

# Developing JCM Project

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for Economic Affairs  
Republic of Indonesia



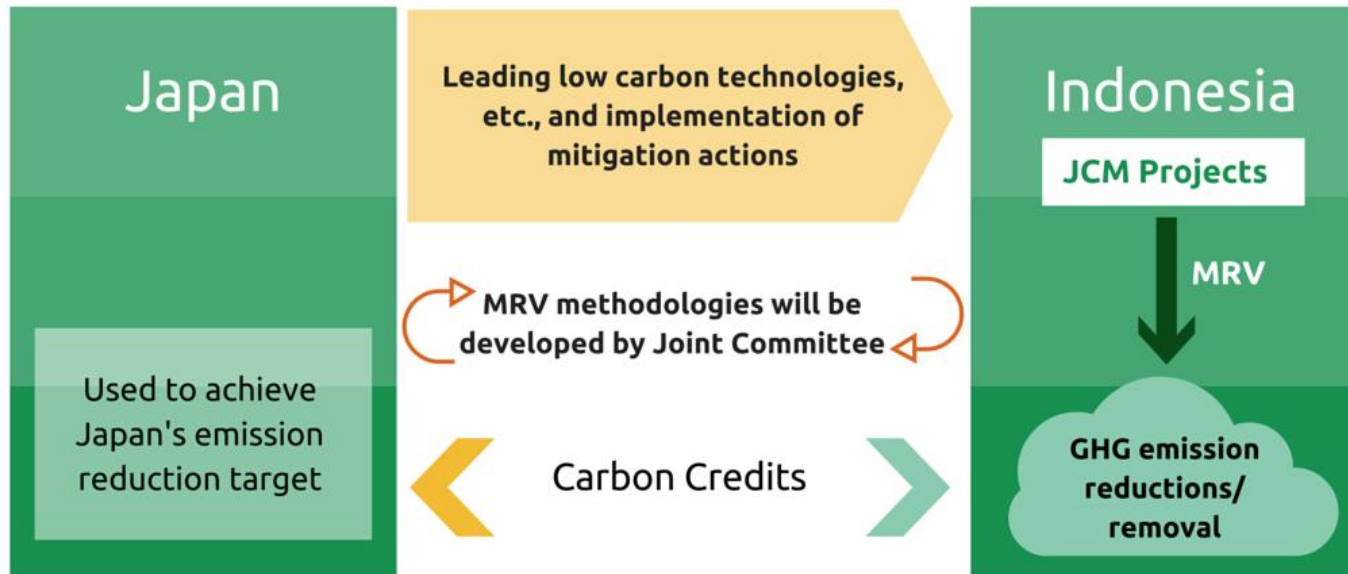
# Presentation outline



- Basic concept of JCM
- Financing support from the Government of Japan
- JCM project cycle

# Basic Concept of JCM

JCM is a G-to-G scheme and encourage private sector to promote and invest low carbon development projects in Indonesia



- For doing that, JCM provides financing support by GOJ
- (In return) JCM requests each project to record results of Green house gases (CO2) emission reductions (and transfer some results to GOJ. Results are shared with GOI as well)



