

Japan Fund for the Joint Crediting Mechanism (JFJCM)

12 July 2017

Overview of the Asian Development Bank

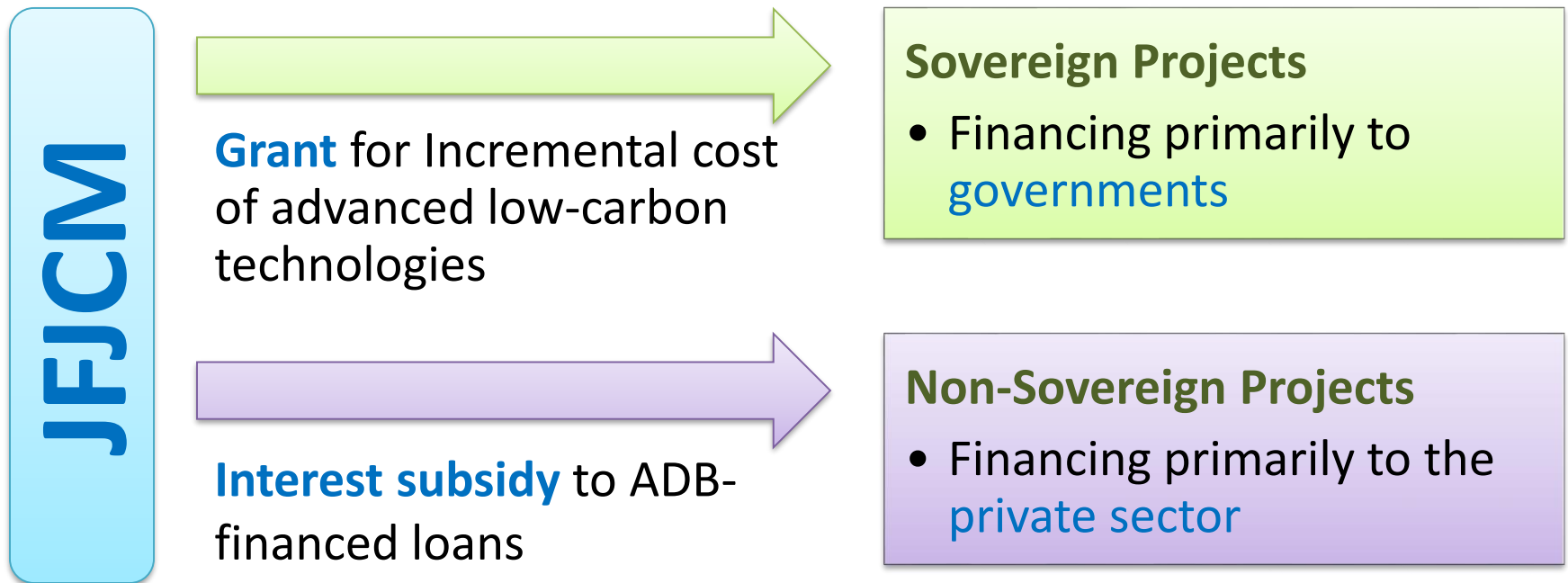
- Established in 1966
- 67 members, 48 regional members, 40 borrowing members
- 3,000+ employees globally
- 32 offices
- AAA ratings (S&P / Fitch)
- Approvals in 2016: (\$ million)

	Total ADB	Indonesia
Loans, Grants and others*	17,471	1,744
Sovereign	14,970	1,274
Loan	13,943	1,257
Guarantee	500	-
Grants	527	17
Nonsovereign	2,502	470
Loan	2,410	470
Guarantee	15	-
Equity Investment	77	-

* Does not include technical assistance and cofinancing

Japan Fund for the Joint Crediting Mechanism

- Established in June 2014 as one of ADB's trust funds
- Cumulative contribution by MOEJ: **\$51.7M**
- Provides financial incentives for adoption of **advanced low-carbon technologies** in **ADB-financed projects** using the JCM



