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# **Role of the JCM in Japan's Climate Change Policies and How to access Japan's support programs for the JCM**

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**Forum on Advancing Article 6 Implementation through Business Engagement and JCM Project Matchmaking in Thailand**

17 December 2025

Ministry of the Environment, Japan



Ministry of the Environment

- 1. Japan's GHG Emission Reduction Targets (NDC)**
- 2. Overview of the Joint Crediting Mechanism (JCM)**
- 3. Japan's support for the JCM partner countries**

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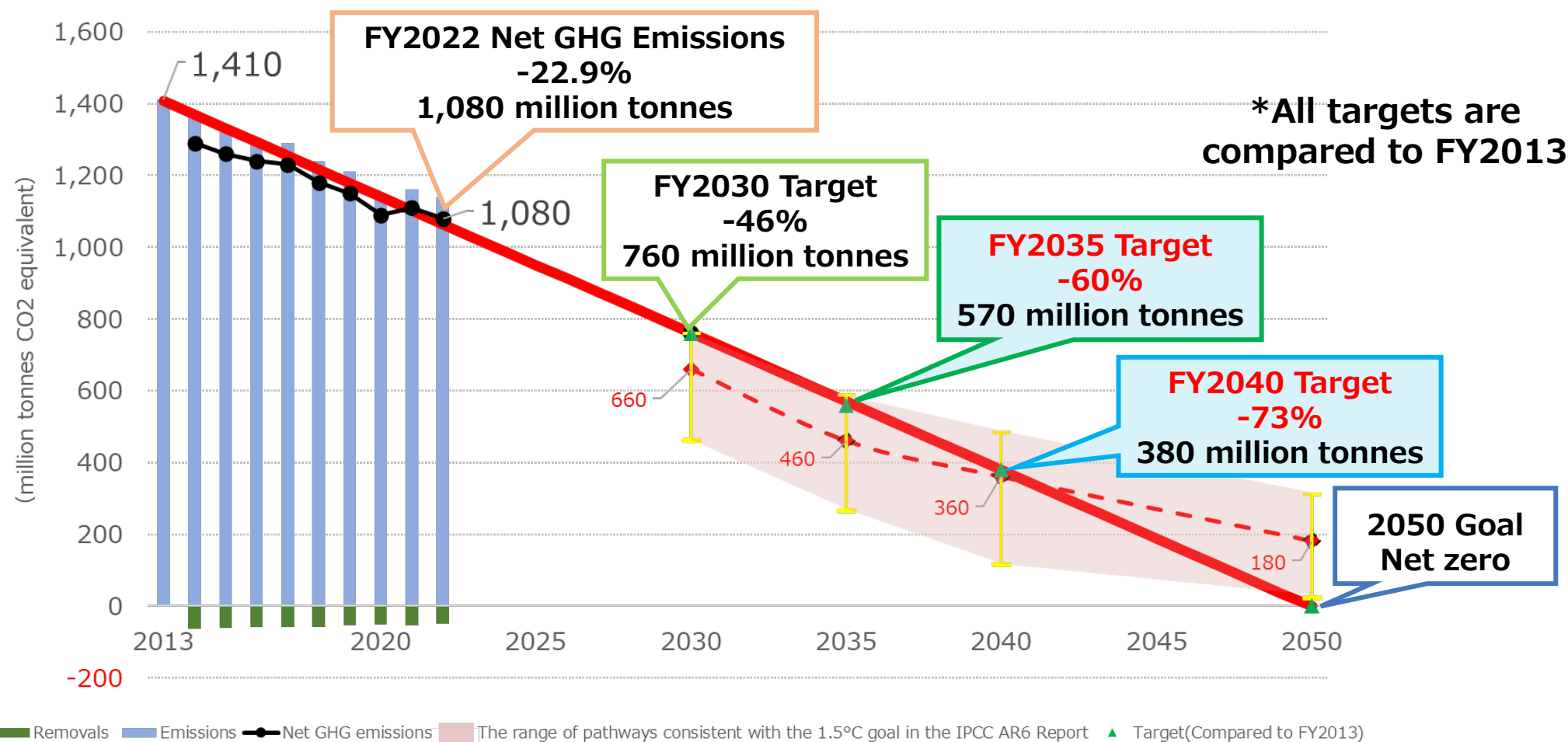
# **1. Japan's GHG Emission Reduction Targets (NDC)**

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# Japan's New GHG Emission Reduction Targets (NDC)

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- Japan will pursue efforts to steadily reduce its GHG emissions on a linear pathway from FY2030 target towards the achievement of net zero by 2050.
- As for the new NDC, Japan sets ambitious targets to reduce its GHG emissions by 60% in FY2035 and by 73% in FY2040, from its FY2013 levels, aligned with the global 1.5°C goal.
- These targets will increase medium and long-term predictability and accelerate Green Transformation (GX) investments, towards simultaneous achievement of net zero and economic growth.

