

Financing Program to Demonstrate Decarbonization Technology for
Realizing Co-Innovation in 2020 (2nd selection)

Guidelines for Submitting Proposals
(Tentative translation)

1 September 2020
Global Environment Centre Foundation (GEC)

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1. Purposes and Characteristics

- This financing program aims to create innovation beneficial for both Japan and developing countries through collaboration (co-innovation). The purpose of this financing program is creating a low-carbon society through renovation and dissemination of high quality low-carbon technologies (including decarbonizing technologies; the same applies hereinafter) and products, which are some of Japan's strength, by means of systemization and packaging of multiple technologies, and by encouraging uptake of such technologies, in addition to bringing benefits to the technology developers in Japan as a result.

- These projects must contribute to reducing CO2 emissions from energy consumption. Once the project is completed, the recipient of the financial support is required to calculate and report the emission reductions of the project to the Ministry of the Environment, Japan, hereinafter referred to as the “MOEJ”.

- This financing program aims to contribute to the promotion of the Overseas Development Strategy (Environment) compiled by the Cabinet Office, Government of Japan in June 2018. This financing program is part of a strategic promotion of low-carbon technologies overseas in close coordination with the Joint Crediting Mechanism (hereinafter referred to as the “JCM”) and the “the City-to-City Collaboration Programs”.

- Participants whose project is selected for funding under this program (hereinafter referred to as “the Participant”) in the financing program will be requested to make contribution to promoting the “Regional Circular and Ecological Sphere” and the Sustainable Development Goals (SDGs), in accordance with the Fifth Basic Environment Plan.

- Participants must implement the project in accordance with the laws and regulations, as well as the guidelines provided by the Global Environment Centre Foundation (hereinafter referred to as “GEC”).
GEC reserves the right to cancel the Conclusion of Contract of Finance, if the Participant fails to follow the rules and instructions from GEC. Wherein a project does not yield sufficient results, and adequate analysis and/or explanation is not conducted or provided, the Participant may be requested to follow an administrative guidance or return the financial support provided under this program even after the completion of

a project.

<Main contents about regulations of the Contract of Finance>

- Starting a project is possible only after the Contract of Finance is closed.
- When the Participant plans to use, sell, exchange, lend, collateralize, dismantle or dispose of the property for purposes other than specified in the proposal, they must seek an approval by GEC prior to these actions taken for the property.
- If these obligations are not fulfilled sufficiently, GEC may provide instructions for improvement. The Contract of Finance may be cancelled in case of serious situations.

2. Contents

(1) Eligible Technologies

This financing program is intended for renovation and demonstration of low-carbon technologies that reduce energy-related CO₂ emissions. The examples of such technologies are as follows;

- Technologies which contribute to the reduction of energy-related CO₂ emissions through waste management in developing countries.
- Technologies which contribute to the reduction of CO₂ emissions from the transport, household, or business sectors and others in developing countries.
- Technologies which contribute to the promotion of renewable energy using solar power generation, wind power generation, geothermal power generation or hydroelectric power generation in developing countries.
- Technologies which transform social systems of developing countries into low-carbon ones.
- Other technologies which contribute to the reduction of energy-related CO₂ emissions.
Furthermore, desirable projects are those that aim to systematize or package multiple technologies listed above.

(2) Participant Eligibility

A) Who Is Eligible to Participate?

A participant which is entitled to request and receive financial support under the financing program shall satisfy the requirements ① to ⑦ listed below:

① A representative participant of the financing program shall be a Japanese entity which is:

- i. a private company,

- ii. an independent administrative institution,
 - iii. an incorporated association/foundation, or
 - iv. any organization admitted as appropriate by GEC with approval from the Minister of the Environment, Japan
- ②A participant described in ① shall be the representative entity of an international consortium.
- i. International consortium is an association (no legal personality) that consists of a Japanese entity mentioned in ① and a foreign entity(ies), etc., with the objective of effectively and efficiently implementing the project.
 - ii. Eligible project shall be jointly implemented by member(s) of an international consortium. Member(s) of the international consortium other than the representative participant is called a partner participant(s).
 - iii. Application for the financing program shall be submitted by the representative participant.
 - iv. Unless GEC approves, the representative participant and a partner participant(s) cannot be changed after the selection of project.
- ③A participant shall have developed structure for the implementation of the eligible project and have technical capacity to appropriately implement the eligible project;
- ④A participant shall have a financial basis to bear the costs necessary to appropriately implement the eligible project;
- ⑤A participant shall have adequate management structures and handling capacity for accounting and other administrative work related to the eligible project;
- ⑥A participant shall explain the contents, effect on GHG emission reductions, details of the cost, investment plan, etc. of the eligible project;
- ⑦A participant shall take a pledge regarding the exclusion of *boryokudan*, or organized crime groups.

