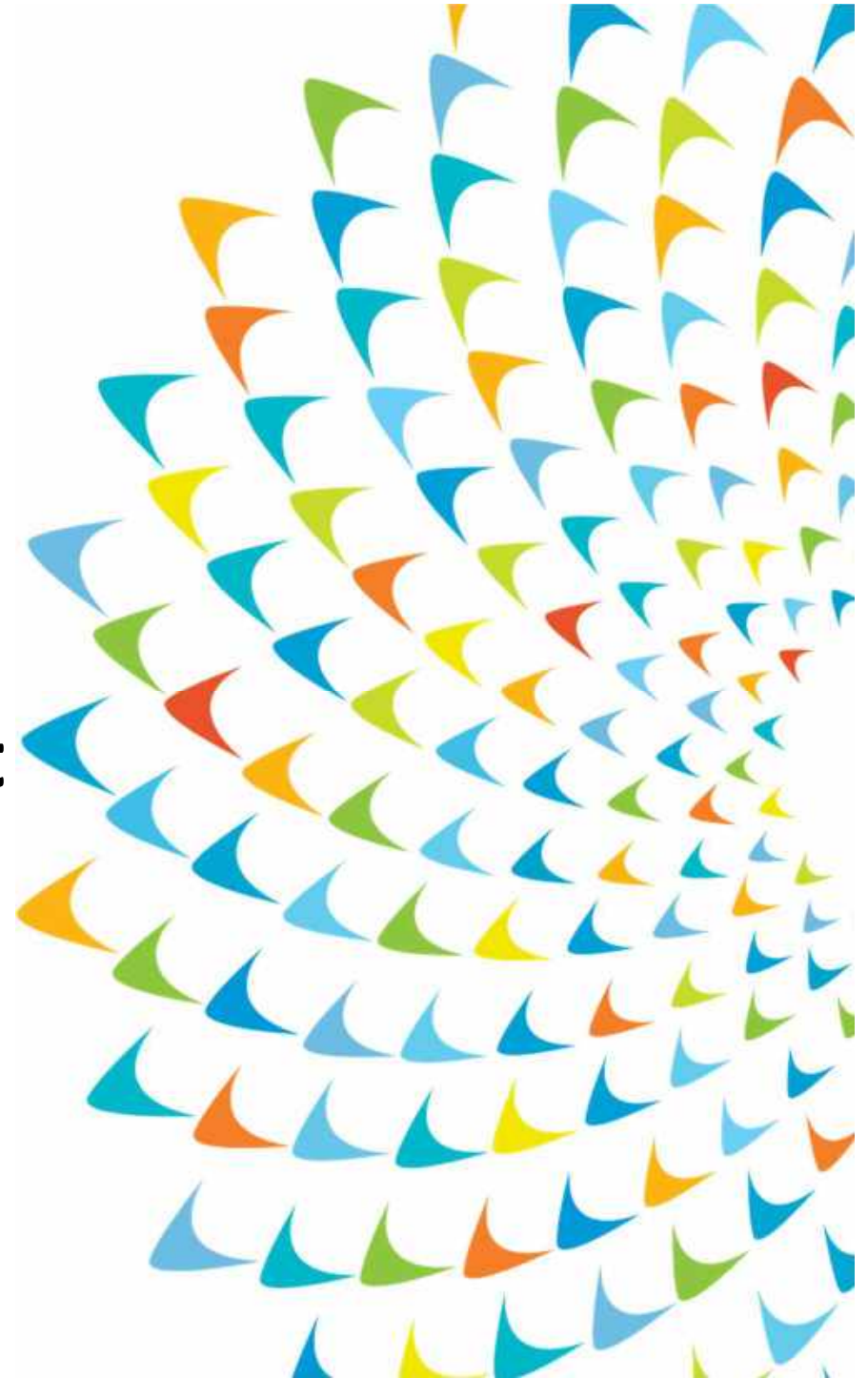


# **SDGs and the JCM under Article 6 of the Paris Agreement**

December 2019





# ADB: A Snapshot

- ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.
- Founded in 1966
- 68 members—49 within in the Asia-Pacific region and 19 outside HQ in Manila, 28 resident missions, and 3 representative offices.
- Main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

*Note: Niue joined ADB in 11 March 2019.*



Source: [ADB 2018 Annual Report](#)



