

**Memorandum of Cooperation on the Joint Crediting Mechanism
between the Government of Japan and the Government
of the Republic of Azerbaijan**

Paragraph 1

The Government of Japan and the Government of the Republic of Azerbaijan (hereinafter referred to individually as a “government” and collectively as “both governments”), in pursuit of the objectives of the Paris Agreement including holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels as stipulated in its Article 2, paragraph 1, sub-paragraph (a), and in order to enhance bilateral cooperation in addressing climate change, establish a Joint Crediting Mechanism (hereinafter referred to as “the JCM”).

Paragraph 2

The JCM aims to facilitate diffusion of, among others, leading decarbonizing technologies, products, systems, services and infrastructure as well as implementation of mitigation actions, thereby contributing to greenhouse gas emissions reductions or removals in the Republic of Azerbaijan, and the achievement of nationally determined contributions of Japan and the Republic of Azerbaijan based on fairness and mutual benefits.

Paragraph 3

Both governments implement the JCM in accordance with the relevant domestic laws and regulations in force in respective countries.

Paragraph 4

Both governments establish the Joint Committee consisting of representatives from each government to implement the JCM whose members will be determined by each government. The Joint Committee develops rules and guidelines necessary for the implementation of the JCM, relating to procedures of the Joint Committee, project cycle procedures, methodologies, project design documents, monitoring, designation of third-party entities, validation and verification and other related matters of the JCM.

Paragraph 5

Members of the Joint Committee, and any other bodies or persons that have been delegated the work to assist the Joint Committee keep confidential information that has been marked as such and do not make improper use of or disclose such confidential information to third parties.

Paragraph 6

Both governments mutually recognize that part of JCM credits issued from emission reductions and removals 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 nationally determined contribution of the Republic of Azerbaijan, while ensuring that double counting is avoided on the basis of corresponding adjustments, consistent with the guidance on cooperative approaches, referred to in Article 6, paragraph 2 of the Paris Agreement (hereinafter referred to as "the guidance").

Paragraph 7

Each government authorizes the JCM credits issued in the JCM registry of Japan for use towards the achievement of Japan's nationally determined contribution as internationally transferred mitigation outcomes, consistent with the guidance.

Paragraph 8

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

Paragraph 9

Both governments ensure the transparency and environmental integrity of the JCM and maintain it simple and practical, to promote concrete actions for global greenhouse gas emission reductions and removals.

Paragraph 10

Both governments work in close cooperation for the implementation of the JCM. The Government of Japan will facilitate technological and capacity building support necessary for the administration of the JCM by the Government of the Republic of Azerbaijan.

Paragraph 11

This Memorandum of Cooperation is not legally-binding and is not intended to create any legal rights or obligations on either government.

Paragraph 12

Either government may terminate this Memorandum of Cooperation by giving at least six (6) months' prior notice to the other government through diplomatic channel. Such termination will not affect existing projects or activities under this Memorandum of Cooperation.

Paragraph 13

This Memorandum of Cooperation will commence on the date of its signature. Any content of this Memorandum of Cooperation may be modified and supplemented by mutual written consent between both governments, specifying the date of commencement of such modifications.

Paragraph 14

Any differences in the interpretation, application and implementation of this Memorandum of Cooperation are resolved amicably through consultations between both governments.

Signed in Baku on 5 September 2022, in two originals in the English language.

For the Government of Japan

For the Government
of the Republic of Azerbaijan

WADA Junichi
Ambassador of Extraordinary and
Plenipotentiary of Japan
to the Republic of Azerbaijan

Mukhtar BABAYEV
Minister of Ecology
and Natural Resources