B) Requirements of International Consortium Members

- ①Japanese entity as a representative participant of an international consortium is responsible for the followings:
- i. To Apply for the financing program,
 - ii. To Manage the progress in the project, developing the project implementation plan, and acting as the contact entity for accounting and other administrative work related to the project,
 - iii. To implement the renovation and demonstration of the leading low-carbon technologies under the responsibility of the representative participant. Managing

the facilities/equipment to be utilized according to the purpose of the financing program for legal durable years of the facilities/equipment as stipulated by the Japanese law,

- iv. To return of the finance resulting from violations of the Financing Regulations by any of the partner participants.
- ② Partner participant(s) of the international consortium are responsible for the followings:
- i. To cooperate with the representative entity on effectively and efficiently implementing the project on renovation and demonstration of low-carbon technologies, and diffusing the results in the project host country.
 - ii. To manage the facilities/equipment with due care of a prudent manager for their legal durable years as stipulated by the Japanese law in order to realize their efficient operation in accordance with the purpose of the financial support even after the completion of the financing program, when possessing the facilities/equipment.
 - iii. To provide information necessary to verify the operating status of facilities, management status, CO2 emission reductions and other results, when requested by the MOEJ (including private entities entrusted by the MOEJ) or GEC.
 - iv. To report to GEC and obtain approval when there is a change in the constituent member(s) of the international consortium, and to continue to follow the abovementioned obligations i. through iii.

C) Cooperator

Entities outside of the international consortium who wish to participate in a project are required to do so as a cooperator. A representative participant has the responsibility of managing the progress of cooperator(s) to ensure smooth implementation of a project. In addition, cooperator(s) are not permitted to possess facilities/equipment acquired from this financial support.

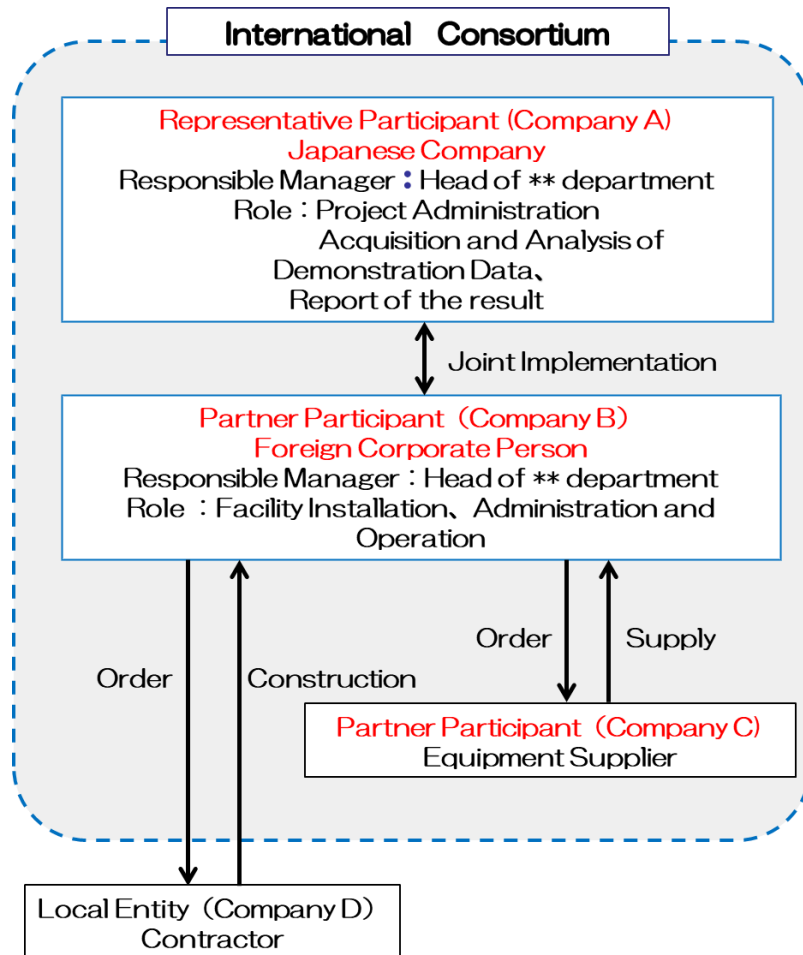
Notes

※University corporations, NPOs and local governments are not eligible to serve as a participant in an international consortium. Entities which fall into these categories must participate in projects as a cooperator.