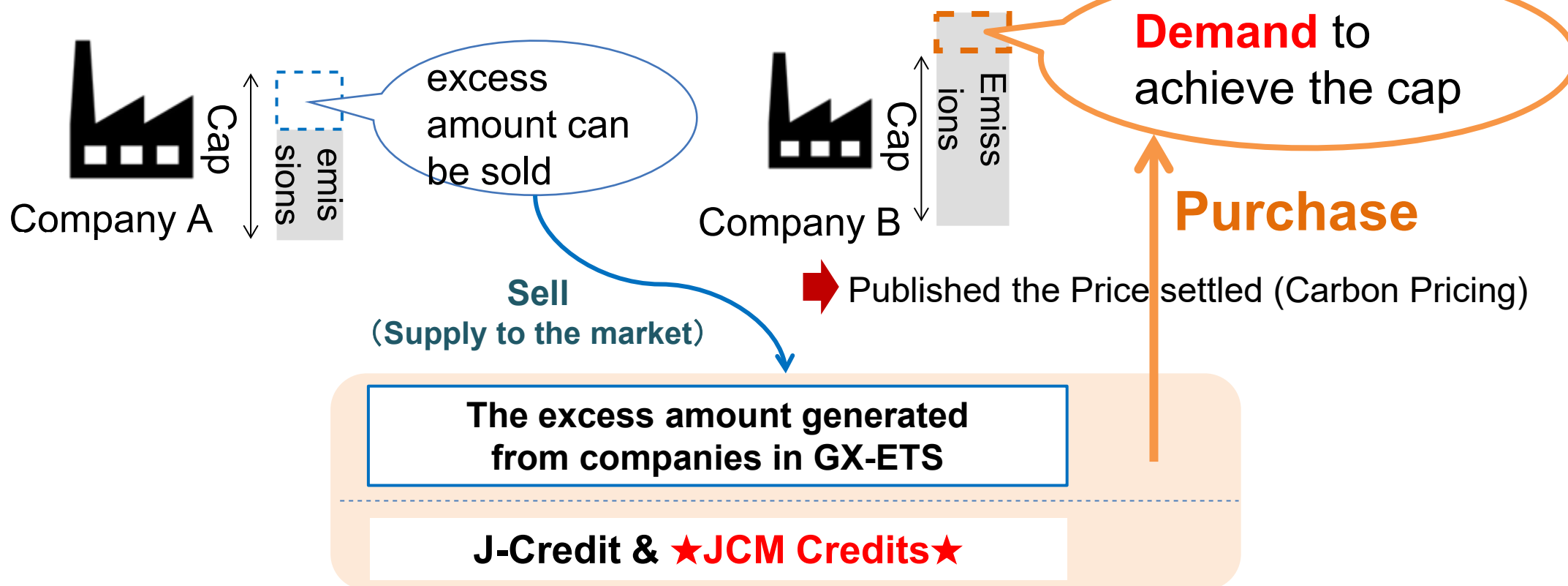


# GX-ETS and Carbon Credit Market in Japan

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- Japan will launch domestic compliance market in April 2026 (GX-ETS).
- JCM credits acquired by Japan can be:
  - Counted toward achievement of NDCs.
  - Used **for the achievement of companies' compliance targets (caps) under GX-ETS**

