

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

The Joint Committee of the JCM between the Government of Japan and the Government of (*Partner Country*), hereby establishes the rules of implementation for the JCM as follows:

A. Purpose of the JCM

1. The JCM has the following purposes:
 - (a) To facilitate diffusion of leading decarbonizing technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contribute to sustainable development of (*Partner Country*);
 - (b) To appropriately evaluate contributions to greenhouse gases (hereinafter referred to as “GHG”) emission reductions or removals in a quantitative manner through mitigation actions implemented in (*Partner Country*) and contribute to the achievement of nationally determined contributions of Japan and (*Partner Country*) under the Paris Agreement;
 - (c) To contribute to the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC) by facilitating global actions for GHG 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. GHGs are those gases of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).
3. Credits under the JCM (hereinafter referred to as “JCM credits”) are issued based on quantified amount of GHG emission reductions or removals achieved by 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, unless otherwise specified. 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 governments establish the Joint Committee which consists of the representatives from both governments.
6. The Joint Committee may develop or modify the Rules of Implementation and other rules and guidelines necessary for the implementation of the JCM, including, but not limited to:
 - (a) rules of procedures of the Joint Committee;
 - (b) guidelines for the development of methodologies;
 - (c) methodologies;
 - (d) guidelines for developing project design document and monitoring report;
 - (e) guidelines for the sustainable development implementation plan and report;
 - (f) guidelines for the designation as a third-party entity;
 - (g) guidelines for the validation;
 - (h) monitoring guidelines;
 - (i) guidelines for the verification of GHG emission reductions or removals;
 - (j) guidelines for addressing and respecting safeguards for REDD-plus and afforestation/reforestation;
 - (k) common specifications for registries;
 - (l) 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 GHG emission reductions or removals.
7. The Joint Committee designates the third-party entities to conduct validation and/or verification under the JCM as referred to in paragraph 19.
8. 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.
9. 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 JCM credit allocation for the JCM projects.
10. On the basis of a request for notification to each government for issuance of JCM credits submitted by project participants, the Joint Committee notifies each government to issue the JCM credits, which were verified by the third-party entities.
11. The Joint Committee develops, where necessary, reports on the status of the implementation of the JCM and discusses issues related to the operation and management of the JCM.
12. In conjunction with meetings of the Joint Committee, both governments conduct policy consultations about the relevant policy measures of the JCM.
13. The Joint Committee establishes its secretariat for the implementation of the JCM.

D. Each Government

14. Each government, 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) Establishes and maintains a registry in line with the common specifications for registries, as developed by the Joint Committee;
 - (b) On the basis of notification for issuance of JCM credits by the Joint Committee (including for allocation of JCM credits among participants), issues the notified amount of JCM credits to its registry.
15. Each government promptly informs the Joint Committee of the issuance of JCM credits.
16. Each government takes necessary measures to ensure transparency in the implementation of the JCM.
17. Neither government uses any mitigation projects registered under the JCM for the purpose of any other GHG mitigation crediting mechanisms to avoid double counting.
18. For REDD-plus, a JCM project may be part of national or sub-national REDD-plus programs and each government takes necessary measures to avoid double counting.

E. Third-party Entities

19. 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 project participants of the validation result;
 - (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

20. Project participants:
 - (a) Prepare a PIN and submit it to the Joint Committee for its decision;
 - (b) Prepare a draft methodology and submit it to the Joint Committee for its approval;
 - (c) Prepare a draft PDD and submit it to a third-party entity for validation and to notify the Joint Committee for public inputs;
 - (d) Prepare an SDIP and submit it to the Joint Committee for review;
 - (e) Submit the PDD that was validated by the third-party entity, the JCM credit allocation form and positively reviewed SDIP to the Joint Committee for its registration of the JCM 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 an SDIR for each monitoring period and submit it to the Joint Committee for evaluation;
 - (j) Submit a verification report prepared by the third-party entity and evaluated SDIR to the Joint Committee, and request notification to each government for issuance of JCM credits.
21. 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 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 secretariat, for an evaluation by the Joint Committee;
 - (d) Submit a positively reviewed SGPR to the Joint Committee for requesting notification to each government for issuance of credits.