※Cooperation with overseas affiliated entities, including those listed above, who are knowledgeable about the local context is important for renovation, demonstration and diffusion of low-carbon technologies in the partner countries . Please fill in the

information about cooperator(s) in Project Implementation Plan.

※If there are any questions about the eligibility requirements for applicants, please contact GEC at any time.



(3) Eligibility Requirements for financial support

A project eligible for the financing program must meet the requirements A) to E) listed below:

A) Partner countries that wish to implement low-carbon technologies must meet the eligibility requirement ① or ② as follows;

- ① Countries that are signatories to the JCM (listed in Annex 2) as of 1 April 2020. (※Countries which become a JCM member country after this date shall also be included.)
- ② Developing countries that have a potential of becoming a JCM partner country .

B) Low-carbon technologies which applicants wish to implement through the financing program must meet all of the requirements ① through ⑥ listed below:

- ① It contributes to the reduction of energy-related CO2 emissions. Technologies which contribute only to the reduction of other greenhouse gases other than CO2, or technologies which absorb or fix CO2 (i.e. through absorption of CO2 in the atmosphere) that cannot be clearly identified as energy-related emissions, are not eligible.
 - ② The main technologies must be those that have gone through a demonstration phase in Japan. Those still in a study phase will not be eligible.
 - ③ It is relatively new to the partner country or region, with no similar project(s) that have been selected for either this financing program or the “Financing Programme to Demonstrate Advanced Low-Carbon Technology Innovation for Further Deployment in Developing Countries” (Implemented from Japanese fiscal year 2014 to 2018).
 - ④ It requires modification or renovation of the component of equipment or facilities in order to be implemented in a partner country, as their market, demand, regulations, custom, resources and energy availability, and the impacts of COVID-19 vary from those of Japan.
 - ⑤ It has a potential of being re-introduced in Japan and contributing to the domestic CO2 emission reductions in the future.
- C) All projects must complete within 3 years.
- D) All project must contribute to the capacity development of the local personnel and sustainable market creation in the partner country.
- E) Facilities introduced by this financing program cannot be funded by other subsidies from Japan (Act No. 179 of 1955).

The participant are required to observe the laws of the partner countries and region, and carry out the project in an appropriate manner during the project implementation period in both Japan and the other countries.

(4) Costs Eligible for Financing

The financing program covers the following costs. Note that the financial support is limited only to those costs that can be verified as having been spent for implementation of eligible projects.

- (a) Cost of main construction work
- (b) Cost of ancillary work
- (c) Cost of machinery and appliances
- (d) Cost of surveying and testing

- (e) Cost of facilities/equipment (including monitoring equipment)
- (f) Cost of administrative work

When the Participant is procuring their own products in a project, the profit portion of the cost must be excluded from the expenses which is to be covered by the financial support under this program. Therefore, when procuring from the Participant's company, only the prime cost (such as the manufacturing cost of the procured product) shall be included in the costs covered by the financial support.

※If it is difficult to calculate the manufacturing cost due to the nature of business of the Participant, other reasonable explanations may be used to calculate the prime cost.

[Costs which are NOT eligible for financing]

- (a) Cost related to land acquisition and construction of buildings (excluding temporary ones.)
- (b) Cost of removing existing facilities/equipment (including miscellaneous expenses related to removal costs)
- (c) Cost of multipurpose machinery and equipment
- (d) Cost of addressing impacts of accidents or natural disasters that occur during the project implementation period
- (e) Spare parts
- (f) Costs related to writing reports as part of the financing program
- (g) Cost of forward exchange contract and remittance charge
- (h) Other costs that are not directly related to this financing program

(5) Amount of Financial Support

The ratio of financial support to the project cost shall be determined based on the classification as follows:

A) Small and medium-sized enterprises

(As for the international consortium, all of the constituting Japanese entities must fall into this category). Two-thirds

B) Participants who do not fall into the classification A)

Project cost at time of the application exceeds one hundred million Japanese yen per fiscal year. 50%

C) Participants who do not fall into the classification A)

Project cost at the time of the application does not exceed one hundred million

Japanese yen per fiscal year. One-thirds

※How to calculate a multi-year project into single fiscal year cost

(1) Multi-year projects

Total project cost ÷ project duration (in fiscal years) = cost of single fiscal year

(2) Project for single fiscal year

Total project cost = cost of single fiscal year

(6) Implementation Period of Financing Program

The implementation period of the financing program shall be from the date indicated on the Notice of Contract of Finance until 31 January 2023 at longest. Contract or purchase order prior to or after this period is not covered by this financial program. All of payment that are relevant to the financial program must be completed on or before the following dates.

