HOW TO DEVELOP JCM PROJECTS
THE OUTLINE OF THE PRESENTATION

DEVELOPING JCM PROJECTS: How to unlock JCM financing scheme

JCM PROJECT CYCLE: what you need to know after you receive the JCM financial support
Developing a JCM Project

**STEP 01**
Develop business idea

**STEP 02**
Find Indonesian partner and vice versa

**STEP 03**
Develop consortium (Joint Venture, etc.)

**FINAL**
Apply JCM financing programme & develop methodology

- Japanese entity submits application (in Japanese)
- Sample document of “Agreement on International Consortium (Example)”

- Through workshop & Secretariat
- IGES matchmaking platform

- Secure finance other than JCM or
- Find another financial source for the rest of initial cost (JCM financing programs will not cover all cost, e.g. JCM Model Project covers less than half of the investment cost)

Source: IGES, 2016
HOW POTENTIAL PROJECT PROPONENTS ACCESS THE INFORMATION ON JCM

Access the information through JCM Website

- https://www.jcm.go.jp/id-jp
- http://jcm.ekon.go.id/id/
- http://gec.jp/jcm/

Discuss with Japan JCM Secretariat and Apply the Study Idea

email: jcm-bocm@murc.jp

Access the information through JCM Website

- https://www.jcm.go.jp/id-jp
- http://jcm.ekon.go.id/id/
- http://gec.jp/jcm/

Discuss with Indonesia JCM Secretariat and Apply the Study Idea

Email: secretariat@jcmindonesia.com

PREPARING PROJECT IDEA NOTES and SUPPORTING MATERIALS
# Project Idea Notes

## Project Idea Note for the JCM Model Project

**Document Reference:** Document for JCM Model Project

**Date:** 05/05/2017

**Title of the Proposed Project:**

- JCM Model Project
  - Introduction of Gas Cogeneration System by absorption type refrigerating system and PV System in Large Shopping Mall in Indonesia

**Host Country:**

- Republic of Indonesia

**Main Contact for the Project:**

- Name of the contact entity (company, etc.): AION Mall Co., Ltd.
- Address of the contact entity: XXXX
- Website of the contact entity: XXXX
- Name and position of the main contact person in the entity: XXXX
- Email of the main contact person: XXX
- Phone number of the main contact person: XXX

**Japanese Participant[s] for the Project:**

- Name of the entity (company, etc.): AION Mall Co., Ltd.
- Address of the entity: XXXX
- Website of the entity: XXXX

**Participant[s] of Host Country for the Project:**

- Name of the entity (company, etc.): PT. AMSL DELTA MAS
- Address of the entity: Jl. XXXX

**Brief Summary of the Project:**

- Objective of the project:
- Location of the project:
- Scale of investment including planned source of investment:
- Technology[i][es] to be adopted for the project:
- Project implementation scheme and role of each participant:
- Current status and progress of the project:

**Location of the Project:**

- Jl. XXXX

**Outline of the JCM Model Project:**

- Gas Cogeneration System by absorption type refrigerating system: 6,883.34tCO2/year
- Solar Power Generation: 112.4 tCO2/year

**Rough Estimation of Expected GHG Emission Reductions (unit: tCO2/year):**

- Expected schedule up to the EPC completion and the registration under the JCM:

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 May</td>
<td>Submit proposal to JCM application</td>
</tr>
<tr>
<td>2017 Nov</td>
<td>Start engineering and manufacturing of facilities/machinery</td>
</tr>
</tbody>
</table>
Institute for Global Environment Studies (IGES), provides a matchmaking platform for companies from Japan and host countries. Through this platform, interested companies can find partner(s) to develop JCM projects.

The platform can be accessed through: http://jcm-matchmaking.iges.jp/#tab_home
JCM FINANCING SCHEME

01 JCM Model Projects

02 ADB Trust Fund: Japan Fund for Joint Crediting Mechanism (JFJCM)

03 JCM DEMONSTRATION PROJECT
JCM FINANCING SCHEME

JCM Model Projects by Ministry of Environment

The budget for projects starting from FY 2018 is 6.9 billion JPY (approx. USD 69 million) in total by FY2020.

