

MOEJ Initiatives on New Mechanisms for Mitigating Climate Change

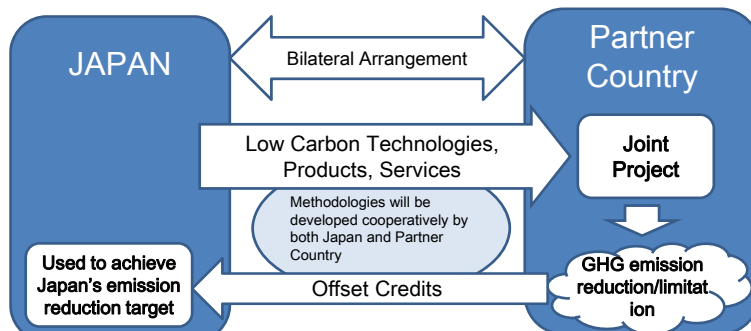
June 2011

Office of Market Mechanisms
Climate Change Policy Division
Ministry of the Environment, Japan (MOEJ)

Bilateral Offset Credit Mechanism

Purposes of the Bilateral Offset Credit Mechanism

- ◆ Contribute to the ultimate objective of the UNFCCC through promotion of mitigation activities globally.
- ◆ Appropriately evaluate the contribution to GHG emission reductions or removals.
- ◆ Facilitate the bilateral cooperation in the field of climate change in such a way that best suits each country's national circumstances.
- ◆ Contribute to the sustainable development of developing countries.
- ◆ Facilitate diffusion of low carbon technologies, products and services and enhance capabilities to utilize them.



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MOEJ Initiatives for the Promotion of Market Mechanisms

(1) Feasibility Studies for CDM/JI Projects

- Call for potential CDM/JI project proposals from Japanese entities and select ones, and request them to develop project design documents (PDDs) and to proceed to the UNFCCC procedures.
- About 20 projects are selected each fiscal year.
- **Three projects (in Thailand, Laos, and Indonesia) have been selected as new mechanisms feasibility studies in FY2010.**

(2) Kyoto Mechanisms Information Platform

- Manage help desk for Japanese entities to provide consultation in implementing CDM/JI projects
- Operate the Kyoto Mechanisms Information Platform website to provide the latest news and information from within and outside Japan
- **Inquiries for new mechanisms are received in FY2010.**
- **Seminars on new mechanisms organized in February 2011, in Japan**

(3) CDM Capacity Building Activities

- Support the designated national authorities (DNAs) and private entities in Asian countries to make enabling circumstances for implementing CDM projects.
- Develop and disseminate publications and databases for the CDM.
- **Consultations with developing country DNAs launched in FY2010 on capacity building for new mechanisms.**
- **Presentations on the status of international negotiations on new mechanisms in workshops.**

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(1) Feasibility Studies on New Mechanisms

- Since FY1999, CDM/JI feasibility studies have been performed on 183 projects, of which 11 projects have been registered as CDM projects by the CDM Executive Board.
- Starting from FY2010, feasibility studies have been undertaken (by the Global Environment Center Foundation) for projects involving new mechanisms with an aim to accumulate knowledge and experience concerning the new mechanisms.

New mechanism feasibility study projects implemented in FY2010

[Thailand] Feasibility study of comprehensive NAMAs for waste and wastewater management

[Laos] Feasibility studies of NAMAs for transportation management

[Indonesia] Feasibility study of NAMAs for peatland management

Initiatives related to Bilateral Offset Credit Mechanism

- For each of the above three projects, a **taskforce** has been set up and a feasibility study is now being performed under the guidance of the taskforce.
 - Each taskforce is composed of university professors, researchers, consultants, and other experts specialized in the respective technology areas concerned and/or in CDM schemes.
- Establishes **host country's committee** for each FS, which has government officials and other experts from each host country, in order for a Japanese FS implementer to directly collect national perspectives on the new mechanisms.
 - Host country's committees are to be held in the host country.
 - Host country's committee members are invited to MOEJ by FS implementers.
- **About 30 projects** are to be expected as new mechanism feasibility study projects in FY2011.
 - Symposiums will be held in Tokyo and Osaka to disseminate the results of feasibility studies.

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(2) Development and Operation of Information Platform

- Starting from FY2004, the Kyoto Mechanisms Information Platform website, developed and operated by the Overseas Environmental Cooperation Center, Japan (OECC), has been serving as the integrated portal offering information concerning the Kyoto Mechanisms, including rules and information regarding projects and events.
 - The platform also issues an online magazine *Kyomecha Express* (in Japanese) to provide timely information.
- Utilizing the platform, consultation services (Help Desk) are made available to accept and answer inquiries from Japanese and overseas businesses regarding Kyoto Mechanisms.

Website visits and inquiries

- The Kyoto Mechanisms Information Platform has received average 290,000 visitors (unique visitors) per year.
- A total of 821 inquiries (average 117 inquiries per year) have been received to date.