- 1-year project: 26 February 2021
- 2-year project: 28 February 2022
- 3-year project: 31 January 2023

Project implementation period shall be within 3 years. Application documents for the Contract of Finance must be submitted in the first fiscal year. There is no need to submit the application documents for the Contract of Finance after the second fiscal year.

3. Application for Contract of Finance

(1) Selection of participants

GEC conducts call for request for proposals and evaluates the submitted proposals according to Annex 1 “Criteria for Selecting Financing Program to Demonstrate Decarbonization Technology for Realizing Co-Innovation”. GEC will notify the selected applicants within approximately two months after the application deadline.

(2) Evaluation of Proposals

Evaluation consists of the following two processes.

(a) Eligibility Review: Projects must fulfill all of the requirements

(b) Assessment Review: Projects gain points based on the contents of proposals

Firstly, proposals are assessed whether they satisfy all the criteria in “(a). Eligibility Review” of Evaluation Criteria. Then GEC will convene an evaluation committee consisted of experts, which will select proposals for funding, with consideration for the

budget allocated for this program, based on the proposal documents and interviews.

During the Eligibility Review, proposals which fall into one or more of the following categories will not be given further consideration:

- Not fulfilling the requirements that are listed in “Guidelines for Submitting Proposals”
- Missing essential documents
- Missing essential contents in the documents

Please note that result of evaluation or reasons for not selecting the projects cannot be disclosed. In addition, applicants may be asked to make adjustments to their project plans or other details, depending on the evaluation results.

[Evaluation benchmarks]

- (a) Likelihood of commercialization and diffusion of technologies after the completion of the project.
- (b) Validity of the theme or concept.
- (c) Validity of project implementation plans, such as effect on CO2 emission reductions, project implementation structure, implementation plans and expenses.
- (d) Evaluation from a policy perspective

A part of the “(d) Evaluation from a policy perspective” is assessed based on the Annex 2 “Countries and Fields that Implemented in Top Priority”.

The details about this evaluation is mentioned in the Annex1 “Evaluation Criteria for Selecting Financing Program to Demonstrate Decarbonization Technology for Realizing Co-Innovation in FY2020”.

(3) Announcement of Selected Applicants

GEC will issue a notice on the selection to the selected applicants, and the information about the decision will be publicly posted on GEC’s websites.

(4) Application for Contract of Finance

Applicants selected for the financing program must submit application documents for the Contract of Finance, which to be signed between participant and GEC. The contents of the application documents for Contract of Finance will be reviewed in advance, and GEC may request the applicants to make adjustments and re-submit the documents.

(5) Closing of Contract of Finance

GEC shall examine the contents of the submitted documents (such as technical aspects and projects budget, including supporting documents for the budget), and conclude

Contract of Finance with the participants when these documents are appropriately completed. GEC shall make decisions with consideration for the items listed below during the evaluation process.

- Project plan (including fund raising plans; development and demonstrations plans) is sound, and that the project is likely to be completed.
- Expenses which will be covered by this program do not include costs that are also covered by other financial support from the Japanese government.
- Expenses do not include irrelevant expenses.

(6) Start of a Project

Starting a project is possible only after the Contract of Finance is concluded. Participants should note the following points to be considered.

- (a) For the contracts which are necessary to implement the model project between participants and other entities, the date of concluding contracts must be later than the date of concluding Contract of Finance.
- (b) For the abovementioned contracts, participants should select other entities through competition principle as long as it's applicable.

(7) Changes in Financial Support and Implementation Plans

1. If participants need to change implementation plans and then financial support for some reason, participants need to submit documents applying for the change in financial support and obtain an approval from GEC in advance.
 2. Even though there is no changes in financial support, participants shall submit documents applying for the changes described below and obtain the approval from GEC.
 - A) Modifying the proportion of cost allocated in each classification except for changes within 15 % of the lowest cost.
 - B) Changing the implementation plan except for the following small changes.
 - ① No changes in the purpose of the project and increase efficiency based on creativity by participants
 - ② Small changes in the implementation plan not related to the purpose and the efficiency of the project
- ※The Participant must carry out the required procedure to revise the Application for Contract of Finance, in case when there are any changes in the amount of financial support requested.