## GX-ETS and Carbon Credit Market



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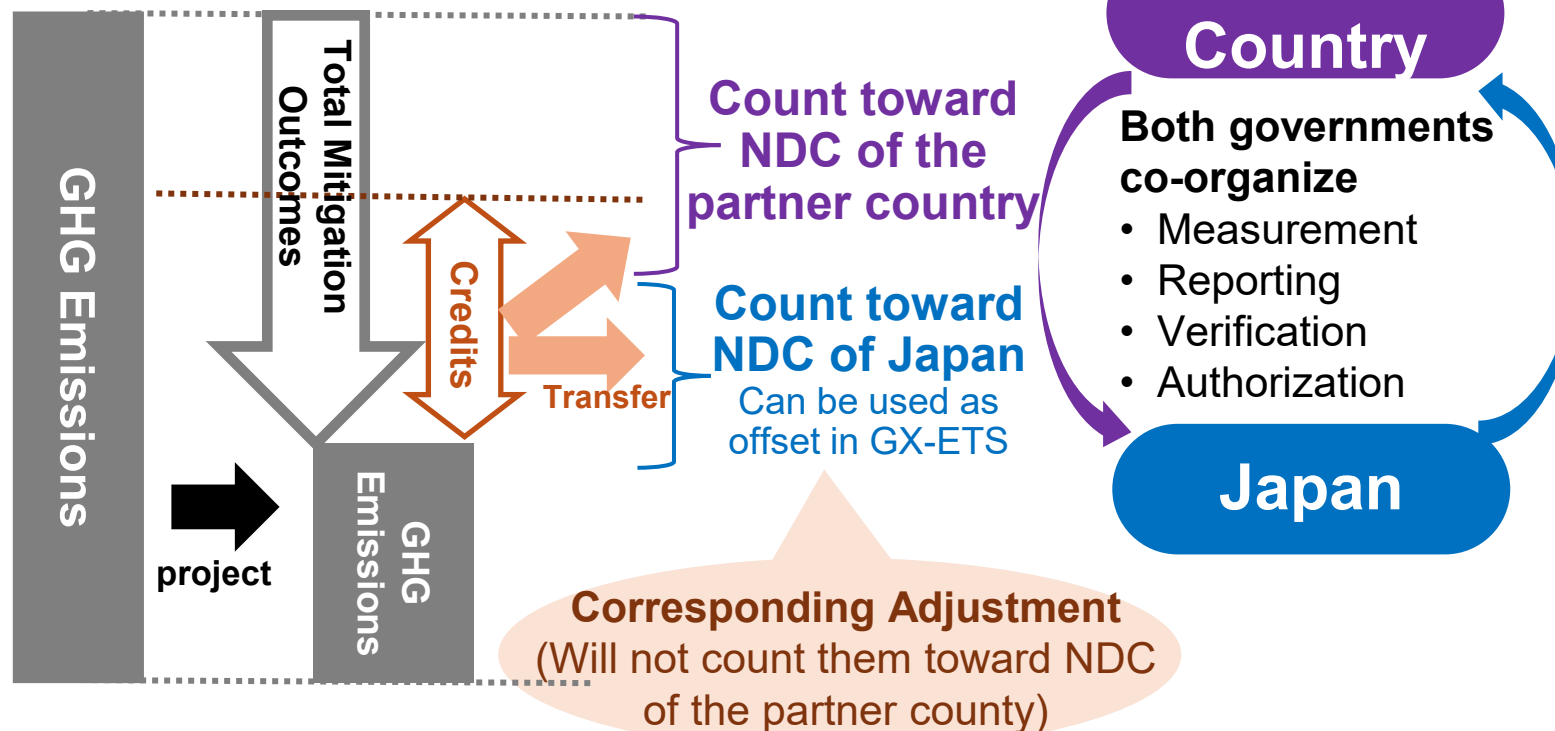
## **2. Overview of the Joint Crediting Mechanism (JCM)**

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# Overview of the Joint Crediting Mechanism (JCM)

- JCM is a carbon market tool where Japanese companies and government cooperate with mitigation activities in partner countries (31 as of Today).
- Among total mitigation outcomes, both governments conservatively calculate, authorize and share JCM credits between the companies/countries in proportion to their contributions, in line with Article 6 of the Paris Agreement.
- JCM incentivizes Japan's investment in decarbonization projects, bringing various benefits including the achievement of NDC and sustainable development.

