

CDM/JI Supporting Programmes by Government of Japan

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Japan's Climate Change Policy Programme (approved by the cabinet in April 2005)

- Domestic quantitative targets have been established to achieve 6% reduction commitment under the Kyoto Protocol.
- Use of Kyoto Mechanisms at least for 1.6% eq. (100mil.t-CO₂) is essential to achieve the Kyoto target

Target of emissions reductions and removals against the base-year emissions

CO ₂ emissions associated with energy usage	+0.6%
CO ₂ emissions from non-energy usage, CH ₄ , and N ₂ O emissions	- 1.2%
Emissions of HFCs, PFCs, and SF ₆	+ 0.1%
Removals by forestry management	- 3.9%
Use of Kyoto Mechanisms (CDM, JI, ET)	- 1.6%
Total	- 6.0%

CDM/JI Policies by Japanese Government

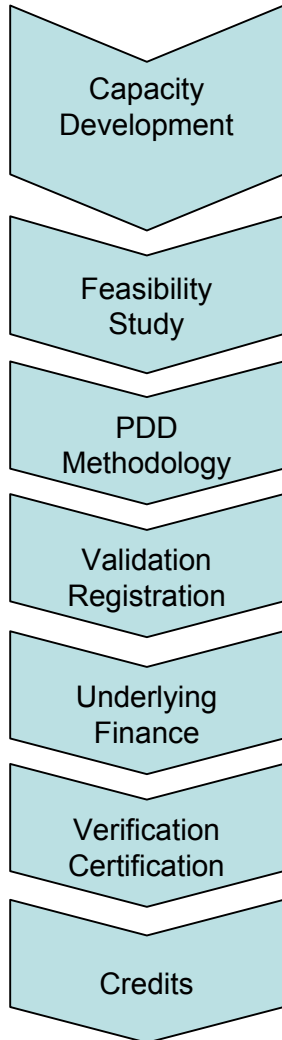
- While keeping in mind that the use of Kyoto Mechanism shall be supplemental to domestic measures, Japan is going to use the mechanism
 - To contribute sustainable development in host countries
 - To achieve its Kyoto commitment in a cost-effective manner
- Japanese Government has initiated a wide-range of supporting schemes for CDM/JI activities: **JKAP (Japan Kyoto Mechanisms Acceleration Programme 2005)**

JKAP (Japan Kyoto Mechanisms Acceleration Programme 2005)



- JKAP was established under the coordination of several Ministries and governmental organisations in March 2005. From capacity building to the assistance upon the credit issuance, a wide range of support schemes are available.
- Japanese and Host Country Stakeholders are encouraged to take the opportunities for the successful implementation of Kyoto Mechanisms Projects and the realisation of sustainable development.

CDM/JI Project flow and JKAP Supporting Measures



Collaborating Japanese Organisations
MOFA, METI, MOE
GEC, IGES, JBIC, JETRO, JICA, NEDO, OECC, JCF

GEC and NEDO

CDM/JI Project
Feasibility Studies
Programme

JBIC

Assistance for
project formation,
PDD etc.

