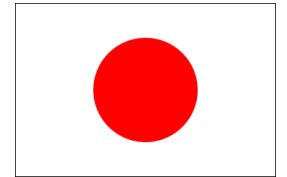




JCM THE JOINT CREDITING
MECHANISM



Japan's Climate Change Policy and latest development in JCM

Taishi Okano

Senior Planning Officer

**Office of the Joint Crediting Mechanism and International Carbon Market,
Ministry of the Environment, Japan**

21st January 2026



Ministry of the Environment

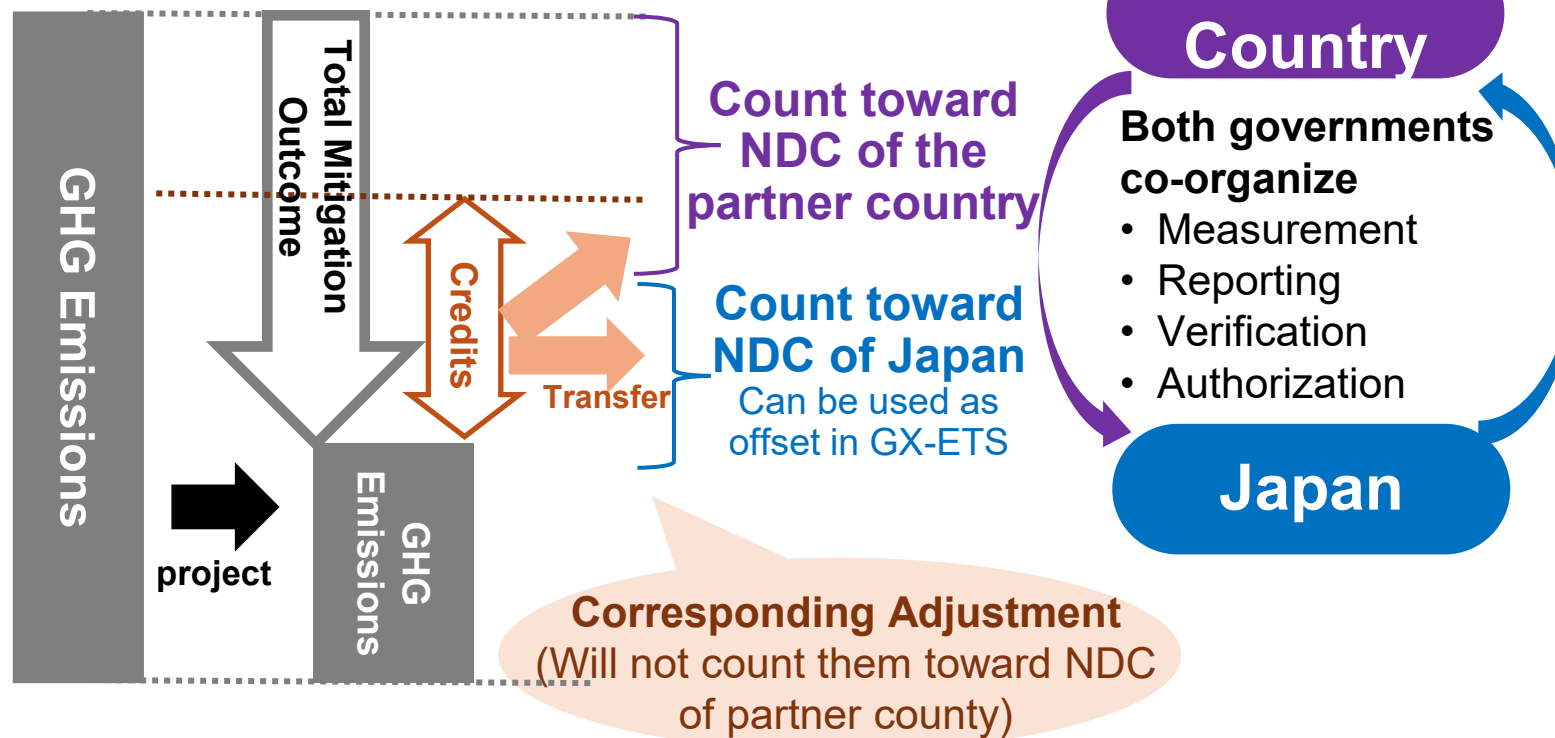
1. Overview of Joint Crediting Mechanism (JCM)
2. JCM between Philippine and Japan
3. Japan's recent policy development to accelerate JCM
4. Support programs by Japanese Government
5. Key Messages

1. Overview of Joint Crediting Mechanism (JCM)

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 countries 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 achievement of NDC and sustainable development.

