JCM project development process in Indonesia

Keni Atika
Indonesia JCM Secretariat
Basic concept of the JCM

The Joint Crediting Mechanism as a G-to-G scheme which encourages private sector organizations to invest in Low Carbon Development activities in Indonesia through incentive from the Government of Japan.

JCM cooperation is not only conducted by Japan and Indonesia, but also with other 16 developing countries.

Bilateral Cooperation on the Joint Crediting Mechanism for the Low Carbon Growth Partnership between the Republic of Indonesia and Japan has been signed by the Coordinating Minister for Economic Affairs of Indonesia and Minister for Foreign Affairs of Japan.

Objectives of the JCM:
1. Facilitate diffusion of leading low carbon technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of developing countries.
2. Evaluate contributions to GHG emission reductions/removals from developed countries in a quantitative manner, through mitigation actions implemented in developing countries and use those emission reductions or removals to achieve emission reduction targets of the developed countries.
3. Contribute to the ultimate objective of the UNFCCC by facilitating global actions for emission reductions or removals.
Indonesia Implementation & monitoring of projects

Japanese Side JCM Scheme Secretariat Indonesian Side communication

Project Participants
- Implement project together
- May contact TPE and Secretariat through one Contact Entity

Joint Committee
- Validate projects
- Verify amount of GHG emission reduction or removal

Third Party Entities
- Request registration of projects
- Submit PDD / monitoring report
- Request issuance of credits
- Report issuance of credits

Japan Government
- Issuance of credit

Indonesia Government
- Issuance of credit

Project Participants
- Implementation & monitoring of projects

Request registration of projects
From FS to Project

Exact procedures described in application guidelines of respective schemes should be referred to.

FS Participant Candidates

- apply for FS support scheme

METI/NEDO or MOE Japan

- approved
  - FS implementation (1 study or more)
    - Feasible
      - Apply for subsidy or entrustment(**)
        - METI/NEDO or MOE Japan
          - approved
            - JCM Project with subsidy or entrustment
          - not approved
            - No subsidy or Entrustment(*)
    - Not feasible
      - Not apply(*)

- not approved
  - No support for FS(*)
    - need further study

(*) except for FS reapplication

(**) PP candidate may apply without conducting FS
Since JCM bilateral agreement in 2013, several guidelines, procedures, rules, registry system, and methodologies have been developed.

**Guideline:**
1. Project Design Document
2. Proposed Methodology
3. Third Party Entity
4. Validation and Verification
5. Sustainable Development Implementation Plan and Report

**Rules:**
1. Rules of Implementation
2. Rules of Procedure for JC

**Procedure:** Project Cycle Procedure

**Methodologies:**
10 methodologies in energy conservation sectors have been developed.

**Registry System:**
We have developed the first climate change mitigation registry system in Indonesia, and it is expected to connect with the National Registry.
Steps in the JCM

1. Submission of Proposed Methodology
2. Approval of Proposed Methodology
3. Development of PDD*
4. Validation
5. Registration
6. Monitoring
7. Verification
8. Issuance of credits

*PDD: Project Design Document

- Measurable
- Reportable
- Verifiable

Project Participant / Each Government Joint Committee
Joint Committee
Project Participant
Third Party Entities
Joint Committee
Project Participant
Third Party Entities
Joint Committee decides the amount
Each Government issues the credit

Can be conducted by the same TPE
Can be conducted simultaneously
Start of project (i.e design, procurement, etc) → Technology Implementation & Registration → Verification by TPE → Credit issuance

Submission & validation of PDD

Secretariat may: “Monitor the development of JCM related programs and implementation of JCM projects, taking into account sustainable development criteria and environmental integrity.”

(JCM Rule of Implementation Para 14 point (a) article (iii))

Through:
- Meetings
  - The Embassy of Japan and Indonesia JCM Secretariat will arrange individual meeting with project participants from both sides.
  - The schedule will be arranged in accordance with Japanese participant’s visiting schedule.
- JCM Secretariat involvement (if needed)
  - If requested, or when obstacles occur (such as location finding or related to government systems, the Secretariat should be informed).
**Start of project (i.e. design, procurement, etc)**

**Technology Implementation & Registration**

**Verification by TPE**

**Credit issuance**

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**Submission & Validation of PDD**

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**Project Validation**

Project participants: *“Prepare a draft PDD and submit the draft to a third-party entity for validation and notify the Joint Committee through the JCM secretariat“* (JCM Rule of Implementation Para 19 Point (b))

(note: PDD = Project Design Document)
• **Site visit after project operation**

  “Monitor the development of JCM related programs and implementation of JCM projects, taking into account sustainable development criteria and environmental integrity.” (JCM Rule of Implementation Para 14 point (a) article (iii))

  - At least one site visit by the Indonesia JCM Secretariat (if possible, also by the Japanese side).
  - The purpose of site visit is to receive feedbacks from the Indonesian side and to witness and confirm the technology implementation.
  - If needed, more site visit may be conducted (as agreed by project participant(s) and government side)
JCM Project in Practice:
Technology Implementation

Start of project (i.e. design, procurement, etc) -> Technology Implementation & Registration -> Verification by TPE -> Credit issuance

Submission & validation of PDD

- **Registration**
  A project is fully acknowledged as a JCM project once it is being registered

- **Validation Report**
  - Validated PDD & MoC

- **Positively Reviewed SDIP**
  - Project has no potential negative impacts
  - Appropriate action plan is properly described

Voluntary process
JCM Project in Practice: Credit issuance

Start of project (i.e. design, procurement, etc) → Technology Implementation & Registration → Verification by TPE → Credit issuance

Submission & validation of PDD

• **Sustainable Development Implementation Report (SDIR)**
  - Submission of SDIR is currently a voluntary process, but it will be part of JCM Rules of Implementation in the future
  - Positive result of SDIR: No negative impacts or appropriate description on the corrective action

### Project Participants
- Ex-post evaluation of the contribution to SD using SDIR form
- Local and/or national regulations must be followed

### Secretariat
- Completeness check [7 days] (secretariat)

### Joint Committee
- Evaluation of SDIR [20 days], including on-site visit where necessary
- Evaluation of revised SDIR: 10 days

**Positive result**: to next step

**Negative result**: revision of SDIR

Notify the receipt of the request

Notify the result

Re-submission (within 60 days)
JCM Project in Practice: Verification by TPE

Start of project (i.e. design, procurement, etc) → Technology Implementation & Registration → Verification by TPE → Credit issuance

JCM Rule of Implementation Para 31 to 33

Project participants
- Conduct monitoring
- Prepare a monitoring report
  *PDD Monitoring and Guidelines
  *Monitoring Report Sheet

TPE
- Verify emission reduction
- Prepare a verification report
  * Validation and Verification guidelines
  * Verification report form

1. Submit to TPE
2. Submit report to project participants
3. Next step: request for credit issuance to Secretariat

“The TPE describes all documentation supporting verification and makes such documentation available to the Joint Committee upon request.” (JCM Guidelines for Verification and Validation Para 128)

• All of data obtained by TPE which support verification process may be shared to Joint Committee
• Request issuance of credits

“On the basis of a request for notification to each side for issuance of credits submitted by project participants, the Joint Committee notifies both sides to issue the credits which were verified by the third-party entities.” (JCM Rule of Implementation Para 10)
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)
### List of TPE in Indonesia

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

#### 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.
Thank you! Terima kasih!

Our website: http://jcm.ekon.go.id
Contact us at secretariat@jcmindonesia.com
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