Japan Fund for the Joint Crediting Mechanism (JFJCM)

Shohei Okano
Fund Manager of Japan Fund for JCM
Climate Change and Sustainable Development Department

ADB's Carbon Market Program

Japan Fund for the Joint Crediting Mechanism

Carbon finance to incentivize deployment of advance low-carbon technologies

- Provides financial incentive for deploying advanced low-carbon technologies in ADB-financed projects, under the Joint Crediting Mechanism, aligned with Article 6.2.
- Upfront finance
- Demand signal

$138.58 mn

Article 6 Support Facility

Technical and capacity building support to enhance carbon market readiness and projects

- **Upstream**: National strategies, frameworks, institutional infrastructure for carbon markets
- **Midstream**: Pipeline of projects for carbon credits
- **Downstream**: Support development of carbon projects to generate carbon credits

$8.8 mn

Climate Action Catalyst Fund

Carbon finance to support transformative mitigation actions

- Pre-purchase of carbon credits from ADB financed projects generating carbon credits under Article 6 of the Paris Agreement
- Long term fixed price contracts and upfront payments
- Price signal

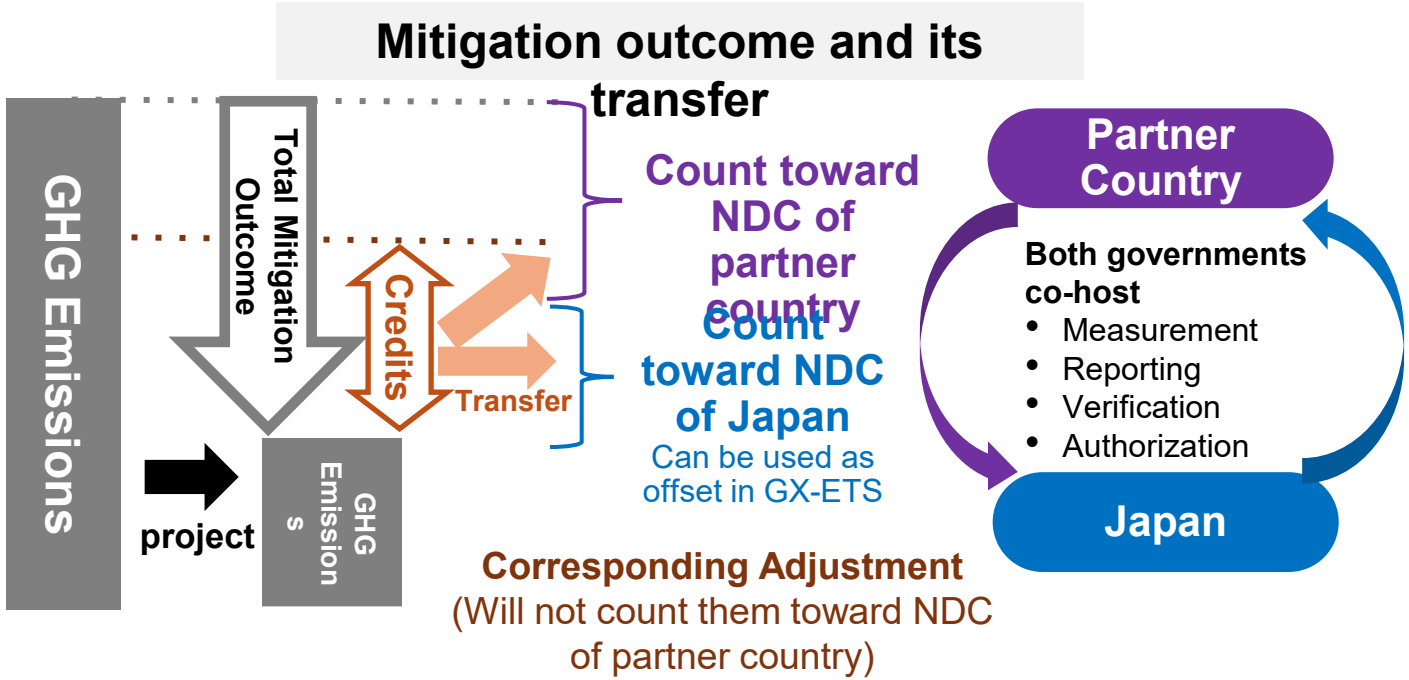
$77 mn

- **Ministry of the Environment, Japan**
- **Ministry of Foreign Affairs and Trade, New Zealand**
- **Federal Ministry for Economic Cooperation and Development, Germany**
- **Swedish Energy Agency**
- **Norwegian Ministry of Climate and Environment**

