

Call for Proposals for JCM Model Projects in 2020

Guidelines for Submitting Proposals

(Tentative translation)

6 April 2020

Global Environment Centre Foundation (GEC)

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1. Purpose

Japan establishes and implements the Joint Crediting Mechanism (hereinafter referred to as “the JCM”) in order both to appropriately evaluate contributions from Japan and to greenhouse gas (GHG) emission reductions or removals in a quantitative manner achieved through the diffusion of low carbon or decarbonizing technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions in developing countries.

Starting from Mongolia in January 2013, Japan has established the JCM with 17 partner countries (Mongolia, Bangladesh, Ethiopia, Kenya, Maldives, Viet Nam, Lao PDR, Indonesia, Costa Rica, Palau, Cambodia, Mexico, Saudi Arabia, Chile, Myanmar, Thailand and Philippines) as of 6 April 2020.

In order to support the implementation of candidate JCM projects, Ministry of the Environment, Japan (hereinafter referred to as “MOEJ”) has been implementing the “JCM Model Projects (hereinafter referred to as “model project”),” which includes collaboration with projects supported by the Japan International Cooperation Agency (JICA) and government-affiliated financial institutions.

The purpose of this model project is to financially support the implementation of projects which reduce GHG emissions by utilizing leading low carbon technologies in developing countries, and in return, to acquire JCM credits for achievement of Japan’s GHG emission reduction target. Moreover, along with the Overseas Development Strategy (Environment) compiled by Cabinet Office in June 2018, the JCM model project aims to contribute to global GHG emission reductions, through the diffusion of leading low carbon or decarbonizing technologies.

In the fiscal year 2020, a new scheme named “JCM Eco Lease Scheme” will be introduced by MOEJ for further promotion of the model projects. This new scheme has an advantage in reducing the reporting burden of representative participants with shorter monitoring period and simple proposal document.

Unique rules and conditions applied to the JCM Eco Lease Scheme are explained in the related chapters.

2. Contents

(1) Overview

Participants in the model project shall implement a project to reduce GHG emissions utilizing leading low carbon technologies, and also shall conduct measurement, reporting and verification (MRV) of GHG emission reductions.

The model project will finance part of an investment cost, as premises for seeking to deliver JCM credits (at least half of issued credits) to the Government of Japan. The finance will be provided to a Japanese representative participant in an international consortium composed of a Japanese participant(s) and a JCM partner-country participant(s) which shall efficiently promote the implementation of projects (hereinafter referred to as “international consortium”).

Participants shall conduct the following procedures of their relevant project:

(a) Application for registration as JCM Project:

Participants shall apply their relevant project to be registered as a JCM project, including developing a Project Design Document (PDD), conducting a local stakeholder consultation (LSC) as a part of development of PDD, and cooperating with a Third-Party Entity (TPE) which implements validation of their relevant project. In principle, application for registration should be conducted within 1 year from the start of the operation of the facilities/equipment introduced by the project. In order to apply for registration of JCM project, it is necessary to develop an appropriate JCM methodology approved by the Joint Committee. Participants shall develop a JCM methodology by themselves or cooperate with JCM methodologies developers, by providing information necessary for the development of JCM methodology(ies) applicable to the relevant project, etc. In the JCM Eco Lease Scheme, participants shall not develop new methodology(ies). In principle, participants are able to propose a project when there is already approved or proposed JCM methodology(ies).

(b) Monitoring

Participants shall conduct monitoring to quantitate the effects of the facilities/equipment on GHG emission reductions based on a MRV methodology approved or expected to be approved by the Joint Committee and report the results and operation of the facilities/equipment to MOEJ on an annual basis until the end of legal durable years of the facilities/equipment as stipulated by the Japanese law (provided that the JCM bilateral document is valid for the partner country). Please note that MOEJ may share the results of monitoring with partner country government.

(c) Request for Issuance of JCM Credits

Based on the approved JCM methodology(ies), participants shall request for issuance of JCM credits using the monitoring results. The issuance includes development of a monitoring report, verification by a TPE, and submission of “JCM Credits Issuance Request” to a JCM Joint Committee. However, this shall not apply in the case that participants are not able to request for issuance due to the bilateral considerations. Also, the participants shall deliver at least fifty percent of the issued JCM credits to the account of Japanese government.