JFJCM Eligible Countries

11 out of 17 JCM host countries are
ADB Developing Members

Mongolia
Bangladesh
Maldives
Viet Nam
Lao PDR
Indonesia

Palau
Cambodia

Myanmar
Thailand

Philippines

2013

2014

2015

2016

2017

Ethiopia
Kenya
Costa Rica

Mexico

Saudi Arabia
Chile

Eligible Projects and Technologies

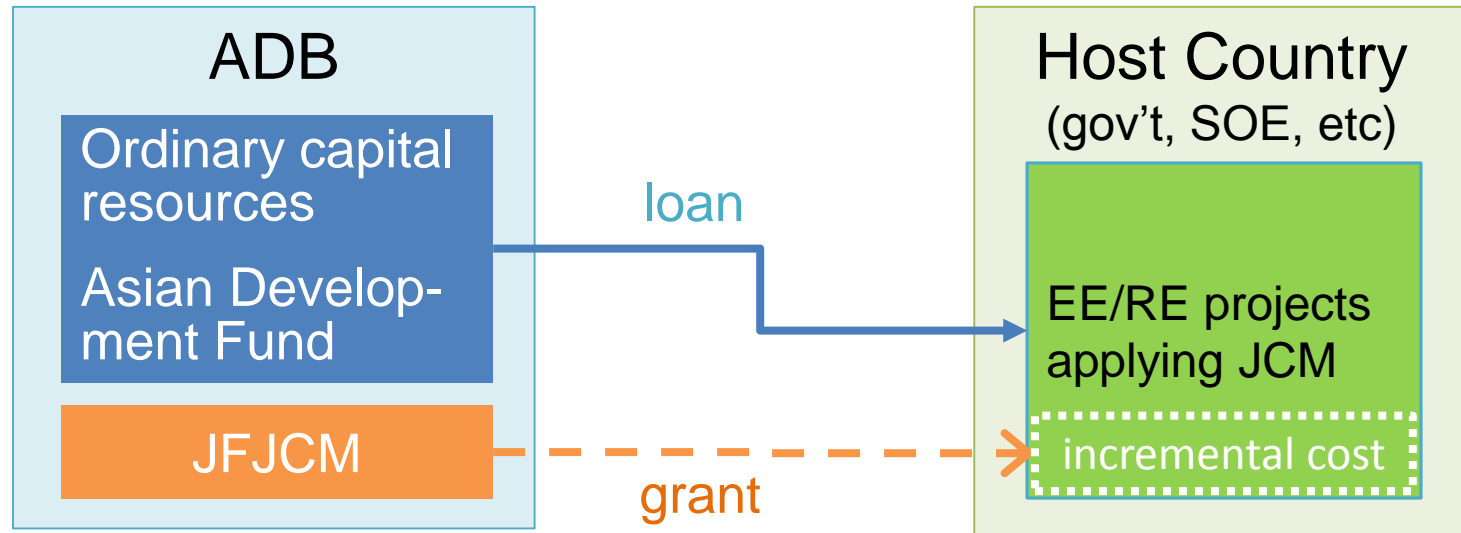
Eligible Project

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

Eligible Technology

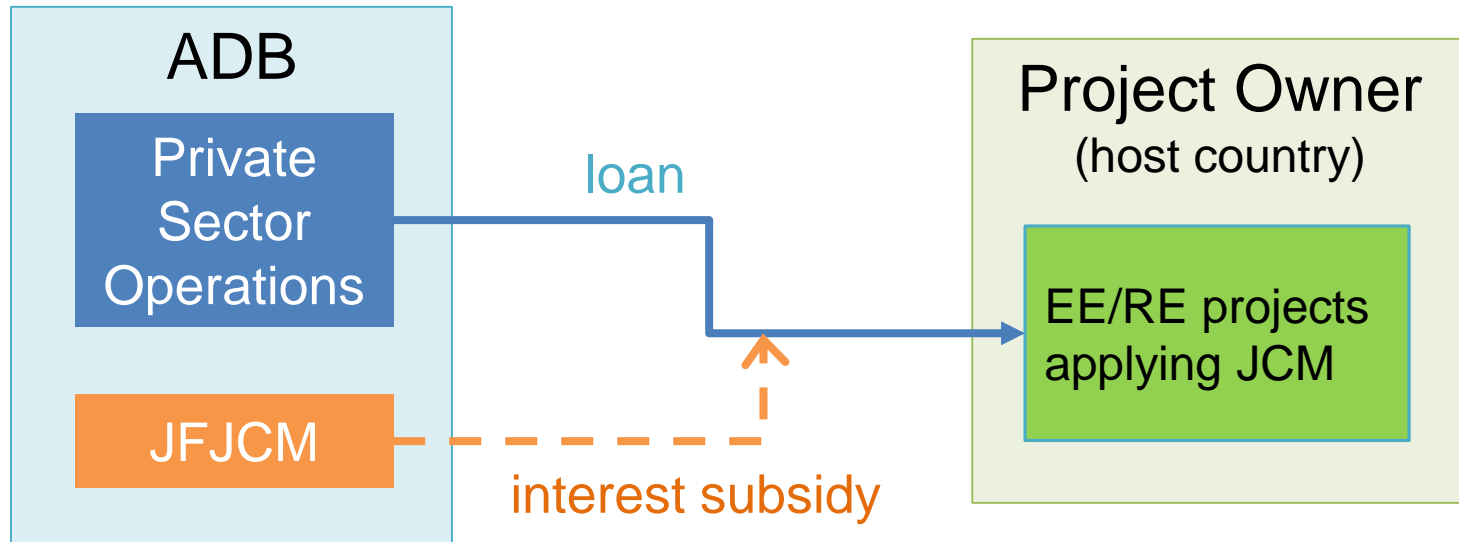
- **Advanced low carbon technologies** that reduce greenhouse gas (GHG) emission including CO₂ from energy source.
- The technologies must have a proven implementation and operation record of its technical effectiveness.

