

**Rules of Implementation for  
the Joint Crediting Mechanism (JCM) *(Draft)***

**A. Purpose of the JCM**

1. The JCM has the following purposes:
  - (a) To facilitate diffusion of leading low carbon technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of the PARTNER COUNTRY;
  - (b) To appropriately evaluate contributions to greenhouse gases (hereinafter referred to as “GHG”) emission reductions or removals from Japan in a quantitative manner, through mitigation actions implemented in the PARTNER COUNTRY and use those emission reductions or removals to achieve emission reduction targets of the countries involved;
  - (c) To contribute to the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC) by facilitating global actions for emission reductions or removals.
  - (d) [For Reducing Emissions from Deforestation and Forest Degradation, and the Role of Conservation, Sustainable Management of Forests and Enhancement of Forest Carbon Stocks in Developing Countries (REDD-plus), to contribute to the national REDD-plus strategy or action plan.]

**B. Scope**

2. GHG are those gases of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).
3. Credits under the JCM (herein after referred to as “JCM credits”) are issued based on quantified amount of GHG emission reductions or removals achieved by the contribution of project participants in the implementation of GHG emission reductions or removals project activities under the JCM (hereinafter referred to as “JCM projects”).
4. Each JCM project except for REDD-plus and afforestation/reforestation selects the

crediting period which is either a fixed period of 10 years, or a renewable period of five (5) years which may be renewed twice at the maximum. JCM credits are issued based on GHG emission reductions or removals realized until 31 December 2030. The crediting period for REDD-plus and afforestation/reforestation is a renewable period of a maximum of fifteen (15) years which may be renewed twice at the maximum. [Where possible, the total crediting period for REDD-plus and afforestation/reforestation including renewal of the period should be more than 20 years.]

### **C. Joint Committee**

5. Both sides establish the Joint Committee which consists of the representatives from both sides.
6. The Joint Committee may develop or modify guidelines and other rules necessary for the implementation of the JCM, including, but not limited to:
  - (a) guidelines for the development of methodologies;
  - (b) methodologies;
  - (c) guidelines for the designation as a third-party entity;
  - (d) guidelines for the validation;
  - (e) monitoring guidelines;
  - (f) guidelines for the verification of GHG emission reductions or removals;
  - (g) guidelines for addressing and respecting safeguards for REDD-plus and afforestation/reforestation;
  - (h) common specifications for registries;
  - (i) forms for project design document (hereinafter referred to as “PDD”), sustainable development implementation plan (hereinafter referred to as “SDIP”), request for registration of JCM projects, monitoring report, sustainable development implementation report (hereinafter referred to as “SDIR”), request for verification of emission reductions or removals, etc.;
  - (j) guidelines for the sustainable development implementation plan and report.
7. The Joint Committee may modify the “Rules of Implementation for the Joint Crediting Mechanism” and the “Joint Crediting Mechanism Rules of Procedures for the Joint Committee”.
8. The Joint Committee designates the third-party entities.
9. On the basis of a Project Idea Note (hereinafter referred to as “PIN”) submitted by

project participants, the Joint Committee decides to object or not to object to the planned project described in the PIN.

10. On the basis of a request for registration of JCM projects submitted by project participants, the Joint Committee registers JCM projects which were validated by the third-party entities, and adopts the percentage of JCM credit allocation for the JCM project.

11. On the basis of a request for notification to each side for issuance of JCM credits submitted by project participants, the Joint Committee notifies each sides to issue the JCM credits which were verified by the third-party entities.

12. The Joint Committee develops reports on the status of the implementation of the JCM and, where necessary, discusses issues related to the operation and management of the JCM.

13. In conjunction with meetings of the Joint Committee, both sides conduct policy consultations about the relevant policy measures of the JCM.

14. The Joint Committee establishes its secretariat for the implementation of the JCM.

15. Both sides work in close cooperation to facilitate financial, technological and capacity building support necessary for the implementation of the JCM. Particularly the Japanese side will support the PARTNER COUNTRY's side for the implementation of the JCM.

#### **D. Each Side**

16. Each side, based on the rules and guidelines as developed by the Joint Committee and/or in accordance with relevant domestic laws and regulations in respective countries for the implementation of the JCM:

- (a) Prepares draft methodologies and submits them to the Joint Committee;
- (b) Establishes and maintains a registry in line with the common specifications for registries, as developed by the Joint Committee;
- (c) On the basis of notification for issuance of JCM credit by the Joint Committee (including for allocation of JCM credits among participants), issues the notified amount of JCM credits to its registry.