Participants shall request for issuance of JCM credits for emission reductions achieved from the start of commercial operation to the end of legal durable years (provided that the JCM bilateral document is valid (including the extension period). For example, if the expiry of JCM bilateral document is extended from 2020 to 2030 and if the end of legal durable years is later than 2030, participants shall request issuance of JCM credit for emission reductions achieved by 2030.) Participants are allowed to request for issuance of JCM credits beyond the legal durable years, however, in this case, participants shall deliver at least fifty percent of the issued JCM credits to the account of Japanese government.)

The first request for credit issuance shall be conducted within 1 year from the registration of the JCM project in principle. After the first request, participants may request at once for issuance of JCM credits for emission reductions achieved during several years, but they shall request by the end of 2031 for emission reductions achieved from 2021 to 2030.

* For Japanese legal durable years, please refer to the website below (Japanese only):

https://elaws.e-gov.go.jp/search/elawsSearch/elaws_search/lsg0500/detail?lawId=340M50000040015

In case of the JCM Eco Lease scheme, the monitoring period applied for the JCM Eco Lease Scheme is equal to the leasing period, which is at least five years.

* Please note that costs related to (a) through (c) are not covered by this model project. However, if MOEJ considers it's necessary, it may be covered by a contract other than JCM model project by MOEJ for development of methodologies, Project Design Documents (PDDs) and monitoring reports, and validation/verification.

(2) Eligible Projects

A project eligible for the model project shall satisfy the requirements (a) to (d) listed below:

- (a) Projects that reduce energy-related CO₂ emissions with leading low carbon technologies in developing countries with which Japan has signed or has been consulting to sign a bilateral document on JCM, and that are expected to contribute to achieving Japan's GHG emission reduction target through the JCM;
- (b) Projects contribute to the sustainable development in partner countries. The installation and operation of the facilities/equipment shall comply with the relevant laws and regulations of the partner country and international practices and guidelines regarding the environmental protection
- (c) Reduction of GHG emissions achieved by the projects can be quantitatively calculated and verified; and
- (d) Facilities/equipment installed by the projects do not receive any other subsidy by the Government of Japan.

(3) Countries of Priority

The model project shall prioritize the following countries that have already established the JCM (as of 6 April 2020):

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.)

(4) Who Is Eligible to Participate?

A participant which is entitled to request and receive financial support under the model project shall satisfy the requirements (a) to (g) listed below:

- (a) 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

- (b) A participant described in (a) shall be the representative entity of an international consortium.

Note 1: International consortium is an association (no legal personality) that consists of a Japanese entity mentioned in (a) and a foreign entity(ies), etc., with the objective of effectively implementing the project.

Note 2: Application for the model project shall be submitted by the representative participant.

Member(s) of the international consortium other than the representative participant is called as a partner participant(s).

Note 3: Unless GEC approves, the representative participant and a partner participant(s) cannot be changed after the selection of project.

- (c) A participant shall have developed structure for the implementation of the eligible project and have technical capacity to appropriately implement the eligible project;
- (d) A participant shall have a financial basis to bear the costs necessary to appropriately implement the eligible project;
- (e) A participant shall have adequate management structures and handling capacity for accounting and other administrative work related to the eligible project;
- (f) A participant shall explain the contents, effect on GHG emission reductions, details of the cost, investment plan, etc. of the eligible project;
- (g) A participant shall take a pledge regarding the exclusion of *boryokudan*, or organized crime groups.

(5) Requirements of International Consortium Members

- (a) Japanese entity as a representative participant of an international consortium is responsible for the followings:
 - i. Applying for the model project,
 - ii. Managing 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. Introducing the leading low carbon or decarbonizing technologies,