## Mitigation outcome and its transfer



## Decarbonization projects invested by Japan



Renewable



Energy Saving



Waste



Forestry



Agriculture

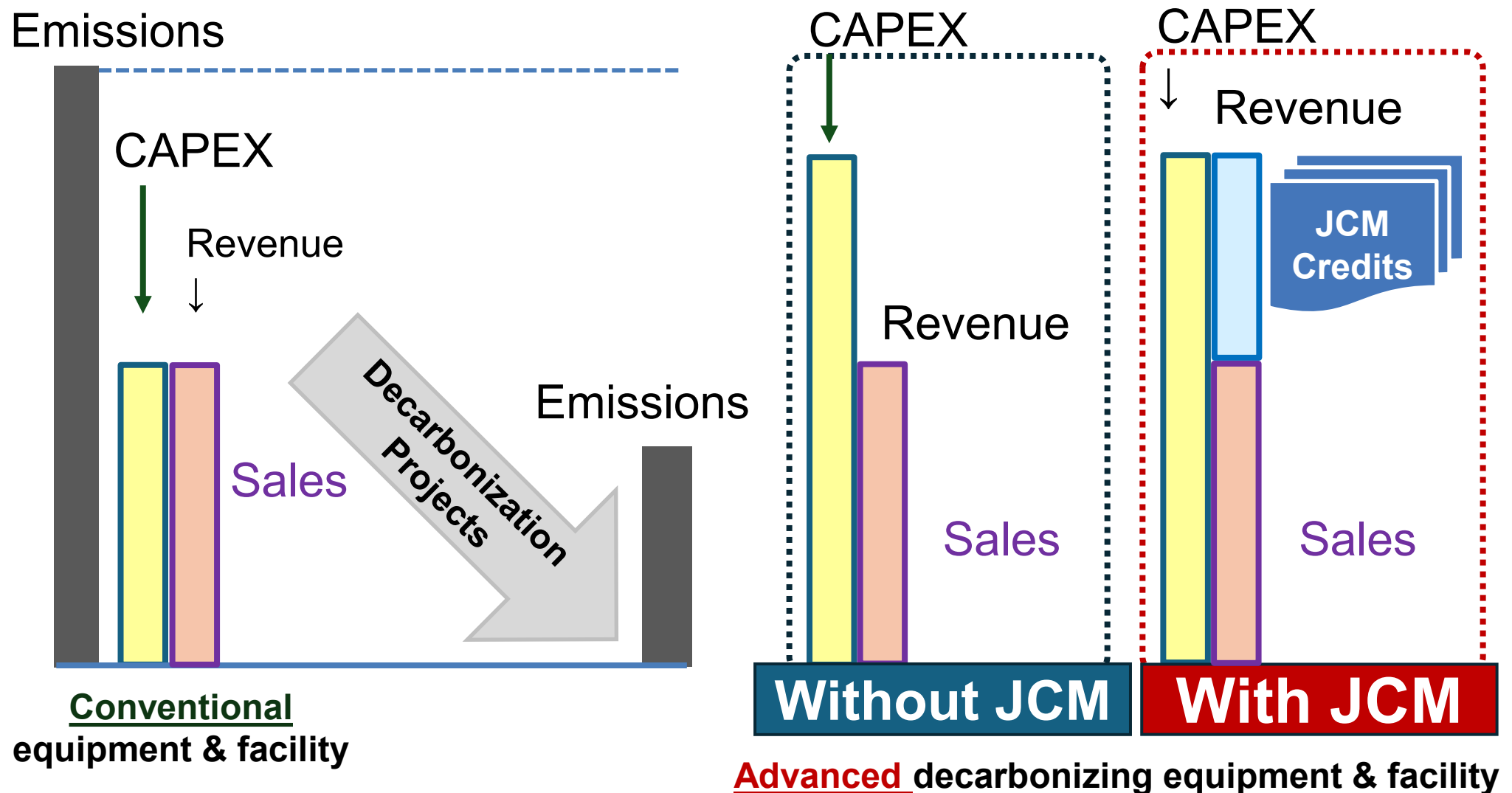


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# JCM credits revenue can improve profitability of projects

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- **JCM incentivizes investment** in decarbonization projects as JCM credits revenue can improve profitability of projects



# JCM 31 Partner Countries

as of December 5, 2025

Total 290 JCM Projects



\*Numbers indicates the order of signatures

\* Total number of JCM projects, including those supported by MOE and METI, as well as private sectors.

# Nearly 300 JCM projects with over 3 billion USD of investment all over the world

## Renewable Energy



Solar power, FARMLAND Co., Ltd., Chile



Floating Solar PV, TSB Co., Ltd., Thailand



Hydro Power Plant, Toyo Energy Farm Co., Ltd., Indonesia



Biogas Power Generation, ITOCHU Corporation, Philippines



Binary Power Generation Project at Geothermal Power Plant, MHI, Ltd., Philippines