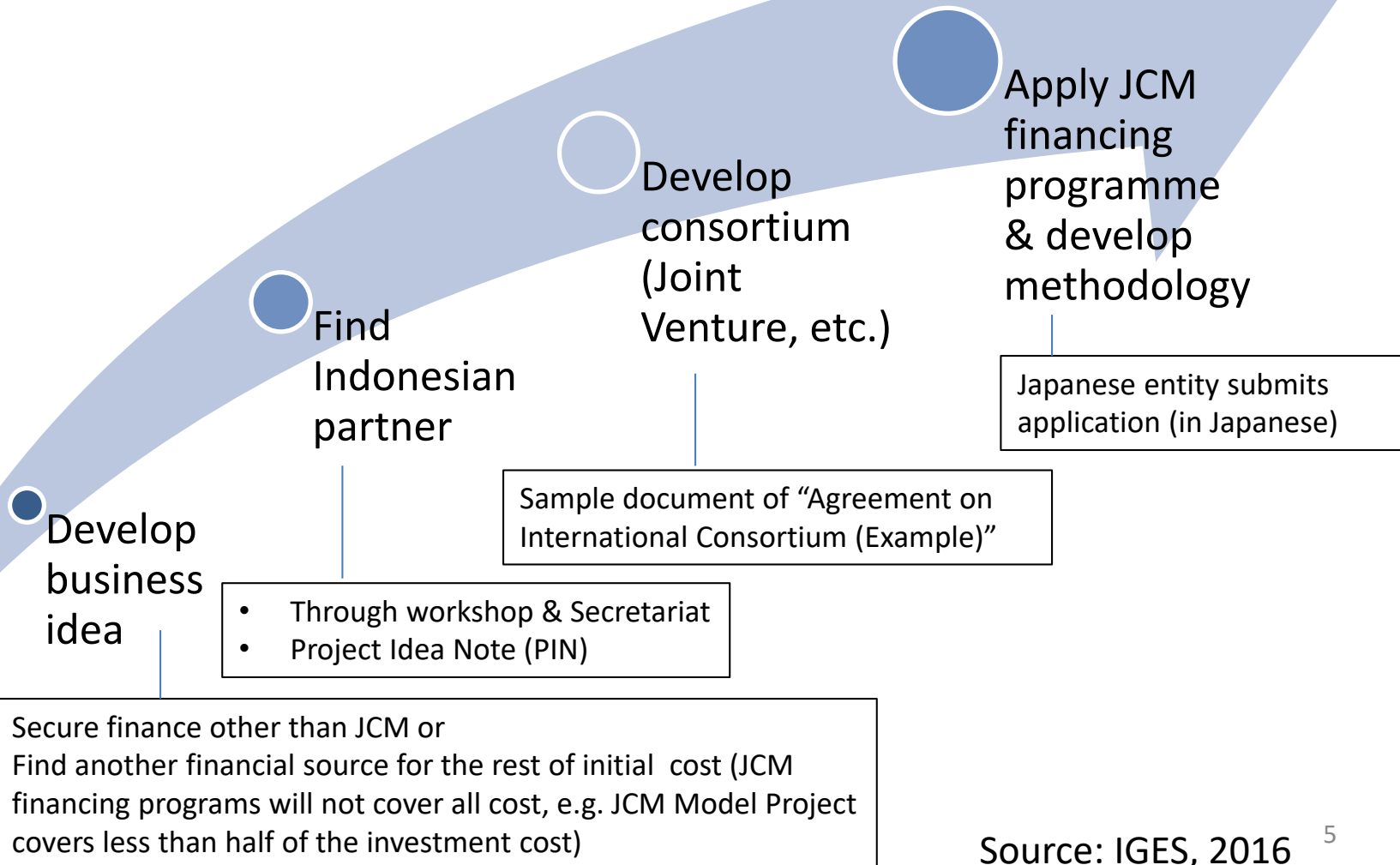
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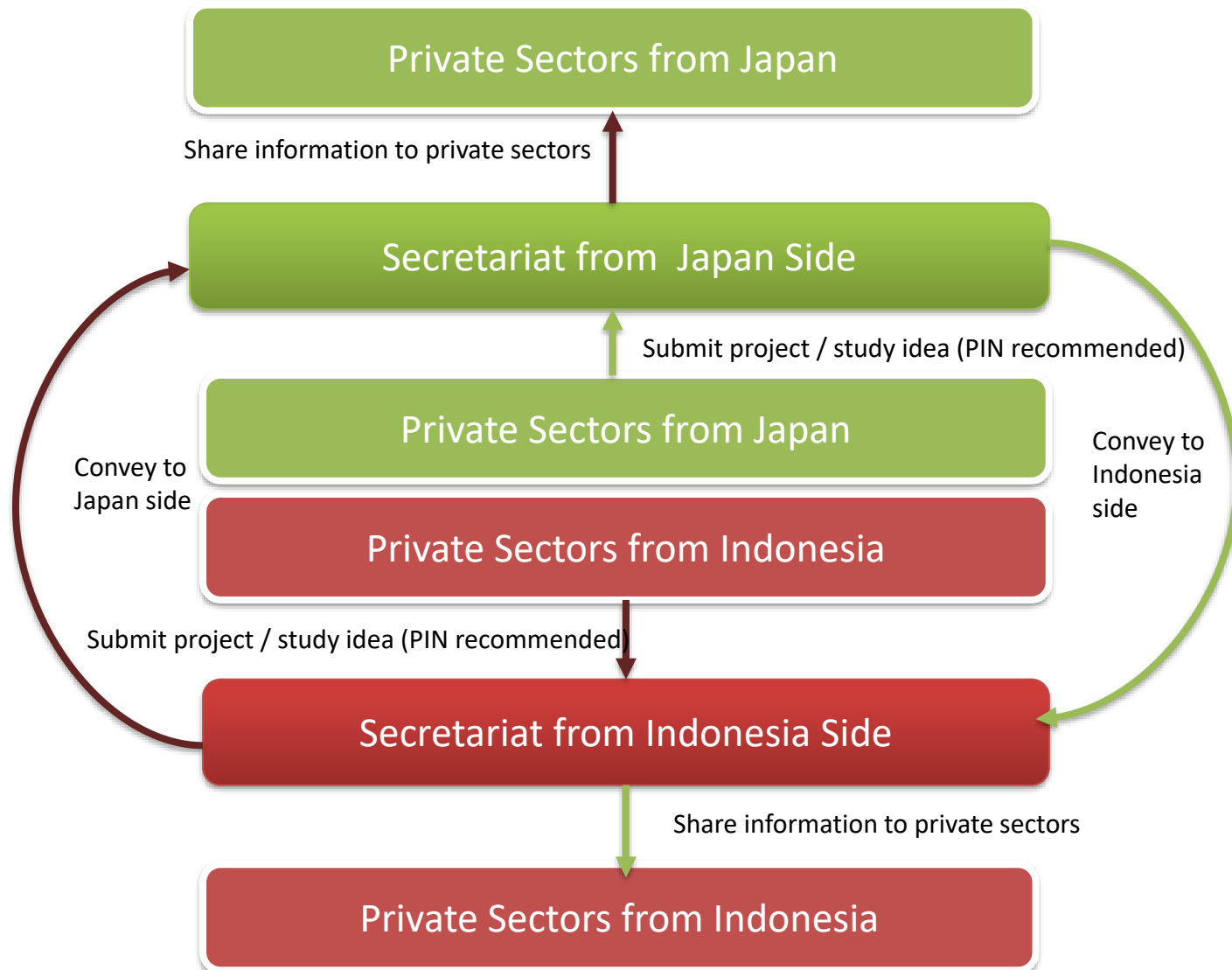
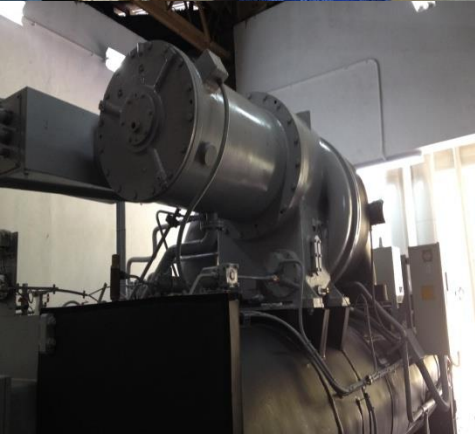
# FINANCING SUPPORT FROM THE GOVERNMENT OF JAPAN