Finance part of an investment cost (less than half)

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

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

Source: Ministry of Environment Japan, 2018
ADB Trust Fund: Japan Fund for Joint Crediting Mechanism (JFJCM)

**Budget for FY2018**

JPY 1 billion (approx. USD 10 million) 

(1 USD = 100 JPY)

**Scheme**

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

**Purpose**

To develop ADB projects with sustainable and low-carbon transition perspective by introducing advanced low-carbon technologies as well as to acquire JCM credits.

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MOEJ

Contribution

JFJCM (Trust Fund)

ADB

JCM Credits

1 USD = 100 JPY

Source: Ministry of Environment Japan, 2018
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
JCM PROJECT CYCLE: what you need to know after you receive the jcm financial support
JCM PROJECT CYCLE

1. **Submission of Proposed Methodology**
   - Project Participant / Each Government Joint Committee

2. **Approval of Proposed Methodology**
   - Joint Committee

3. **Development of PDD**
   - Project Participant

4. **Validation**
   - Third Party Entities

5. **Registration**
   - Joint Committee

6. **Monitoring**
   - Project Participant

7. **Verification**
   - Third Party Entities

8. **Issuance of credits**
   - Joint Committee decides the amount
   - Each Government issues the credit

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**Measurement**
- Can be conducted by the same TPE
- Can be conducted simultaneously

**Reporting**
- Can be conducted by the same TPE
- Can be conducted simultaneously

**Verification**
- Can be conducted by the same TPE
- Can be conducted simultaneously

*PDD: Project Design Document*
<table>
<thead>
<tr>
<th>Aspect</th>
<th>Examples</th>
</tr>
</thead>
</table>
| **Technical**          | • Conservativeness of reference emission (case-by-case)  
                          • Reference to available standards for default values and regulations [SNI (Indonesian National Standard), ISO, and JIS (Japanese standard)]  
                          • Scientific principles and references                                                                                               |
| **Reference data source** | • Consideration of Indonesian circumstances:  
                                        • The level of technology widely used in Indonesia  
                                        • Interviews with relevant resource persons  
                                        • Collection of real data and field survey  
                                        • Source of available data (IPCC, national data, public data)                                                                          |
| **Compliance**         | • Compliance to international and national regulations (e.g. control of refrigerants, hazardous materials)  
                                        • Compliance to JCM agreed rules, guidelines, and principles                                                                            |
| **Relevance**          | • Applicability to real project situation  
                                        • Use of various energy sources at project locations  
                                        • Improvement from ‘business as usual’                                                                                                  |
| **Ease of understanding** | • Use of simplified diagram  
                                        • Simplified language                                                                                                                     |
| **Consistency**        | • Terms and reference used consistent with other methodologies applied in Indonesia                                                      |
JCM METHODOLOGIES

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
PDD DEVELOPMENT

PDD

PDD form

Monitoring form

Project explanation
Selection of methodology(ies)
Estimated emission reduction
EIA (if any)
LSC result
Ex-ante data
Ex-post data

PDD sets out in detail, in line with the JCM rules and guidelines, the JCM project which is to be realized.
Sets out a plan of the JCM project to contribute to sustainable development based on ex-ante analysis.

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
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 and secretariat@jcmindonesia.com)
CREDIT SHARING SCHEME

- Government of Japan and Indonesia will have their contribution in reducing emission.
  - **Indonesia side** = Government of Indonesia + Indonesia’s Project Participant
  - **Japan side** = Government of Japan + Japan’s Project Participant

How does the credit sharing work?

1. Government of Indonesia will have their share from the emission reduction.
2. The project participants will discuss on how the emission reduction will be shared based. This could be based on their total investment of the project.
Once the GHG emission is verified by the TPE and SDIR is deemed positive by the JC, project participants can request for JCM credit issuance.

Part of the JCM credit will be belong to Government of Indonesia and Japan.

The project participants are allowed to have the JCM credit and should discuss among themselves for the credit portion of each respected entities.
The project installed a high-efficiency refrigerator for individual quick freezing at an existing frozen fish processing plant in West Java, Indonesia. A higher Coefficient of Performance (COP) of the project refrigerator resulted in reduced GHG emissions. The project participants conducted a local stakeholder consultation meeting with Regency and Provincial Governments. The expected operational lifetime of project is 12 years.

Further reference:
https://www.jcm.go.jp/id-jp/projects/2#!/general,
http://jcm.ekon.go.id/en/index.php/content/MjY%253D/registered_projects

ID003 Project of Introducing High Efficiency Refrigerator to a Food Industry Cold Storage in Indonesia
TERIMA KASIH

Thank you