## Energy efficiency [Consumer sector]



Energy saving at convenience stores, Panasonic, Indonesia



High-efficiency refrigerator, Mayekawa MFG, Indonesia

## Energy efficiency [Industrial sector]

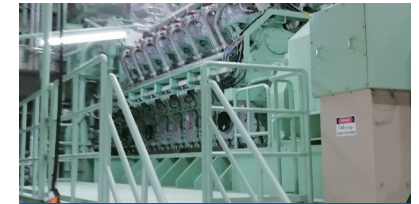


Optimization in petroleum refining plant, Yokogawa Electric Corp. Indonesia



Energy-saving of mobile communications base transceiver stations, KDDI Corp. Indonesia

## Effective Use of Energy



Gas Co-generation System and Absorption Chiller, Kansai Electric Power, Thailand

## Energy efficiency [Urban sector]



LED street lighting system with wireless network control, MinebeaMitsumi, Cambodia



Amorphous transformers in power distribution, Yuko-Keiso, Vietnam

## Waste



Waste to Energy Plant, JFE engineering, Vietnam

## Transport



CNG-Diesel Hybrid Public Bus, Hokusan Co., Ltd., Indonesia

## Forestry



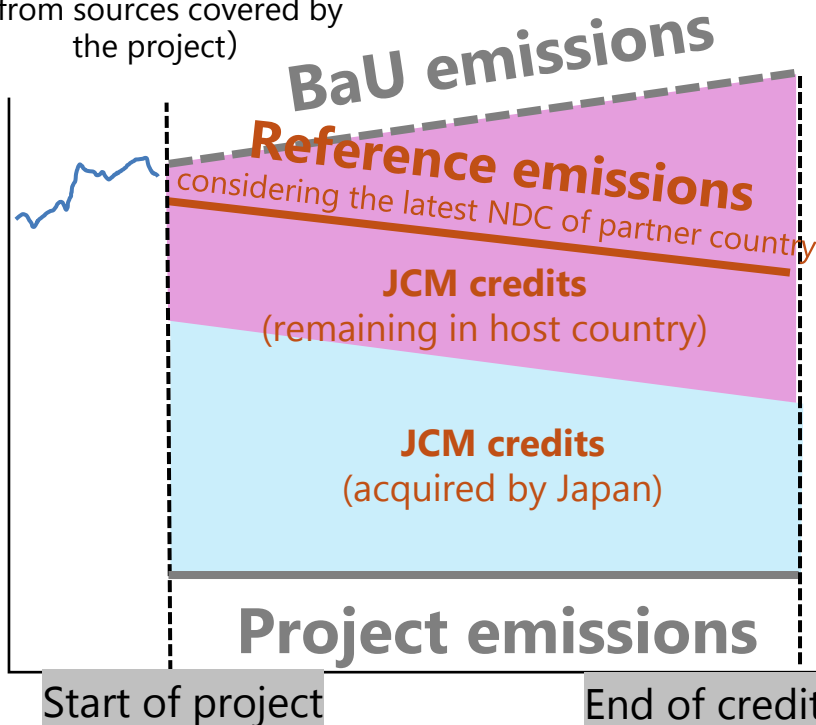
REDD+, Mitsui and CI, Cambodia

# Evaluation and crediting of mitigation outcomes under the JCM

1. Mitigation outcomes issued as **JCM credits** are the difference between **project emissions** and **reference emissions** that are established considering the **latest NDC of partner country**.
2. Total mitigation outcomes by JCM projects, the difference between business-as-usual (BaU) and project emissions, **consist of mitigation outcomes that is 1) NOT issued as JCM credits, mitigation outcomes issued as JCM credits acquired by 2) partner countries and 3) Japan**. All of them **contribute to achieving their NDCs**.
3. **Allocation of total mitigation outcomes for each government and participant** will be consulted and decided bilaterally, taking into consideration their **respective contributions to the JCM project**. Such contribution includes **private and public financial contributions**, in-kind contributions, such as **technical and operational contributions**.

## Emission amount

(from sources covered by the project)



## Total mitigation outcomes by JCM projects

1) Mitigation outcomes NOT issued as JCM credits

2) Mitigation outcomes issued as JCM credits acquired by partner country

3) Mitigation outcomes Issued as JCM credits acquired by Japan

**Partner country's contribution**

Reflected in partner country's inventory and contributes to achieving its NDC

**Japan's contribution**

Used for Japan's NDC, etc

## ■ Submission of the Article 6 Initial Report

- Japan submitted additional initial report on 14 October 2025.
- 6 JCM partner countries submitted their initial reports with technical support by Article 6 Implementation Partnership Center (A6IP).
- Initial report is the important and necessary condition for the authorization as Internationally Transferred Mitigation Outcomes (ITMOs)."

