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SB50 Side Event Report

Regional Focused Dialogue on NDC Implementation in Southeast Asian Countries – Facilitating Joint Crediting Mechanism (JCM) and Stocktaking of Capacity Gaps & the Role of Regional Capacity Building Platform

Overseas Environmental Cooperation Center, Japan

This is a report of a side event held at 50th Session of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body (SB 50) for Implementation organized by UNFCCC from 17th to 24th June 2019, in Bonn, Germany.

- Title: Regional Focused Dialogue on NDC Implementation in Southeast Asian Countries – Facilitating Joint Crediting Mechanism (JCM) and Stocktaking of Capacity Gaps & the Role of Regional Capacity Building Platform
- Date: 20 June 2019, Thursday, 18:30–20:00
- Organizers: Ministry of Natural Resources and Environment (MONRE), Thailand, Ministry of the Environment, Japan (MOEJ), Office of Natural Resources and Environmental Policy and Planning (ONEP), Thailand Greenhouse Gas Management Organization (TGO), Japan International Cooperation Agency (JICA) and Overseas Environmental Cooperation Center, Japan (OECC)
- Venue: Room Bonn
- Panel: Ms. Natthanich Asvapoositkul (Director, Climate Change Management and Coordination Division, Office of Natural Resources and Environmental Policy and Planning, MONRE, Thailand), Dr. Stefanos Fotiou (Director, Environment and Development Division, United Nations ESCAP), Mr. Thawatchai Saengkhamasuk (Director, Climate Change International Technical and Training Center (CITC)), Ms. Maiko Uga (Ministry of the Environment, Japan (MOEJ)), Ms. Daovinh Souhonphacdy (Deputy Director, Climate Change Promotion and Management Division, MONRE, Lao PDR), Mr. Pham Van Tan (Deputy Director General, Determent of Climate Change, MONRE, Viet Nam), Ms. Chanutsakul Supirak (Environmental Official, Professional Level Policy and Strategy section, ONEP, Thailand), Dr. Paweena Panichayapichet (Manager, Thailand Greenhouse Gas Management Organization (TGO))
- Moderator: Makoto Kato (General Manager, OECC), Mr. Koji Fukuda (Chief Advisor, Japan International Cooperation Agency (JICA))

- Abstract

As a first theme of the side event, speakers shared experience and progress of climate change capacity building in ASEAN region and exchange views and opinions on needs and gaps of capacity building for implementing NDCs. As a second theme, speakers shared current status of the JCM in the region and discussed benefits and challenges to further promote and scale up the JCM projects to contribute to NDC implementation.

■ Session summary

1. Ms. Natthanich Asvapoositkul (Director, Climate Change Management and Coordination Division, Office of Natural Resources and Environmental Policy and Planning, MONRE, Thailand): Opening remarks
 - The Paris Agreement underscores the important role of the three means of implementation, which are finance, technology development and transfer, and capacity-building.
 - As for capacity building, enhanced actions and efforts as well as cooperation among various actors are important to enhance the capacity and ability of developing countries.
 - As for technology transfer, the JCM facilitates diffusion of leading low carbon technologies as well as implementation of GHG emission reduction actions, and contributes to sustainable development of developing countries.
 - Countries are still facing significant capacity challenges to effectively carry out the mitigation and adaptation actions under NDCs. The capacity is and will continuously be an important foundation to achieve the goals under the Paris agreement.

2. Dr. Stefanos Fotiou (Director, Environment and Development Division, United Nations ESCAP):
 - Capacity development is extremely important for implementing NDCs.
 - The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub for the regional development. Main focus is supporting LDCs and Land-lock developing countries to achieve their objectives of sustainable development including the Paris Agreement.
 - Developing countries have big needs for understanding how implementation of NDCs contribute to their national development efforts. Many countries don't have enough capacity of doing different national plans of development and sustainable development based on different global agreements at the same time.
 - Number of capacity development initiatives may be able to provide specific economic, social and environmental co-benefits of the NDC implementation.

- The JCM is about technologies, services and infra-structures, so it is needed to translate all these investments to real development results. For example, if a country shifts from coal to renewal energy or adopts technologies for 3R, how many jobs could be created? what kind of financial benefits generated? These needs to be put down on the level of national achievement.
 - Second questions asked from our member states is to showcase how we can have low-carbon development and contribute to GDP at the same time. Most of developing countries need to grow more under the green growth pathway.
 - Third item is capacity building for regional cooperation on implementing NDCs. There is a lot of benefits for South-south cooperation. Developing countries feel much better and closer when they talk among themselves.
 - At least in Asia-Pacific region, there is a very good mixture of platforms already offering supports and experiences. ESCAP hosts annual Asia-Pacific Sustainable Development Forum as an official inter-governmental platform in the region. Together with UNFCCC, UNEP, UNDP, ADB, WB and others, we are hosting Asia-Pacific Climate Week. (This year, it will be held in 2-6 September in Bangkok.)
 - There is a tendency to establish new capacity building platforms/tools, but so many tools are existing already, so it is more important to bring them in existing platforms.
3. Mr. Thawatchai Saengkhamasuk (Director, Climate Change International Technical and Training Center (CITC))
- Capacity Building is one of the important pillar for NDCs achievement and regional cooperation is crucial for the Paris Agreement achievement.
 - Vision of CITC is “CITC is capacity building and knowledge management hub on climate change in ASEAN” and Mission of CITC is “To Enhance Capacity Building and Ability in Climate Actions”
 - ASEAN regional capacity building needs assessment has been conducted to reconfirm of gaps, challenges and limitation on climate change capacity building in order to design suitable training programs and respond to AMS’s needs. Technical support was provided by JICA.
 - Questionnaire and interview targeted 18 respondents from 9 countries and identified demand for training themes based on this preliminary results.
4. Ms. Maiko Uga (Ministry of the Environment, Japan (MOEJ)): Latest updates and way forward of the Joint Crediting Mechanism (JCM)