JETRO

Business
Matching Support
Feasibility Studies
Programme

MOE and NEDO *1

Upfront Payment
Programme
for
CDM/JI Projects

JBIC

Financing

NEXI

Export
Insurance

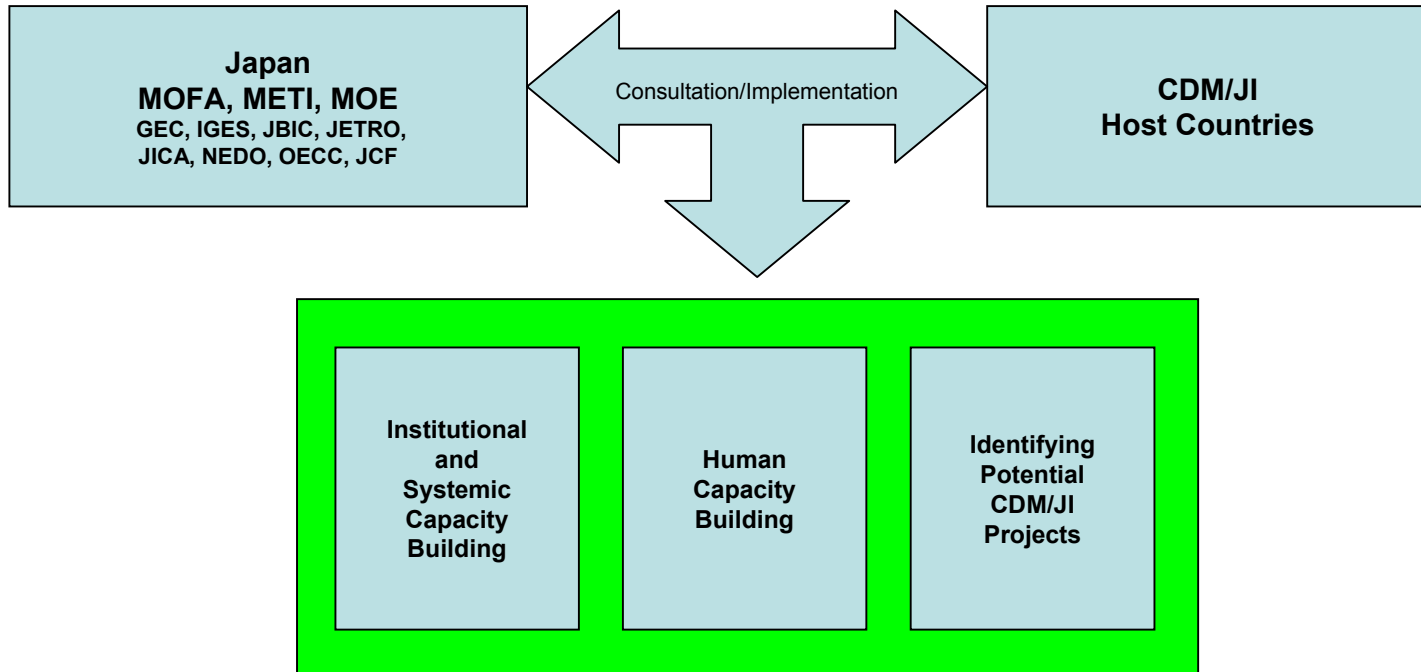
JCF

Development
of CDM/JI
Procurement
of Credits

*1 NEDO is an implementation body under METI

CDM/JI capacity building under JKAP (1)