## ■ First issuance of the ITMOs under the JCM

- The 1<sup>st</sup> ITMOs issuance under the JCM between Japan-Thailand on 11 Nov 2025: 1,009 ton-co2 (Monitoring period: 2021/01/01~2021/12/31).
- The news was shared at 6.2 Ambition Dialogue during COP30

## ■ The 11<sup>th</sup> JCM Partner Countries' Meeting at COP30

- On November 19, 2025, the "11th JCM Partner Countries Meeting" was held at the COP30 Japan Pavilion with a total of 16 countries in attendance including Bangladesh.
- Minister Ishihara announced the Joint Statement on Article 6.2 Bilateral Cooperative Approaches.

- The Japanese Ministry of the Environment, the Ministry of Economy, Trade and Industry, the Ministry of Agriculture, Forestry and Fisheries, and the Japan-designated JCM Implementation Agency (JCMA) jointly published the "JCM Application Criteria."
- The criteria include **(1) added value through the JCM, (2) prior consideration of the JCM, and (3) the role of Japanese companies and Japan's financial contribution.**

## 1. Added Value through the JCM

- Credit incentives are necessary to ensure feasibility (however, no uniform numerical criteria are set).
- Particular advantages exist in terms of project/technical difficulty, implementation volume, and speed.
- Potential and extent of spread/lateral expansion.

## 2. JCM prior consideration.

A project outline (PIN: Project Idea Note) must be submitted to the partner country's government through the Japanese government before the start of procurement of emission reduction/absorption equipment or the start of construction of emission reduction/absorption facilities, whichever comes first.

## 3. Role and Financial Contribution of Japanese Companies

The PIN clearly explains the role of Japanese companies and quantifies Japan's financial contribution.

1. For a project to be eligible for the JCM, it is required to provide **added value through the use of the JCM**, specifically:
  - (1) The **need for incentives from credits to ensure project viability** (e.g., there is no revenue expected other than credit income, or even if revenue is expected, the payback period would be prolonged or the internal rate of return (IRR) would be low without credit income, making project implementation difficult). However, no uniform numerical standards, such as IRR or payback period, will be set.
  - (2) From the perspective of contributing to the Partner Country's NDC, the project is required to **demonstrate particular excellence** in aspects such as **level of difficulty of the technology, scale, or speed of implementation**.
  - (3) The **potential for spillover and horizontal expansion** within the Partner Country (including **participation of local companies** and **benefits to local industries** through **capacity building and technology acquisition**).

The **representative company is requested to explain these points**. Based on this, and **following sector-specific guidelines and methodologies** as a premise, the relevant ministries and government agencies will **comprehensively determine JCM applicability**, considering factors such as **accountability in an international context**.

# Application Criteria for JCM Projects (Continued)

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2. **Before the earlier of the start date of procurement of equipment or construction of facilities** for emission reductions or removals, the Project Idea Note (**PIN**) **has been submitted to the government of the Partner Country** through the Government of Japan. However, projects that have already started procurement or construction will be **exempt from this condition**, in case due to **subsequent changes in circumstances** (e.g., changes in the business environment causing difficulties in continuation), the **representative company can reasonably explain** that the need for incentives from credits or added value as indicated in paragraph 1 has arisen, and **projects implemented with public financial support** for equipment or facilities toward application of the JCM.
3. Regarding the condition described in **paragraph 2 above**, **projects that do not procure an equipment** for emission reductions or removals (**e.g., forestry sector, agriculture sector, land use sector**) are **exempt**. For the forestry sector, activities started before the approval of the JCM guidelines for the forestry sector between Japan and the Partner Country may still be eligible if they meet the requirements described in the guidelines.
4. The **PIN clearly explains the role of Japanese companies or government** in emission reductions or removals and **quantifies the financial contribution from Japan**.

Please note that approval of a proposed project as the JCM requires consent with the government of the Partner Country, and meeting the above criteria does not guarantee approval of a JCM project.

