

# JAPAN FUND FOR THE JOINT CREDITING MECHANISM (JFJCM)

Established in June 2014, the Japan Fund for the Joint Crediting Mechanism (JFJCM) provides financial incentives for the adoption of advanced low-carbon technologies in projects financed by the Asian Development Bank (ADB). JFJCM offers grants to projects utilizing the Joint Crediting Mechanism (JCM). The JCM is a new bilateral carbon credit mechanism initiated by the Government of Japan. As of November 2015, Japan's cumulative contribution to the JFJCM is ¥3.6 billion (about \$31.6 million).

Developing countries in Asia and the Pacific are highly vulnerable to climate impact with increasing carbon dioxide emissions. A number of ADB's developing members have signed bilateral agreements<sup>1</sup> with the Government of Japan to host JCM projects using advanced low-carbon technology that leads to greenhouse gas (GHG) emission reductions. The GHG emission reductions achieved may be used to meet the emission reduction target of partner countries and/or of Japan.



**JFJCM**  
The fund promoting sustainable low carbon infrastructure

## ABOUT THE FUND

JFJCM provides grants and technical assistance to encourage the adoption of advanced low-carbon technologies in ADB-financed sovereign and non-sovereign projects utilizing the JCM. It offers the opportunity for recipients to engage in projects with strong development characteristics and long-term climate change mitigation benefits.

## USES OF JFJCM GRANTS

- for SOVEREIGN investment projects—to fund incremental cost of deploying advanced low-carbon technologies from a “business as usual” technology cost including the cost related to meeting the requirements for application for the JCM.
- for NONSOVEREIGN investment projects—to fund a portion of the interest margin of ADB-financed loans in support of the project's deployment of advanced low-carbon technologies.
- Maximum grant is \$10 million or 10% of the project cost, whichever is lower.<sup>2</sup>

<sup>1</sup>As of November 2015, the Government of Japan has signed up 15 countries for the development of the JCM, 10 of which are ADB developing members including Bangladesh, Cambodia, Indonesia, the Lao People's Democratic Republic, the Maldives, Myanmar, Mongolia, Palau, Thailand, and Viet Nam.

<sup>2</sup>For sovereign projects costing less than \$50 million, the ceiling is \$5 million.

## ELIGIBLE PROJECTS AND TECHNOLOGIES

### PROJECTS SHOULD

- be implemented in eligible countries,
- have a component that adopts an advanced low-carbon technology, and
- meet the JCM application requirements.

### JCM REQUIREMENTS

- Preparation of JCM methodology and Project Design Documents with validation and registration of the project to the joint committee of the JCM.
- Monitoring and verification of GHG emission reduction; and issuance of the JCM credits and delivery to both governments.

### ADVANCED LOW-CARBON TECHNOLOGIES

- can reduce GHG emissions with energy related carbon dioxide source considerably in the long term,
- must have a proven operational and implementation record of its technical effectiveness, and
- includes renewable energy, energy saving technology, smart grid, energy-efficient bus or vehicle and waste-to-energy technology, among others.

## THE FIRST APPROVED JFJCM PROJECT

JFJCM provides a \$5-million grant to support the installation of a high-speed charge and discharge battery system and advanced energy management system to increase solar photovoltaic penetration capacity of the system maximum demand from 33% to 54% and increase grid stability in Addu City in the Maldives. This additional financing supports ADB's investment project for the construction of solar and solar-diesel hybrid systems in 160 of the 192 inhabited islands. This investment ensures a significant reduction in the cost of electricity supply and enhancement of security of supply, while reducing GHG emissions.

For further information, please go to  
<http://www.adb.org/site/funds/funds/japan-fund-for-joint-crediting-mechanism>

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