ADB Support for JCM (Sovereign)



- JFJCM provides grant for **incremental cost of advanced low-carbon technologies**
- Amount of grant, maximum of:
 - 10% of the project cost (maximum is \$10 million)
 - \$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)

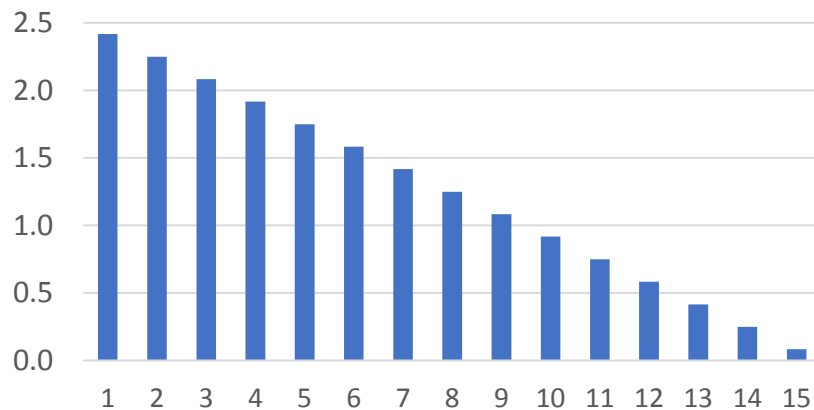
Interest Subsidy under the JFJCM (Example)

Assumptions of ADB loan

- Loan amount: \$50 million
- Interest rate: 5% (base case) → 3% (with JFJCM support)
- Repayment: 15-year amortization

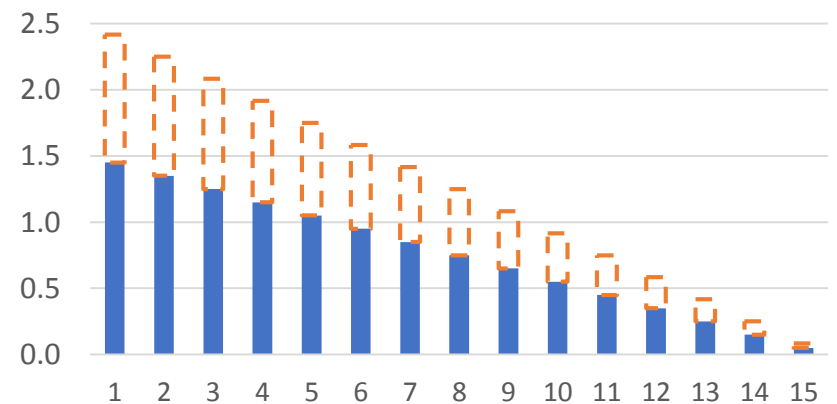
Base case

total interest payment: \$18.8 million



With JFJCM Support

total interest payment: \$11.3 million
JFJCM interest subsidy: \$7.5 million



Important Requirements

- Financing considered and processed by the PSOD
 - 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 1tCO₂e ≤ \$40
- * grant amount / (annual GHG emission reduction x project period)