- iv. Purchasing, installing and commissioning of the facilities/equipment during the construction period, and managing the facilities/equipment to be utilized according to the purpose of the model project for legal durable years of the facilities/equipment as stipulated by the Japanese law,
 - v. Return of the finance resulting from violations of the Financing Regulations by any of the partner participants.
- (b) All members of the international consortium are responsible for the followings:
- i. To cooperate with JCM methodology developers by providing information required to develop a methodology applicable to the project for GHG emission reductions;
 - ii. To cooperate with TPEs by providing materials and information required to efficiently conduct validation of the abovementioned project and verification of GHG emission reductions at the project site;
 - iii. To reduce, monitor and calculate GHG emissions utilizing the facilities/equipment with leading low carbon or decarbonizing technologies.
 - iv. To estimate the GHG emission reductions by the project, and to report it to MOEJ annually until the end of the legal durable years of the facilities/equipment as stipulated by the Japanese law, which is unique to each project;
 - v. To request the Joint Committee to issue credits and take necessary actions such as application for the project registration by the Joint Committee set up or to be set up by the Governments of Japan and JCM partner country;
 - vi. To deliver to the account of Japanese government at least fifty percent of the JCM credits of GHG issued corresponding to emission reductions achieved by the project for the abovementioned legal durable years;
 - vii. 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 model project.
 - viii. To report to GEC in case that a constituent member is changed and to continue the above obligations from i. to vii.
- (c) Responsibility of consortium member who applies equipment lease.
- If a consortium member provides equipment lease (lessor) to other consortium member (lessee), a draft lease contract and details of lease calculation shall be submitted to GEC as a part of application documents to certify that the amount of financial support provided under this program is deducted from the amount of principle of the equipment lease. If its lease period expires before its legal durable years expire, the lessor shall maintain the equipment until the end of legal durable years by extending the lease contract or transferring the equipment to lessee.

(d) Cross-border installment sales

If a consortium member sells equipment to the other consortium member through cross-border installment sales. (Note: “Cross-border installment sales” refer to deferred payment sales or installment sales that are carried out across national borders.) If the ownership is transferred from the beginning of the transaction, details of instalments calculation shall be submitted to GEC as a part of application documents to certify that the owner of the equipment who implements the project enjoys the benefit of the financial support by the JCM Model Project. The seller can charge interest for such installment payments. Also, note the followings:

- i. If a representative participant carries out the installment sale, the party is responsible for the requirements as set forth under (a) above.
- ii. If an entity other than a representative participant located in Japan or a third country carries out the installment sale, the party needs to be a member of the international consortium at least until the buyer completes its payments.
- iii. In both i. and ii. above, the basis for calculating the costs eligible for financing is considered fixed when the seller procures an equipment from a party outside the international consortium

(e) JCM Eco Lease Scheme

Participants shall submit documents (breakdown of lease charge) to prove that the equivalent amount to the financial support is reduced from the lease contract (draft) submitted at the proposal.

(6) Costs Eligible for Financing

The model project 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. Costs eligible for financing support in the JCM Eco Lease Scheme are limited to a leasing fee of the costs of facilities/equipment and relevant lease interests.

- (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; and
- (g) Other necessary costs approved by GEC

[Costs NOT eligible for financing]

The following costs are not covered by the model project:

- (a) Cost of removing existing facilities/equipment (including miscellaneous expenses related to removal costs)

- (b) Equipment and consumable supplies/materials for maintenance of the facilities/equipment installed by the model project, emergency facilities/equipment, safety equipment (such as fire extinguisher, sprinkler, PPE etc.) and security equipment.
- (c) Civil engineering work and building (excluding structures that directly contribute to energy-related CO₂ emission reductions)
- (d) Cost related to a simple restoration of function, such as restoring the function to the state at the time of installation by updating existing facilities/equipment
- (e) Spare parts (excluding those used for testing and commissioning)
- (f) Cost related to on-site inspections and writing reports that are submitted to GEC as part of the model project
- (g) Cost of forward exchange contract and remittance charge
- (h) Cost related to land acquisition

(7) Amounts of Financial Support

Total amount of the budget for this financing program is 9 billion yen for 3 years. Suggested size of a model project is, in principle, under 2 billion yen in terms of the amount of financial support. A total of 500 million yen for three years is suggested for the budget of JCM Eco Lease Scheme.

Maximum amount of financial support shall be calculated by multiplying the aggregate amount of eligible costs by the percentage listed in (8).

Maximum amount of financial support for the JCM Eco Lease Scheme shall be calculated based on costs of leasing (costs of facilities/equipment and the relevant lease interest) multiplied by the percentage of the financial support, which is 10%.

In addition, actual amount of financial support shall be determined based on the cost which is verified as actually spent for implementation of the project and be indicated in a notice to a representative participant. There is no disbursement prior to the spending of cost.

(8) Maximum Percentage of Financial Support

Maximum percentage of financial support shall be determined based on the number of already selected project(s) using a similar technology in each partner country. Please refer to Annex 1 “Categorization by applied technology type, Number of JCM model project by each country” for actual number of already selected projects.

Number of already selected project(s) using a similar technology in each partner country	Percentage of financial support
None (0)	Up to 50% (determined by GEC)
Up to 3 (1 - 3)	Up to 40% (determined by GEC)
More than 3 (>3)	Up to 30% (determined by GEC)

The uniform percentage of financial support for the JCM Eco Lease Scheme; 10%.

