

The initial report under the Article 6 of Paris Agreement before the first transfer of ITMOST

The initial report referred to in decision 2/CMA.3, annex, chapter IV.A (Initial report)^{1, 2, 3}

[English only]

Party	Sri Lanka
NDC period	2021-2030
Report number for the NDC period⁴	1
Report type Initial report Updated initial report	 ☒ ☐
Updated initial report number	1
Version⁵	1.0
Date	dd/mm/yyyy
Name(s) of cooperative approach(es) included in this report <i>(Include a line for each additional cooperative approach)</i>	The Joint Crediting Mechanism between the Government of the Democratic Socialist Republic of Sri Lanka and the Government of Japan

Note: For updated initial report fill in only section IV. Information on each cooperative approach (para. 18(g–i), para. 19 of the annex to decision 2/CMA.3).

¹ This template is for voluntary use to facilitate the preparation and submission of the initial reports and updated initial reports referred to in decision 2/CMA.3, annex, chapter IV.A (Initial report).

² The list of the acronyms and abbreviations used in this template are available in decision 6/CMA.4: <https://unfccc.int/documents/624474>.

³ References to chapters and paragraphs in the outline are to chapters and paragraphs in the annex to decision 2/CMA.3, unless stated otherwise. “Article” refers to an Article of the Paris Agreement.

⁴ Ascribe sequential number for updated initial reports. The number ‘1’ is reserved for the initial report.

⁵ Ascribe version number as follows: decimal increase for minor revisions (typos, corrections) and digit increase for content changes.

I. Participation responsibilities (para. 18(a))

A. Information on how the Party ensures that it is a Party to the Paris Agreement (para. 18(a), para. 4(a), to be updated by para. 21(a))

Sri Lanka ratified the Paris Agreement on 21 September 2016 and continues to be a Party to the Paris Agreement.

B. Information on how the Party ensures that it has prepared, communicated, and is maintaining an NDC in accordance with Article 4, paragraph 2 (para. 18(a), para. 4(b), to be updated by para. 21(a))

Sri Lanka communicated the updated NDC on 24 September 2021 and continues to implement the updated NDC in accordance with the national plans and policies

C. Information on how the Party ensures it has arrangements in place for authorizing the use of ITMOs towards the achievement of NDCs pursuant to Article 6, paragraph 3 (para. 18(a), para. 4(c), to be updated by para. 21(a))

The government of Sri Lanka is processing the Carbon Trading Policy and Guiding Principle along with the authorization system under the Ministry of Environment, and they are expected to be finalized in the coming months.

D. Information on how the Party ensures it has arrangements in place that are consistent with Article 6, paragraph 2, guidance and relevant decisions of the CMA for tracking ITMOs (para. 18(a), para. 4(d), to be updated by para. 21(a))

Under the Joint Crediting Mechanism (JCM) with Japan, Sri Lanka is part of the JCM registry to record issuances and transactions relating to the credits issued by the Sri Lanka projects developed under the JCM, and every tonne of CO₂e emission reduction will have a unique identifier assigned to as each credit.

The authorized JCM credits are issued and tracked in the Japan side's JCM registry. Sri Lanka is currently developing its Digital Platform to track the cooperative approaches and the same will be launched in the coming months. Both registries are developed in accordance with the Common Specifications of the JCM Registry. The issuance records of JCM credits can be found on the country page of the JCM website <<https://www.jcm.go.jp/>>.

Integration of the national registry of Sri Lanka and the JCM registry is under process and expected to be finalized in the coming months.

E. Information on whether the most recent national inventory report required in accordance with decision 18/CMA.1 has been provided (para. 18(a), para. 4(e), to be updated by para. 21(a))

Sri Lanka provided its most recent national inventory report in the Third National Communication submitted on 1 December 2022, covering national greenhouse gas inventories from 2000 until 2010.

F. Information on how the Party ensures participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement (para. 18(a), para. 4(f), to be updated by para. 21(a))

To meet its conditional contribution, Sri Lanka needs to mobilize substantial finance through various mechanisms set up under the UNFCCC's, Paris Agreement and leverage bilateral agreements for low-carbon development.