(8) Reports to be Submitted and its Review

① Reports by each end of fiscal year

Participants shall submit reports by each end of fiscal year to GEC by 10th April.

② Report for completion of model project

Participants shall submit a report for completion of model project within 30 days from the completion of model project, or by 10th March of each year (by 28th February in Japanese fiscal year 2023, the final year of 3-year project), whichever comes first. All payments by participants to other entities in line with respective contracts shall be completed by the submission of report for completion of model project.

(9) Disbursement of Finance

GEC shall make disbursement to the Participant, based on the amount requested, on or before 30 April in the Japanese fiscal year following recipient of the request for financial support.

Also, when participants request for the intermediate payment, the same financial procedures will be conducted based on the completed portion of the model project.

When making the final disbursement, the participant shall be paid the amount excluding the intermediate payments from the total amount of financial support. However, if the total amount of the intermediate payments exceed the total amount of financial support, GEC will request that the participant return the difference.

(10) Management of Acquired Property

The Participant must manage the operation of the property(es) acquired or enhanced through the financing program with goodwill and in accordance with purpose of financial support, after the completion the financing program. All of the equipment, facilities, etc. installed through the financing program must have a sticker showing that it is part of the “Financing Program to Demonstrate Decarbonization Technology for Realizing Co-Innovation in 2020” financed by the MOEJ.

The Participant must prepare a property management ledger for the property(es) acquired or enhanced through the financing program.

When participants plan to use, sell, exchange, lend, collateralize, dismantle or dispose of the property for the purpose other than the financing program, participants shall seek an approval by GEC prior to these actions taken for the property. Note that such actions may result in return of finance.

When participants plan to use, sell, exchange or lend property among members of the international consortium in line with the purpose of the financing program, participants

shall report to GEC prior to these actions taken for the property.

Participants are not required to seek approval from GEC when disposing equipment or properties in the following cases:

- a) Unit value of the property(es) is below 500,000 JPY
- b) Property(es) has been used beyond the Japanese legal durable years.
- c) Property(es) is not serviceable due to a natural disaster or fire, or it is unsafe to use for reasons related to the location of the properties or its structural integrity, for which prior acknowledgment has been obtained from GEC.

(11) Cancellation of Contract of Finance

When the Participant corresponds to one of the following actions, Contract of Finance may be cancelled fully or partially. Participants shall return whole or part of the received finance. For items a) through d), the Participant must return the financial support including the interests. For the item e), the Participant will not be requested to return the portion of expenses that has already been spent.

- a) The application of cancellation or discontinuation the model project is filed
- b) Violate relevant Laws, Financing Regulations, or order by GEC
- c) Use the finance to other purpose that are not relevant to model project
- d) Act inappropriately
- e) No longer need to implement part or all of the financing program due to the changes in the circumstances of participants (Excluding the cases where the Participant is responsible for the partial or full termination of the project.)

(12) Intermediate evaluation

For multi-year projects, an intermediate inspection in a form of an interview by an evaluation committee, will be conducted upon receiving an interim report from the Participant each year.

The evaluation committee will review the progress of the project against the project implementation plan, evaluate the achievement of the targets for each fiscal year, and give advice to ensure that the project meets such targets.

In addition, for single-year projects the Participant is also required to report the results and receive evaluation from the evaluation committee.

(13) Reporting

After the completion of the project, the Participants must submit a project report on CO2 emission reductions to the Minister of the Environment, Japan, within 30 days from

the end of the fiscal year each year. Each report must address the CO2 emission reductions, etc. during the past year. Reporting obligations will occur for the period between the date of the project completion and the end of following March, and for the period of 3 years thereafter.

In addition, the Participant must retain the proof documents for each report for 3 years after the end of the fiscal year.

(14) Achievement of the objective

Contribution to CO2 emission reductions shall remain the objective of participants even after completion of the project, in accordance with the purpose of financial support. However, if it becomes impossible to commit to this objective, participants must address the reasons in a project report.

(15) Cooperation with surveys conducted by the MOEJ

After the completion of the financing project, the Participant must cooperate with the surveys and provide information when requested by the MOEJ (including private entities entrusted by the MOEJ). The MOEJ may request information about the operational status or management status of acquired properties, CO2 emission reductions and other in order to verify the result of the financing project.

(16) Penalty for Injustice Acts

When false application, receiving of other subsidy by the Government of Japan, or any violations to other Laws are identified, Contract of Finance may be cancelled and/or return of finance may be ordered.