## ADB Strategy 2030:

Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific



Seven Operational Priorities



**Target** 75% of ADB's of the number of committed operations (on a 3-year rolling average) will support climate mitigation and adaptation by 2030



**Target** Climate finance from ADB's own resources reach \$80 billion (2019-2030)

# ADB Supporting DMCs through the Carbon Market Program 1.0

Technical Support Facility (2006 onwards)	Asia Pacific Carbon Fund (2000-2014)	Future Carbon Fund (2008-2021)	Japan Fund for the Joint Crediting Mechanism (2014 onwards)
<p>Commenced in 2006</p> <p>Implemented through a series of 5 Technical Assistance projects</p> <p><b>TA 6363:</b> Preparing Clean Energy Projects Eligible for the Clean Development Mechanism</p> <p><b>TA 6438:</b> Implementation of the Technical Support Facility under the Carbon Market Initiative</p> <p><b>TA 8223:</b> Supporting the Use of Carbon Financing to Promote Green Growth in Asia and the Pacific</p> <p><b>TA 8654:</b> Supporting the Use of Carbon Financing from New Carbon Market Mechanisms to Promote Green Growth in Asia and the Pacific</p> <p><b>TA 9062:</b> Supporting Low-Carbon Development in Asia and the Pacific through Carbon Markets</p>	<p><b>\$151.8 million</b> Trust Fund to purchase pre-2013 CERs</p> <p>Commenced in 2007</p> <p>Fund Participants include Seven European Governments</p> <p>Supported <b>71 CDM projects in 9 DMCs</b></p> <p>Contracted <b>15.63 million CERs</b></p> <p>Provided carbon finance to <b>1.9 GW renewable energy projects</b></p> <p>All contracted CERs received and distributed to Fund Participants</p> <p>Fund closed in 2014</p>	<p><b>\$115 million Trust Fund</b> to purchase post-2012 CERs</p> <p>Commenced in 2009</p> <p>Fund Participants include Four Governments and two private sector entities from Europe and Asia</p> <p>Contracted <b>10.45 million CERs</b> with an investment of <b>\$59.5 million</b></p> <p>Supporting <b>36 CDM projects in 12 DMCs</b></p> <p>Disbursed <b>\$46.6 million</b> as of 31 October 2019</p> <p>Providing carbon finance support to <b>1.2 GW renewable energy projects</b></p> <p>Fund will close in 2021</p>	<p><b>\$70.0 million</b> by the Ministry of the Environment Japan</p> <p>Commenced in June 2014</p> <p>JFJCM provides financial incentives for adoption of advanced low-carbon technologies in ADB-financed projects</p> <p>Grant to sovereign projects (max. \$10 million)</p> <p>Interest subsidy to non-sovereign projects (max. \$10 million)</p> <p><b>\$31.48 million</b> committed to five approved projects in <b>Maldives, Cambodia, Bangladesh and Mongolia</b></p>