17. Each side promptly informs the Joint Committee on the issuance of credits under the JCM.
18. Each side takes necessary measures to ensure transparency in the implementation of the JCM.
19. Neither side uses any mitigation projects registered under the JCM for the purpose of any other international climate mitigation mechanisms to avoid double counting.
20. [For REDD-plus, a JCM project may be part of national or sub-national REDD-plus programs and each side takes necessary measures to avoid double counting.]

#### **E. Third-party Entities**

21. A third-party entity that is designated by the Joint Committee:
  - (a) On the basis of requests from project participants, validates the project as described in a PDD prepared by the project participants, in line with the guidelines for the validation as developed by the Joint Committee, and informs the validation result to the project participants;
  - (b) On the basis of requests from project participants, verifies GHG emission reductions or removals achieved by the JCM project as described in the monitoring report prepared by the project participants, in line with the guidelines for the verification of GHG emission reductions or removals as developed by the Joint Committee, records the verification result in a verification report and sends the report to the project participants.

#### **F. Project Participants**

22. Project participants:
  - (a) Prepare a PIN and submit it to the Joint Committee for its decision;
  - (b) Prepare a draft methodology and submit the draft to the Joint Committee for its approval;
  - (c) Prepare a draft PDD and submit the draft to a third-party entity for validation and notify the Joint Committee;
  - (d) Prepare a SDIP and submit it to the JCM secretariat for review;
  - (e) Submit the PDD that was validated by the third-party entity, the percentage of

JCM credit allocation and positively reviewed SDIP to the Joint Committee for the registration of the project;

- (f) Implement the JCM project and conduct monitoring in line with the PDD;
  - (g) Prepare a project implementation report and submit it to the Joint Committee annually until the end of the operational lifetime of the JCM project or the end of the crediting period, whichever comes first;
  - (h) Prepare a monitoring report and send the report to a third-party entity for verification;
  - (i) Prepare a SDIR and submit it to the Joint Committee for an evaluation
  - (j) Submit a verification report prepared by the third-party entity and a evaluated SDIR to the Joint Committee, and request notification to each side for issuance of JCM credits.
23. For REDD-plus and afforestation/reforestation, project participants additionally:
- (a) Prepare a Safeguard activities Implementation Plan (hereinafter referred to as “SGIP”) and submit it to the JCM secretariat, for the review by the Joint Committee;
  - (b) Submit the positively reviewed SGIP to the Joint Committee for the registration of the project;
  - (c) Prepare a Safeguard activities Progress Report (hereinafter referred to as “SGPR” ) and send the SGPR to the JCM secretariat, for an evaluation by the Joint Committee;
  - (d) Submit a positively reviewed SGPR to the Joint Committee for requesting notification to each side for issuance of JCM credits.

#### **G. Submission of Project Idea Note**

24. The project participants prepare a PIN and submit it to the Joint Committee. Those planned projects described in the PINs to which the Joint Committee decides not to object may proceed to the request for registration of project.

#### **H. Development of Methodologies**

25. Each side or project participant prepares a draft methodology and submits it to the Joint Committee. The submitted draft methodology, after its completeness being checked, goes through public inputs process.

26. The Joint Committee determines either to approve or reject the draft methodology,

taking account of, among other things, inputs received and notifies the result to each side or project participant, as applicable. The Joint Committee makes publicly available the relevant information on the approved methodologies through a website.

### **I. Designation of Third-party Entities**

27. Upon receiving an application for designation as a third-party entity submitted by a candidate, the Joint Committee designates a third-party entity in line with the guidelines for the designation as a third-party entity, and makes publicly available the relevant information on the designated third-party entity through a website.

28. The Joint Committee may suspend or withdraw the designation of a third-party entity if it has found fraud, malfeasance or incompetence of the entity.

### **J. Validation**

29. Validation is the process of independent evaluation of a proposed JCM project by a third-party entity against the validation guidelines as developed by the Joint Committee on the basis of the PDD.

30. Project participants develop a PDD by filling in the form and request a third-party entity to validate the proposed JCM project.