Other Requirements: JCM Application

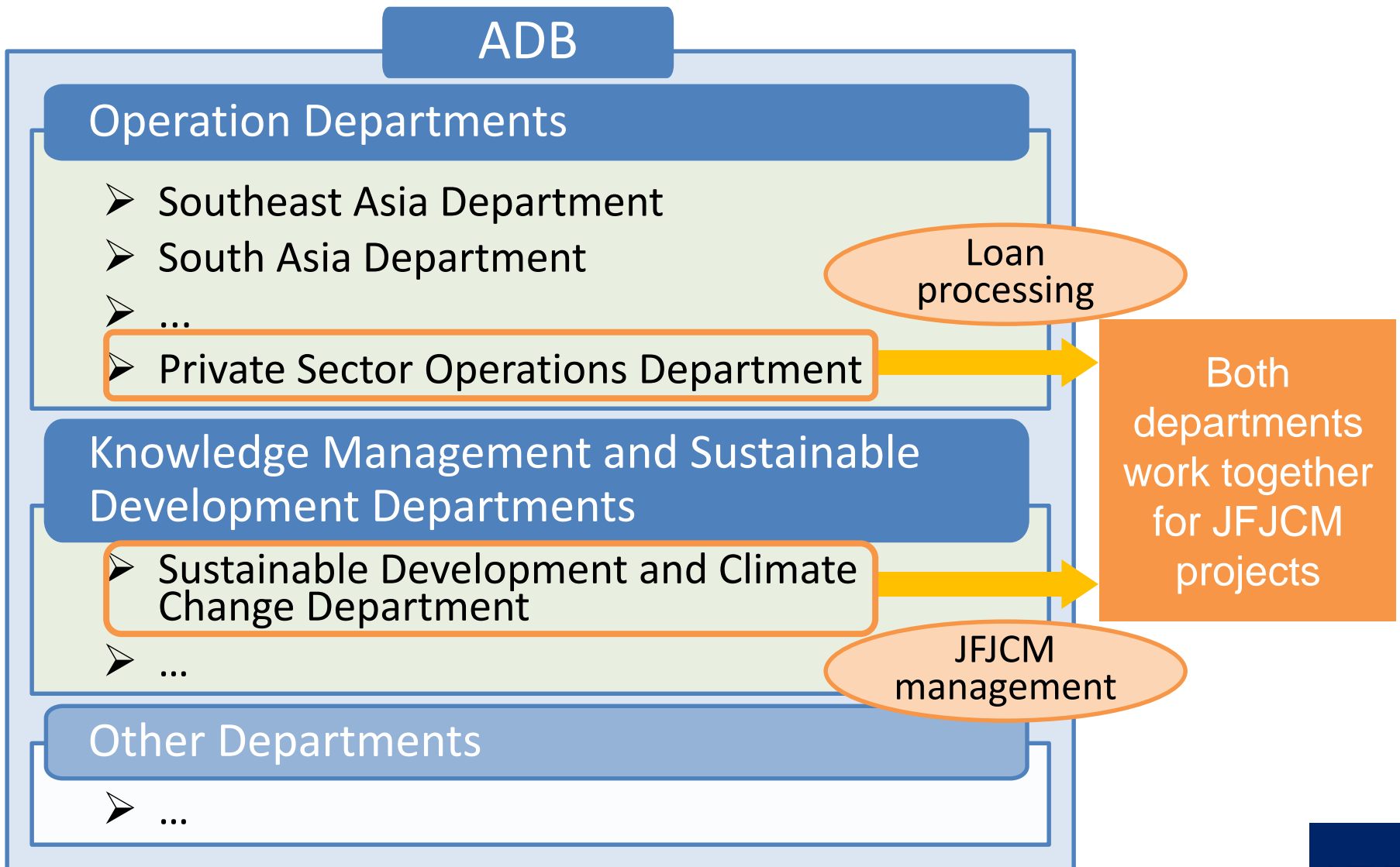
JCM Application

- 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)

ADB

- Fund or technical assistance (TA) may support methodology and PDD preparation
- Fund or TA may support TPE costs for validation and verification

Relevant ADB Departments for JFJCM Projects



Contact us

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