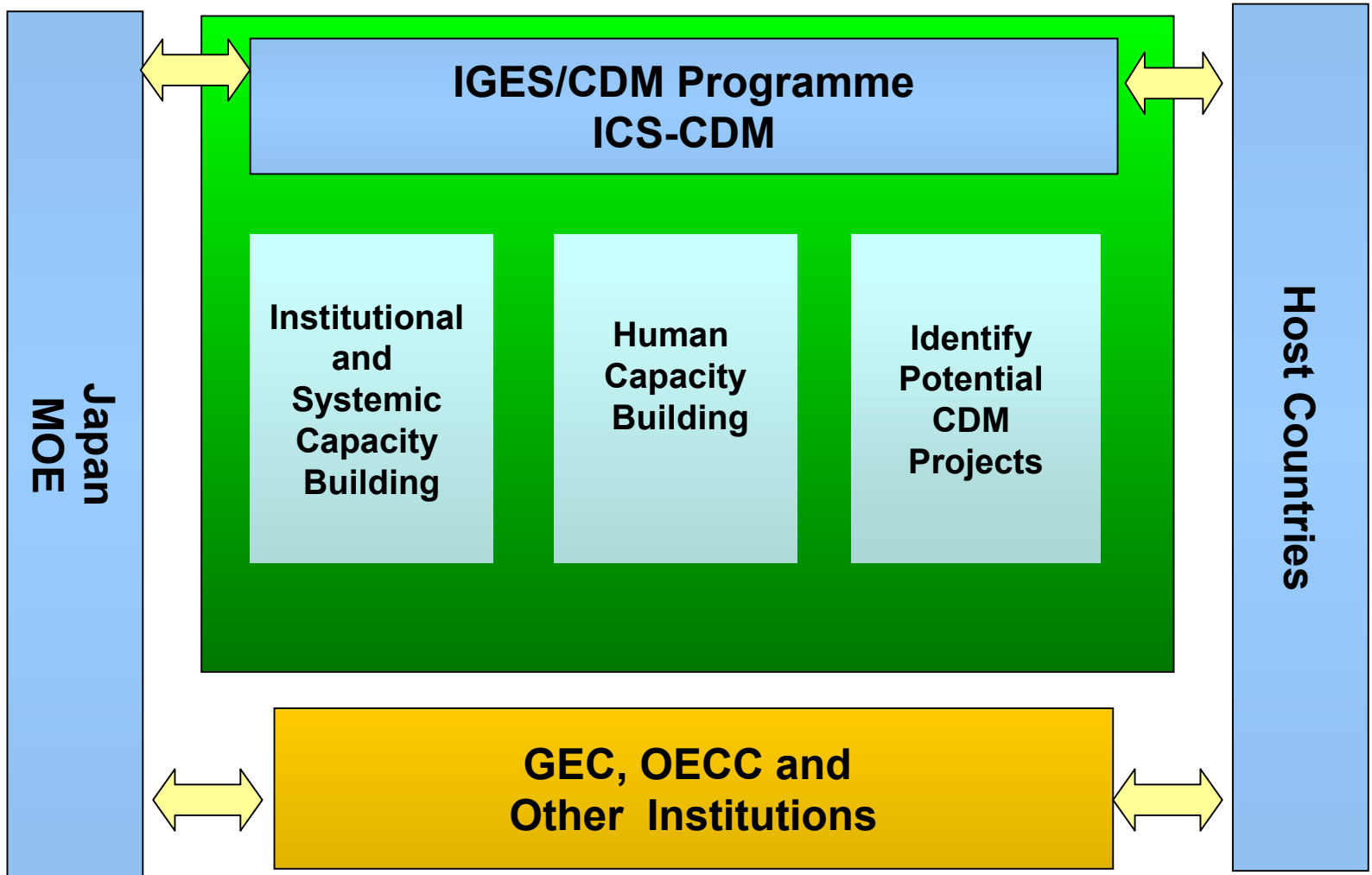
Providing comprehensive support for capacity building
necessary for sustainable CDM/JI projects



CDM/JI capacity building under JKAP (2)

- CDM/JI capacity building for stakeholders in host countries is essential for development and implementation of CDM/JI activities.
- CDM/JI Capacity building focuses on
 - Policy-makers and Government officials
 - DNA for CDM
 - Project developers
 - Project financiers
 - NGOs, Local communities, research organisations.

MOE (IGES) ICS-CDM/JI Framework



MOE (IGES) ICS-CDM Activities by Countries

Preliminary research

Russia

- WS for Local Government
- WS for Financial Sector
- National Meeting

China

- CDM Basic Seminar
- Training WS for PIN, baseline, and PDD
- National Meeting
- CDM Country Guide

India

- Small Group Study for DNA
- CDM Country Guide

Thailand

Philippines

Cambodia

- Training WS for PIN/baseline and PDD
- National Meeting
- CDM Country Guide

Indonesia

CDM/JI project development assistance: Feasibility Studies (1)

Financial assistance for Feasibility Study covers:

1. Preliminary costs (pre- and validation cost, PDD development and Manual publishing, etc.) up to 10M Yen
2. Entire F/S costs up to 40M Yen

Requirement:

Japanese partner must be included in project participants to apply for the scheme