II. Description of the Party's NDC, as referred to in decision 18/CMA.1, annex, paragraph 64, where a participating Party has not yet submitted a biennial transparency report (para. 18(b), to be updated by para. 21(b))

A. Target(s) and description, including target type(s) (decision 18/CMA.1, annex, para. 64(a))

1. Sri Lanka interprets unconditional policy responses as those actions that have been identified in national plans and programmes, prioritized for domestic investments (public and private) which can be implemented with domestic capacity. These actions amount to 4.0% of GHG emissions reduction respective to the BAU scenario for the period 2021-2030.
2. conditional NDC actions account for an additional 10.5% of GHG emissions reduction respective to the BAU scenario for the period 2021-2030.
3. Sri Lanka expects to achieve its Carbon Neutrality by 2050

B. Target year(s) or period(s), and whether they are single-year or multi-year target(s) (decision 18/CMA.1, annex, para. 64(b))

Target year: 2030, single-year target

C. Reference point(s), level(s), baseline(s), base year(s) or starting point(s), and their respective value(s) (decision 18/CMA.1, annex, para. 64(c))

BAU Scenario for the period 2021-2030

Quantity: 14.5%, 67,252,400MT CO₂eq {Reference: Updated NDC in 2021, can give the page number of the NDC}

D. Time frame(s) and/or periods for implementation (decision 18/CMA.1, annex, para. 64(d))

2021-2030 {Reference: Updated NDC in 2021}

E. Scope and coverage, including, as relevant, sectors, categories, activities, sources and sinks, pools and gases (decision 18/CMA.1, annex, para. 64(e))

As mentioned under the NDC following sectors are covered

1. Electricity (power; electricity generation and end-use)
2. Transport
3. Industry
4. Waste Management
5. Forestry
6. Agriculture (including livestock)

As mentioned under the NDC following GHGs are covered

- 1.CO₂
- 2.CH₄
- 3.N₂O

{Reference: Updated NDC in 2021}

F. Intention to use cooperative approaches that involve the use of internationally transferred mitigation outcomes under Article 6 towards NDCs under Article 4 of the Paris Agreement (decision 18/CMA.1, annex, para. 64(f))

To meet its conditional contribution, Sri Lanka needs to mobilize substantial climate finance from mechanisms set up by the UNFCCC, the Paris Agreement's cooperative approaches, and leverage bi-lateral agreements for low carbon development {Reference: Updated NDC in 2021}

G. Any updates or clarifications of previously reported information (e.g. recalculation of previously reported inventory data, or greater detail on

methodologies or use of cooperative approaches) (decision 18/CMA.1, annex, para. 64(g))

Not applicable.

III. Information on ITMO metrics, method for applying corresponding adjustments, and method for quantification of the NDC (para. 18(c–f))

A. ITMO metrics (para. 18(c))

The ITMO metric is tonnes of carbon dioxide equivalent (tCO₂eq).

B. Method for applying corresponding adjustments as per chapter III.B (Application of corresponding adjustments) (para. 18(c))

1. Description of the method for applying the corresponding adjustment for multi- or single-year NDCs that will be applied consistently throughout the period of NDC implementation, if applicable (para. 18(c))

Sri Lanka will apply corresponding adjustments by using the method referred to in decision 2/CMA.3, annex, III.B., —[para. 7(a)(ii)], calculating the average annual amount of ITMOs first transferred and used over the NDC implementation period 2021 to 2030.

Sri Lanka published its positive list, enabling the development of projects under cooperative approaches, and explicitly mentioned the percentage details of emission reductions that could be authorized.

2. Description of the method for applying corresponding adjustments where the method is a multi-year emissions trajectory, trajectories, or budget, if applicable (para. 18(c))

Not applicable.

C. Quantification of the Party's mitigation information in its NDC in t CO₂ eq, including the sectors, sources, GHGs and time periods covered by the NDC, the reference level of emissions and removals for the relevant year or period, and

the target level for its NDC or, where this is not possible, the methodology for the quantification of the NDC in t CO₂ eq (para. 18(d))

Sectors and sources covered by the NDC: electricity (power; electricity generation and end-use), transport, industry, waste management, forestry, agriculture (including livestock)

GHGs covered by the NDC: CO₂, N₂O, CH₄

Time period covered by the NDC: 2021 - 2030

Reference Level of emissions and removals for the relevant year period: BAU at the time of 2010 to 2030

The target level for the NDC: Unconditional 4.0% of GHG emissions reduction respective to the BAU scenario for the period 2021-2030.

- conditional NDC actions account for an additional 10.5% of GHG emissions reduction respective to the BAU scenario for the period 2021-2030.

- Sri Lanka expects to achieve its Carbon Neutrality by 2050

{Reference: Updated NDC in 2021}

D. Quantification of the Party's NDC, or the portion in the relevant non-GHG indicator, in a non-GHG metric determined by each participating Party, if applicable (para. 18(e))

Not applicable.

E. For a first or first updated NDC consisting of policies and measures that are not quantified, information on the quantification of the Party's emission level resulting from the policies and measures that are relevant to the implementation of the cooperative approach and its mitigation activities for the categories of anthropogenic emissions by sources and removals by sinks, as identified by the first transferring Party pursuant to paragraph 10, and the time periods covered by the NDC (para. 18(f))

Not applicable.

