

**Joint Crediting Mechanism Rules
between Viet Nam and Japan**

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Joint Crediting Mechanism Rules of Procedures for the Joint Committee

1. Objectives

1. The Rules of Procedures for the Joint Committee (hereinafter referred to as “Rules of Procedures”) delineates the membership, decision-making procedures, and activities of the Joint Committee of the Joint Crediting Mechanism (hereinafter referred to as “JCM”).

2. Scope

2. The Rules of Procedures apply to all activities of the Joint Committee, including, but not limited to those referred to in section C of the Rules of Implementation of the Joint Crediting Mechanism.

3. Definitions

3. Terms in the Rules of Procedures are defined in the JCM Glossary of Terms.

4. Members

4. The Joint Committee consists of representatives from the Government of Japan and the Government of Viet Nam.
5. Each government designates members of the Joint Committee from the respective government and notifies the other government of this designation in writing. Members of the Joint Committee designated by each government may not exceed 10. Members may be increased, decreased, or changed as long as they stay within the allowed number at any time with prior written notification of both governments.
6. Each member of the Joint Committee should have no personal or direct financial interest in any matter under consideration by the Joint Committee.
7. The Joint Committee has two Co-Chairs to be appointed by each government upon notification of each other with one of the Co-Chairs appointed by the Government of Viet Nam and the other appointed by the Government of Japan, respectively. In case a Co-Chair resigns, the government which appointed the leaving Co-Chair, appoints his or her replacement.
8. Each Co-Chair may designate an alternate from members of the Joint Committee from each government to perform the function of the Co-Chair. Such designation is distributed electronically or otherwise, in written form.

5. Meetings

5.1. Schedule

9. The Co-Chairs give notice of the date of each meeting no less than four weeks prior to the date of the meeting. The final draft documents for the meeting are provided at the same time as the meeting notice.
10. The Co-Chairs provide the agenda of each meeting no less than two weeks prior to the date of the meeting.

5.2. Decision in the meeting

11. Decision by the Joint Committee is adopted by consensus.
12. The Co-Chairs ascertain whether consensus has been reached. On the matters under consideration, if a member of the Joint Committee objects to a proposed decision, the Co-Chairs consider the view of the member concerned and make the final decision on whether the proposed decision is adopted.

5.3. Attendance

13. An alternate of each member of the Joint Committee from the respective government may attend the meetings of the Joint Committee to perform the function of the member of the Joint Committee. Such substitution is informed by electronic means or otherwise in written form prior to the concerned meeting.
14. Meetings of the Joint Committee may be open to observers approved by both governments, except where otherwise decided by the Joint Committee. Observers may make presentations upon request by the Co-Chairs during the meeting.

6. Decision by electronic means and conference call

15. The Joint Committee may adopt decisions by electronic means provided that all the following procedures are made:
 - (a) The proposed decisions are distributed by the secretariat to all members of the Joint Committee by electronic means.
 - (b) The proposed decisions are deemed as adopted when,
 - (i) no member of the Joint Committee has provided negative assertion by electronic means within 10 calendar days after distribution of the proposed decisions and the Co-chairs have issued a confirmation of its adoption, or
 - (ii) all members of the Joint Committee have made affirmative assertion by electronic means.
16. If a negative assertion is made by one of the members of the Joint Committee, the Co-Chairs take into account the opinion of the member and take appropriate actions.
17. The Joint Committee may hold conference calls to assist making decisions by electronic means.

7. Languages

18. The decisions of the Joint Committee are published in English.
19. Working language of the Joint Committee is English. Members of the Joint Committee wishing to speak or distribute materials in other languages provide for interpretation or translation in English.

8. Secretariat

20. The secretariat serves the Joint Committee by performing the work for the implementation of the JCM.

9. External assistance

21. The Joint Committee may establish panels necessary to assist it in the performance of its functions. The rules and procedures of such panels are decided by the Joint Committee.
22. The Joint Committee may decide to appoint external experts to assist part of its work on a case-by-case basis.

10. Confidentiality

23. Members of the Joint Committee, the secretariat or any other bodies or persons that have been delegated the work to assist the Joint Committee respect the confidentiality of all confidential information acquired in his/her position and any other confidential documents specified in the regulation of both Governments and not make improper use of or disclose such confidential information to third parties.