Mitigation outcome and its transfer



Decarbonization projects invested by Japan



Renewable



Energy Saving



Waste



Forestry



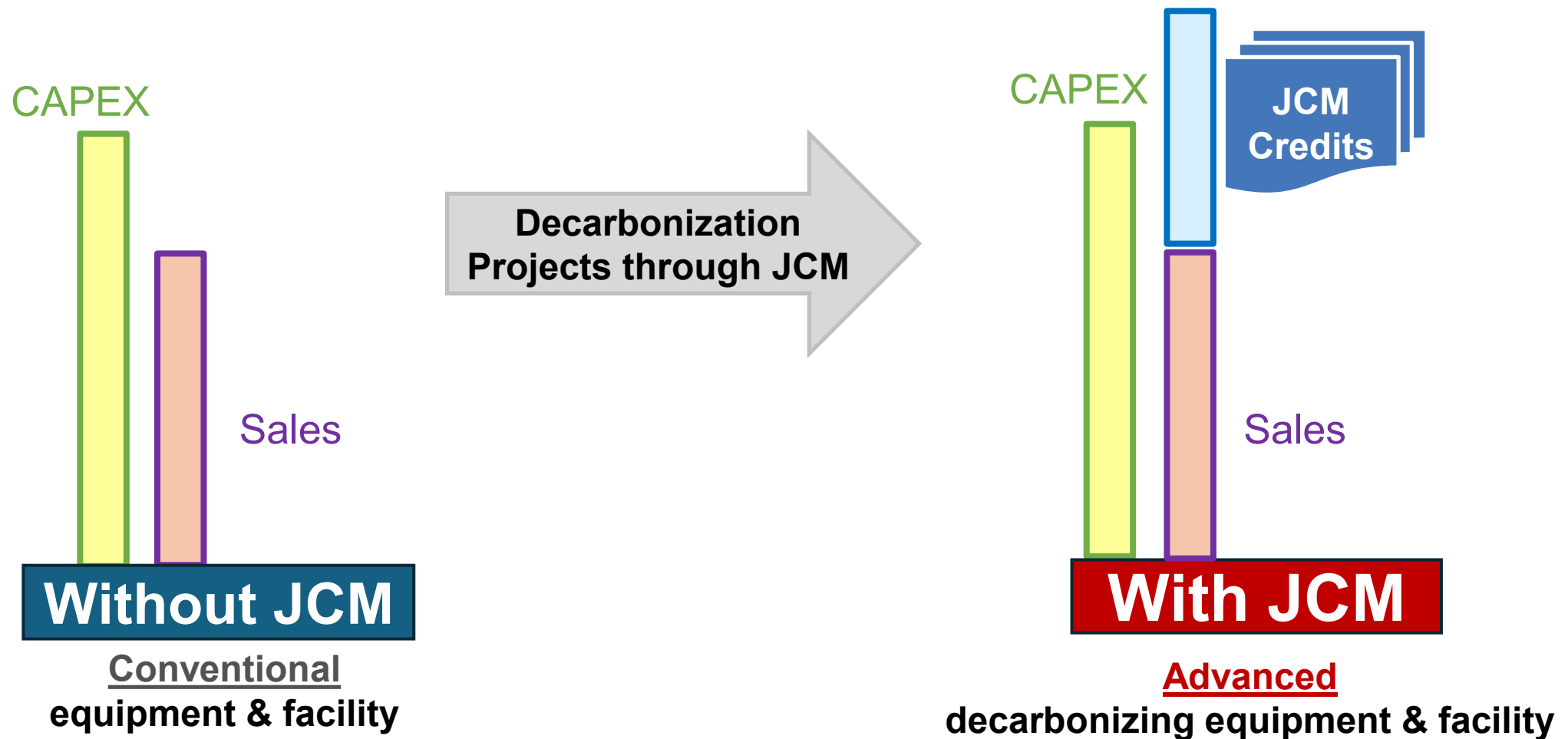
Agriculture



CCS

JCM credits revenue can improve profitability of projects

- **JCM incentivizes investment** in decarbonization projects as JCM credits revenue can improve profitability of projects.
- JCM credit **may also help reduce the price of goods and services**, such as energy, or **may increase the profitability of local suppliers** by providing credit incentives that lower the overall cost of introducing advanced decarbonization technologies.