# Developing a JCM Project



# How we accommodate the involvement of private sectors to join us?



# Types of JCM Financing by GOJ

## Support for feasibility study

- Give subsidy to conduct study on potential JCM projects and survey their feasibility

## Financing support for implementation of project

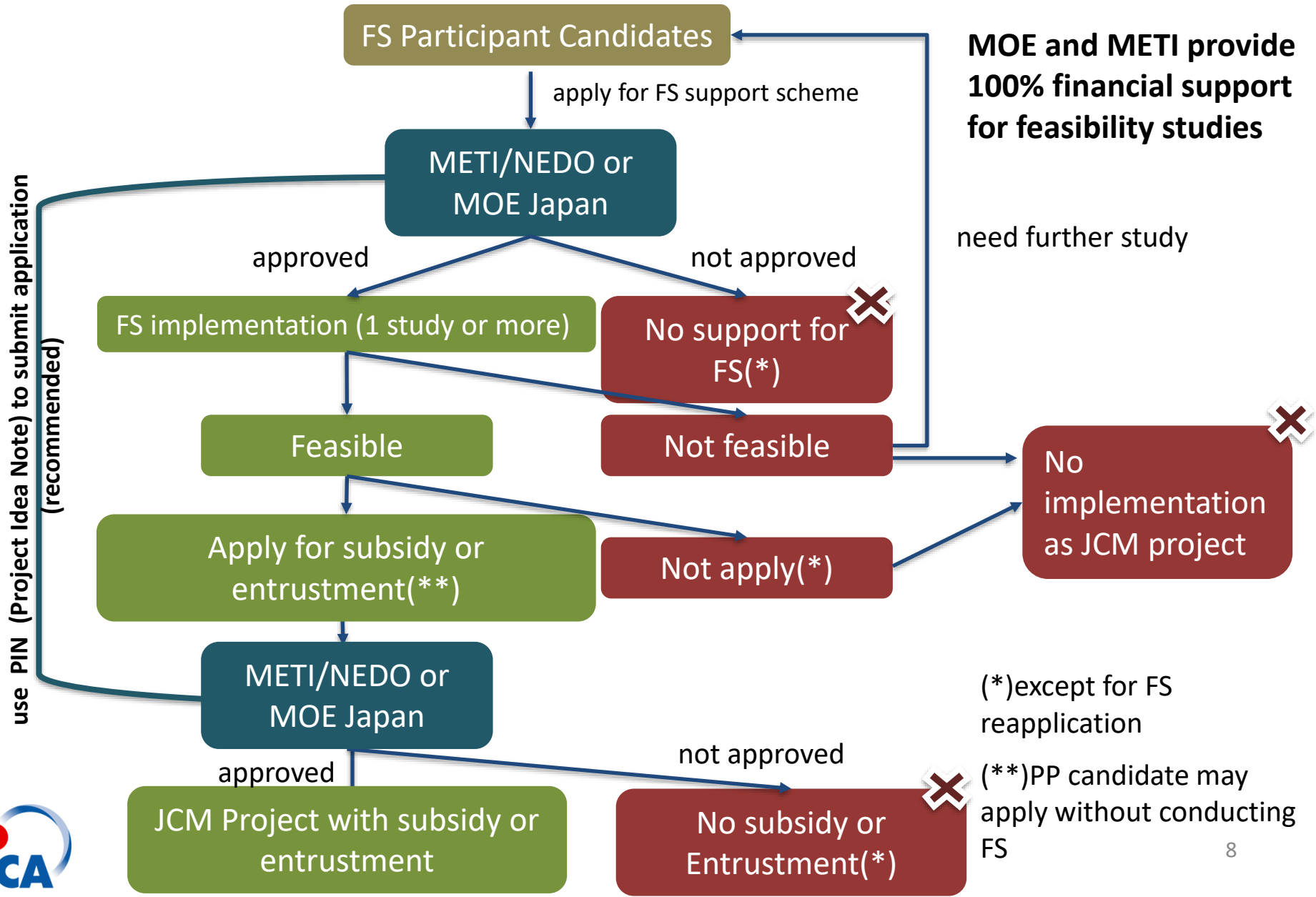
- Model project from MOE
- Demonstration project from METI
- Provide finance part of an investment / project cost
- Recipients to deliver credits to Government of Japan and Indonesia

## Capacity building activities

- i.e JICA / IGES / MOE / METI, etc organized workshops



# Feasibility Study in JCM







# JCM Model Project (MoEJ)

The draft budget for projects starting from FY 2016 is **6.7 billion JPY (approx. USD 56 million)** in total by FY2018

※Budget will be fixed after approval by the Parliament

Finance part of an investment cost (**less than half**)

**Government of Japan**

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

Conduct MRV and expected to deliver at least half of JCM credits issued

**International consortiums  
(which include Japanese entities)**



- 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.