Maximum amount and percentage of financial support will be determined by the financial contract.

(9) Implementation Period of Model Projects

The implementation period of the model projects (i.e. the period for installing facilities/equipment and completing all the payment) 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 model project.

(10) Schedule

Application is open from 5th April through 30th October. (It may close before the deadline due to the availability of remaining budget.)

Date	Items
Japanese Fiscal Year 2020	
Monday, 6 April 2020	Announcement of call for proposals
Tuesday, 11 May 2020	Submission deadline for the 1st selection of model projects
Within 4 weeks from the closing of submission	Proposal review Interview with applicants (conducted in Tokyo)
Around end of June	Selection of model projects Information session for participants of selected projects
Within 90 days from the date of preliminary selection	Review of application documents (technical aspects and project budget (including supporting documents for the budget), etc.)
	Notice of Contract of Finance issued to Japanese representative participants.
	Implementation of model projects
	Review of proposals submitted after 12th May will start after the completion of the 1st selection. GEC will inform the results within 2 months of the review start date.
Friday, 30 October (12:00 JST) 2020	Deadline for submitting proposals (Application may close before the deadline due to the availability of remaining budget.)
End of February 2021	[1-year project] Completion of model projects
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 reports (due by 10 April 2021)
Japanese Fiscal Year 2021	
April 2021	Disbursement of financial support
End of February 2022	[2-year project] Completion of model projects
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 reports (due by 10 April 2022)
Japanese Fiscal Year 2022	
April 2022	Disbursement of financial support
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

3. Evaluation and Selection of Proposals

(1) Selection of Model Projects

GEC conducts call for request for proposals and evaluates the submitted proposals according to Annex 2 “Evaluation Criteria for selecting JCM Model Projects” (hereinafter referred to as “Evaluation Criteria”). After the assessment and hearings, in consultation with MOEJ, GEC will select model projects within the budget.

(2) Evaluation of Proposals

Firstly, proposals are assessed whether they satisfy all the criteria in “(1). Eligibility Review” of Evaluation Criteria. For those proposals that pass the first round of assessment, GEC will conduct hearings based on the criteria in “(2). Assessment Review” of Evaluation Criteria. Please note that

GEC may request additional documents during the evaluation. Interviews will be conducted as necessary after receiving the proposal.

(3) Announcement of Selected Model Projects

GEC will issue a notice to participants of selected model projects, and the information about these selected projects (name of Partner Country and representative participant, title of project, and expected GHG emission reduction, etc.) are publicly posted on MOEJ and GEC's websites.

GEC will also inform participants that their model projects are not selected. Please note that result of evaluation or reasons for not selecting the projects cannot be disclosed.

4. Procedure after Announcement of Selection

(1) Application for Contract of Finance

Participants of selected model projects shall submit application documents for Contract of Finance between the participants and GEC within 90 days since their selection was announced. If these documents are not fully developed and not submitted within 90 days, their applied project may be regarded as difficult to be implemented, and the selection may be cancelled.

(2) Conclusion 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. In case the Contract of Finance cannot be concluded due to the grounds not attributable to GEC within 90 days after the date of announcement as a selected model project or within Japanese fiscal year, GEC has a right to cancel the selection of the model project. It should be noted that it will normally take 30 days for the examination by GEC. Hence, participants are recommended to complete their documents at least 30 days before starting their model projects.

(3) Points to be Considered for Starting Model Projects

Starting a model 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.
- (c) For the abovementioned contracts, payments to other entities should be completed by end of each fiscal year.

(4) 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.
 1. Modifying the proportion of cost allocated in each classification except for changes within 15 % of the lowest cost.
 2. Changing the implementation plan except for the following small changes.
 - a) No changes in the purpose of the project and increase efficiency based on creativity by participants
 - b) Small changes in the implementation plan not related to the purpose and the efficiency of the project
 - c) No changes in the amount of GHG emission reductions and estimation of JCM credits

(5) 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 model project, 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 model project is completed.

(6) Reports to be Submitted and its Review

- (a) Reports by each end of fiscal year
Participants shall submit reports by each end of fiscal year to GEC by 10th April
- (b) 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 2021, 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.

