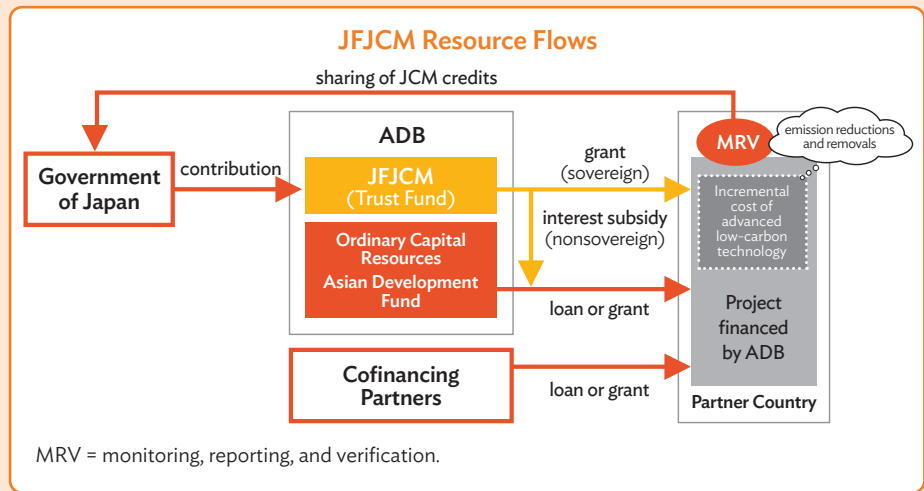


The Asia and Pacific region is key to mitigating climate change. There is an urgent need to mobilize investment capital to enable developing countries in the region to achieve their Nationally Determined Contributions under the Paris Agreement while promoting sustainable development.

ABOUT THE JFJCM

The JFJCM is a single-donor trust fund established and administered by ADB under the Carbon Market Program. The aim of the fund is to incentivize investments in advanced low-carbon technologies. The fund promotes such investments in ADB-financed projects utilizing the Joint Crediting Mechanism (JCM). The JFJCM is supported with contributions from the Government of Japan.

As of May 2022, the Government of Japan's cumulative contribution to the JFJCM is



¥9.8 billion (\$88.46 million). All ADB developing member countries (DMCs) that have signed bilateral agreements with the Government of Japan under the JCM are eligible to receive JFJCM support. As of May 2022, ADB DMCs with bilateral JCM agreements include Bangladesh, Cambodia, Indonesia, the Lao People's Democratic Republic, Maldives, Mongolia, Palau, the Philippines, Thailand, and Viet Nam.

USE OF FUNDS

Sovereign projects

For projects where the government of an ADB DMC is the borrower on an ADB loan, the JFJCM can provide a grant to:

- finance the incremental cost of deploying advanced low-carbon technologies compared with the cost of a business-as-usual technology;
- cover costs associated with meeting JCM requirements; and
- fund a maximum of 10% of the project cost or \$10 million (whichever is lower).

Nonsovereign projects

For projects wherein a private sector entity is the borrower, or where an ADB DMC government does not provide a guarantee for the ADB loan, the JFJCM can provide a grant to serve as an interest subsidy to soften the relevant ADB loan, with the total amount of the grant not to exceed 10% of the project cost or \$10 million (whichever is lower).

APPLICATION PROCESS

The JFJCM application process takes place in parallel with ADB loan/grant approval process. The relevant ADB operations department, in cooperation with the borrower (eligible DMC government, public institution, private sector entity, or other organization), prepares the proposal.

ELIGIBILITY

Projects must:

- be financed by ADB or ADB-administered funds;
- contain a component that adopts an advanced low-carbon technology; and
- provide environmental and social benefits.

Advanced low-carbon technologies:

- reduce energy-related greenhouse gas (GHG) emissions over the long term;
- have proven track records of their technical effectiveness; and
- include but are not limited to renewable energy, energy-efficiency solutions, smart grids, and waste-to-energy systems.

JCM requirements:

- registration as a JCM project;
- monitoring, reporting, and verification of GHG emission reductions; and
- issuance of credits and delivery to the Government of Japan and the host country government.

THE JCM—AN ARTICLE 6 CARBON MARKET FORERUNNER

Article 6 of the Paris Agreement allows voluntary international cooperation for achieving the targets of their Nationally Determined Contributions and, thereby, enables Parties to increase their mitigation ambition over time. The JCM is a project-based bilateral market-based mechanism initiated by the Government of Japan. It is widely viewed as a forerunner for voluntary cooperation using market-based mechanisms under Article 6.2 of the Paris Agreement.¹ The JCM will be adapted to comply with Article 6.2 guidelines when they are finalized. The JCM has already demonstrated how a bilateral cooperative approach can be designed and implemented to not only foster mitigation actions and generate mitigation outcomes but also contribute to achieving the Sustainable Development Goals.