11. Record of the meeting

24. The full text of all decisions of the Joint Committee is made publicly available immediately after the decisions are adopted, except for any confidential information or documents specified in the regulations of both Governments. The decisions are reflected in the carbon credit registry systems of Viet Nam and the JCM website, as appropriate.

12. Conflict of interest

25. Any bodies or persons other than governmental officials who participate in the Joint Committee meeting or conference calls declare before their participation to such occasions that they have no current professional, financial or other interest which could: i) significantly impair the individual's objectivity in carrying out his or her duties for the Joint Committee, or ii) create an unfair advantage for any person or organization. Circumstances that could lead a reasonable person to question an individual's objectivity, or whether an unfair advantage has been created, constitute a potential conflict of interest.

Rules of Implementation for the Joint Crediting Mechanism (JCM)

The Joint Committee of the JCM between the Government of Japan and the Government of Viet Nam, hereby establishes the rules of implementation for the JCM as follows:

A. Purpose of the JCM

26. 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 Viet Nam;
 - (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 Viet Nam and contribute to the achievement of nationally determined contributions of Japan and Viet Nam 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.

B. Scope

27. GHGs are those gases of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).
28. 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”).
29. Each JCM project 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.

C. Joint Committee

30. Both governments establish the Joint Committee which consists of the representatives from both governments.
31. 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 of Project Design Document (PDD);
 - (h) monitoring guidelines;
 - (i) guidelines for the verification of GHG emission reductions or removals;
32. The Joint Committee designates the third-party entities to conduct validation and/or verification under the JCM as referred to in paragraph 43.
33. 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.
34. 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, taking into account the tentative JCM credit allocation for the JCM projects.
35. 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.
36. 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.
37. In conjunction with meetings of the Joint Committee, both governments conduct policy consultations about the relevant policy measures of the JCM.
38. The Joint Committee establishes its secretariat for the implementation of the JCM.

D. Each Government

39. Each government, based on the rules and guidelines as developed by the Joint Committee and/or in line with relevant domestic laws and regulations in respective countries for the implementation of the JCM:
 - (a) Establishes and maintains a registry;
 - (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.
40. Each government promptly informs the Joint Committee of the issuance of JCM credits.
41. Each government takes necessary measures to ensure transparency in the implementation of the JCM.

42. Neither government uses any mitigation projects registered under the JCM for the purpose of any other GHG mitigation crediting mechanisms to avoid double counting.

E. Third-party Entities

43. 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

44. Project participants:
- (a) Prepare a PIN application dossier and submit it to the Government of Viet Nam and the Joint Committee for its decision;
 - (b) Prepare a draft methodology and submit it to the Joint Committee for its approval or select an appropriate JCM approved methodology;
 - (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;
 - (e) Prepare an application dossier for project registration, including an application form, the PDD that was validated by the third-party entity, the tentative JCM credit allocation ratio, the positively reviewed SDIP, and validation report and submit it to the Joint Committee through the secretariat and the Government of Viet Nam 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;
 - (j) Prepare an application dossier for issuance request, including an application form, a verification report prepared by the third-party entity, SDIR, and other relevant documents, and submit it to the Government of Viet Nam and the Joint Committee, and request notification to each government for issuance of JCM credits.
 - (k) Prepare an application dossier for letter of authorization and submit it to the Government of Viet Nam for the credits to be recorded as internationally transferred mitigation outcomes (ITMOs).

G. Submission of Project Idea Note

45. The project participants prepare a PIN application dossier and submit it to the Joint Committee through the secretariat and the Government of Viet Nam. Those planned projects described in the PIN application dossier to which the Government of Viet Nam approves and the Joint Committee decides not to object may proceed to the request for registration of the project.

H. Development of Methodologies

46. 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.
47. 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.
48. The reference emissions are calculated to be below business-as-usual (BaU) emissions which represent plausible emissions in providing the same outputs or service level of a proposed JCM project in Viet Nam.
49. The reference emissions are established in a manner that the proposed project contributes to the achievement of the latest nationally determined contribution of Viet Nam under the Paris Agreement.

