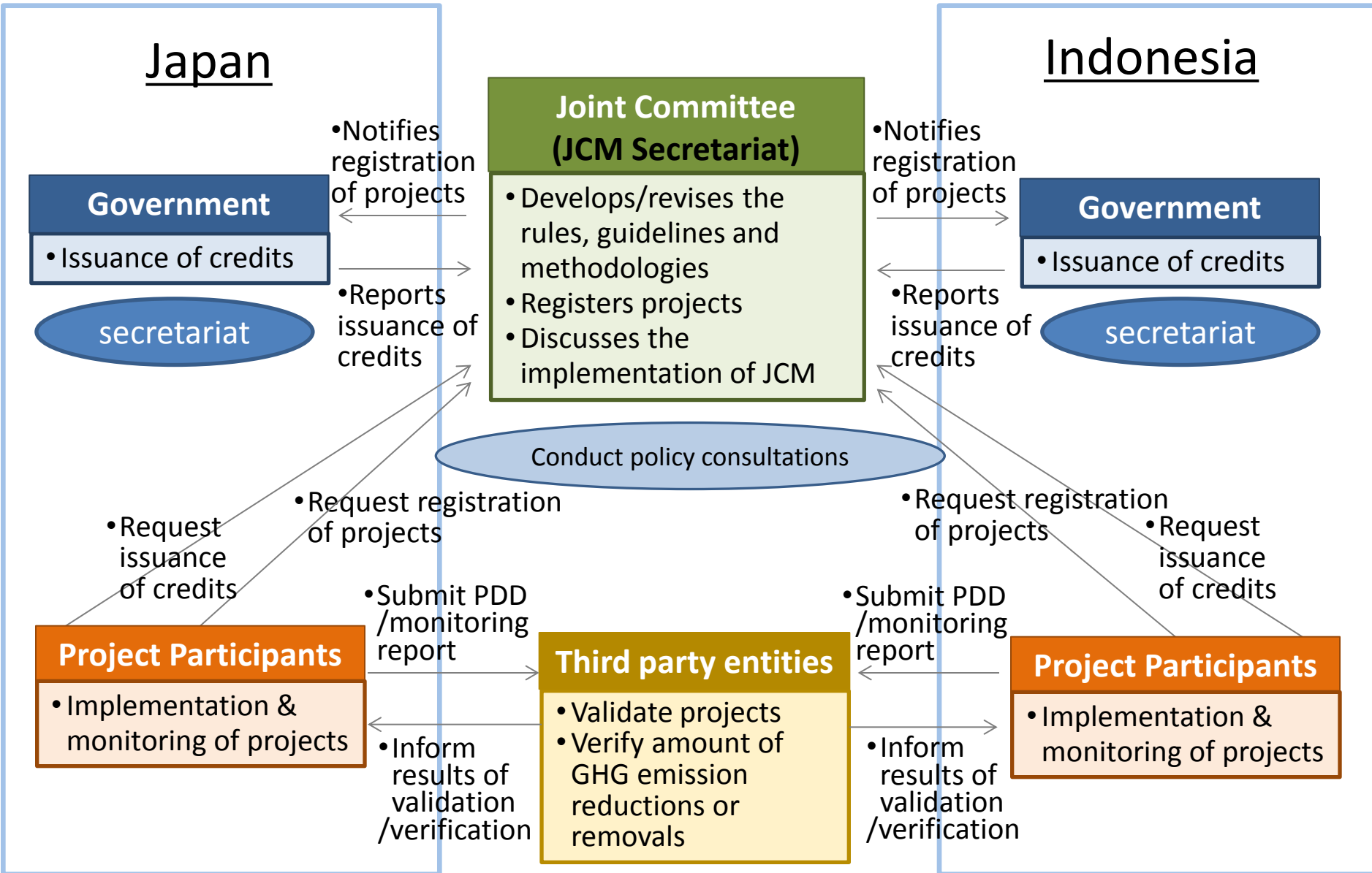


Basic Concept of the JCM

- 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 to GHG emission reductions or removals from Japan in a quantitative manner, by applying measurement, reporting and verification (MRV) methodologies, 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, complementing the CDM.