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## **3. Japan's support for the JCM partner countries**

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## Capacity building

- Article 6/ETF
- Secretariat work for the JCM
- Partnership for Market Implementation Facility [World Bank]
- City-to-city cooperation
- Training for TPEs



## Project development

- Seminars/workshops
- JCM Global Match (biz matching website)
- Consultation with project developers/consultants
- City-to-city cooperation
- JCM Feasibility Study



## Project implementation

- Subsidy Programme for the JCM Facility Introduction
- Japan Fund for the JCM [ADB] (for Asia)
- UNIDO JCM projects (for Africa)
- JCM Demonstration Projects



## Monitoring / Evaluation

- Support for MRV (development of methodology and project design document, validation and verification by TPEs)
- Secretariat of the Joint Committee
- Support for establishment of a registry

Outreach activities through website

# Overview of Japan's support for the JCM partner countries

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**FY2025** (April 2025 – March 2026)

	Programme	Type of support
<b>Ministry of the Environment</b>	Subsidy Programme for the JCM Facility Introduction by MOEJ*	Subsidy
	Japan Fund for the JCM (JF JCM) - managed by ADB	Grant
	JCM support programme by UNIDO*	Grant for projects, technical cooperation
	Project development/capacity building/ MRV support	Technical cooperation
<b>Ministry of Economy, Trade and Industry</b>	JCM Feasibility Study	Technical cooperation
	JCM Demonstration Programme	Government-commissioned project
	New JCM methodologies development study JCM Crediting support / MRV application study	Technical cooperation
<b>Ministry of Agriculture, Forestry and Fisheries</b>	Development of MRV for JCM projects in Agriculture –implemented by ADB	Technical cooperation
	Field studies for JCM REDD+	Government-commissioned project

\* These programmes can support projects implemented by government-owned companies but not those implemented by the government itself.

# Subsidy Programme for the JCM Facility Introduction by MOEJ

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**Budget for projects starting from FY 2025 is approx. 11.4 billion JPY (approx. USD 76 million) in total by FY2026**  
(1 USD = 150 JPY)

**Government of Japan**

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

Finance part of an investment cost  
(up to half)

Conduct MRV and expected to deliver JCM credits issued

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



- Scope of the financing: facilities, equipment, vehicles, etc. which reduce CO<sub>2</sub> from fossil fuel combustion as well as construction cost for installing those facilities, etc.
- Eligible Projects: starting installation after financing is awarded and finishing installation within three years.

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

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## Budget

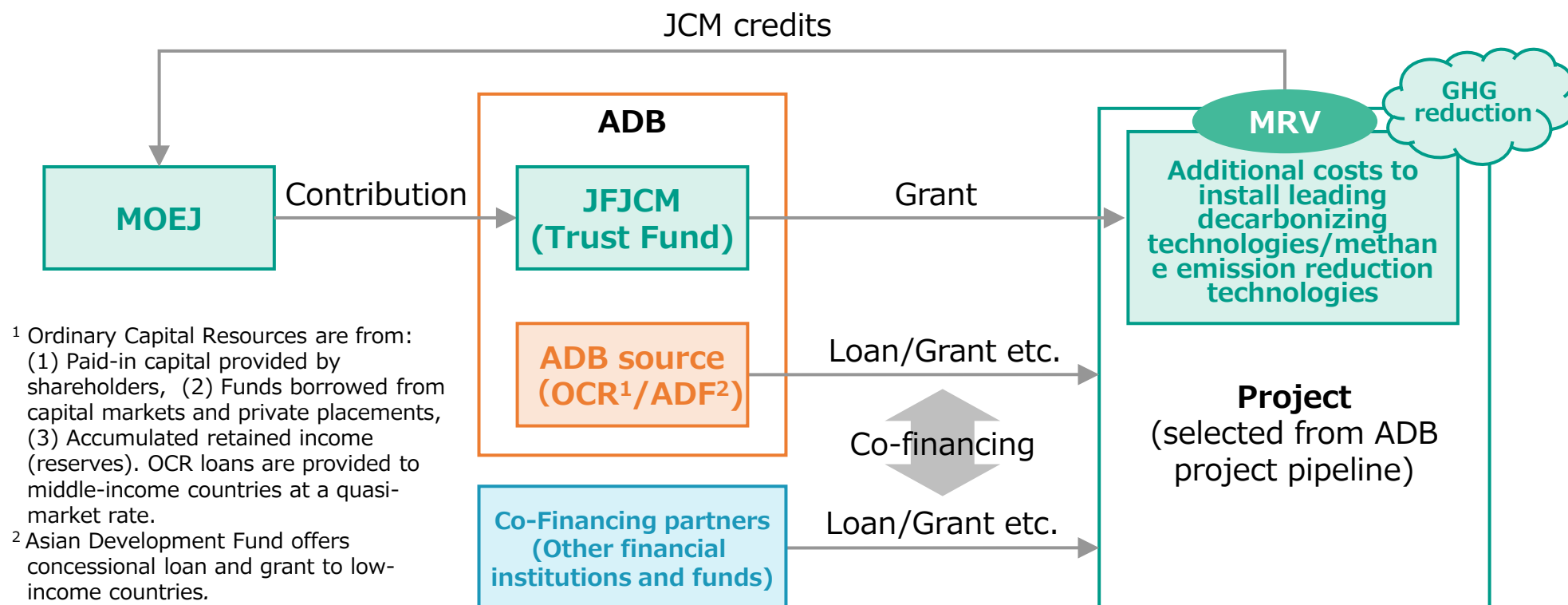
Cumulative contribution from 2014: JPY 17 billion (approx. USD 113 million)  
\*1 USD = 150 JPY

