Japan Fund for the Joint Crediting Mechanism (JFJCM)

January 2017
Japan Fund for the Joint Crediting Mechanism

- Established in June 2014 as one of ADB’s trust funds
- $42.6M contributed by MOEJ between 2014-2016
- Provides financial incentives for adoption of advanced low-carbon technologies in ADB-financed projects
- Provides grants and technical assistance to projects using the JCM

Source: Ministry of the Environment, Japan
JFJCM Eligible Countries

Mongolia
Bangladesh
Maldives
Viet Nam
Lao PDR
Indonesia
Palau
Cambodia
Myanmar
Thailand
Philippines

Ethiopia
Kenya
Costa Rica
Mexico
Saudi Arabia
Chile

11 out of 17 JCM host countries are ADB Developing Members
Use of JFJCM

**Sovereign Projects**
- Finance to the governments and public sector entities, such as state-owned enterprises

**Non-Sovereign Projects**
- Direct financial assistance to private sector projects to leverage a large amount of finances from commercial sources

**JFJCM**
- **Grant** for Incremental cost of advanced low-carbon technologies
- **Interest subsidy** to ADB-financed loans
ADB Support for JCM (Sovereign)

- JFJCM provides grant for incremental cost of advanced low-carbon technologies
- Amount of grant, maximum of:
  i. 10% of the project cost (maximum is $10 million)
  ii. $5 million if the project cost < $50 million
ADB Support for JCM (Non-sovereign)

- JFJCM provides interest subsidy to ADB’s loan to EE/RE projects applying JCM
- Amount of interest subsidy:
  
  10% of project cost (maximum is $10 million)
Relevant ADB Departments for JFJCM Projects

ADB

Operation Departments
- Southeast Asia Department
- South Asia Department
- ...
- Private Sector Operations Department

Loan processing

Knowledge Management and Sustainable Development Departments
- Sustainable Development and Climate Change Department
- ...

JFJCM management

Both departments work together for JFJCM projects

Other Departments
- ...

JFJCM management
Eligible Projects and Technologies

Eligible Project

- Project co-financed with an ADB or ADB administered funds.
  * Can be used for additional financing to ongoing ADB project.

Eligible Technology

- Advanced low carbon technologies that reduce greenhouse gas (GHG) emission including CO$_2$ from energy source.
- The technologies must have a proven implementation and operation record of its technical effectiveness.
Life Cycle Cost Consideration (Sovereign)

- International competitive bidding is required for ADB sovereign projects’ procurement
- For JFJCM projects, life cycle cost (LCC), as well as technical performance, is considered

![Graph showing cumulative costs over years for conventional and energy efficient equipment]
Other Requirements: JCM Application

JCM Application

- Preparation and approval of JCM Methodology, if necessary
- Preparation of Project Design Documents (PDD)
- Validation by Third Party Entities (TPEs), and registration of the project
- Monitoring, reporting and verification of GHG emission reduction;
- Issuance of the JCM credits and delivery to government(s)

Fund or technical assistance (TA) may support methodology and PDD preparation
Fund or TA may support TPE costs for validation and verification
Points Considered in Project Evaluation

- Contribution to development goals of host country
- Technical feasibility, financial and economic viability of project
- Operational experience, track record and institutional capacity of project developer
- Use of advanced low-carbon technologies with:
  - clear and long-term GHG emission reductions
  - possibility of robust MRV
- Cost effectiveness*
  - cost of reducing 1tCO$_2$e ≤ $40

* grant amount / (annual GHG emission reduction x project period)
Case Study: Maldives

Source: Ministry of the Environment, Japan
Case Study: Maldives (cont’d)

- Install **smart micro-grid technology** with **advanced battery system** and **energy management system (EMS)**
- Increase Solar PV penetration Capacity in the island
  - Suppression of PV and load fluctuations
  - Large amounts of renewables integrated to the grid
  - Optimization of diesel generator operation
  - Expected emission reductions: 2.5 - 3 thousand tCO2/yr

Source: Ministry of Environment and Energy, Maldives
Contact us

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