# JCM Forestry Model Project



## 【Background】

- Deforestation and forest degradation in developing countries
- 17 demonstration feasibility studies from 2011 to 2014

## 【Expected outcome】

- Participatory monitoring of illegal logging, disaster prevention, and forest restoration
- Provision of alternative livelihoods



## 《 Projects outline 》

**Government  
of Japan**

Finance part  
of the cost

Deliver JCM  
credits issued \*

**International  
consortiums  
(which include  
Japanese entities)**

\* At least half or ratio of financial support to project cost of JCM credits issued are expected to be delivered to the government of Japan except the amount which is allocated to the partner country based on its legislation.

※ These projects may be implemented in cooperation with other organizations such as JICA

※ REDD+ (Reducing Emissions from Deforestation and Forest Degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries )

## Purpose

Implement activities for REDD+ and use them for contributing to achieve Japan's emission reduction target through the JCM.

## Project budget and implementation term

Up to 40 million JPY/year (fixed)

## Eligible Companies

Japanese corporation(the representative of international consortiums)



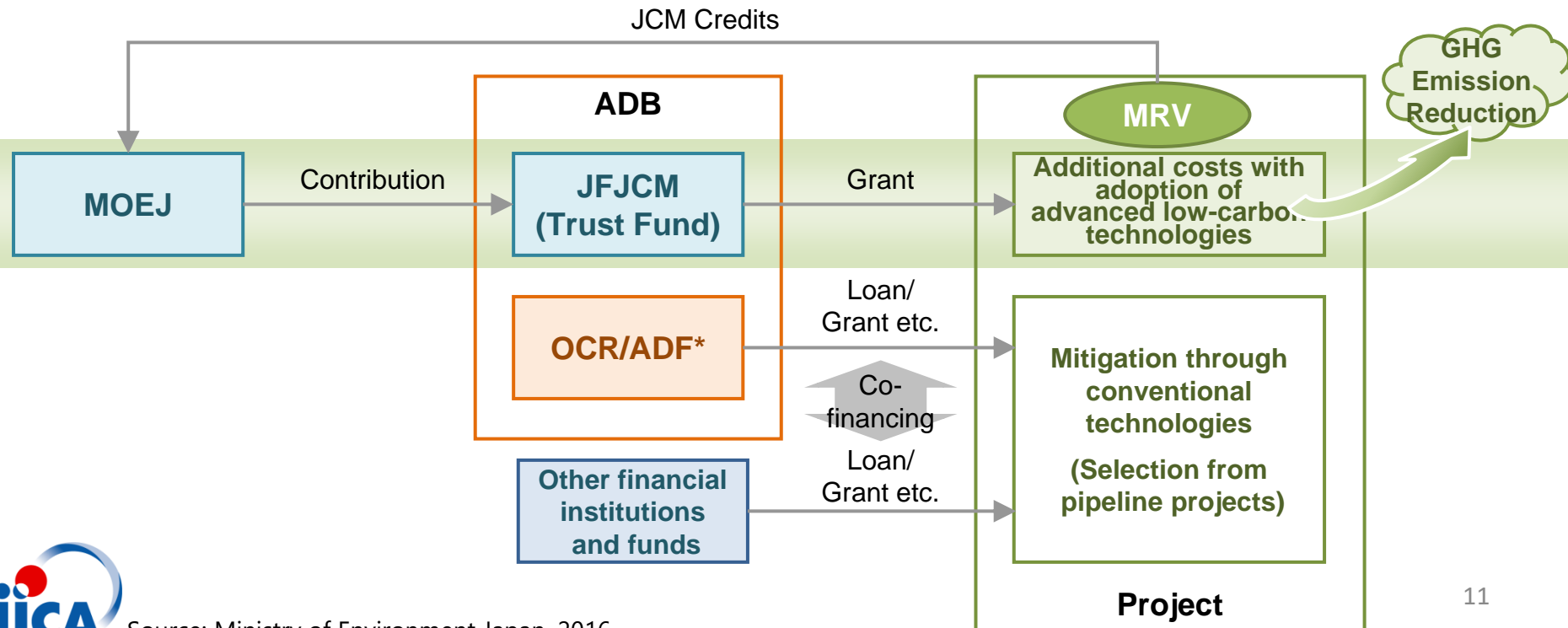
# ADB – Japan Fund for JCM

## Scheme

To provide the financial incentives for the adoption of advanced low-carbon technologies which are superior in GHG emission reduction but expensive in Asian Development Bank (ADB)-financed projects.

## Purpose

To develop ADB projects as the “Leapfrog” developments by the advanced technologies and to show the effectiveness of the JCM scheme by the acquisition of credits of the JCM.