31. The third-party entity, in line with the guidelines for the validation as developed by the Joint Committee, validates the proposed JCM project as described in the PDD and notifies the result of the validation to the project participants.

### **K. Registration**

32. Registration is the formal acceptance by the Joint Committee of a validated project as a JCM project.

33. Project participants of a JCM project consult among themselves and with both sides the percentage of JCM credit allocation among the project participants of Japan, the project participants of the PARTNER COUNTRY, the Japanese side and the PARTNER COUNTRY's side respectively, taking into consideration their respective contribution to GHG emission

reductions or removals by the JCM project.

34. Project participants submit the PDD, which was validated by the third-party entity, the percentage of JCM credit allocation and positively reviewed SDIP, to the Joint Committee and request for registration of the project.

35. For REDD-plus and afforestation/reforestation, project participants additionally submit the positively reviewed SGIP to the Joint Committee for the registration of the project;

36. Upon receiving the request for registration from project participants, the Joint Committee decides the percentage of JCM credit allocation, registers as the project, notifies each side of the registration and makes publicly available the relevant information on the JCM project through a website.

#### **L. Monitoring**

37. Project participants implement a JCM project and monitor GHG emission reductions or removals by the JCM project based on the PDD.

#### **M. Verification**

38. Verification is the periodic independent review and ex post determination of monitored GHG emissions reductions or removals for a specific monitoring period of a registered JCM project conducted by a third-party entity.

39. Project participants prepare a monitoring report and request a third-party entity for verification.

40. The third-party entity, in line with the guidelines for the verification of GHG emission reductions or removals as developed by the Joint Committee, verifies the amount of GHG emission reductions or removals on the basis of the monitoring report submitted by the project participants, prepares a verification report and sends the report to the project participants which requested verification.

#### **N. Issuance of JCM Credits**

41. Each side establishes a registry to record and use the JCM credits, measured in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) in line with the methodologies and metrics assessed by the Intergovernmental Panel on Climate Change.
42. Project participants request the Joint Committee to notify each side to issue the JCM credits to its respective account in the registry on the basis of the verification report, and evaluated SDIR, in line with the percentage of JCM credit allocation decided in paragraph 36.
43. For REDD-plus and afforestation/reforestation, project participants additionally submit a positively reviewed SGPR to the Joint Committee for requesting notification to each side for issuance of JCM credits.
44. Upon receiving the request for issuance of JCM credits from the project participants, the Joint Committee notifies each side of issuance of JCM credits.
45. The Joint Committee makes publicly available the relevant information on the issuance of JCM credits through a website.

#### **O. Use of JCM Credits**

46. JCM credits issued from emission reductions and removals from 1st January 2021 may be used towards the achievement of Japan's nationally determined contribution and the rest of the said JCM credits may contribute to the achievement of the PARTNER COUNTRY's nationally determined contribution, while ensuring that double counting is avoided on the basis of corresponding adjustments.
47. JCM credits are issued in the JCM registry of Japan and the JCM registry of the PARTNER COUNTRY respectively with the avoidance of double counting. JCM credits issued by each side are tradable within its respective country.
48. JCM credits may not be traded between the JCM registry of Japan and the JCM registry of the PARTNER COUNTRY unless each side establishes necessary arrangements for the trade.
49. Each side authorizes the JCM credits issued in the JCM registry of Japan for the use toward the achievement of Japan's nationally determined contribution as internationally transferred mitigation outcomes, consistent with the guidance on cooperative approaches, referred

to in Article 6, paragraph 2 of the Paris Agreement (hereinafter referred to as “the guidance”).

50. Each side may authorize part of JCM credits for use for other international mitigation purposes, as appropriate, consistent with the guidance.

51. The PARTNER COUNTRY’s side applies a corresponding adjustment to the JCM credits issued in the JCM registry of Japan as well as the JCM credits issued in the JCM registry of the PARTNER COUNTRY and authorized for the use toward other international mitigation purposes, consistent with the guidance.

52. Each side checks the status of the issuance and use of JCM credits and makes sure that double counting is avoided as described in paragraphs 19 and 47.

**P. Others**

53. A project which started operation on or after DD MM 20YY is eligible for consideration as the JCM project.

54. The JCM covers the period for verified emission reductions or removals from the mitigation projects under the JCM to be made until 2030. Both sides consider possible extension of the above-mentioned period and reach a conclusion by 2030.