(7) Disbursement of Finance

GEC will pay financial support to participants in response to the request for subsidy submitted by the participants by 30 April in the next Japanese fiscal year after on-site visits for reviewing the submitted requests. Also, when participants request for the intermediate payment, the same financial procedures will be conducted based on the completed portion of the model project.

(8) Management of Acquired Property

Participants shall prepare a property ledger for the property acquired or gained its value through the model project (hereinafter referred to as “property”), in order to properly manage such property and report the status of the property to MOEJ on an annual basis. Participants shall monitor to quantitate effects of the facilities/equipment on GHG emission reductions after the model project is completed. When participants plan to use, sell, exchange, lend, collateralize, dismantle or dispose of the property (limited to equipment or facility etc. with a unit value of 500,000 JPY and over) for the purpose other than the model project, participants shall seek an approval by GEC prior to these actions taken for the property. Participants shall provide necessary information to MOEJ if requested. When participants plan to collateralize the property, participants shall seek an approval by GEC prior to the action. Note that such actions may result in return of finance. In addition, even if the property is dismantled or disposed of upon the approval by GEC, participants shall request for credit issuance for the emission reductions achieved before the action is taken, according to the 2(1)(c) of this guidelines.

When participants plan to use, sell, exchange or lend property among members of the international consortium in line with the purpose of the model project, participants shall report to GEC prior to these actions taken for the property.

All of the equipment, facility, etc. installed through the model project must have a sticker showing that it is part of the JCM Model Project by MOEJ.

(9) Changes in Members of International Consortium

In case when the name or address of the participants are changed, or the participants are merged with other entities within legal durable years from the completion of the model project, the representative participants shall report it to GEC without delay.

(10) Cancellation of Contract of Finance

When participants 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.

- (a) Violate relevant Laws, Financing Regulations, or order by GEC
- (b) Use the finance to other purpose that are not relevant to model project
- (c) Act inappropriately
- (d) No longer need to implement the model project due to the changes in the circumstances of participants

(11) 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.

5. 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) Deadline for Submission of Proposals

Friday, 30 October 2020 (12:00 JST)

- * Application may close before the deadline due to the availability of remaining budget.
- * GEC accepts proposals 10:00 - 12:00 and 13:00 - 17:00 (except Saturdays, Sundays and public holidays)

(3) Documents to be Submitted

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 one original and 1 copy, and 2 sets of CD-R containing the electronic version of proposal must also be submitted along with the paper version.

- (a) Form No.1 Application Form
- (b) Form No.2 Declaration by Representative Participant
- (c) Form No.3a Project Implementation Plan
 - * Supporting documents must be included according to the Checklist (Form No. 6).
- (d) Form No.3b Project Idea Note for the JCM Model Project
 - * Without prior notice to a representative participant, this document may be shared with government officials of a partner country where a project will be implemented. Also, we may forward questions from the government officials and request for the answers.
- (e) Form No.4 Budget (including supporting documents, such as quotations, of the budget)
- (f) Company information (such as company brochure) and articles of incorporation of both representative participant and partner participant(s)
 - * If the company is not established yet at the moment, participants need to submit drafts of articles of incorporation for the company which was already approved or will be approved in the future. However, it is necessary for participants to submit documents to show the description of the business in case that drafts are not created yet.
- (g) Financial statement of both representative participant and partner participant(s) (audited, recent 3 consecutive years)
- (h) International consortium agreement
 - Draft International consortium agreement and status toward signing the agreement. Signed

agreement must be submitted to apply for Contract of Finance.

- (i) Form No.5 Agreement on the Allocation of JCM Credits

* Signed agreement must be submitted.

- (j) Form No.6 Checklist for Submission of Proposal

- (k) Other supporting documents

(4) Where to Submit Proposals?

A complete proposal must be submitted to the address below:

Postal address: Global Environment Centre Foundation Tokyo Office
4th Floor Hongo Ozeki Bldg., 3-19-4 Hongo Bunkyo-ku,
Tokyo 113-0033, Japan

(5) Questions and Answers

Questions can be submitted via e-mail: jcm-info@gec.jp

6. Treatment of Information

Documents including accounting documents and supporting documents (e.g. invoices, contracts, proof of payments) etc. and electronic data of these documents submitted to GEC in accordance with this Guidelines and Financing Regulations are treated with due care of prudent manager and used only for: evaluation of proposals; conclusion of Contract of Finance; and determination of amount of financial support.