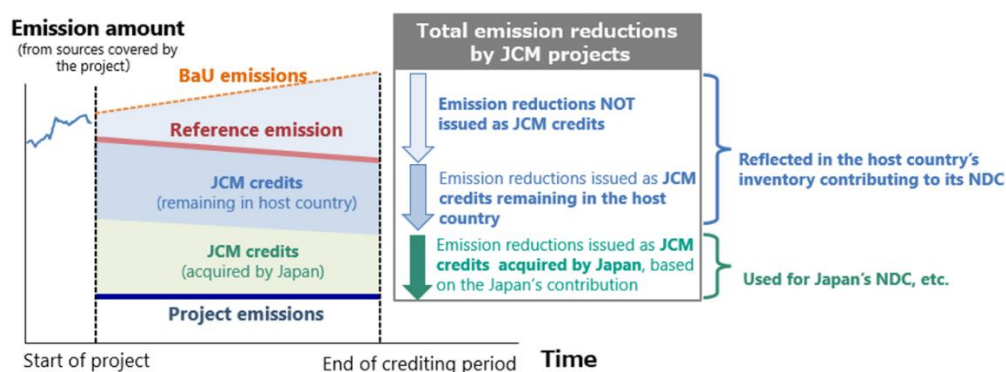


Figure: Indicative diagram of the relationship between the BaU emissions, reference emissions and project emissions

I. Designation of Third-party Entities

50. 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.
51. 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

52. 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.
53. Project participants develop a PDD by filling in the form and request a third-party entity to validate the proposed JCM project.
54. 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

55. 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.
56. 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

57. Registration is the formal acceptance by the Joint Committee of a validated project as a JCM project.
58. Project participants of a JCM project consult among themselves and with both governments the JCM credit allocation ratio among the project participants of Japan, the project participants of Viet Nam, the Government of Japan and the Government of Viet Nam respectively, taking into consideration their respective contributions in various forms to GHG emission reductions or removals by the JCM project and in line with the maximum transfer ratios stated in applicable laws and regulations of Viet Nam.
59. Project participants prepare an application dossier for project registration request, including an application form, the PDD, which was validated by the third-party entity, the tentative JCM credit allocation ratio, the positively reviewed SDIP, and validation report, and submit it to request for their registration to the Joint Committee through the secretariat and to the Government of Viet Nam in line with applicable laws and regulations of Viet Nam.
60. Upon receiving a request for registration from project participants, the Government of Viet Nam performs the domestic procedure in line with applicable laws and regulations of Viet Nam with taking into account the tentative allocation ratio and the Joint Committee decides to register the proposed project as a JCM project, taking into account the tentative credit allocation ratio. The JC subsequently notifies each government of the registration and makes publicly available the relevant information on the JCM project through a website.

M. Monitoring

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

N. Verification

62. 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.
63. Project participants prepare a monitoring report and request a third-party entity for verification.
64. The third-party entity, in line with the guidelines for the verification of GHG emission reductions or removals in the Operational Manual developed by the secretariat at the request of 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

65. 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.
66. 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

67. 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.
68. 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 tentative JCM credit allocation ratio which was taken into account at the registration stage and in line with the maximum transfer ratios stated in applicable laws and regulations of Viet Nam.
69. Project participants take the procedures required under the applicable laws and regulations of Viet Nam for the issuance or recognition of greenhouse gas emission reductions or carbon credits and, where international transfer is sought, for approval of such international transfer.
70. Upon receiving the Government of Viet Nam's letter of authorization and decision on the request for issuance, the Joint Committee decides whether to approve the issuance, and where the issuance is approved, the Joint Committee notifies each government of the issuance of JCM credits.
71. Following the Joint Committee's decision, JCM credits are internationally transferred to Japan, in line with respective laws, regulations and registry arrangements of each government. Detailed procedures for registry transactions are specified in the Operational Manual or other technical arrangements consented by both governments.
72. The Joint Committee makes publicly available the relevant information on the issuance of JCM credits through a website.

Q. Use of JCM Credits

73. 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 Viet Nam's nationally determined contribution, while ensuring that double counting is avoided on the basis of corresponding adjustments.
74. JCM credits are issued in the JCM registry of Japan and the National Registry System of Viet Nam respectively with the avoidance of double counting. JCM credits issued by each government are tradable within its respective country.
75. 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, in line with the guidance on cooperative approaches, referred to in Article 6, paragraph 2 of the Paris Agreement (hereinafter referred to as "the guidance").
76. Each government may authorize part of JCM credits for use for other international mitigation purposes, as appropriate, in line with the guidance.
77. The Government of Viet Nam applies corresponding adjustments to the JCM credits issued in the JCM registry of Japan as well as the JCM credits issued in the National Registry System of Viet Nam and authorized for the use toward other international mitigation purposes, in line with the guidance.
78. 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 42 and 73.

R. Others

79. 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.