MoEJ Initiative for Decarbonized Infrastructure

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Ministry of the Environment, Government of Japan
1 Background of the “Initiative”

- As we face the two global crises of the coronavirus pandemic and climate change, the world is undergoing a rapid socio-economic re-design, as seen with in green recovery, and has triggered a large-scale competition for the development of decarbonization technologies and market acquisition.

- Japan’s growth strategy will dependent on the acquisition of such technologies to secure its place in the decarbonization market, fast becoming the largest global investment sector.

- As the public and private sectors cooperate towards achieving carbon neutrality by 2050, there is a growing expectation for JCM (Joint-Crediting Mechanism), allowing GHG emission reductions to be realized in partner countries to contribute to the achievement of Japan’s emissions reduction goal.

- With the expected agreement on Article 6 of the Paris Agreement at COP26 this year, this market mechanism will attract increasing JCM projects. JCM will also benefit the private sector as it is a useful system enabling private companies to utilize GHG reductions overseas to achieve their own carbon neutrality goal (guidance is to be developed for the utilization of private funds).

- In light of this situation, MoE Japan is strengthening key public-private partnerships to promote the development of “environmental infrastructures” overseas through JCM.

Joint Crediting Mechanism (JCM)

- JAPAN
  - Used to achieve Japan’s emissions reduction target
  - Leading low-carbon technologies, etc, and implementation of mitigation actions

- Partner Country
  - JCM Projects
  - GHG emissions reduction/removal
  - Operation and management by the Joint Committee which consists of representatives from the both sides
  - Credits
  - *Measurement, Reporting And Verification*
2 Environmental Infrastructure to Facilitate Overseas Expansion with JCM

<FY2030 Target>

- Aiming for a cumulative GHG emission reduction of about **100 million tons** of CO2 from JCM projects through public-private partnerships (maximum project size of about 1 trillion yen through public-private partnerships with a diversification of funds accelerating the implementation of projects).
- The project will also be used for Japan's emission reduction goal.
⇒ To realize above, we will proceed condition arrangement for JCM expansion

1. **Renewable Energies**
   (Solar Power, Wind Power, Hydro Power, Geothermal Energy, Biomass Energy, Green Hydrogen, and so forth)

2. **Green Logistics** (Including Cold Chain)
   (Non-Fluorocarbon Cooling System, Modal Shift, Airports, Ports and Harbors, and so forth)

3. **Waste management Infrastructure**
   (Waste to Energy, Recycling system, Landfill and so forth)

※ Further including energy efficient facilities, effective use of energies, CCUS, fluorocarbons recovery and destruction, Johkasou, and REDD+, in addition to the above
3 Arranging the conditions for the expansion of JCM

- Towards the FY2030 reduction target, MOE will implement 4 actions to create favorable conditions for a diversity and large-scale JCM projects.

1. **Formulation of Global Rules**
   - Lead the discussion on Paris Agreement Article 6 (market mechanism)
   - Make JCM a global de-facto standard and develop decarbonization markets

2. **Diversification of Funds**
   - Cooperate with public funds (co-financing with JBIC and JOIN)
   - Cooperate with international organizations (JCM project creation with ADB, utilization of funds of the World Bank, and so on)
   - Improve the conditions for JCM projects with a focus on private funds

3. **Global and Regional Expansion**
   - Expand projects in the Indo-Pacific region target area
   - Introduce advanced technologies through cooperation with third countries including the US and Australia
   - Applicate JCM to Carbon Offsetting Reduction Scheme for International Aviation (CORSIA)

4. **Facilitation of Decarbonization Market**
   - Promote the transition to decarbonization, from the formulation of a long-term strategy to its implementation
   - Spread Japan’s efforts on Zero Carbon Cities, environmental measures and standards (Decarbonization Domino Effect)
   - Utilize “Japan Platform for Redesign: Sustainable Infrastructure” (413 members joined, as of now)
<Annex> Promote Transition to Decarbonization in the Indo-Pacific Region (Overview)

- In developing and emerging countries, it is essential to address environmental issues which directly affect people’s health and quality of life (QoL). In parallel, achieving a decarbonized society is required by the Paris Agreement. **Expectations for Japan to contribute its knowledge and technologies to these countries** has become higher than ever.

- **We will promote transition (redesign) to decarbonization and a sustainable society in the Indo-Pacific region**, from the formulation of strategies to the implementation of measures, in an integrated manner.

- Promote introduction of general principle for decarbonization, resilience, and transparency (**Mainstreaming**)
- **International cooperation** with QUAD partner countries, contribution to FOIP
- **Co-realization of SDGs including** decarbonization, circular economy, and pollution countermeasures
- Transfer of knowledge and technologies of Japanese cities to cities abroad through **city-to-city collaborations** (Realization of **decarbonization domino** by the diffusion of **Zero Carbon Cities**).

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**Policy Dialogue** → **Long-Term Strategy and Plan Regulation Formulation** → **Project Formulation** → **Project Funding**

- Strategy formulation which reflects situations of each country and fostering human resources

- Public pravate cooperation will be promoted under **Japan Platform for Redesign: Sustainable Infrastructure (JPRSI)**
- Intergovernmental Cooperation will be facilitated for **introduction of environmental infrastructures to various sectors**