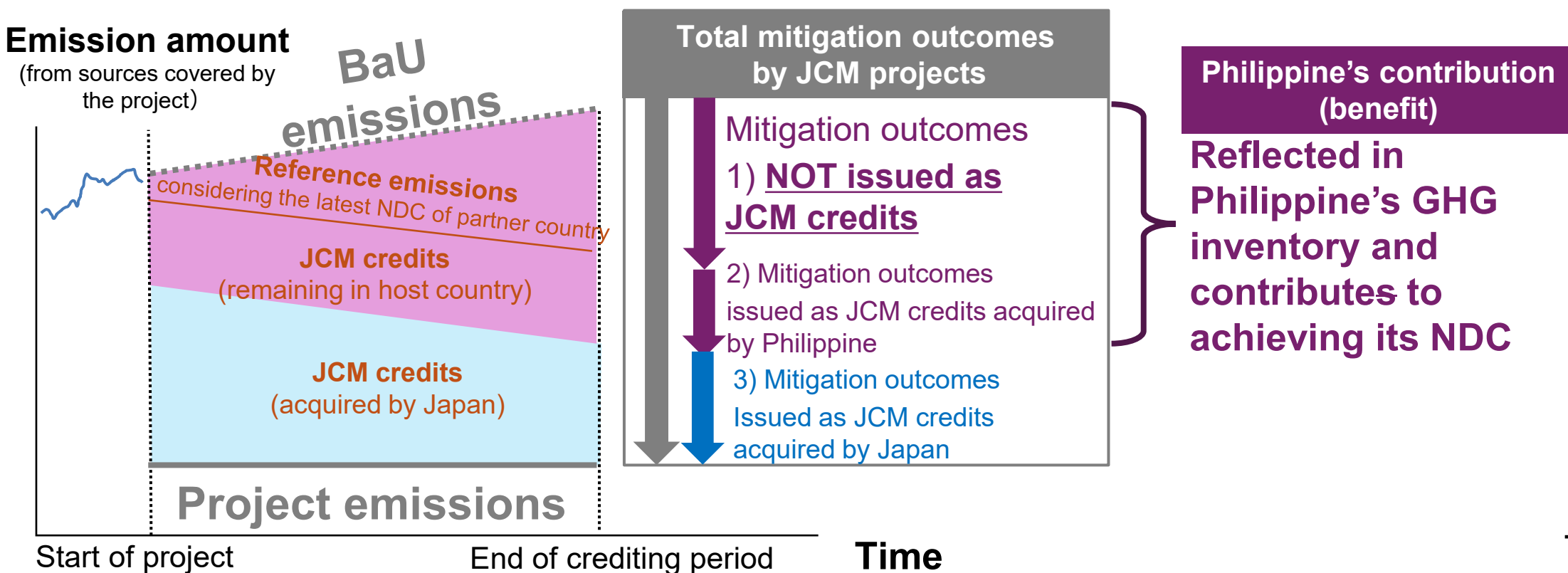


- JCM is consistent with Article 6 of the Paris Agreement

1. **Conservative calculation of credits** using reference emissions below BaU emissions
2. Both countries **authorize international transfer and use of JCM credits**
3. **Avoid double counting** by corresponding adjustments
4. Evaluate contribution to sustainable development
5. **Reporting to UNFCCC**

1. Total mitigation outcomes by JCM projects

- Total mitigation outcomes by JCM projects are the difference between BaU and project emissions, consisting of
 - 1) NOT issued as JCM credits
 - Issued as JCM credits acquired by 2) Philippine and 3) Japan
- Mitigation outcomes 1) NOT issued as JCM credits and 2) issued as JCM credits acquired by Philippine will be reflected in Philippine's GHG inventory and contribute to achieving its NDC