¹ ADB. 2021. Article 6 of the Paris Agreement Drawing Lessons from the Joint Crediting Mechanism, Version II. Manila.

Improving Access to Health Services for Disadvantaged Groups Investment Program in Mongolia



Workers conducting test drilling for the ground source heat pumps to be deployed in Ulaanbaatar, Mongolia (photo by ADB).

In October 2019, ADB approved a \$158.34 million loan together with a \$3.48 million JFJCM grant to provide high-quality health-care services in selected disadvantaged *ger* (traditional tent) areas of Ulaanbaatar, provinces, and subdistricts in support of the Government of Mongolia's commitment to universal health coverage.

With support from the JFJCM, innovative low-carbon technologies, such as energy-efficient heating, ventilation, and air-conditioning systems, solar photovoltaics, smart green design, and high-insulation windows, will be introduced to the upgraded Khan Uul district hospital, and ground source heat pumps will be installed for selected

APPROVED PROJECTS (as of May 2022)

Project	Technologies supported
Preparing Outer Islands for Sustainable Energy Development Project in Maldives	Advanced battery system and energy management system (EMS)
Southwest Transmission Grid Expansion Project in Bangladesh	Energy-efficient transmission lines
Upscaling Renewable Energy Sector Project in Mongolia	Solar photovoltaic (PV) with advanced battery system and EMS
Improving Access to Health Services for Disadvantaged Groups Investment Program in Mongolia	Energy-efficient heating, ventilation, and air-conditioning system; high-insulation windows; rooftop solar PV; and ground-source heat pumps
Greater Male Waste-to-Energy Project in Maldives	Waste-to-energy (incineration) system

family health centers. The project is expected to avoid approximately 3,000 tons of CO₂-equivalent emissions per year. The low-carbon technologies supported by the JFJCM can serve as a model for other projects in Mongolia.

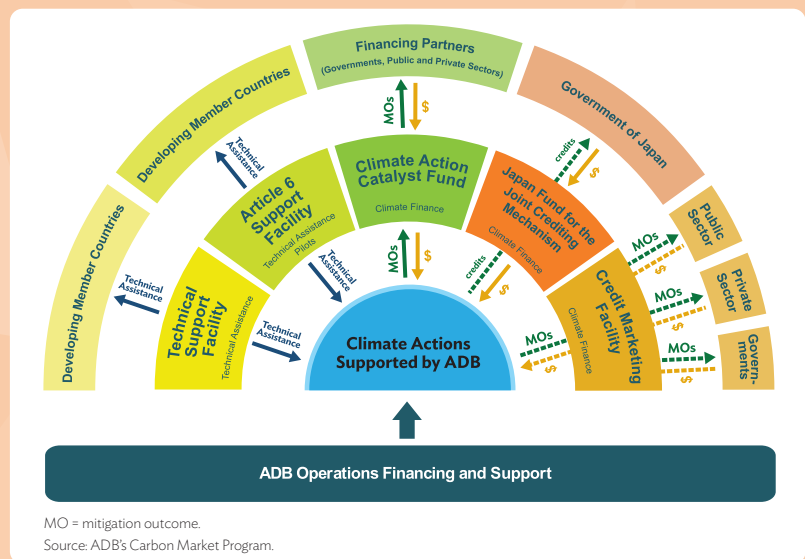
The project's co-benefits include air quality improvements and related health benefits in an area with air pollution levels among the worst in the world. The low-carbon technologies will contribute to reducing the use of coal in heat-only boilers and combined heat and power plants, as well as abating emissions of nitrogen oxides, sulfur oxides, and particulate matter, which are severe local air pollutants.

CARBON MARKET PROGRAM 2.0

The flagship Carbon Market Program (CMP), launched in 2005, was designed to address the financing barrier to developing climate mitigation activities in ADB's developing member countries (DMCs). CMP expanded upon two previous groundbreaking efforts to assist DMCs in participating in carbon markets:

- Capacity-building assistance for participating in carbon markets under the Kyoto Protocol initiated in 1999, and
- the Clean Development Mechanism Facility (CDMF) launched in 2003.

The CMP stimulated mitigation activities in DMCs by increasing access to carbon finance, through the Asia Pacific Carbon Fund, the Future Carbon Fund, and the Technical Support Facility.



CMP 2.0 provides leadership in utilizing carbon markets to drive sustainable development, further supporting DMCs in their efforts to access carbon finance to advance climate mitigation initiatives that are aligned with their Nationally Determined Contributions under the Paris Agreement. CMP 2.0 builds on more than 15 years of CMP experience, and is comprised of the Technical Support Facility, the Article 6 Support Facility, the Climate Action Catalyst Fund, the Japan Fund for the Joint Crediting Mechanism, and the Credit Marketing Facility.

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