(17) Schedule

Date	Items
Japanese Fiscal Year 2020	
Tuesday, 1 September	Announcement of call for proposals
Friday, 23 October	Submission deadline (12:00 JST) GEC may request additional information by telephone, email or interview for applicants, beginning after 1 July.
Mid- November	Semi-annual inspections (Only for participants which selected in 1 st selection) (Conducted to confirm documents about expenses from the

	time of Notice of Contract of Finance issuance to October)
Late November	Interview with applicants (conducted in Tokyo) Evaluation by the evaluation committee consisting of experts.
After evaluation and selection of proposal (Mid-December)	Advance notification of financial support (Decided after consultation with the MOEJ, based on the evaluation by the selection committee)
After advance notification of financial support	Briefing session about “Application for Contract of Finance” and “Execution of the financial support” (conducted in Tokyo and Osaka)
	Submission of Application for Contract of Finance
	Notice of Contract of Finance issued to Japanese representative participants Implementation of model projects (Based on evaluation by GEC)
Every month	Submission of a monthly report
Late December – Late January 2021	Submission of an intermediate progress report intermediate evaluation (conducted in Tokyo) (Only for participants which selected in 1 st selection)
End of February 2021	[1-year project] Completion of the financing program
February – March 2021	[1-year project] -Submission of final reports (due by 10 March 2021) -Inspection by GEC (document review and on-site inspection, etc. if necessary) [2- or 3-year projects] -Midterm inspection by GEC (document review and on-site inspection, etc. if necessary) -Submission of midterm report (due by 10 April 2021)
Japanese Fiscal Year 2021	
April	Disbursement of financial support
Every month	Submission of a monthly progress report
Mid- November	Semi-annual inspections (Conducted confirm documents about expenses from the time

	of Notice of Contract of Finance issuance to October)
Late December – Late January 2022	Submission of an intermediate progress report Intermediate evaluation (conducted in Tokyo)
End of February 2022	[2-year project] Completion of the financing program
February – March 2022	[2-year project] -Submission of final reports (due by 10 March 2022) -Inspection by GEC (document review and on-site inspection, etc. if necessary) [3-year projects] -Midterm inspection by GEC (document review and on-site inspection, etc. if necessary) -Submission of midterm report (due by 10 April 2022)
Japanese fiscal year 2022	
April	Disbursement of financial support
Every month	Submission of a monthly report
Mid- November	Semi-annual inspections (Conducted confirm documents about expenses from the time of Notice of Contract of Finance issuance to October)
Late December – Late January 2023	Submission of a mid-project progress report Intermediate evaluation (conducted in Tokyo)
End of January 2023	[3-year project] Completion of model projects
February – March 2023	[3-year project] -Submission of final reports (due by 28 February 2023) -Inspection by GEC (document review and on-site inspection etc. if necessary)
March 2023	Disbursement of financial support

4. Submission of Proposals

(1) How to Submit Proposals

A complete proposal must be submitted to GEC Tokyo Office in a sealed envelope by registered mail, private courier service or by hand-delivery. Proposals submitted by fax, e-mail or via Internet will be rejected. Proposals should be written in Japanese.

(2) Acceptance period of Submission of Proposals

Tuesday, 1 September 2020 – Friday, 23 October 2020 (12:00 JST)

(3) Documents to be Submitted

The following documents must be included in a proposal. If a format is specified, please download the format from the website for this call for proposals (available only in Japanese). A complete proposal must be submitted in an electronic media format (CD-R).

(a) Form No.1 Application Form

(b) Form No.2-1 Project Implementation Plan and Form No.2-2 Project Implementation Schedule

※Fill in each field of the Project Implementation Plan and attach the following documents;

- Calculation of CO2 emission reductions
- Other evidence documents

※Applicants must submit a project implementation schedule which includes all processes to be undertaken during the project implementation period.

(c) Form No.3-1, Form No.3-2 and Form No. 3-3 Budget (including supporting documents, such as quotations, of the budget)

※Evidence for each item in the budget must attached as a reference materials.

(d) Form No.4 Outline of Submission of Proposal

※Do not include the contents that are not mentioned in Form No.2-1 (Excluding pictures).

(e) Company information (such as company brochure) and articles of incorporation of both representative participant and partner participant(s)

Representative participant must submit a copy of the registration certificate.

(f) Financial statement of both representative participant and partner participant(s) (audited, recent 3 consecutive years)

(g) International consortium agreement

Draft International consortium agreement and status toward signing the agreement.

Signed agreement must be submitted to apply for Contract of Finance.

