Summary of the Basic Policies for Green Innovation Fund

- METI has formulated the Basic Policies, which stipulate the policies for implementation of the fund projects.
- The Basic Policies will be reviewed flexibly based on the progress of the projects.

1 Purpose and Outline

To achieve carbon neutrality by 2050, **METI has established a 2 trillion-yen fund* as part of NEDO** and has been providing **continuous support for R&D, demonstrations, and social implementation for up to 10 years to companies that commit to ambitious goals.**

*In 2022 and 2023, an additional 300 billion yen and 456.4 billion yen have been allocated, bringing the total to 2 trillion 756.4 billion yen.

2 Goal of the Fund

- Ambitious 2030 targets (e.g., performance, cost)
- Cross-sectoral monitoring;
  - ✓ International competitiveness
  - ✓ Stage of practical application (e.g., TRL)
  - ✓ Potential for attracting private investment

CO_2 Reduction Effect

Economic Ripple Effect

3 Target of Support

METI's support focuses on areas **where policy effects are significant, and long-term support is required to realize public implementation, from among the priority fields for which implementation plans have been formulated within the Green Growth Strategy or in the Basic Policy for Achieving GX.**

- ✓ The scale of each project should be over 20 billion yen (average scale of conventional R&D projects)
- ✓ Projects for which short-term government support is sufficient are not eligible.
- ✓ Main implementers should be companies or other profit-making businesses capable of carrying out the entire process of public implementation (participation of small and medium-sized venture companies is encouraged; participation of universities and research institutions is also expected).
- ✓ Projects must include innovative and fundamental R&D elements that are worthy of government commissioning.

4 Strategy for Maximizing Results

To ensure that the results of research and development are steadily connected to public implementation, METI seeks **the commitment from business leaders to persevere in challenging these goals as long-term management issues.**

- Efforts required to company managers;
  - ✓ Submission of the vision and the long-term business strategy
  - ✓ Attendance and report to the WG
  - ✓ Submission of a management sheet showing the status of initiatives
- A mechanism to enhance commitment
  1) Suspension of the project and partial refund of the commission fee in cases where commitment is insufficient.
  2) An incentive where the government can bear a larger share of the costs based on the level of achievement of the targets.

5 Smooth and Reliable Implementation of the Projects

To **prevent the technical leakage of research and development results** from this fund's projects, METI require the project implementers to take the following two measures;

- Strengthening information management related to technology;
  - ✓ Identification of "Core Important Technologies"
  - ✓ Prevention of the leakage of "Core Important Technologies"
  - ✓ Access Management
  - ✓ Management of employees with access
  - ✓ Management at business partners
- In cases where there is a risk of forced technology transfer or leakage, and when engaging in the following activities related to "Core Important Technologies," it is necessary to consult with the relevant government ministry in advance;
  - ✓ Transfer of intellectual property rights or technology to others, or provision of technology
  - ✓ Joint research and development with others
  - ✓ Research and development in other countries
  - ✓ Construction of production facilities or capital investment in other countries

6 Scheme

Build a highly transparent and effective governance system that incorporates the knowledge of external experts and close cooperation among related organizations.

Green Innovation Project Committee
*Deliberation on the "Basic Policies"
*Preparation of the "Policy for Allocation of Funds for each Field," etc.

Installation
Report

Field-specific Working Groups (WG)
*Deliberation on the content and scale of each project, etc.
*Confirmation of the status of the project, etc.

Presentation and deliberation of the draft basic policy

Presentation and deliberation of proposed R&D and public implementation plan

Progress reports and Advice

METI
*Project Management office for the committee and WGs
*Preparation of the basic policies
*Planning of each project, etc.

Subsidize and collaboration

NEDO
*Management and administration of funds
*Administrative work related to public solicitation, screening, inspection, payment, etc.
*Technical and business advice by experts, etc.