IV. Information on each cooperative approach (para. 18(g-i), para. 19)

Note: For the initial report and the updated initial report, chapters A-H below should be repeated for each cooperative approach. For each further cooperative approach, each participating Party shall submit the information

referred to in para. 18(g–i) of the annex to decision 2/CMA.3 in an updated initial report (decision 2/CMA.3, annex, para. 19).

A. Copy of the authorization by the participating Party (para. 18(g))

Authorization decisions taken by Sri Lanka will be made publicly available and can be found on < <https://env.gov.lk/web/index.php/en/publications/other-publication#implementation-of-the-article-6-of-the-paris-agreement-in-sri-lanka>>

The above link represents the list of mitigation activities that could be developed in Sri Lanka under cooperative approaches. These activities will indicate the percentage level of emission reductions that would be authorized.

B. Description of the cooperative approach (para. 18(g))

The Joint Crediting Mechanism (JCM) facilitates the diffusion of leading decarbonizing technologies, products, systems, services, and infrastructure as well as the implementation of mitigation actions, and contributes to the sustainable development of Sri Lanka.

The JCM is implemented through investment by Japanese entities in partnership with Sri Lanka's entities and implemented consistently with the guidance on cooperative approaches, referred to in Article 6, paragraph 2 of the Paris Agreement, contributing to the achievement of both countries' NDCs while ensuring the avoidance of double counting through corresponding adjustments.

Both sides establish a Joint Committee (JC) consisting of representatives from both governments. The JC develops rules and guidelines necessary for the implementation of the JCM.

C. Duration of the cooperative approach (para. 18(g))

The JCM covers the period starting from the signing of the bilateral document until 2030. Both sides consider possible extension of the above-mentioned period which will be concluded before the end of its duration.

{Reference: JCM MoC (as of 10 October 2022) para12}

D. Expected mitigation for each year of the duration of the cooperative approach (para. 18(g))

Estimated emissions reductions in each year until 2030 will be included in the Project Design Document (PDD), a document that includes monitoring methods and estimated emission reductions. Actual reductions will be recorded in the PDD based on the methodology agreed upon for each mitigation activity.

E. Participating Parties involved in the cooperative approach (para. 18(g))

Sri Lanka and Japan

F. Authorized entities (para. 18(g))

Sri Lanka approves Project Idea Notes (PIN), including project participants in Sri Lanka to participate in the JCM projects. The list of project participants in Sri Lanka can be found on the country page of the JCM website.

G. Description of how the cooperative approach ensures environmental integrity (para. 18(h), to be updated by para. 22(b))

1. Description of how the cooperative approach ensures that there is no net increase in global emissions within and between NDC implementation periods (para. 18(h)(i), to be updated by para. 22(b)(i))

In accordance with the bilateral document, both governments mutually recognize that part of the credits generated from emission reductions and removals by the implementation of JCM projects (hereinafter referred to as “JCM credits”) may be used towards the achievement of Japan’s NDC while ensuring that double counting is avoided on the basis of corresponding adjustments, consistent with the Article 6.2 guidance.

Reference: JCM MoC}

The JCM ensures that there is no net increase in emissions within and between NDC implementation periods through methodologies with conservative reference levels (described in G.2.) and the application of corresponding adjustments by both governments in accordance with the guidance of the CMA. *{Reference: JCM Guidelines for Developing Proposed Methodology}*

Additionally, in accordance with para. 8(b) of Annex to decision 2/CMA.3, JCM credits will be used towards achievement of Japan's NDC within the same NDC implementation period as when they occurred to ensure there is no net increase in global emissions within and between NDC implementation periods.

2. Description of how the cooperative approach ensures environmental integrity through robust, transparent governance and the quality of mitigation outcomes, including through conservative reference levels and baselines set in a conservative way and below 'business as usual' emission projections (including by taking into account all existing policies and addressing uncertainties in quantification and potential leakage) (para. 18 (h)(ii), to be updated by para. 22(b)(ii))

JCM is established by a bilateral document signed between both governments and implemented in line with the relevant domestic laws and regulations. In accordance with the bilateral document, the JC is established as the governing body, consisting of government officials from Japan and each partner country. All the rules and guidelines as well as decisions made by the JC are made publicly available on the JCM website. In addition, all calls for public input on proposed methodologies and proposed projects are informed on the same website.

The methodologies are developed in accordance with "JCM Guidelines for Developing Proposed Methodology", which explains the key concepts such as reference emissions and eligibility criteria under the JCM. The JC assesses and considers the approval of the proposed methodologies. *{Reference: JCM Guidance for the Implementation of the JCM}* The list of approved JCM methodologies can be found on the JCM website.