# JFJCM funding scheme

## General eligibility

Project co-financed with an ADB or ADB-administered funds with proven advanced low-carbon technologies

Leads to a reduction of environmental pollution and/or other social economic benefits

## Grant & interest subsidy

### **Sovereign/public sector**

Maximum **grant** of \$10 million or 10% of the project cost, whichever is lower, or \$5 million if the project cost < \$50 million

### **Non-sovereign-Project Owner**

**Interest subsidy** up to \$10 million or 10% of the project cost, whichever is lower

### **Non-sovereign - Local Financial Institution**

**Interest subsidy** further reduces financing cost of host country financial institutions (banks, ESCOs, leasing companies)



# JCM Demonstration project (METIJ)

Funded by Ministry of Economy, Trade & Industry Japan and implemented by New Energy and Industry Technology Development



Funding provided up to more than 50% from the investment

- Coverage of funding:  
Cost of the JCM Demonstration project necessary MRV e.g. cost of design, machinery, material, labor travel, etc.
- Within certain period, the equipment will be owned by METI, subsequently it will be transferred to the participant
- Establishment of Joint Venture is not mandatory



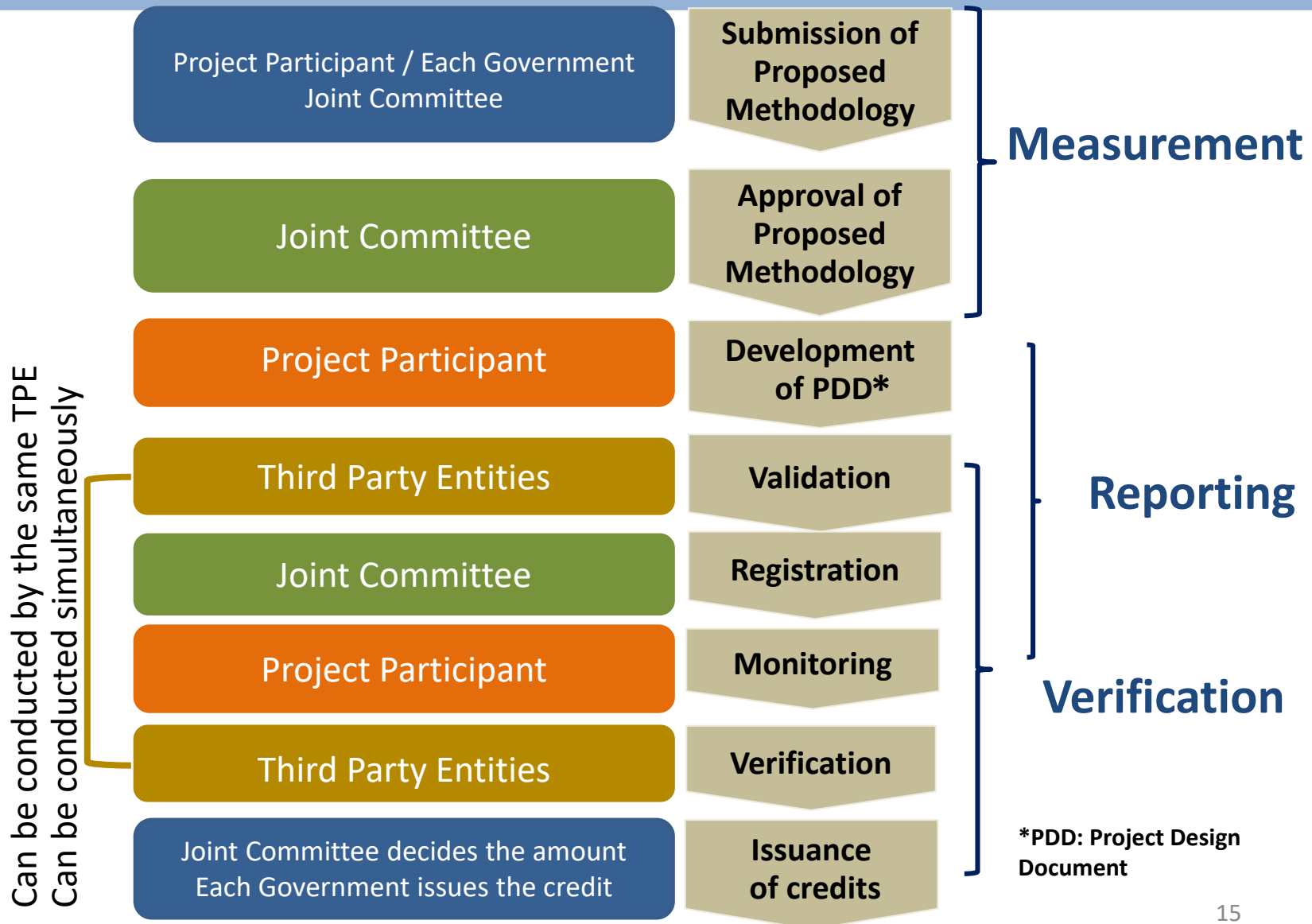
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# JCM PROJECT CYCLE: WHAT YOU NEED TO KNOW AFTER YOU RECEIVE THE JCM FINANCIAL SUPPORT

