INTRODUCTION OF THE JOINT CREDITING MECHANISM

The Government of Japan launched the Joint Crediting Mechanism (JCM) under the United Nations Framework Convention on Climate Change. It is regarded as one of the cooperative approaches stipulated in Article 6 of the Paris Agreement. It describes the framework and key features of the JCM to assist stakeholders in developing a deeper understanding of this new and, in fact, first ever bilateral carbon market mechanism.

Similar types of mechanism was implemented upon the adoption of the Kyoto Protocol in 1997, when the international community affirmed their commitment to address global warming by reducing greenhouse gas emissions.

Based on the experience of the market-based mechanisms under the Kyoto protocol, many countries agreed that new mechanisms, especially market based mechanisms have the potential to mobilize resources, especially from the private sector, for cost-effective and ambitious mitigation actions. The JCM, leaning from the experience gained through the Clean Development Mechanism, which is one of the Kyoto mechanisms, hires more conservative but practical approaches taking into consideration of the circumstances of the partner countries.

The JCM is project based non-tradable crediting mechanism, implemented by Japan and host country through agreements between the two countries.

As of September 2018, 17 countries have signed bilateral agreements with Japan on the JCM. Mongolia was the first host country to sign a JCM bilateral agreement, kick starting the JCM in January 2013.

Since the implementation of JCM in Mongolia, there are 5 registered projects, 3 approved methodologies, and numbers of feasibility studies have been undertaken under the cooperation. Currently, 8 model projects and 1 demonstration project actively implementing under the JCM scheme.

The first JCM credits were successfully issued their credits based on the GHG emission reductions in September 2016 for two registered JCM projects namely, MN001 "Installation of high-efficiency Heat Only Boilers in 118th School of Ulaanbaatar City Project” and MN002 "Centralization of heat supply system by installation of high-efficiency Heat Only Boilers in Bornuur soum Project” in Mongolia.

Third project is credited in October 2017 for MN004 “10MW Solar Power Plant” project to supply clean energy in Darkhan City. Total of 9,104 t-CO2e amount of credits issued in Mongolia.

Joint Committee between the Mongolia and Japan is the governing body for the JCM, representatives from both the governments’ officials. It is responsible for all decisions regards to implementation of JCM in Mongolia. The JCM secretariat services the Joint Committee and relevant stakeholders and is responsible for information dissemination to all parties.