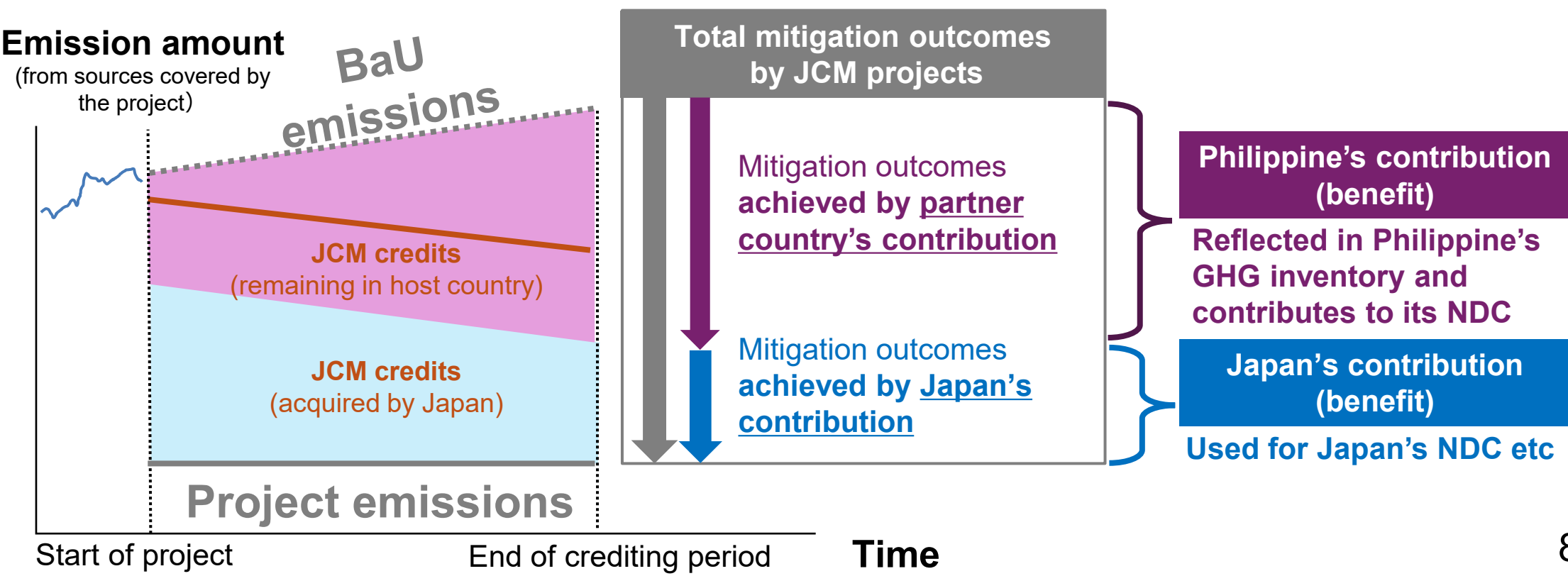


2. Allocation of mitigation outcomes

- Allocation of mitigation outcomes by each government and project participants will be decided by Joint Committee, taking into consideration their respective contributions to the JCM project.

<Examples of contribution>

- Private and public financial contributions
- In-kind contributions, such as technical and operational contributions.



JCM 31 Partner Countries

as of January 9, 2026

Total 293 JCM Projects



*Numbers indicates the order of signatures * JCM projects include those supported by MOE and METI, as well as private sectors. 9

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

2. JCM between Philippine and Japan

23 projects are going on and contributing to sustainable development of Philippine



Biogas Power Generation and Fuel Conversion Project in Pineapple Canneries



Introduction of 14.5MW Mini Hydro Power Plant Project in Siguil River in Mindanao

