

**Memorandum of Cooperation on Carbon Reduction Partnership
between the Government of Japan and the Government of the Republic of Palau**

1. The Government of Japan and the Government of the Republic of Palau (hereinafter referred to as “both governments”), in pursuit of the ultimate objective of the United Nations Framework Convention on Climate Change (hereinafter referred to as the “UNFCCC”), which is to achieve stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, as stated in its Article 2, and of achieving sustainable development, and in order to continue to address climate change in cooperation, hereby promote the Carbon Reduction Partnership as follows.
2. Both governments hold close policy consultations toward reducing the adverse effects of climate change at various levels for cooperation under the United Nations, including the UNFCCC, or other relevant international, regional, and bilateral frameworks, while respecting the Government of the Republic of Palau’s commitments to the Alliance of Small Island States and the Pacific Islands Forum.
3. Both governments, in order to promote investment and deployment of carbon efficient technologies, products, systems, services and infrastructure to reduce the adverse effects of climate change in the Republic of Palau, hereby establish a Joint Crediting Mechanism (hereinafter referred to as the “JCM”) and implement it in accordance with the relevant domestic laws and regulations in force in respective countries.
4. Both governments hereby establish the Joint Committee to operate the JCM.
 - A) The Joint Committee consists of representatives from both governments.
 - B) Rules of procedures of the Joint Committee, including its membership, are formulated by consensus of both governments.
 - C) The Joint Committee develops, by consensus, rules and guidelines regarding the JCM, methodologies to quantify the emission reductions or removals of greenhouse gases, requirements for the designation of third-party entities, and other matters relating to the implementation and administration of the JCM as necessary, respecting Palau’s position as a member of the Alliance of Small Island States
 - D) The Joint Committee convenes meetings on a regular basis for the

implementation of the JCM.

5. Both governments mutually recognize that verified emission reductions or removals from the mitigation projects under the JCM can be used as a part of their own internationally pledged greenhouse gases mitigation efforts.
6. Both governments ensure the robust methodologies, transparency and the environmental integrity of the JCM and maintain the JCM simple and practical, to promote concrete actions for global greenhouse gases emissions reductions or removals.
7. Neither government uses any mitigation projects registered under the JCM for the purpose of any other international climate mitigation mechanisms to avoid double counting on greenhouse gases emission reductions or removals.
8. Both governments work in close cooperation to facilitate financial, technological and capacity building support necessary for the implementation of the JCM. In particular, the Government of Japan supports the Government of the Republic of Palau for the implementation of the JCM.
9. The JCM starts its operation as the non-tradable credit type mechanism. Both governments consult regarding the transition to a tradable credit type mechanism in line with the ultimate objective of the UNFCCC and reach a conclusion of such consultation at the earliest possible timing, taking into account the successful implementation of the JCM.
10. Any content of this partnership may be modified only by mutual written consent between both governments.
11. This Memorandum may be terminated by either government with sixty (60) days notice to the other government.

Signed in Ngerulmud on 13th January 2014, in two originals in the English language.

Nobuteru Ishihara
Minister of the Environment
Japan

Charles Obichang
Minister of Public Infrastructure, Industry
and Commerce of the Republic of Palau