Japan Fund for the Joint Crediting Mechanism

- Established in June 2014 as one of ADB's trust funds
- Contribution by the Government of Japan: $138.58M (2014-2025)
- Provides financial incentive for the adoption of advanced low-carbon technologies in ADB-financed projects
- Projects funded by JFJCM are required to generate carbon credits under the Joint Crediting Mechanism (JCM)* and allocate a portion of these credits to the Government of Japan
- Both sovereign and nonsovereign projects are eligible

***Concept of JCM**



JFJCM Eligibility

Eligible Countries

- All ADB developing member countries that have signed bilateral agreements on the JCM with the Government of Japan (19 out of 31 JCM partner countries).
- Azerbaijan, Bangladesh, Cambodia, Georgia, India, Indonesia, Kazakhstan, Kyrgyz Republic, Laos, Maldives, Mongolia, Myanmar, Palau, Papua New Guinea, **Philippines**, Sri Lanka, Thailand, Uzbekistan, and Viet Nam (as of August 2025).

Eligible Projects

- Investment project financed by ADB or ADB administered funds.
- ADB technical assistance for developing JFJCM pipeline projects.

* Can be used for additional financing to ongoing ADB project.

Eligible Technologies

- Advanced low-carbon technologies that reduce greenhouse gas (GHG) emissions from energy source.
- The technologies must have a proven track record but must be "advanced" in the partner country context.

JCM project cycle and requirements (1)

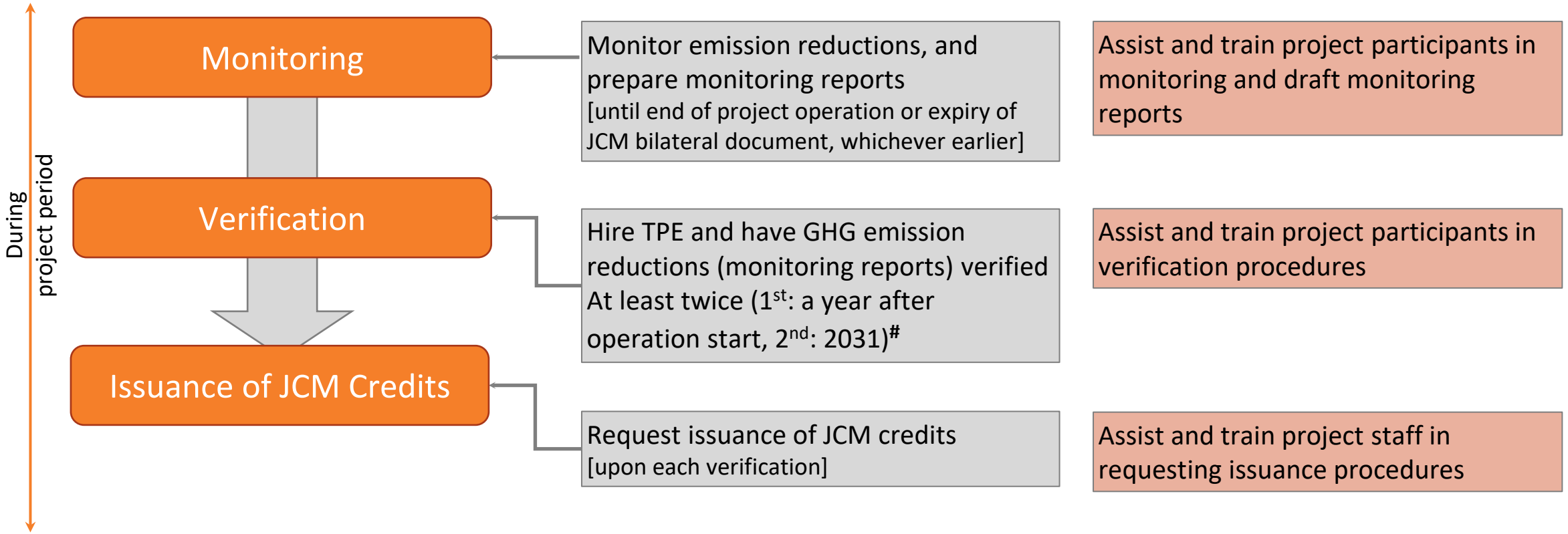
JCM steps	Borrower requirements	Consultant's support*
Methodology Development	Prepare a methodology for GHG emission reduction calculation, and submit to Joint Committee (JC)	Draft a methodology, and facilitate communication with JCM secretariat
Approval of Methodology		
PDD Development	Develop a project design document (PDD) and hold a local stakeholder consultation	Draft a PDD and help holding a local stakeholder consultation
Validation	Hire TPE, and submit PDD to JC	Assist responding to queries from TPE, and facilitate communication with TPE, JC and JCM secretariat
Registration	Submit registration request to JC	

One-time

Continued to next page

* JFJCM financial support can be used to engage a consultant to support the process

JCM project cycle and requirements (2)



Cost for hiring TPE will be borne by Borrower for the verification to be done if the timing is after the ADB project implementation period.