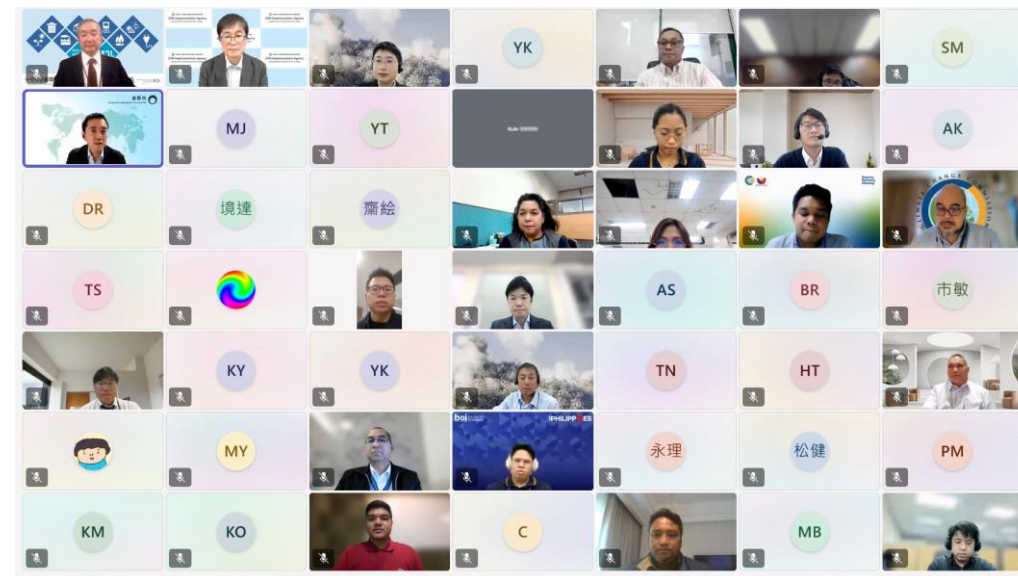


29MW Binary Power Generation Project at Palayan Geothermal Power Plant

2nd JCM Joint Committee in Nov 2025 achieved significant milestone

Outcome of the 10th Joint Committee in December 2024

- ◆ Adopted the revised rules and guidelines to implement the JCM consistent with Article 6
⇒ Important prerequisite for international transfer of JCM credits was fulfilled.
- ◆ **Adopted Rules and Guidelines for REDD-plus and Afforestation / Reforestation**
⇒ Important prerequisite for JCM projects in this area.
- ◆ **Decision on no objection to the planned project**
PH_PIN001 “ARR project in Negros Occidental through the planting of native species”
- ◆ **Registration of the proposed JCM project**
PH005 “9.6MW Solar Power Project in Collaboration with Power-supply Company”



GHG Emission Reduction from Rice Paddies by Alternate Wetting and Drying (AWD)

- On 3rd February 2025, the **JCM methodology** for “Alternate Wetting and Drying (AWD)” in the Philippines **was approved** by the Joint Committee.
- Based on this methodology, **three private companies** have submitted the PINs to implement AWD-JCM projects in the Philippines and are preparing for the PDDs and monitoring reports.



5. Japan's recent policy development to accelerate JCM

- Japan aims to achieve a cumulative reduction and removal of greenhouse gas emissions amounting to **100 million tons by fiscal year 2030, and 200 million tons by fiscal year 2040,** through the utilization of the Joint Crediting Mechanism (JCM). * Not the credit amount

Japan's Nationally Determined Contribution (NDC) 18th February 2025

(g) The intention to use voluntary cooperation under Article 6 of the Paris Agreement

Japan will establish and implement the Joint Crediting Mechanism (JCM) in order to quantitatively evaluate the contributions of Japan to greenhouse gas emission reductions and removals which are achieved through the diffusion of, among others, decarbonizing technologies, products, systems, services, and infrastructures as well as through the implementation of measures in global south countries and others, and to use such contributions to achieve Japan's NDC. With these efforts, through public-private collaborations, Japan aims to secure accumulated emission reductions and removals at the level of approximately 100 million t-CO₂ by FY 2030 and approximately 200 million t-CO₂ by FY 2040. Japan will appropriately count the acquired credits to achieve its NDC.

2. JCM Agency (JCMA) has started operation

The Government of Japan launched new agency covering ALL the operation of JCM in April 2025

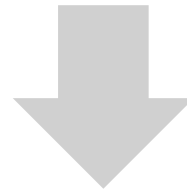
- *One stop focal point on behalf of Japanese government to implement and facilitate the JCM*



Japan will launch domestic compliance market in 2026

GX-ETS will start in April 2026

- ◆ **Mandatory ETS (Emission Trading Scheme)**
 - 300-400 companies, covering 60% of Japan's total emissions
- ◆ **Can use JCM credit as compliance credits**