# Carbon Market Program 2.0

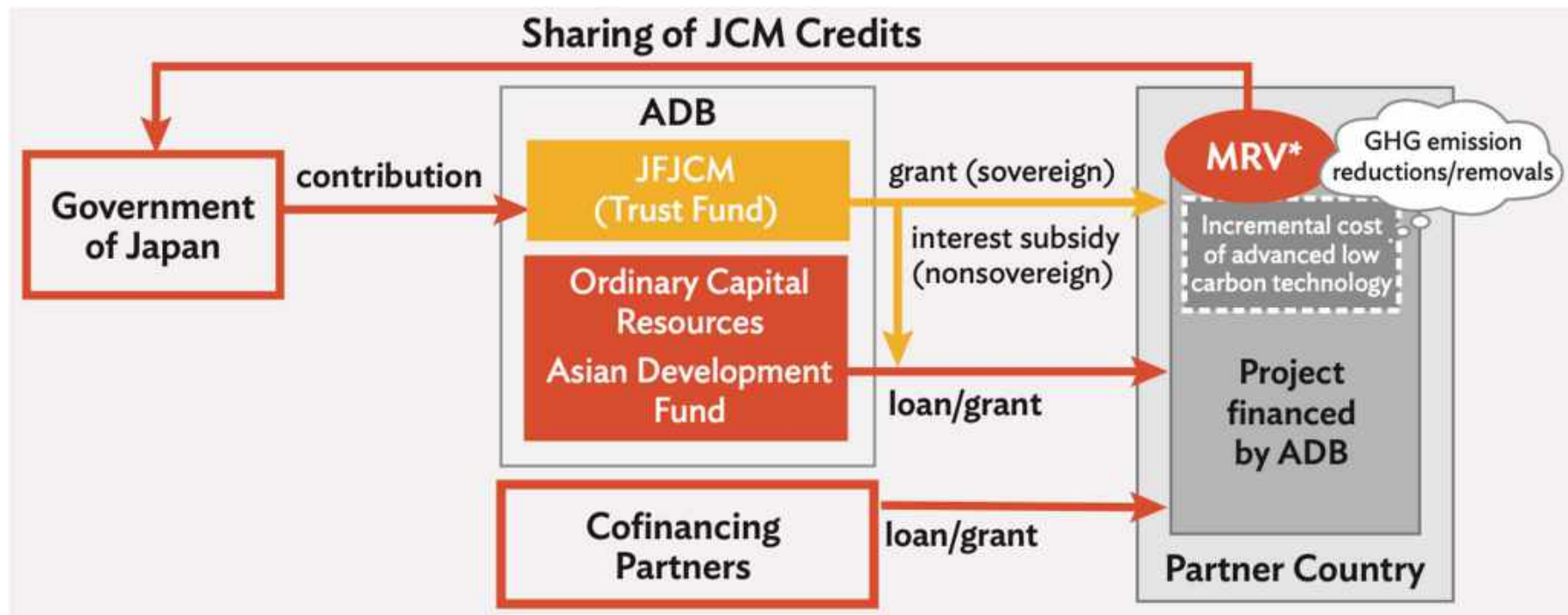






# Japan Fund for the Joint Crediting Mechanism

- Established in June 2014 as one of ADB's trust funds
- Contribution by Government of Japan: **\$70.0M** (2014-2019)
- Provides **financial incentives** for adoption of **advanced low-carbon technologies** in **ADB-financed projects** that use the Joint Crediting Mechanism (JCM)





# Sustainable Development and Article 6.2 of the Paris Agreement

- ❖ “Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, **promote sustainable development** and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.”



# Promoting Sustainable Development through the JCM

- ❖ Each JCM project contributes to the sustainable development (SD) of the partner countries by delivering a wide variety of co-benefits.
  - ❖ **Increased energy security** with renewable energy generation to the grid and to the community, **diffusion of low-carbon technologies** with built capacity, **new employment opportunity** in the construction, operation and maintenance phases of projects, **access to new infrastructure** with improved access to economic activities, air quality, health and hygiene, and **improved livelihoods**.
- ❖ Partner countries can design how to ensure sustainable development with **greater flexibility** to meet countries' priority.

E.g. **Mongolia** ensures sustainable development contribution of their projects by requiring:

  - ❖ **JCM Sustainable Development Contribution Plan** (ex-ante evaluation)
    - ❖ Assessment of negative impacts of the project and how to minimize the effect
    - ❖ Assessment of potential contributions to Sustainable Development Goals of the project
  - ❖ **JCM Sustainable Development Contribution Report** (ex-post reporting)






## JFJCM approved projects

#	Project	Country	JFJCM grant	Approval	Technologies supported
1	Preparing Outer Islands for Sustainable Energy Development Project (POISED)	Maldives	\$5 million	Mar 2015	Advanced battery system and energy management system (EMS)
2	Provincial Water Supply and Sanitation Project	Cambodia	\$10 million	Dec 2017	Energy efficient wastewater treatment system
3	Southwest Transmission Grid Expansion Project	Bangladesh	\$7 million	Jul 2018	Energy efficient transmission lines
4	Upscaling Renewable Energy Sector Project	Mongolia	\$6 million	Sep 2018	Solar PV with advanced battery system and EMS
5	Improving Access to Health Services for Disadvantaged Groups Investment Program	Mongolia	\$3.48 million	Oct 2019	Energy efficient HVAC, high insulation window, rooftop solar PV and ground source heat pump
			\$31.48 million		



## Case study : Green Hospital in Mongolia

Project name	Improving Access to Health Services for Disadvantaged Groups Investment Program
JFJCM grant	\$3.48 million
Location	Ulaanbaatar, Mongolia
Technologies supported	Energy efficient HVAC system, high insulation window, rooftop solar PV and ground source heat pump (GSHP)
Expected SD Contributions	<ol style="list-style-type: none"><li>1. Improved air quality and health by reductions in nitrogen oxides, sulfur oxides, and particular matter</li><li>2. New job opportunities and leading to further research and development in other energy-efficient technologies for building</li><li>3. Exposure of engineers and the building industry to the new technology</li><li>4. Expected GHG emission reductions with 2.9 thousand tCO<sub>2</sub>/year</li></ol> 