7. Note

(1) Presentations on Model Projects

MOEJ will disseminate information on the overviews and results of the model projects to the world. Therefore, GEC will ask participants to share their photographs of facilities/equipment installed by the model projects which can be presented to public. Also, participants are encouraged to present their projects publicly by themselves, and when doing so, participants should explain that the projects are implemented as JCM Model Projects funded by MOEJ.

(2) Other

In addition to this Guidelines, participants to the model project shall conform to the Act on the Regulation of Execution of Budgets Pertaining to Subsidies, etc. (Act No. 179 of 1955), the Order for Enforcement of said Act (Order No.255 of 1955), and Financing Regulations.

Evaluation Criteria for Selecting JCM Model Projects in FY2020

(Tentative translation)

6 April 2020

Global Environment Centre Foundation

1. INTRODUCTION

In order to select JCM Model Projects (hereinafter referred to as “model projects”) 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.

Based on this set of criteria, GEC will consult with the Ministry of the Environment, Japan, and select model projects with consideration of technological distributions etc.

2. PURPOSE OF MODEL PROJECT

The purpose of model projects is to financially support parts of the implementation costs of projects (including collaboration with projects supported by the Japan International Cooperation Agency (JICA) or other institutions including government-affiliated financial institutions) which reduce GHG emissions in developing countries by utilizing advanced technologies of such private sectors including leading low carbon or decarbonizing technologies, and in return seeks to acquire JCM credits for achievement of Japan’s GHG emission reduction target. Moreover, along with the Overseas Development Strategy (Environment) compiled by Cabinet Office in June 2018, the JCM model projects aim to contribute to global GHG emission reductions, through the diffusion of leading low carbon or decarbonizing technologies.

3. OVERVIEW OF CRITERIA

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

(1) 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 “(2). Assessment Review.”
If any of these eligibility criteria is not met, the application will be rejected.

1) Does the applicant meet the criteria for an eligible participant?

The applicant shall meet 2.(4) in the “Guidelines for Submitting Proposals”.

2) Is the model project expected to reduce emissions of GHG including energy-related CO₂ through JCM?

The technology applied in the project shall reduce emissions of GHG including energy-related CO₂, that means:

- Amount of emission reductions can be quantitatively calculated;
- The emission reductions are not result of decreased activities, such as lower production; and
- The emission reductions from the project can be clearly separated from the emission reductions by other factors that may influence the emissions.

3) Does the financial support promote investment in projects with leading low carbon or decarbonizing technologies by private companies, etc.?

4) Can the applicant objectively show the superiority of the technology introduced in the model project? This means:

- The evidence of its superiority including technologies of other companies, such as data or literature with comparative, should be present; or
- The technology should demonstrate high performance in terms of energy savings, etc. specified in a standard of the country where the model project is implemented (hereinafter referred to as “partner country”).

5) Can the applicant objectively show that the technology is not adequately diffused in the partner country so far?

6) Is the technology internationally in practical use and can be introduced in the partner country? This means:

- The technology should be realized in other project(s) (a track record of commercial operation or demonstration project etc. will be reviewed); or
- The facilities/equipment using the technology should be commercially manufactured (Catalogues, specification etc. will be reviewed.).

- 7) Is there a high potential that the technology is diffused in the partner country after this model project is implemented? Also, does the applicant have a concrete strategy to promote autonomous technology diffusion on a commercial basis?
- 8) Does the model project contribute to the sustainable development in the partner country?
 - The installation and operation of the facilities/equipment shall comply with the environmental laws and regulations of the partner country and refer to international practices and guidelines regarding the environmental protection (air pollution, water contamination, waste treatment, noise/vibration, ecosystem etc.).
- 9) In case the model project is going to introduce a similar technology, does the project meet the eligibility criteria of approved JCM methodologies for the similar technology of both the partner country in which the project will be implemented and other partner countries? Please refer to documents published by GEC for details of the eligibility criteria.

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- 10) Is the expense for the model project appropriately estimated?
 - The expense should be estimated using the same or similar project implemented in the past; or
 - The expense should be based on the actual design and specification.
 - The evidence for estimation of personnel expense and travel cost is clear and appropriate.
- 11) If the model project is implemented in collaboration with other project that JICA or other institutions including government-affiliated financial institutions provides equity or loan, can the applicant draw a clear line between the part covered by this financial support (applicable to the extent) and the ODA financed project by JICA or government-affiliated financial institutions?
- 12) The facilities/equipment introduced by the model project shall not receive any other financial support from the Government of Japan.

