

Rules of Implementation for
The Bilateral Offset Credit Mechanism (BOCM)

The Joint Committee of the BOCM, mentioned in “Low Carbon Growth Partnership between the Japanese side and the Bangladeshi side”, hereby establishes the rules of implementation for the BOCM as follows:

A. Purpose of the BOCM

1. The BOCM 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 People’s Republic of Bangladesh;
 - (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 People’s Republic of Bangladesh and use those emission reductions or removals to achieve emission reduction targets of Japan;
 - (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.

B. Scope

2. GHG are those gases of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) as adopted by CMP8.
3. 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 BOCM (hereinafter referred to as “BOCM projects”).
4. The BOCM starts its operation as the non-tradable credit type mechanism. The Japanese side and the Bangladeshi side (hereinafter referred to as “both sides”) continue

consultation for the transition to the tradable credit type mechanism and reach a conclusion at the earliest possible timing, taking account of implementation of the BOCM.

C. Definitions

5. Terms in the Rules of Implementation for the BOCM are defined in the BOCM Glossary of Terms.

D. Joint Committee

6. Both sides establish the Joint Committee which consists of the representatives from both sides.

7. The Joint Committee may develop or modify the Rules of Implementation and other rules and guidelines necessary for the implementation of the BOCM, 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 the designation of third-party entities;
- (e) guidelines for the validation;
- (f) monitoring guidelines;
- (g) guidelines for the verification of GHG emission reductions or removals;
- (h) common specifications for registries;
- (i) formats for project design document (hereinafter referred to as “PDD”), request for registration of BOCM projects, monitoring report, request for verification of emission reductions or removals, etc.

8. The Joint Committee designates the third-party entities.

9. On the basis of a request for registration of BOCM projects submitted by project participants, the Joint Committee registers BOCM projects which were validated by the third-party entities.

10. On the basis of a request for notification to each side for issuance of credits

submitted by project participants, the Joint Committee notifies both sides to issue the credits which were verified by the third-party entities.

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

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

13. The Joint Committee establishes its secretariat for the implementation of the BOCM.

E. Each Side

14. 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 BOCM:

- (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 credit by the Joint Committee (including for allocation of credits among participants), issues the notified amount of credits to its registry.

15. Each side promptly informs the Joint Committee on the issuance of credits under the BOCM.

16. Each side takes necessary measures to ensure transparency in the implementation of the BOCM.

17. Neither side uses any mitigation projects registered under the BOCM for the purpose of any other international climate mitigation mechanisms to avoid double counting.

F. Third-party Entities

18. 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 BOCM 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.

G. Project Participants

19. Project participants:
- (a) Prepare a draft methodology and submit the draft to the Joint Committee for its approval;
 - (b) Prepare a draft PDD and submit the draft to a third-party entity for validation and notify the Joint Committee;
 - (c) Submit the PDD that was validated by the third-party entity to the Joint Committee for its registration of the project;
 - (d) Implement the BOCM project and conduct monitoring in line with the PDD ;
 - (e) Prepare a monitoring report and send the report to a third-party entity for verification;
 - (f) Submit a verification report prepared by the third-party entity to the Joint Committee, and request notification to each side for issuance of credits under the BOCM.

H. Development of Methodologies

20. 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 comments process.

21. The Joint Committee determines either to approve or reject the draft methodology, taking account of, among other things, comments 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

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

23. 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

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

25. Project participants develop a PDD by filling in the format and request a third-party entity to validate the proposed BOCM project.

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

K. Registration

27. Registration is the formal acceptance by the Joint Committee of a validated project as a BOCM project.

28. Project participants submit the PDD, which was validated by the third-party

entity, to the Joint Committee and request for registration.

29. Upon receiving the request for registration from project participants, the Joint Committee registers the project, notifies each side of the registration and makes publicly available the relevant information on the BOCM project through a website.

L. Monitoring

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

M. Verification

31. Verification is the periodic independent review and ex post determination by a third-party entity of the monitored GHG emissions reductions or removals as a result of a registered BOCM project during the verification period.

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

33. 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 Credits

34. Each side establishes a registry to record and use the credits.

35. Project participants of a BOCM project consult among themselves, and determine, the allocation of credits.

36. Project participants request the Joint Committee to notify each side to issue the credits to its respective account in the registry on the basis of the verification report with the determined allocation of the credits among the project participants.

37. The Joint Committee conducts a completeness check on the request, including for allocation of the credits among the project participants, and notifies each side of the result.

38. The Joint Committee makes publicly available the relevant information on the issuance of credits through a website.

O. Use of Credits

39. Credits issued by the Japanese side can be used to achieve its emission reduction target. Credits issued by the Bangladeshi side can be used for its own mitigation contribution, including nationally appropriate mitigation actions.

40. Each side checks the status of the issuance and use of credits and makes sure that no double counting as described in paragraph 16 of credits is discovered.

P. Others

41. A project which started operation on or after 1 January 2013 is eligible for consideration as the BOCM project.

42. The BOCM covers the period from the date “Low Carbon Growth Partnership between the Japanese side and the Bangladeshi side” is signed until a possible coming into effect of a new international framework under the UNFCCC. Both sides consider possible extension of the BOCM and reach a conclusion before its termination, taking into account, inter alia, the progress made in the United Nations negotiations on climate change.