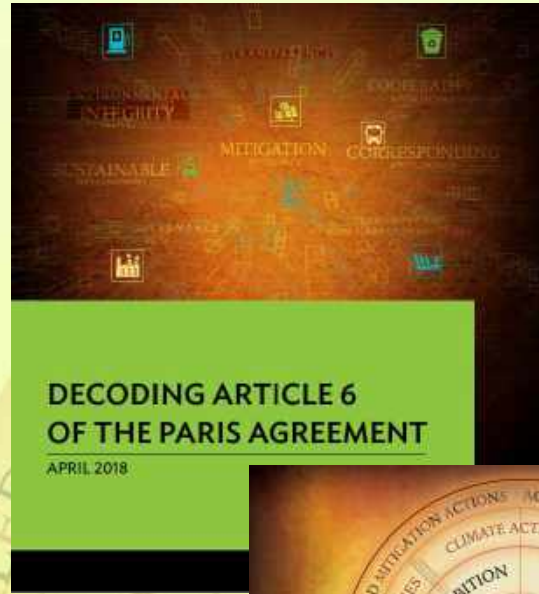
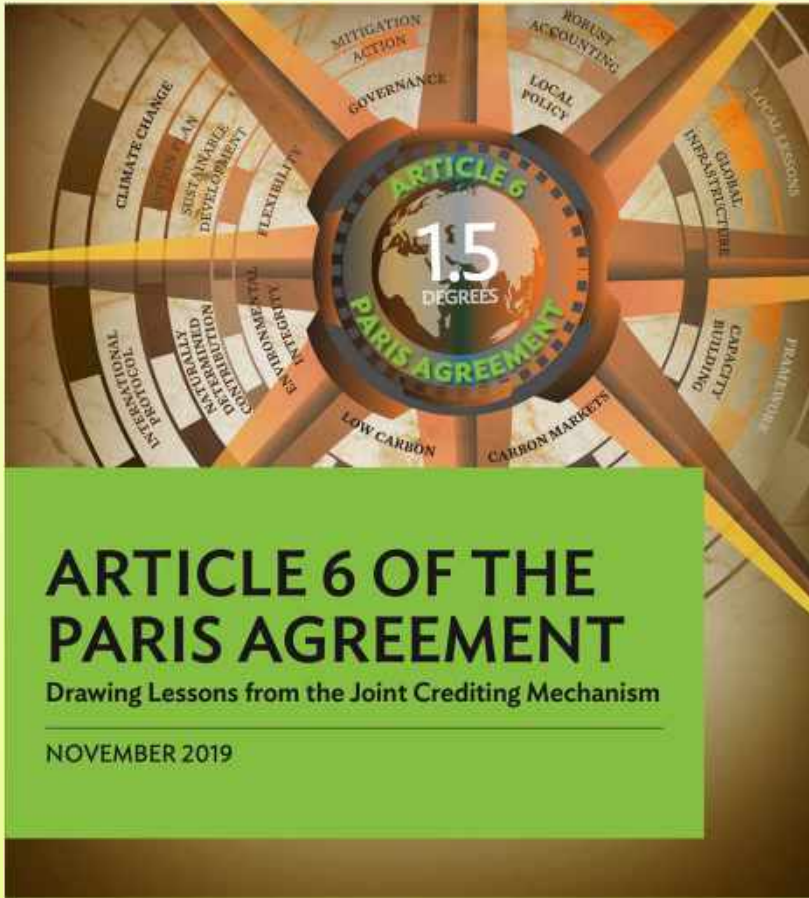


## Future Expectations for the JCM

- ❖ The JCM has been developed with anticipation of the features of Article 6.2 of the Paris Agreement, including promotion of sustainable development.
- ❖ Tangible sustainable development contributions can be observed from the existing projects
- ❖ As the Rulebook for the Article 6 of the Paris Agreement to be finalized, the JCM may need to further institutionalize how to ensure its contribution for sustainable development

# Article 6 of the Paris Agreement

## New Publication on Article 6 and the JCM





Thank you.