(h) Form No.6 Checklist for Submission of Proposal

(i) Other supporting documents

(4) Where to Submit Proposals?

A complete proposal must be submitted to the address below:

Global Environment Centre Foundation Tokyo Office

3rd Floor, Hongo Ozeki Bldg., 3-19-4, Hongo, Bunkyo-ku, Tokyo 113-0033, JAPAN

Email: inov@gec.jp

5. Notes

(1) Publication

The names of the selected projects and respective representative participants will be published on the website of GEC. GEC may also make a press release at the same time.

GEC will contact and coordinate with the selected applicants in order to decide whether to publish such information, if it can be harmful to the future financial gains or the market competitiveness of the participants, or if the information in question is not intended for disclosure.

(2) Cost

For the cost covered by the model project, participants shall prepare and maintain account books. The books shall separate other costs which are not covered by the financing program, and record amount of income, expense and its usage, attached with relevant evidences of such income and expense.

The account books and evidences shall be stored for 5 years after the financing program is completed.

(3) Presentations on the Projects

Participants are encouraged to present their projects publicly by themselves, and when doing so, participants should explain that the projects are implemented as “Financing Program to Demonstrate Decarbonization Technology for Realizing Co-Innovation” funded by MOEJ.

**Evaluation Criteria for Selecting Financing Program to
Demonstrate Decarbonization Technology for Realizing
Co-Innovation in FY2020**
(Tentative translation)

5 June 2020

Global Environment Centre Foundation

1. INTRODUCTION

In order to select “Financing Program to Demonstrate Decarbonization Technology for Realizing Co-Innovation” in fair and transparent way, the Global Environment Centre Foundation (GEC) organized an external committee and established this evaluation criteria, which was approved by the committee.

GEC will select the projects, based on this evaluation criteria.

2. PURPOSE OF THE FINANCING PROGRAM

“Financing Program to Demonstrate Decarbonization Technology for Realizing Co-Innovation” aims to create innovation beneficial for both Japan and developing countries through collaboration (co-innovation). The purpose of this financing program is creating a low-carbon society through renovation and dissemination of high quality low-carbon technologies (including decarbonizing technologies; the same applies hereinafter) and products, which are some of Japan's strengths, by means of systemization and packaging of multiple technologies, and by encouraging uptake of such technologies, in addition to bringing benefits to the technology developers in Japan as a result.

3. OVERVIEW OF CRITERIA

Proposals for projects will be reviewed based on the following criteria. Assessment reviews are conducted by a selection committee for applicants who satisfy all the eligibility criteria.

A. Eligibility Review

A proposal will be reviewed whether it meets the following eligibility criteria. When all of these eligibility criteria are met, the proposal will proceed to the “B. Assessment Review.” If any of these eligibility criteria is not met, the application will be rejected.

(1) Requirements of financial support

A project eligible for the financing program must meet the requirements A) to E) listed below:

A) Partner countries that wish to implement low-carbon technologies must meet the eligibility requirement ① or ② as follows;

① Countries that are signatories to the JCM (listed in Annex 2) as of 1 April 2020.

(※Countries which become a JCM member country after this date shall also be included.)

② Developing countries that have a potential of becoming a JCM partner country.

B) Low-carbon technologies which applicants wish to implement through the financing program must meet all of the requirements ① through ⑥ listed below:

- ① It contribute to the reduction of energy-related CO2 emissions. Technologies which contribute only to the reduction of other greenhouse gases or other than CO2, or technologies which absorb or fix CO2 (i.e. through absorption of CO2 in the atmosphere) that cannot be clearly identified as energy-related emissions, are not eligible.
- ② The main technologies must be those that have gone through a demonstration phase in Japan. Those still in a study phase will not be eligible.
- ③ It is relatively new to the partner country or region, with no similar project(s) that have been selected for either this financing program or the “Financing Programme to Demonstrate Advanced Low-Carbon Technology Innovation for Further Deployment in Developing Countries” (Implemented from Japanese fiscal year 2014 to 2018).
- ④ It requires modification or renovation of the component of equipment or facilities, in order to be implemented in a partner country as their market, demand, regulations, custom and resources availability vary from those of Japan.
- ⑤ It has a potential of being re-introduced in Japan and contributing to the domestic CO2 emission reductions in the future.

C) All projects must complete within 3 years.

D) All project must contribute to the capacity development of the local personnel and sustainable market creation in the partner country.

E) Facilities introduced by this financial program cannot be funded by other subsidies from Japan (Act No. 179 of 1955).