(2) Assessment Review

After passing the eligibility review, the proposal will be reviewed and scored using the following assessment criteria. The project in the following countries which have already established the JCM will be prioritized (as of 3 April 2020):

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

- A) Robustness of the project implementation (40 points)
- 1) Management and operational capacities of a representative participant and partner participant(s) to implement the project (10points)
 - 2) Appropriateness of the project plan (including the schedule, decisions for the project location, concession and license for the project implementation, and status of concluding a Power Purchase Agreement in case of a power generation project) and financial plan (including the actual amount of investment by each participants and certainty of financing arrangements) . When projects require participants to place a bid in order to obtain the right of project implementation, effects by the financial support of the model project and the schedule for bidding must be submitted. (10 points)
 - 3) Profitability of the project, including economic performance, forecast of cash flow and payback period (For a tentative indicator, the payback period is preferred to be 3 years or longer with the financial support.) (5 points)
 - 4) Status of the project implementation structure (including the decision on roles of each entity in the international consortium) (5 points)
 - 5) Appropriateness of financial plan (The amount of investment by each entity is clearly stated, including the certainty of financial arrangement.) (10 points)
- B) Amount of emission reductions of energy-related CO₂, and cost-effectiveness of emission reductions of GHG (30 points)
- 1) Total emission reductions of GHGs (carbon dioxide equivalent (CO₂eq)) (15 points)
Total emission reductions [tCO₂eq]
= GHG emission reductions per year [tCO₂eq/y] × legal durable years of the facilities/equipment as stipulated in the Japanese law [y]
 - 2) Cost-effectiveness of emission reductions of GHGs in terms of financial support (15 points)
Cost-effectiveness for GHG emission reductions [JPY/ tCO₂eq]
= Amount of financial support [JPY] / Total emission reductions of GHGs [tCO₂eq]

Cost-effectiveness of financial support necessary to reduce 1 ton of GHG emissions will be evaluated. In principle, cost-effectiveness of GHG emission reductions should be 4,000 JPY/tCO₂eq or lower. However, if the number of similar technological projects in a partner country is more than 5 in Annex 1 “Categorization by applied technology type, Number of JCM model project by each country”, its cost-effectiveness is expected to be 3,000 JPY/tCO₂eq or lower. (Over five solar power projects in Mongolia, Palau and Philippine and hydropower projects in Indonesia) Also, if the number of similar technological projects in a partner country is at least 10, the cost effectiveness is expected to be 2,500 JPY/tCo₂eq or lower. (Over 10 solar power projects in Thailand)

Refer to the relevant Japanese law for legal durable years. However, in case of the JCM Eco Lease scheme, monitoring period is equal to the lease period of the project.

C) Potential of the dissemination of the technology and strategy (10points)

- Implementation of the model project shall lead to the autonomous diffusion of the technology on a commercial basis in the future, in consideration of following points:
 - Market potential for the technology used in the model project in the partner country
 - Potential of the technology to be diffused in the partner country
 - A strategy to promote the technology
- The model project should be consistent with the partner country’s relevant policies including Nationally Determined Contribution (NDC).
- Adequate support system and technologies for the operation and maintenance of the facilities/equipment should be available in the partner country.
- Implementation of the model project is expected to be in line with the objectives of the Overseas Development Strategy (Environment).
 - * Overseas Development Strategy (Environment) is established by MOEJ on 7th June 2018 based on the Export Strategy for Infrastructure Systems decided in the meeting on the strategy relating infrastructure export and economic cooperation

D) Concepts for developing JCM methodology and monitoring (10 points)

- Calculation of the amount of GHG emission reductions:
 - Calculations should be performed based on the approved JCM methodologies, if the relevant methodologies have already been developed.
 - If relevant methodologies have not been developed, calculations should be performed conservatively based on reference emissions and project emissions
- Monitoring of the amount of GHG emission reductions:
 - Procedures and structure should be appropriate for the required monitoring.

E) Contribution to the sustainable development in the partner country (10 points)

- The model project should meet policies including NDC in the partner country.
- The model project should contribute to the sustainable development and SDGs of the partner country with reference to the partner country's policy, etc. Also, it should follow the Annex for gender guideline for Joint Crediting Mechanism (JCM).

*The SDGs is a set of international development goals from 2016 to 2030, described in the 2030 Agenda for Sustainable Development which was adopted by the UN Sustainable Development Summit held in September 2015.

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