Scheme of the JCM between Japan and Indonesia



The role of the Joint Committee

- The Joint Committee (JC) consists of representatives from both sides (Governments).
- The JC receives an appropriate guidance on the implementation of the JCM from relevant ministries and ministers.
- The JC decides rules and guidelines for the JCM.
- The JC determines either to approve or reject the proposed methodologies, as well as develops JCM methodologies.
- The JC designates the third-party entities (TPEs).
- The JC decides on whether to register JCM projects which have been validated by the TPEs.

The role of each side(Government) (1/2)

- Each side establishes its respective secretariat and both secretariats jointly serve as the JCM secretariat through mutual communication for the Joint Committee.

- Each side, represented by the JCM secretariat, may:
 - (a) Jointly:
 - (i) Prepare draft methodologies and draft rules and guidelines and submit them to the JC for its consideration, when necessary;
 - (ii) Receive new initiatives from candidate project participants;
 - (iii) Monitor the development of JCM related programs and implementation of JCM projects, taking into account sustainable development criteria and environmental integrity.

The role of each side(Government) (2/2)

(b) Separately, unless otherwise decided:

- (i) Develop environmental and sustainable development criteria for JCM implementation as well as identifying needs for capacity building, and submit them to the JC;
- (ii) Monitor the development of JCM Feasibility Studies activities;
- (iii) Facilitate the project participants to perform project-based capacity building;
- (iv) Establish and maintain a registry in line with the common specifications for registries, as developed by the JC;
- (v) On the basis of notification for issuance of credits by the Joint Committee including for allocation of credits among project participants, issue the notified amount of credits to its registry.

➤ Each side establishes and maintains a registry.

➤ On the basis of notification for issuance of credits by the JC, each side issues the notified amount of credits to its registry.

Approaches of the JCM

- The JCM should be designed and implemented, taking into account the followings:
 - (1) Ensuring the robust methodologies, transparency and the environmental integrity;
 - (2) Maintaining simplicity and practicality based on the rules and guidelines;
 - (3) Promoting concrete actions for global GHG emission reductions or removals;
 - (4) Preventing uses of any mitigation projects registered under the JCM for the purpose of any other international climate mitigation mechanisms to avoid double counting on GHG emission reductions or removals.

Features of the JCM

- (1) The JCM starts its operation as the non-tradable credit type mechanism.
- (2) Both sides (Governments) continue consultation for the transition to the tradable credit type mechanism and reach a conclusion at the earliest possible timing, taking account of implementation of the JCM.
- (3) The JCM aims for concrete contributions to assisting adaptation efforts of developing countries after the JCM is converted to the tradable credit type mechanism.
- (4) The JCM covers the period until a possible coming into effect of a new international framework under the UNFCCC.

Project Cycle of the JCM and the CDM

JCM

<Main actors at each process>

CDM

Project Participant / Each Government
Joint Committee

Submission of
Proposed
Methodology

Project Participant

Joint Committee

Approval of
Proposed
Methodology

CDM Executive Board

Project Participant

Development
of PDD

Project Participant

Third Party Entities

Validation

Designated Operational Entities
(DOEs)