G. Submission of Project Idea Note

22. 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 the project.

H. Development of Methodologies

23. Each government 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.
24. 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 government 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

25. 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.
26. 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

27. 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.
28. Project participants develop a PDD by filling in the form and request a third-party entity to validate the proposed JCM project.
29. 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. Review of Sustainable Development Implementation Plan

30. The project participants fill in the SDIP form in line with the guidelines for developing sustainable development implementation plan and report and submit it to the secretariat in line with the project cycle procedures.
31. By the end of the reviewing period, the secretariat notifies the project participants if potential negative impacts of the JCM project on sustainable development are identified and an appropriate action plan is not described.

L. 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 governments the JCM credit allocation among the project participants of Japan, the project participants of (*Partner Country*), the Government of Japan and the Government of (*Partner Country*) 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 JCM credit allocation form and positively reviewed SDIP, to the Joint Committee and request for their registration.
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 a request for registration from project participants, the Joint Committee decides the JCM credit allocation, registers as the JCM project, notifies each government of the registration and makes publicly available the relevant information on the JCM project through a website.

M. Monitoring

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

N. 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.

O. Evaluation of Sustainable Development Implementation Report

41. The project participants fill in the SDIR form in line with the guidelines for developing sustainable development implementation plan and report and positively reviewed SDIP, and submit it to the secretariat in line with the project cycle procedures.
42. By the end of the evaluation period, the secretariat notifies the project participants if negative impacts of the JCM project on sustainable development are identified without appropriate description on the corrective action.

P. Issuance of JCM Credits

43. Each government establishes a registry to record and use JCM credits, measured in metric tonnes of carbon dioxide equivalent (tCO₂eq) in line with the methodologies and metrics assessed by the Intergovernmental Panel on Climate Change.
44. Project participants request the Joint Committee to notify each government to issue JCM credits to its respective account in the registry on the basis of the verification report and evaluated SDIR, in line with the JCM credit allocation decided in paragraph 36.

45. For REDD-plus and afforestation/reforestation, project participants additionally submit a positively reviewed SGPR to the Joint Committee for requesting notification to each government for issuance of JCM credits.
46. Upon receiving the request for issuance of JCM credits from project participants, the Joint Committee notifies each government of the issuance of JCM credits.
47. The Joint Committee makes publicly available the relevant information on the issuance of JCM credits through a website.

Q. Use of JCM Credits

48. JCM credits issued from GHG emission reductions or removals that occurred on or after 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 (*Partner Country*)'s nationally determined contribution, while ensuring that double counting is avoided on the basis of corresponding adjustments.
49. JCM credits are issued in the JCM registry of Japan and the JCM registry of (*Partner Country*) respectively with the avoidance of double counting. JCM credits issued by each government are tradable within its respective country.
50. JCM credits may not be traded between the JCM registry of Japan and the JCM registry of (*Partner Country*) unless each government establishes necessary arrangements for the trade.
51. Each government 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").
52. Each government may authorize part of JCM credits for use for other international mitigation purposes, as appropriate, consistent with the guidance.
53. The Government of (*Partner Country*) applies corresponding adjustments to the JCM credits issued in the JCM registry of Japan as well as the JCM credits issued in the JCM registry of (*Partner Country*) and authorized for the use toward other international mitigation purposes, consistent with the guidance.
54. Each government checks the status of the issuance and use of JCM credits and makes sure that double counting is avoided as described in paragraphs 17 and 48.

R. Others

55. The JCM covers the period for verified emission reductions or removals from the mitigation projects under the JCM to be made until either government decides and notifies to the other government for the termination of the JCM.