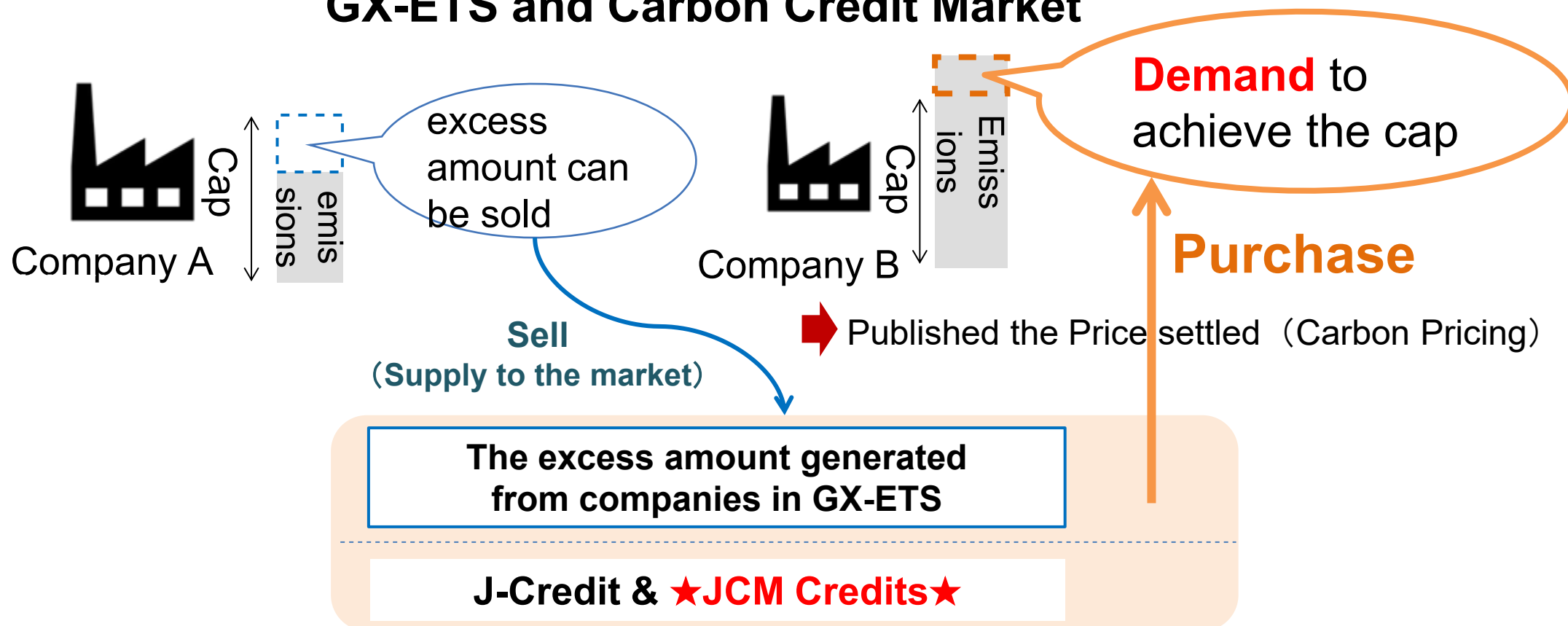


Creating huge demand for JCM

[reference] JCM Credits acquired by Japan is used for achievement of emission reduction target (cap)

- 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



7. Support programs by Japanese Government

Financial programs by Japanese Government

	Programme	Type of support
Ministry of the Environment	Subsidy Programme for the JCM Facility Introduction	Subsidy
	Japan Fund for the JCM (JFJCM) - managed by ADB	Grant
	Accelerate JCM projects formulation in Africa (UNIDO-JCM) – managed by UNIDO	Grant
	Project development/capacity building/MRV support	Technical cooperation
Ministry of Economy, Trade and Industry	JCM Feasibility Study	Technical cooperation
	JCM Demonstration Programme	Government-commissioned project
Ministry of Agriculture, Forestry and Fisheries	Development of MRV for JCM projects in Agriculture – implemented by ADB	Technical cooperation



Capacity building

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



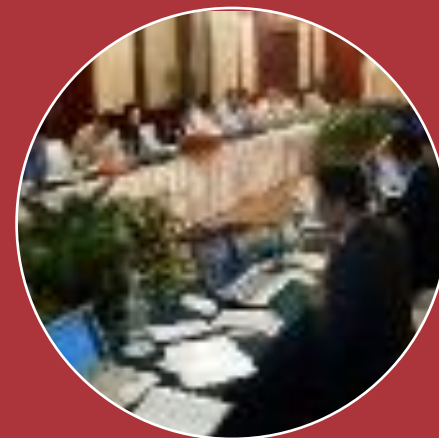
Project development

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



Project implementation

- JCM Model Projects
- Japan Fund for the JCM [ADB]
- UNIDO JCM projects
- 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 JCM website

Key Messages

Both governments cooperate to speed up/scale up JCM project development to stimulate more investment beneficial for Philippine and Japan.

- JCM's tangible benefits to Philippine are contributions to NDC and sustainable development with decarbonization technology.
= JCM credits acquired by Japan are only a part of total emission reductions and the rest contributes to Philippine's NDC
- JCM facilitates 23 decarbonized projects in Philippine, inviting private investment & private sector participation utilizing subsidies.
- Philippine and Japan work closely to build best-practices in carbon markets.