Joint Committee

Registration

CDM Executive Board

Project Participant

Monitoring

Project Participant

Third Party Entities

Verification

DOEs

Joint Committee decides the amount
Each Government issues the credit

Issuance
of credits

CDM Executive Board

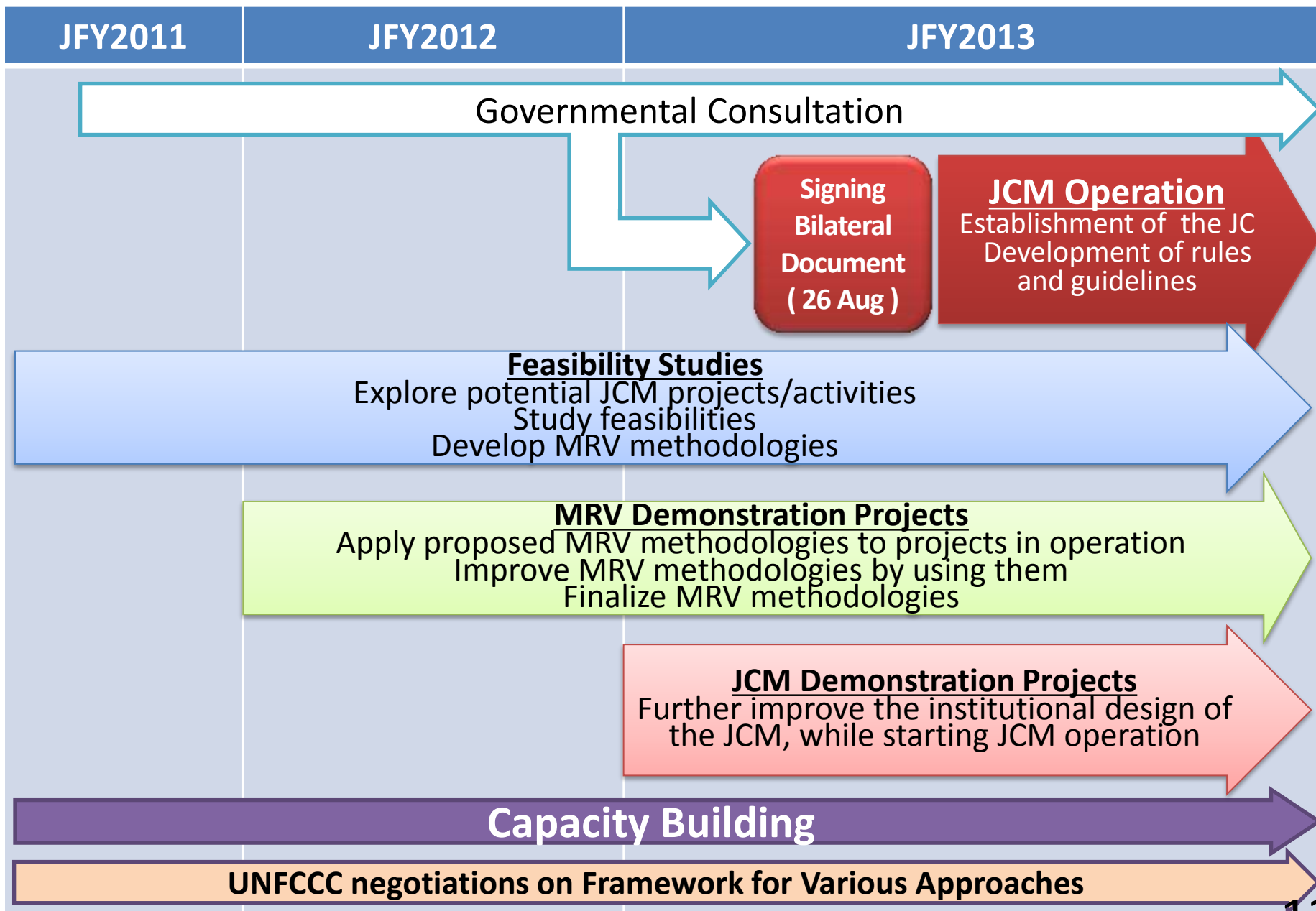
Can be conducted by the same TPE
Can be conducted simultaneously

Key features of the JCM in comparison with the CDM

(Subject to further consideration and discussion with **Indonesia**)

	JCM	CDM
Governance	- “de-centralized” structure (Each Government, Joint Committee)	- “centralized” structure (CMP, CDM Executive Board)
Sector/project Coverage	- Broader coverage	- Specific projects are difficult to implement in practice (e.g. USC coal-fired power generation)
Validation of projects	- In addition to DOEs, ISO14065 certification bodies can conduct - Checking whether a proposed project fits eligibility criteria which can be examined objectively	- Only DOEs can conduct - Assessment of additionality of each proposed project against hypothetical scenarios
Calculation of Emission Reductions	- Spreadsheet are provided - Default values can be used in conservative manner when monitored parameters are limited.	- Various formulas are listed - Strict requirements for measurement of parameters
Verification of projects	- The entity which validated the project can conduct verification - Validation & verification can be conducted simultaneously	- In principle, the entity which validated the project can not conduct verification - Validation & verification must be conducted separately

Roadmap for the JCM between Japan and Indonesia



Signing the bilateral document and 1st JC for the JCM

- Japan has held consultations for the JCM with Indonesia since July 2011 and completed signing the bilateral document for the JCM on August 26, 2013(Jakarta).
- Japan and Indonesia held the 1st Joint Committee on August 16 – 17, 2013 (Jakarta).