- Progress of the JCM: 17 partner countries with 146 projects in the pipeline, more than 22,000 credits issued from 21 projects, 46 projects registered and 69 MRV methodologies approved.
 - Japan will achieve the target of 26% reduction by 2030 compared to 2013 through domestic emission reductions and removals without using international credits while the amount of credits acquired by Japan under the JCM will be appropriately counted as Japan's reduction.
 - JCM's conservative emission reduction calculation will ensure a net decrease and/or avoidance of GHG emissions and contribute to the achievement of NDC to both country.
 - To promote JCM projects, there are JCM Model Projects scheme by MOE (Total budget for 3 years from FY 2019 is 9.9 billion JPY), ADB Trust Fund: Japan Fund for Joint Crediting Mechanism (JFJCM) and JCM F-gas Recovery and Destruction Model Project by MOE.
 - Aimed to enhance readiness of countries for transparently reporting , “Asian Regional Knowledge Sharing Workshop on International Market Mechanisms and Transparency under Paris Agreement” was organized in January 2019.
5. Ms. Daovinh Souhonphacdy (Deputy Director, Climate Change Promotion and Management Division, MONRE, Lao PDR): Lao PDR Sharing of Institutional Perspectives, Experiences on JCM and NDC
- Currently, there are four JCM projects in Laos. The first project, “Lao Energy Efficient Datacenter” (LEED) project has been already registered.
 - Main benefits from JCM project development include Contribute to socio-economic development plan based on green growth orientation; Assisting Japan and JCM partner countries to meet emission reduction target based on NDCs; and Protecting and improving environment, including technology transfer from developed countries to developing countries.
 - Expected next steps on JCM includes: To disseminate information on JCM through organizing workshops, brochures, and so on; and to support and facilitate both government and private sectors to develop the JCM projects in potential sectors
 - NDC implementation arrangements in Laos: NDC adoption in 2017 was followed by set up of technical working group on NDC, revision of institutional arrangement and development of NDC roadmap and implementation plan.
 - Challenges and Gaps for NDC implementation includes limited institutional capacity and human resources including local expert on climate change MRV and needs for Capacity building and awareness raising in the action plan.

6. Mr. Pham Van Tan (Deputy Director General, Determent of Climate Change, MONRE, Viet Nam): Vietnam sharing of experiences on JCM and NDC
 - Currently, there are methodologies proposed: 22, methodologies approved: 21, projects registered: 14, credits have been issued for 5 projects and total credits issued to date: 1711 ton CO₂.
 - Benefits of the JCM are: Capacity building for line ministries: Identifying mitigation potential, methodology development, MRV, issuance of credits and management of issued credits; Good preparation for tracking of NDC mitigation targets; and Good starting point for establishment of the domestic carbon market.
 - Challenges of the JCM are: Lack of technical experts/ knowledge on different JCM projects at national, sectorial and facility level; Domestic carbon market has not been established.
 - After the plan for implementation of the PA was approved Oct 2016, mainstreaming and institutionalization of NDC targets, revision and update of NDC and development of NDC Partnership Plan are on-going.
 - Capacity building needs for NDC implementation includes: Translating mitigation options into investment projects and facilitating the involvement of private sector; and Mandatory arrangements for GHG inventory, BTR preparation and NDC-progress tracking.

7. Ms. Chanutsakul Supirak (Environmental Official, Professional Level Policy and Strategy section, ONEP, Thailand): Country Preparation to Implement NDC, Cooperation Schemes, Remaining Gaps and Needs
 - Thailand's NDC Roadmap on Mitigation 2021 – 2030 was endorsed by the Cabinet on 23th May 2017. Main agencies develop sectoral action plans and ONEP provides supportive action plan and MRV guideline. Those NDC action plans will ensure the achievement of Thailand pledged targets of a 20% reduction from the 2030 BAU.
 - Challenges for NDC implementation includes: Methodology of MRV on new measures; Data collection; lack of Climate Change Law/Regulation; implementing agency's budget allocation, capacity building; human resources; public awareness; and stakeholders engagement.