The participants are required to observe the laws of the partner countries and region and carry out the project in an appropriate manner during the project implementation period in both Japan and the other countries.

(2) Who Is Eligible to Participate?

A participant which is entitled to request and receive financial support under the financing program shall satisfy the requirements ① to ⑦ listed below:

- ① A representative participant of the model project shall be a Japanese entity which is:
 - i. a private company,
 - ii. an independent administrative institution,

- iii. an incorporated association/foundation, or
 - iv. any organization admitted as appropriate by GEC with approval from the Minister of the Environment, Japan
- ②A participant described in ① shall be the representative entity of an international consortium.
- i. International consortium is an association (no legal personality) that consists of a Japanese entity mentioned in ① and a foreign entity(ies), etc., with the objective of effectively implementing the project.
 - ii. Application for the financing program shall be submitted by the representative participant.
 - iii. Unless GEC approves, the representative participant and a partner participant(s) cannot be changed after the selection of project.
- ③A participant shall have developed structure for the implementation of the eligible project and have technical capacity to appropriately implement the eligible project;
- ④A participant shall have a financial basis to bear the costs necessary to appropriately implement the eligible project;
- ⑤A participant shall have adequate management structures and handling capacity for accounting and other administrative work related to the eligible project;
- ⑥A participant shall explain the contents, effect on GHG emission reductions, details of the cost, investment plan, etc. of the eligible project;
- ⑦A participant shall take a pledge regarding the exclusion of *boryokudan*, or organized crime groups.

B. Assessment Review

After passing the eligibility review, the proposal will be reviewed and scored using the following assessment criteria. Only the proposals that receive a minimum of 60% of the total score may be selected for funding, The total scores are calculated based on the evaluation of each item from ① to ⑤ as follows:

- ①Likelihood of commercialization and diffusion after the project completion (35 points)
- Do the representative participant and partner participant(s) have the sufficient technical and financial means and capabilities to carry out the proposed project?
 - Is the fund raising plan for commercialization appropriate?
 - Is there a potential for early commercialization and diffusion to take place in the partner country?
 - Is there a potential for the technology(es) to be re-introduced in Japan and contribute

to the domestic CO2 emission reductions in the future?

② Validity of theme and concept (20 points)

- Does the project meet the objectives of this financing program?
- Does the project include utilization of multiple systematized technologies as a package?

※ Proposals that only include a single technology will not be excluded from the evaluation process, but they will not receive points under this section.

- Is the renovation and demonstration implemented based on the sufficient analysis about the differences between partner country and Japan, on market, environmental regulations, custom, resources and energy availability and impact of COVID-19?
- Is the technology(es) relatively new in the partner country?

③ Validity of project content, such as the effect on CO2 emission reductions, project implementation plans and expenses (35 points)

- Are the expected CO2 emission reductions and the cost effectiveness of the reduction sufficient to meet the expected standard, and calculated using an appropriate calculation method based on appropriate assumptions?
- Are the implementation structure and implementation plan feasible and effective in consideration of the content of the project and future diffusion?
- Are the contents and amount of the expenses appropriate?
- Will the implementation structure and implementation plan enable collaboration through capacity-building in, and reflect the needs and voices of the partner country?,

④ Evaluation from a policy perspective (10 points)

- Points based on Annex 2 “Countries and Fields that Implemented in Top Priority” (7 points)
- Contribution to sustainable development (3 points)

Projects that coincide with policies (including NDC) in the partner country.

Projects that contribute to the fulfillment of sustainable development and SDGs in the partner country.

※ SDGs (Sustainable Development Goals): An international agenda to be implemented from 2016 to 2030, mentioned in “The 2030 Agenda for Sustainable Development” which was adopted at “United Nations Sustainable Development Summit 2015” in September 2015.

Countries and Fields of Priority

1. Countries that are signatories to the JCM (as of 1 April 2020) (4 points)

Mongolia, Bangladesh, Ethiopia, Kenya, Maldives, Vietnam, Laos, Indonesia, Costa Rica, Palau, Cambodia, Mexico, Saudi Arabia, Chile, Myanmar, Thailand and Philippines

※If other countries establish JCM, they shall be included in “Countries of Priority”

※Other countries may be accepted as a partner country if it is deemed that support from Japan is beneficial. However, projects that will take place in a such country will not receive points under this section.

2. Fields (3 points)

Fields covered in the “Overseas Development Strategy (Environment)” (compiled by Cabinet Office in June 2018).

※The selection committee shall evaluate the relevancy of the proposed project to such fields.