The JCM Guidelines for Developing Proposed Methodology stipulates that the reference emissions are calculated to be below business-as-usual (BaU) emissions which represent plausible emissions in providing the same outputs or service level of the proposed JCM project. Therefore, the baselines are to be set in such a way that emission reductions would not overestimate mitigation from an activity. *{Reference: JCM Guidelines for Developing Proposed Methodology}*

3. Description of how the cooperative approach is minimizing the risk of non-permanence of mitigation across several NDC periods and how, when reversals of emission reductions or removals occur, the cooperative approach will ensure that these are addressed in full (para. 18(h)(iii), to be updated by para. 22(b)(iii))

Where there is a risk of non-permanence, arrangements to minimize the risk of non-permanence and address the reversals will be established.

H. Additional description of the cooperative approach (para. 18(i))

1. Description of how the cooperative approach minimizes and, where possible, avoids negative environmental, economic, and social impacts (para. 18(i)(i), to be updated by para. 22(f))

The JCM has guidelines for Project Design Documents (PDD) in which the PPs are requested to follow legal requirements of environmental impact assessment for the proposed project. For social risks, the PPs will gather opinions from stakeholders through local stakeholder consultation as required in the same guidelines. *{Reference: JCM Guidelines for Developing Project Design Document and Monitoring Report}*

The Guidelines for Developing Sustainable Development Implementation Plan and Report is adopted as part of the JCM project cycle. When designing a proposed JCM project, PPs are required to apply these Guidelines and provide a comprehensive description of an implementation plan on contributions to sustainable development (hereinafter referred to as “SD”) through their project. PPs should conduct an ex-ante analysis of the contribution to SD using the SDIP (Sustainable Development Implementation Plan) form and an ex-post evaluation of the contribution to SD using the SDIR (Sustainable Development Implementation Report) form. The Guidelines for Developing Sustainable Development Implementation Plan and Report address issues of both environmental and social risks. The guidelines oblige PPs to report how environmental and social risks are dealt with.

2. Description of how the cooperative approach reflects the eleventh preambular paragraph of the Paris Agreement, acknowledging that climate change is a common concern of humankind, Parties should when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of Indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to

development, as well as gender equality, empowerment of women and intergenerational equity (para. 18(i)(ii), to be updated by para. 22(g))

Sri Lanka monitors each project's compliance with domestic laws and regulations, ensuring that the eleventh preambular paragraph of the Paris Agreement is respected by the JCM projects.

{Any further information on the country's domestic laws or guidelines on human rights applicable to JCM projects}.

Additionally, the "Guideline on Gender Equality for the JCM" was developed to provide basic principles and specific recommendations on gender equality and to encourage stakeholders, especially project participants who implement a JCM model project, to take action at all the stages of the project cycle (planning, implementation, and monitoring).

3. Description of how the cooperative approach is consistent with the sustainable development objectives of the Party, noting national prerogatives (para. 18(i)(iii), to be updated by para. 22(h))

The contribution to sustainable development objectives is ensured through the JC, where government representatives from Sri Lanka and Japan make decisions on the implementation of the JCM. The JC has the authority to decide on the registration of the JCM projects by which the representatives from a partner country would have the opportunity to consider the contribution to their SD objectives, noting national prerogatives. Therefore, Japan is implementing projects that reflect the sustainable development aspirations of partner countries.

Furthermore, the Guidelines for Developing Sustainable Development Implementation Plan and Report is adopted as part of the JCM project cycle. Project participants are encouraged to refer to, as appropriate, the related local and/or national regulations in their preparation of SDIP and SDIR.

4. Description of how the cooperative approach applies any safeguards and limits set out in further guidance from the CMA pursuant to chapter III.D (para. 18(i)(iv), to be updated by para. 22(i))

Not applicable.

5. Description of how the cooperative approach contributes resources for adaptation pursuant to chapter VII (Ambition in mitigation and adaptation actions), if applicable (para. 18(i)(v)), to be updated by para. 22(j))

In accordance with the bilateral document, both governments aim for contributions to assist the adaptation efforts of developing countries. {Reference: JCM MoC (as of 10 October 2022) para11} Any further information as per discussions between Japan and partner countries or as applied by Sri Lanka voluntarily. Any updates will be communicated by an updated initial report.

6. Description of how the cooperative approach delivers overall mitigation in global emissions pursuant to chapter VII (Ambition in mitigation and adaptation actions), if applicable (para. 18(i)(vi)), to be updated by para. 22(k))

The JCM aims to deliver overall mitigation of global emissions. Any further information as per discussions between Japan and partner countries or as applied by the Sri Lanka on the voluntary basis. Any updates will be communicated in the updated initial report.