8. Dr. Paweena Panichayapichet (Manager, Thailand Greenhouse Gas Management Organization (TGO))
 - In Thailand, currently 28 projects reduce GHG emissions by approximately 150,000 tCO₂ equivalent annually

- JCM's conservative emission reduction calculation will ensure net emission reduction by setting the reference emission below the BAU. Achieved emission reduction including net emission reduction contributes to the achievement of NDC in Japan and partner countries.
- There are challenges: to scale up the number of projects and project size; to take into account of sustainable development; to appropriately be align with rules under Article 6.2; and to consider potential of being tradable credits in market such as CORSIA

■ Panel Discussion

[Capacity building]

- Koji Fukuda (JICA): Regardless of market mechanisms or capacity building, the central theme is same, how to deliver tangible outcomes and impacts through NDC implementation. Sticking to this point, I have two questions for ESCAP and CITC. what is remaining capacity gaps in the region? What kind of concrete measure can be implemented to fill the gap?
- Stefanos Fotiou (ESCAP): Climate action readiness is important. It has three important elements. 1) Governance: There is a need for “climate compatible governance” which can achieve the Paris Agreement at national level and also at local level. 2) Vertical integration: Starting from national development plans, need to go down to local mitigation and adaptation actions. 3) Co-benefits: Need to translate local actions to specific co-benefits and to build capacity of all stakeholders to evaluate co-benefits.
- Thawatchai Saengkhamasuk (TGO): Having own NDC, every country needs to form NDC action plans to implement actions. In terms of capacity building, we need to focus on result-based approach. Capacity building is not only as knowledge but for implementing concrete actions such as forming NDC action plans or elaborating good proposals of projects.

[stakeholder engagement]

- Koji Fukuda (JICA): A question for Thailand, Vietnam and Laos PDR. Presentation by each country shared two kind of challenges: MRV system development and stakeholder engagement. What is current challenges you are facing, for example to overarch project level MRV system to national level MRV framework? What kind of efforts do you make to engage stakeholder from private sector or local authorities?
- Daovinh Souhonphacdy (Laos): Engaging local actors is important but there is a lack of communications among stakeholder to collect data for MRV in Laos. Since necessary law data comes from local level, capacity building at local level is needed. First priority

is technical skill to collect data and share information among sectors. Regarding the JCM, currently we are depending on external experts for its implementation, but for the long term, we need to strengthen capacity of local experts.

- Pham Van Tan (Vietnam): When GHG mitigation will be mandate for everyone after 2020, we need tools, procedures, capacities and skills to implement the NDC. Involvement of private sector is necessary, and incentives need to be provided by the government to promote or enforce them to take mitigation actions. Carbon tax is a possible option.
- Chanutsakul Supirak (Thailand): Human resources is important for long term to implement the NDC. We need to build capacity of people for both mitigation and adaptation area.

[Market mechanisms]

- Koji Fukuda (JICA): With understanding that both Thailand and Viet Nam are now in the process of overarching national climate change legal framework, how do you take into account the market approach in your domestic legal framework and also NDC implementation?
- Pham Van Tan (Vietnam): Vietnam is considering the market approach as one of the tool to achieve the NDC target more effectively. To start that, we need to create demand and supply sides. There are several options on the table such as carbon tax or cap & trade but it would take a few years from now to elaborate and introduce these mechanisms.
- Thawatchai Saengkhamasuk (TGO): Using of carbon market is indicated in the NDC. TGO is currently developing market mechanisms such as pilot ETS. To establish the effective ETS, draft laws to further develop ETS and also GHG reporting system are under consideration.

[The JCM]

- Koji Fukuda (JICA): What are lessons learned from JCM implementation? To what extent, does the JCM contribute to capacity building in partner countries?
- Makoto Kato (OECC): In order to make JCM to effectively contribute to the NDC implementation in partner countries, we prepared a matrix with information of sectors covered by NDC and existing and possible JCM projects in these sectors. If JCM projects corresponding to the NDC can be developed on purpose, it would be really beneficial for partner countries. We are soon going to publish this to the public. Also, we are now discussing how we can contribute to policy and measure development such as energy efficiency policy measure or reporting policy measure. We would like to extend this kind of discussion soon in future with partner countries.

- Maiko Uga (MOEJ): Two successful cases of the JCM: 1) Installation of chiller using natural refrigerant in Thailand: it provided not only energy efficiency but also safer working environment for employees. The project created co-benefit, 2) Installation of amorphous transformer in Vietnam: After introducing the transformers in a regional power grid company, companies in other region also became interested in that technology, and the technology was replicated to other regions in Vietnam. In addition, this technology is now ready to be introduced in a neighbor country, Laos.

■ Q&A

Q. ILO: ILO conducted a study on identifying skill needs and gaps for green jobs in 2017¹. One of the factor mentioned in the study was involvement of private sector but there are needs of skill and training at various levels and sectors. Comment to Laos and Vietnam; programmes for NDC implementation presented by Laos and Vietnam are very good practices and should be shared to other organization and regional platforms.

(Prepared by Jun Watanabe, OECC)

¹ https://www.ilo.org/skills/projects/WCMS_115959/lang--en/index.htm