## Overview

To provide financial incentives for the adoption of expensive but leading decarbonizing technologies/methane emission reduction technologies in projects financed by Asian Development Bank (ADB)

## Purpose

To develop ADB projects with sustainable and decarbonizing transition perspective by introducing advanced decarbonizing technologies as well as to acquire JCM credits



# METI's support for the JCM partner countries

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- METI supports the introduction of advanced decarbonizing technologies through Demonstration Projects which contribute to the decarbonization of the JCM partner countries.
- The project cost burdened by Japanese side is 100% supported by Japanese government (METI/NEDO).

## Examples of past projects



Optimization in petroleum refining plant, Yokogawa Electric Corp. Indonesia



Energy-saving of mobile communications base transceiver stations, KDDI Corp. Indonesia

Total: 11 projects in 6 countries (As of April 2025)

## JCM Feasibility Study by METI



### Scope:

- Consider basic elements of the demonstration (technology, project site, stakeholders, etc.)
- Establish the basis of JCM methodology for quantification of the GHG emission reduction
- Study the possibility of dissemination of the introduced technology
- Project cost: 15 million JPY (approx. 103 thousand USD) per study

**Project period:** Up to 1 year

Assumed technical areas: Energy efficiency with IoT, EMS, Renewable energy, CCS/CCUS, Hydrogen/Ammonia, etc.

## JCM Demonstration Program by NEDO (\*)



### Scope:

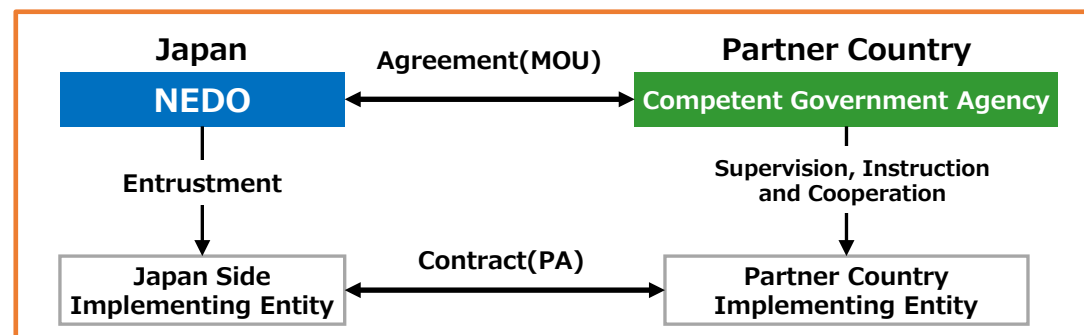
Demonstrate and verify the effectiveness of advanced decarbonizing technology:

- Introduction of relevant facilities and systems, and conduct demonstration
- Quantification of GHG emission reduction effectiveness
- JCM procedure toward issuance of JCM credits
- Budget for FY 2025: 1.2 billion JPY (approx. 8.3 million USD)

**Project period:** Pre-demonstration stage: up to 1 year

Demonstration stage: up to 3 year

Follow-Up Project stage: up to 2 year



\* NEDO = New Energy and Industrial Technology Development Organization

## JCM Project Development

- To **identify barriers and needs** for JCM project development in partner countries in terms of technology, financing and partnership, and **provide solutions for overcoming barriers** through consultations.
- To **enhance overall capacity for JCM implementation** through facilitating understanding on the JCM rules & guidelines, and MRV methodologies by organizing workshops, seminars, training courses and site visits.
- **JCM Business Matching Site “JCM Global Match”** provides business matching opportunities for sellers and buyers of low and zero carbon technology for the JCM project.



<https://gec.force.com/JCMGlobalMatch/s/>



***ขอบคุณมาก***

*Thank you for your kind attention!*