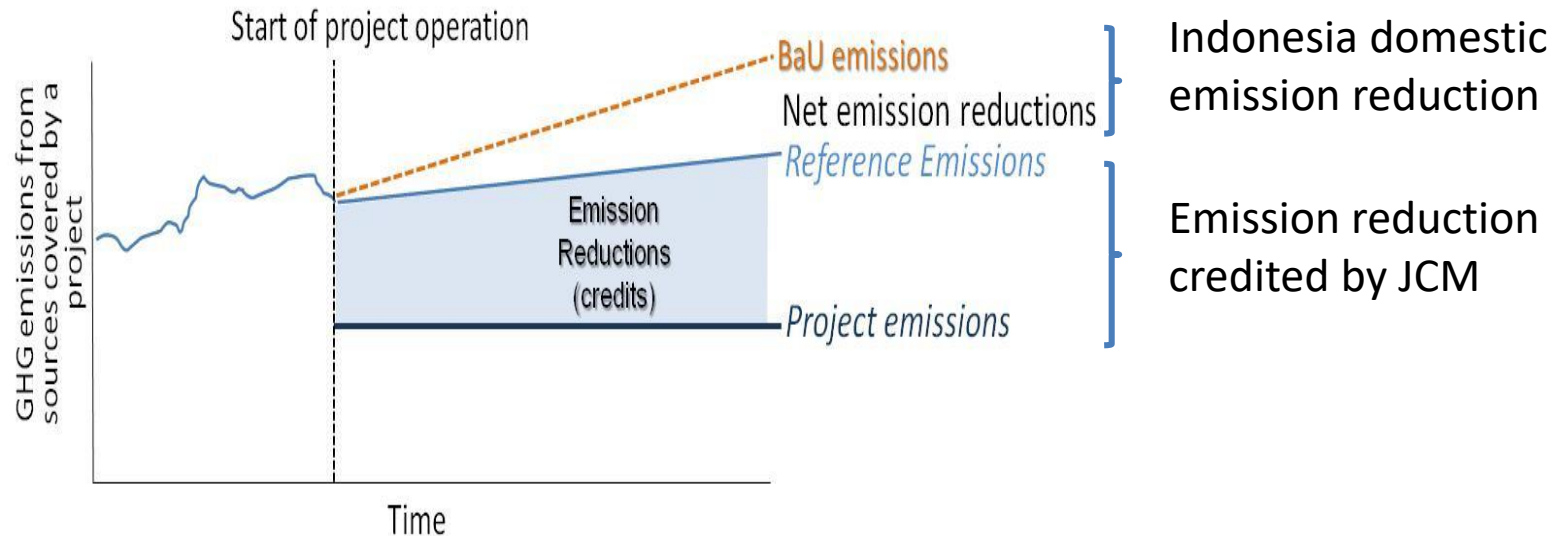


# JCM Project Cycle





# Measuring emission reduction in JCM



JCM utilizes reference emission based calculation

1. In the JCM, *emission reductions* to be credited are defined as the difference between **reference emissions** and project emissions.
2. *Reference emissions* are calculated below business-as-usual (BaU) emissions which represent **plausible emissions** in providing the same outputs or service level of the proposed JCM project in the host country.
3. JCM approach will ensure a net decrease and/or avoidance of GHG emissions.
4. *The value of Reference Emissions in JCM depends on the methodology. Therefore, the value can be equal or different with Baseline Emission.*

# Methodology in JCM

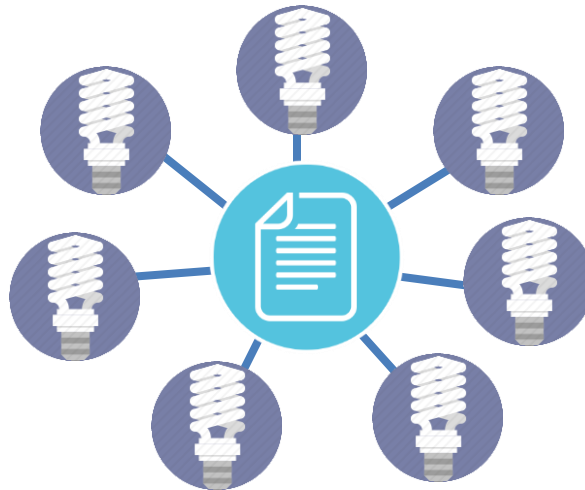
- JCM methodologies should cover these 3 elements:

Eligibility criteria

Monitoring method

Emission reduction  
measurement  
method

- The methodology is designed according to the type of applied technology.



1 methodology is applicable for many projects which utilize the same technology

# SDIP and SDIR

## Sustainable Development Implementation Plan (SDIP)

Sets out a plan of the JCM project to contribute to sustainable development based on ex-ante analysis

## Sustainable Development Implementation Report (SDIR)

Sets out the achievement of SDIP implementation for a particular monitoring method

7 sustainable development items considered in JCM:



Environmental  
Impact Assessment



Pollution control



Safety and health



Natural Environment  
and Biodiversity



Economy

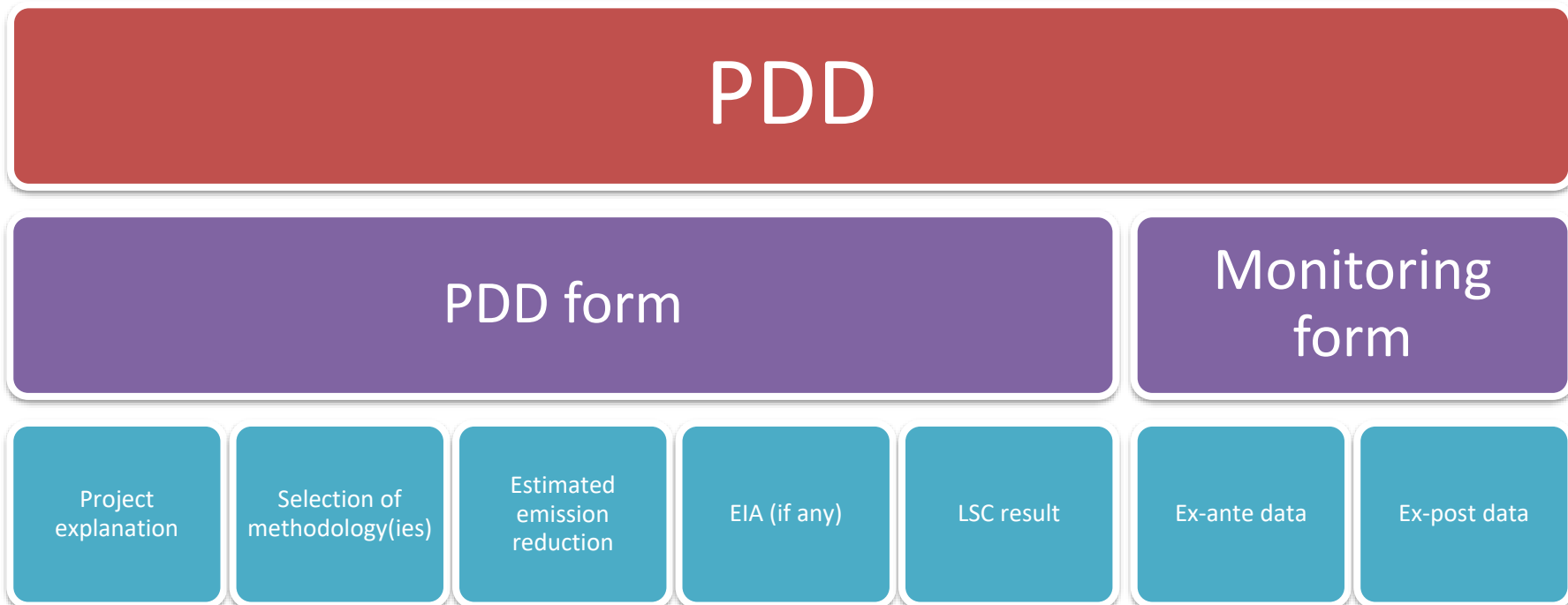


Social Environment and  
Community Participation

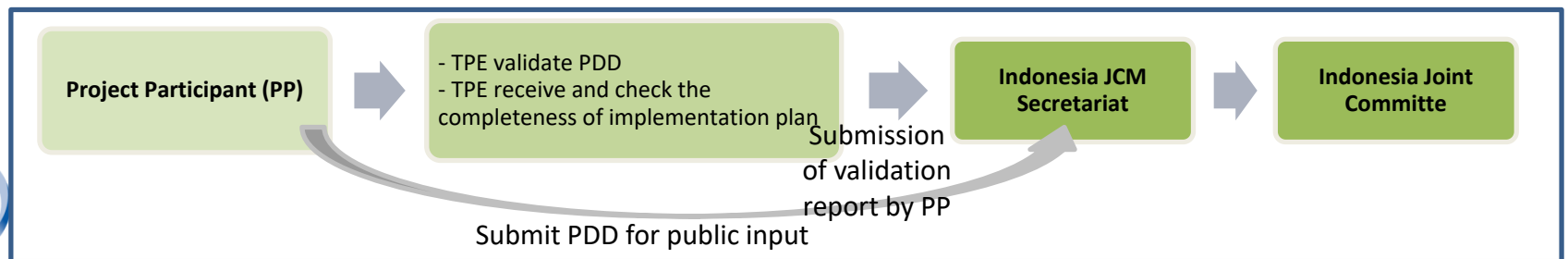


Technology

# Developing PDD in JCM



PDD sets out in detail , in line with the JCM rules and guidelines, the JCM project which is to be realized.



# Validation and verification with TPE

- TPE are selected by the project participants to validate and/or verify their PDD and/or emission reductions.
- Requirements/Eligibility:
  - Candidate entities are either:
    - (a) Accredited under ISO 14065; or
    - (b) Designated Operational Entities (DOEs) under the UNFCCC CDM
  - Candidate entities have sufficient knowledge of the JCM between the Republic of Indonesia and Japan by reading and knowing all applicable rules and guidelines of the JCM.
- Eligible entities can apply as TPE for JCM in each host country separately
  - Candidate entity submit application form and related document stated in Guideline for TPE to JCM Secretariat of Japan and Indonesia ([id-jc-secretariat@jcm.go.jp](mailto:id-jc-secretariat@jcm.go.jp) and [secretariat@jcmindonesia.com](mailto:secretariat@jcmindonesia.com) )