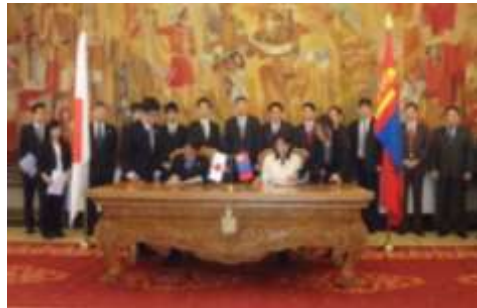
Joint Press Conference(Jakarta / August 30, 2013)



1st Joint Committee(Jakarta / November 16-17, 2013)

Countries with which Japan has signed on bilateral documents

- Japan has held consultations for the JCM with developing countries since 2011 and signed the bilateral document for the JCM with Mongolia, Bangladesh, Ethiopia, Kenya, Maldives, Viet Nam, Lao PDR and Indonesia.



Mongolia
On January 8, 2013
(Ulaanbaatar)



Bangladesh
On March 19, 2013
(Dhaka)



Ethiopia
On May 27, 2013
(Addis Ababa)



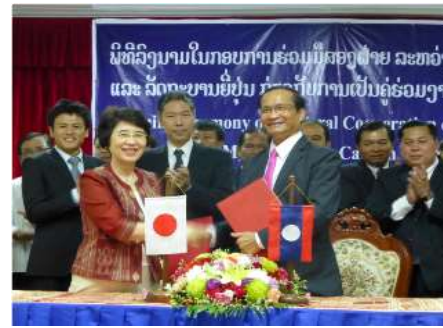
Kenya
On June 12, 2013
(Nairobi)



Maldives
On June 29, 2013
(Okinawa)



Viet Nam
On July 2, 2013
(Hanoi)



Lao PDR
On August 7, 2013
(Vientiane)



Indonesia
On August 26, 2013
(Jakarta)

- Japan held the 1st Joint Committee with Mongolia, Bangladesh, Ethiopia, Kenya, Viet Nam and Indonesia respectively.

The current status of UNFCCC negotiation (1/2)

Decision 1/CP18

41. *Acknowledges* that Parties, individually or jointly, may develop and implement various approaches, including opportunities for using markets and non-markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries;
42. *Re-emphasizes* that, as set out in decision 2/CP.17, paragraph 79, all such approaches must meet standards that deliver real, permanent, additional and verified mitigation outcomes, avoid double counting of effort and achieve a net decrease and/or avoidance of GHG emissions;
44. *Requests* the SBSTA to conduct a work programme to elaborate a framework for such approaches, drawing on the work of the AWG-LCA on this matter, including the relevant workshop reports and technical paper, and experience of existing mechanisms, with a view to recommending a draft decision to the COP for adoption at its 19th session;
45. *Considers* that any such framework will be developed under the authority and guidance of the Conference of the Parties;

The current status of UNFCCC negotiation (2/2)

Decision 1/CP18

46. *Decides* that the work programme referred to in paragraph 44 above shall address the following elements, inter alia:

- (a) The purposes of the framework;
- (b) The scope of approaches to be included under the framework;
- (c) A set of criteria and procedures to ensure the environmental integrity of approaches in accordance with decision 2/CP.17, paragraph 79;
- (d) Technical specifications to avoid double counting through the accurate and consistent recording and tracking of mitigation outcomes;
- (e) The institutional arrangements for the framework;

- The JCM is one of various approaches Japan and partner countries are jointly developing and implementing , and Japan intends to contribute to elaborating the framework for such approaches under the UNFCCC.
- Japan also intends to report to the COP regarding the use of the JCM in Biennial Reports including the Common Tabular in line with Decision 19/CP18.

Thank you!
Terima kasih!