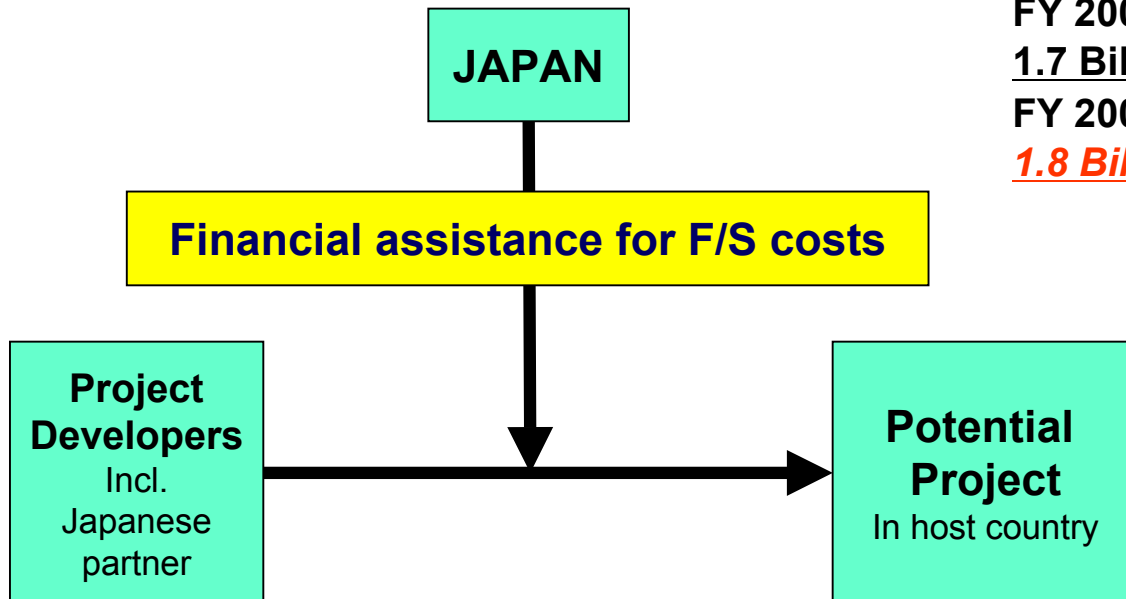
Budget scale:

FY 2004:

1.7 Billion yen (US \$16 Million)

FY 2005:

1.8 Billion yen (US \$17 Million)



CDM/JI project development assistance: Feasibility Studies (2)

- List of countries where FSs were conducted by MOE (GEC) over the past years
 - Brazil, Bulgaria, Cambodia, China, Ecuador, Estonia, Fiji, Hungary, India, Indonesia, Kazakhstan, Korea, Laos, Lithuania, Madagascar, Malaysia, Mexico, Mongolia, Myanmar, Pacific Islands countries, Philippines, Poland, Romania, Russia, Thailand, Ukraine, Vietnam

Financial assistance for CDM/JI: Upfront payment scheme (1)

Financial assistance to project development with upfront payment covers:

1. Preliminary costs (PDD development, validation cost)
2. Project expenses (equipment and construction cost, etc.)
3. Ex post review costs (monitoring, verification and certification cost, etc.)

Requirements:

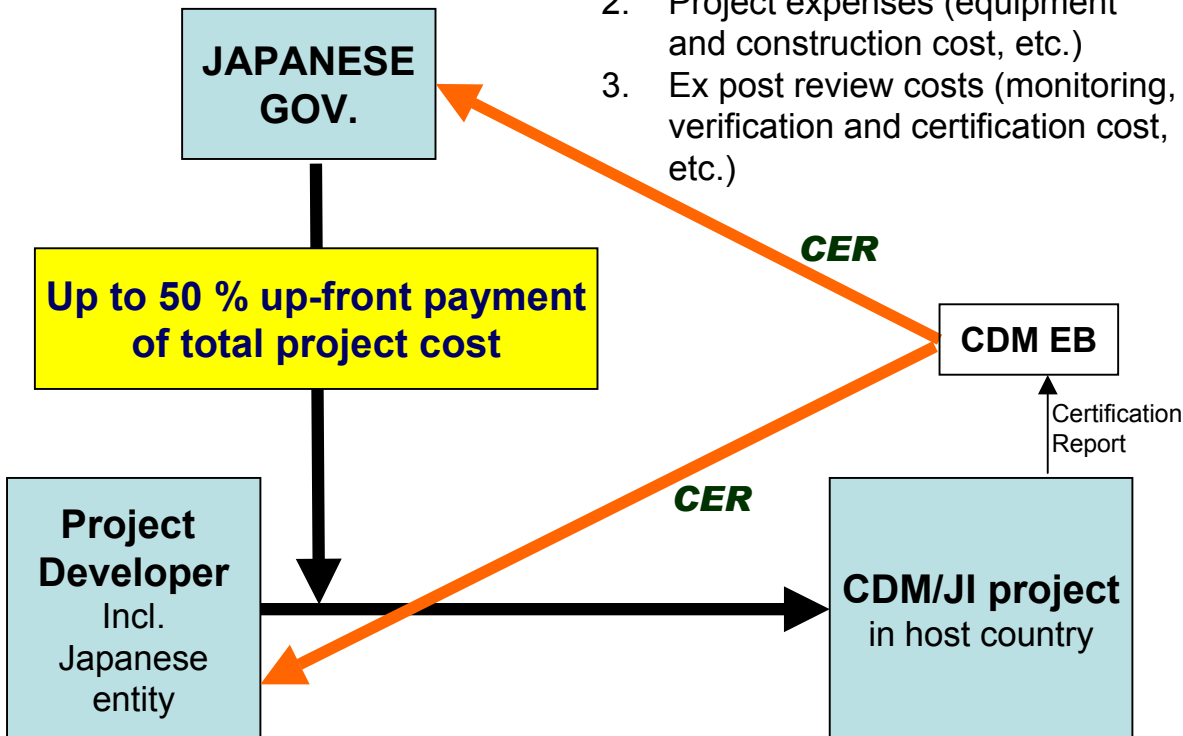
1. Credits generated from emission reduction project are to be transferred to Japan.
2. Japanese legal entity must be included in project participants applying to the scheme

Budget scale for FY 2005:

8.0 Billion yen
(US \$76 Million)

Credit price:

Fare price to be decided on project-by-project basis according to project risk, delivery risk and market price trend, etc.



Financial assistance for CDM/JI: Upfront payment scheme (2)

◆ Objective of the Program:

1. To promote GHG emission reduction project under the Kyoto Mechanisms
2. To purchase Emission Reductions (CERs, ERUs, AAUs) valid for Kyoto compliance

◆ Administrator of the Program :

Ministry of Economy, Trade and Industry (METI)

New Energy and Industrial Technology Development Organization (NEDO)

Ministry of the Environment (MoE)

◆ Scheme:

Administrator of the Program provide financial assistance (= advance against ERs) for project activity/up to 50% of the project cost

Project participants have to transfer the ERs to Administrator of the Program

*"Financial assistance" = "credit price" * "total amount of ERs promised to transfer to Administrator of the Program"*

* Further details about the Program is under constructing.

Financial assistance for CDM/JI: Upfront payment scheme (3)

◆ Coverage of the Program:

1. project cost: project development cost (PDD, Validation etc.), equipment, construction cost etc.
2. project type : energy efficiency improvement , renewable energy use, methane capture and energy use , HFC decomposition, N2O reduction, etc./ except sink project

◆ Credit Price:

Fair price (to be decided on project-by-project basis, according to project risk , delivery risk and market price trend, etc.)

◆ Timing of Payment :

Upfront payment in principal, at the time construction or equipment installation finishes

◆ Eligibility for Application:

Foreign entities can also apply for the program, but Japanese partner is necessary

◆ Start of the Program :

End of March , 2005

Kyoto credits purchasing scheme by Japanese Government

- Plans to commence in FY2006
- Requested Budget for FY2006 (to be reviewed by the Ministry of Finance and Parliament): approx. US\$90mil.
- Details of the scheme are currently under construction.