# TPE in Indonesia

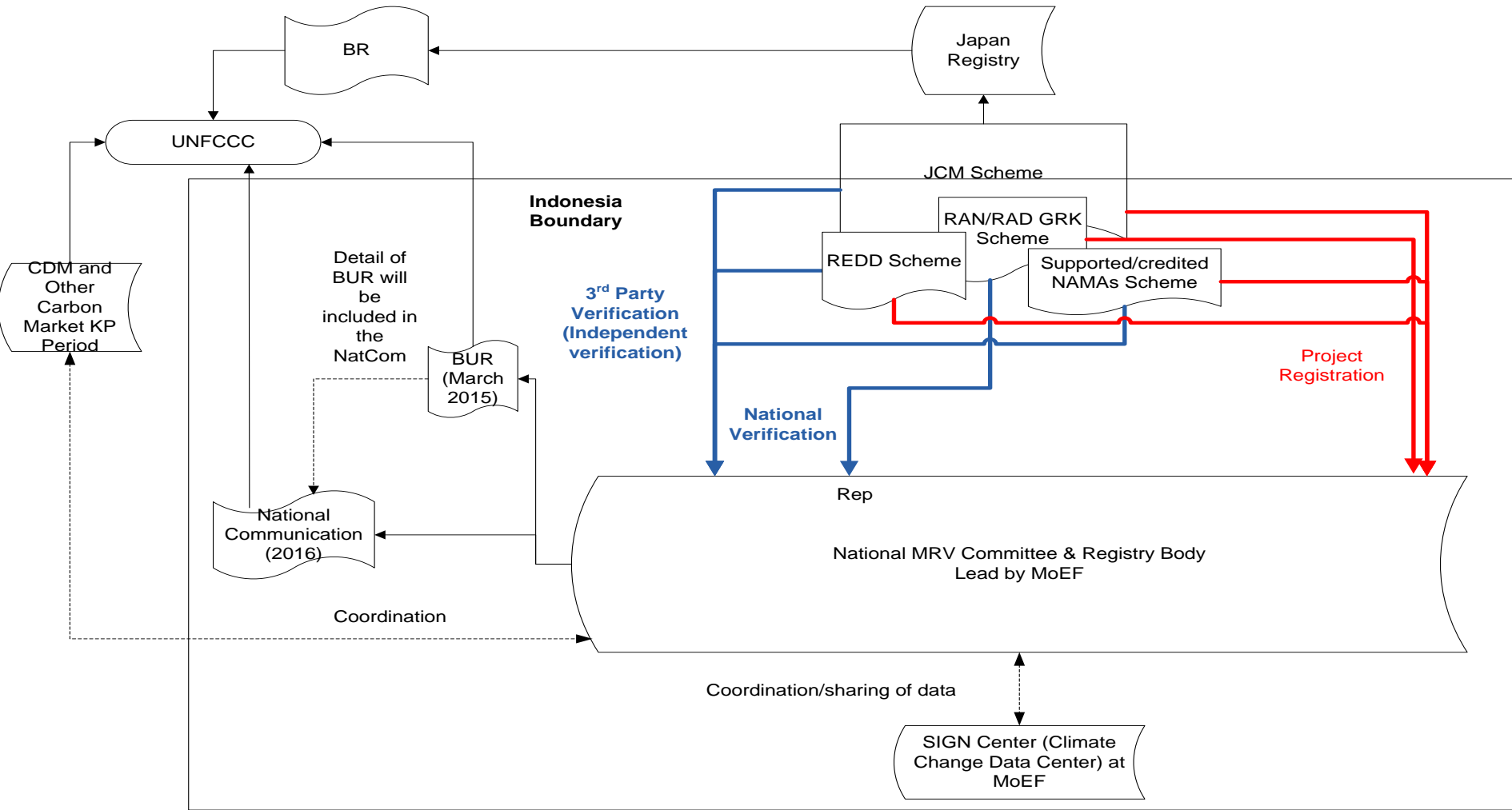
TPE	JCM Sectoral Scope (for Validation and Verification)	Accreditation	
		ISO 14065	CDM DOE
Lloyd's Register Quality Assurance Limited (LRQA)	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13	Yes	Yes
Japan Quality Assurance Organization (JQA)	1, 3, 4, 5, 9, 10, 13, 14	Yes	Yes
Japan Management Association (JMA)	1, 2, 3, 4, 6, 8, 9, 14	Yes	Yes
TÜV SÜD South Asia Private Limited (TÜV SÜD)	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15	No	Yes
Deloitte Tohmatsu Evaluation and Certification Organization Co., Ltd.	1, 2, 3, 4, 5, 8, 10, 12, 13, 15	No	Yes
TÜV Rheinland (China) Ltd.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15	No	Yes
EPIC Sustainability Services Private Limited (India)	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15	No	Yes
KBS Certification Services Pvt. Ltd. (India)	1, 3, 4, 5, 6, 7, 9, 10, 11, 13, 15	No	Yes
PT Mutu Agung Lestari	1, 2, 3, 14, 15 Provisionally designated: 4, 13	Yes	No
ERM Certification and Verification Services Ltd	1, 2, 3, 4, 5, 8, 9, 10, 13, 15	No	Yes
PT TUV Rheinland Indonesia	1,2,3,4,7,13,15	Yes	No

## Sectoral Scope

1. Energy Industries (renewable/non-renewable sources);
2. Energy Distribution;
3. Energy Demand;
4. Manufacture Industries;
5. Chemical Industries;
6. Construction;
7. Transport;
8. Mining/Mineral Production;
9. Metal Production;
10. Fugitive emissions from fuel (solid, oil and gas);
11. Fugitive emissions from production and consumption of halocarbons and sulfur hexafluoride;
12. Solvent Use
13. Waste handling and disposal
14. Reducing emissions from Deforestation and Forest Degradation in developing countries; and the role of conservation, sustainable management of forest and forest carbon stocks in developing countries (REDD-plus),
15. Agriculture.



# JCM linkage with other mitigation initiative







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# Thank you! Terima kasih!

Our website: <http://jcm.ekon.go.id>

Contact us at [secretariat@jcmindonesia.com](mailto:secretariat@jcmindonesia.com)

Sekretariat JCM Indonesia

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