Initiatives related to Bilateral Offset Credit Mechanism

- Help Desk also accepts and answers inquiries regarding new mechanisms, including those regarding the Bilateral Offset Credit Mechanism such as:
 - What benefits will the Mechanism bring to our company? Which country should we choose as the destination and host country for investment through the Mechanism?
- MOEJ plans to organize [seminars on new mechanisms](#) including the Bilateral Offset Credit Mechanism in Tokyo, inviting government officials from a developing countries, in FY2011.
- A [new information platform](#) specifically for new mechanisms was set up recently.
 - <http://www.mmechanisms.org/e/index.html>
 - The new platform will disseminate information and collect views on the Bilateral Offset Credit Mechanism.

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(3) Support for Capacity Building of Developing Countries

- Starting from FY2003, Japan has been supporting CDM capacity building in Asian countries to help the establishment of institutional arrangements and procedures, and the building of capacity for implementing the CDM.
- For the implementation of the activity, the Institute for Global Environmental Strategies (IGES) signed MOU/LOI with each of the governments of Indonesia, the Philippines, Thailand, Cambodia, and Laos.
- Through continuous activities, there are trusting relationships with the host countries and Japan.

Status of joint activities (Figures represent a cumulative total since FY2003)

Country	China	India	Indonesia	Philippines	Thailand	Cambodia	Laos (From FY2009)
Counterpart (Host country DNA, excluding India)	National Development and Reform Commission (NDRC)	(TERI/WII)	National Council on Climate Change / MOE	Environmental Management Bureau, DENR	Thailand Greenhouse Gas Management Organization (TGO)	Climate Change Department (CCD), MOE	Water Resources and Environment Administration (WREA)
Number of workshops	16	37	34	27	23	21	4
Number of meetings	72	174	134	97	93	95	25

Initiatives related to Bilateral Offset Credit Mechanism

- Building on the existing CDM capacity building initiative, MOEJ plans to launch [capacity building for new mechanisms including the Bilateral Offset Credit Mechanisms](#) (starting from FY2011).
- Such capacity building may utilize experience of MOEJ for establishment, operation and improvement of [J-VER \(Japan-verified emission reduction\)](#), which have unique features applicable to developing countries.
- MOEJ also started capacity building especially for MRV in FY2011.
 - Such capacity building will be conducted in [Asia, Latin America and Africa](#) uniquely, to reflect specific circumstances and capacities of those countries for implementing MRV.

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Japan's Experience with Domestic Offset Credit System (J-VER)

Outline of J-VER

- MOEJ established a study group in March 2008 to consider institutional frameworks for a domestic offset credit system, followed by the establishment of the Japan-Verified Emission Reduction (J-VER) Scheme in November 2008 with Certification Center on Climate Change, Japan (CCCCJ or 4CJ) serving as the secretariat.
- To date, 24 emission reduction methodologies, three forest sink methodologies, and one methodology in the agricultural sector have been approved.
 - Use of woody biomass, use of biodiesel fuel, improved transport efficiency achieved by the use of information technology, micro-hydropower generation, etc.
- J-VER Certification Committee is responsible for the registration of projects and the certification of credits.
- A total of 100 projects have been registered, and 88,420 t-CO₂ credits were issued from 48 projects.

Designing institutions from a new viewpoint based on CDM experience

- Using a **positive list** as a criteria for validation
 - Defining and validating the types of projects that should be promoted as a government policy, rather than assessing the "additionality" of each project
- Judgment based on **eligibility criteria**
 - Ensuring environmental integrity by applying designated eligibility criteria in judging whether or not a proposed project satisfies conditions prescribed in the positive list
- **Addressing a shortage of validators**
 - The secretariat performed internal validation to make up for a shortage of external validators. (This was only in the initial period, and validation is now carried out by external validators.)
- **Reducing monitoring requirements**
 - Exclude low emission sources (those accounting for less than 0.1% of the estimated emission reduction) from monitoring requirements

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Funding to the Worldbank Partnership for Market Readiness

Partnership for Market Readiness (PMR)

- The establishment of the PMR was announced by World Bank President Robert Zoellick at COP 16.
- It is the initiatives to support developing countries to prepare and implement market mechanisms for GHG reductions.
- It is expected to play important role for developing international rules for new market mechanisms.
- Japan has decided to contribute 600 million yen to the PMR.

- The organizational meeting was held in Bangkok, on April 2011.
- The first Partnership Assembly will be held in Barcelona, in the end of May 2011.
- Chile, Colombia, Costa Rica, Indonesia, Mexico, Thailand, Turkey and Ukraine have expressed their interests to participate and will submit a funding proposal for preparation phase.
- At this moment, Australia, European Commission, Germany, Japan, Netherland, Norway, Spain, Switzerland, United Kingdom, and United States pledged contribution to the PMR

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Japan's views on governance of new MMs

- ✓ Individual countries are able to design, establish and implement their MMs under the UNFCCC, reflecting their own national circumstances.
- ✓ Not only centralized governance schemes but also decentralized governance schemes can be implemented.
- ✓ Under such governance structure, respective countries that establish their MMs are responsible for securing transparency and environment integrity of the MMs.
- ✓ COP will develop basic principles for such MMs, and respective countries regularly report to the UNFCCC secretariat what MMs the country has developed and how they are actually used.

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