* JFJCM financial support can be used to engage a consultant to support the process

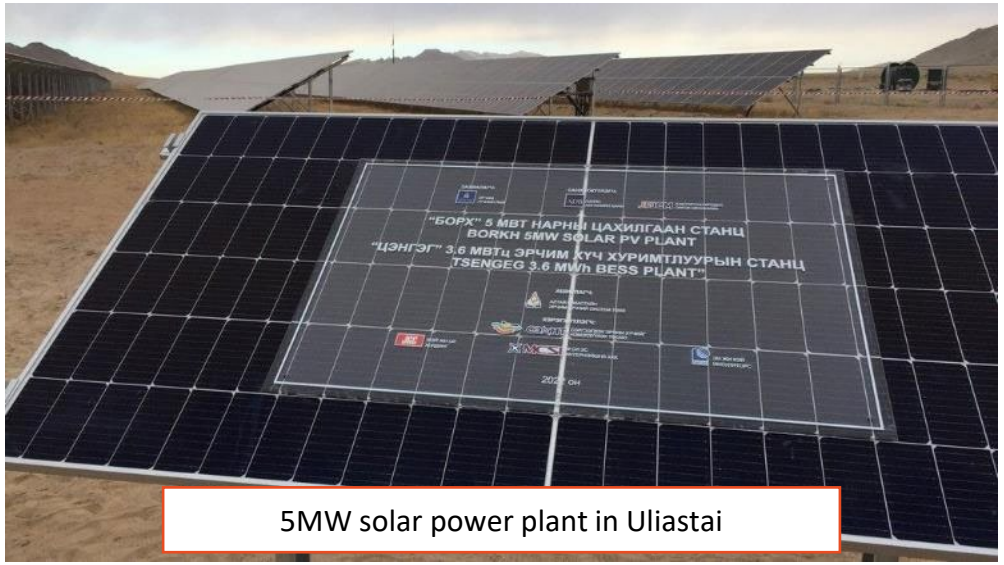
JFJCM Project Portfolio

#	Project	Country	JFJCM support ($ mn)	Total project cost ($ mn)*	ADB Approval	Technologies supported
1	**Preparing Outer Islands for Sustainable Energy Development Project (POISED)**	Maldives	5.00	129.00	2015	Advanced battery and energy management system (EMS)
2	**Southwest Transmission Grid Expansion Project**	Bangladesh	7.00	532.00	2018	Energy efficient transmission lines
3	**Upscaling Renewable Energy Sector Project**	Mongolia	6.00	66.22	2018	Solar PV with advanced battery system and EMS
4	**Improving Access to Health Services for Disadvantaged Groups Investment Program**	Mongolia	3.48	80.44	2019	Energy efficient HVAC, high insulation window, rooftop solar PV and ground source heat pump
5	**Greater Male Waste to Energy Project**	Maldives	10.00	151.13	2020	Waste-to-energy plant (incineration)
6	**Geothermal Power Generation Project**	Indonesia	10.00	479.20	2023	Geothermal power plant with advanced designs
7	**Accelerating Sustainable System Development Using Renewable Energy Project (ASSURE)**	Maldives	6.20	100.47	2023	Advanced flow battery system and ocean renewable energy pilot
8	**Disaster Resilient Clean Energy Financing Project (DRCEF)**	Palau	5.00	9.00	2023	Financial intermediation to support investment in low-carbon technologies
9	**Bishkek Low-carbon Municipal Building Upgrading Pilot**	Kyrgyz Republic	5.00	8.00	-	Energy efficient heat pumps, ventilation system with heat recovery, and building energy management systems (BEMS)
10	**Sustainable Energy Sector Development Program – Subprogram 1**	Papua New Guinea	10.00	110.00	2025	Energy efficient transmission lines
11	**Accelerating Expansion and Sustainability of Health Services for**	Philippines	3.5	514.00	-	Energy-efficient HVAC, rooftop solar PV and

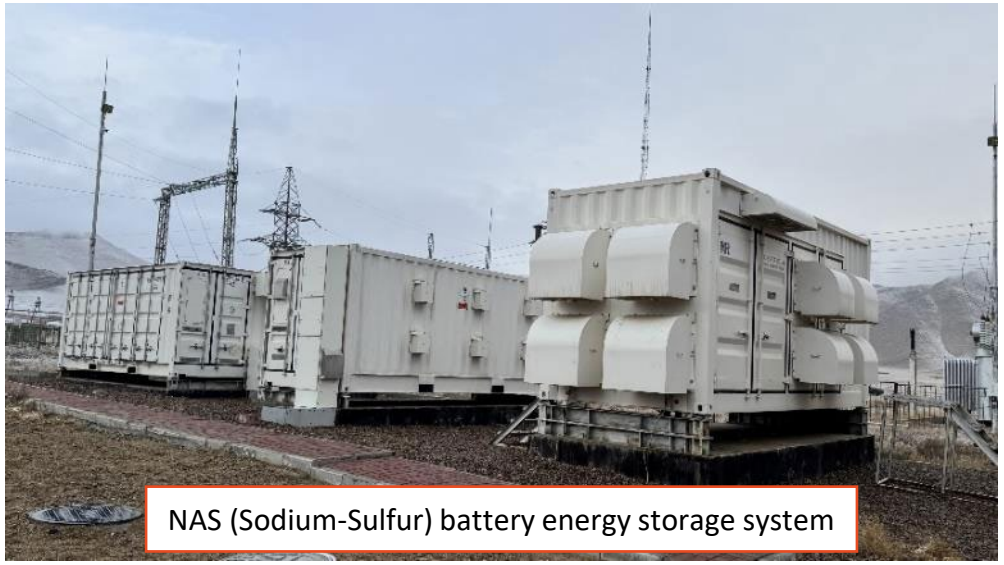
*Source: Project Administration Manual of each project or other published documents at ADB website under https://www.adb.org/projects

Case study 3: Upscaling renewable energy in Mongolia

Project name	Upscaling Renewable Energy Sector Project
JFJCM / Total project cost	$6 million / $66.22 million
Technology supported	5MW solar PV system, advanced battery energy storage system (BESS) of 3.6 MWh and energy management system (EMS)
Description	This solar power plant with advanced BESS and EMS can supply as much locally produced renewable energy as possible to local consumers, reducing carbon intensive domestic and imported grid electricity, while strengthening the country's power self-sufficiency. This is the very first utility scale battery system in Mongolia combined with a grid connected renewable energy. The plant started operation in Nov 2022.
Location	Uliastai, Mongolia
Emission reductions	6.4 thousand tCO_2e/year (estimate)



5MW solar power plant in Uliastai


NAS (Sodium-Sulfur) battery energy storage system

Case study 4: Green Hospital in Mongolia

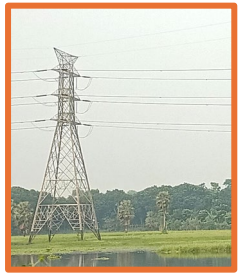
Project name	Improving Access to Health Services for Disadvantaged Groups Investment Program
JFJCM / Total project cost	$3.48 million / $80.44 million
Technology supported	Energy efficient heating, ventilation and air-conditioning (HVAC) system, high insulation window, rooftop solar PV, and ground source heat pump (GSHP)
Description	A new annex building as expansion of the existing Khan Uul district hospital in Ulaanbaatar will be constructed with adoption of advanced low carbon technologies including HVAC system, high insulation window and rooftop solar PV. New construction of three family health centers is also planned with GSHP installation, which replace the heat supply from electric heaters powered by coal fired power plants.
Location	Ulaanbaatar, Mongolia
Emission reductions	2.9 thousand tCO_2e/year (estimate)

Project site for a family health center with GSHP

Test drilling for GSHP

Thank You!

Japan Fund for the Joint Crediting Mechanism

Fund At A Glance	
Established	June 2014
Funding	**$138.58 million** contributed by the Ministry of Environment Japan, Government of Japan (GOJ)
Objective	JFJCM provides financial incentives for adoption of advanced low-carbon technologies in ADB-financed projects. In return, a portion of generated carbon credits under the Joint Crediting Mechanism (JCM) will be shared with the GOJ.
Support Provided	Support up to 10% of total project cost, capped to $10 million for sovereign and nonsovereign projects
Eligible Countries	All ADB developing member countries that have signed bilateral agreements on the JCM with the Government of Japan: Azerbaijan, Bangladesh, Cambodia, Georgia, India, Indonesia, Kazakhstan, Kyrgyz Republic, Laos, Maldives, Mongolia, Myanmar, Palau, Papua New Guinea, Philippines, Sri Lanka, Thailand, Uzbekistan, and Viet Nam (**19 developing member countries** as of August 2025)
Project Portfolio	**$71.18 million** allocated to **11 JCM projects** which are expected to reduce 372,975 tCO_2e per year
Examples of Technologies Deployed	 Maldives: 500KWh Battery Energy Storage System  Bangladesh: High-Temperature Low-Sag Conductors  Mongolia: 5MW Solar Power Plant + 3.6MWh BESS