



## Initial report referred to in decision 2/CMA.3, annex, chapter IV.A (Initial report)

<b>Party</b>	Palau
<b>NDC period</b>	2020 – 2025
<b>Report number for the NDC period<sup>1</sup></b>	1
<b>Report type</b> Initial report Updated initial report	<input checked="" type="checkbox"/> <input type="checkbox"/>
<b>Updated initial report number</b>	
<b>Version<sup>2</sup></b>	1.0
<b>Date</b>	16/September/2025
<b>Name(s) of cooperative approach(es) included in this report</b> (Include a line for each additional cooperative approach)	The Joint Crediting Mechanism between the Government of Palau and the Government of Japan

Note: For updated initial report fill in only section IV. Information on each cooperative approach (para. 18(g–i), para. 19 of the annex to decision 2/CMA.3).

### I. Participation responsibilities (para. 18(a))

A. Information on how the Party ensures that it is a Party to the Paris Agreement (para. 18(a), para. 4(a), to be updated by para. 21(a))

Palau ratified the Paris Agreement on 22 April 2016 and continues to be a Party to the Paris Agreement.

**Reference:**

United Nations Treaty Collection (Paris Agreement)

**Participant:** Palau

**Signature:** 22, April 2016

**Ratification:** 22, April 2016

[https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsq\\_no=XXVII-7-d&chapter=27&clang=en](https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsq_no=XXVII-7-d&chapter=27&clang=en)

B. Information on how the Party ensures that it has prepared, communicated and is maintaining an NDC in accordance with Article 4, paragraph 2 (para. 18(a), para. 4(b), to be updated by para. 21(a))

Palau communicated its transition from INDC to NDC on 22 April 2016 and continues to implement the NDC in accordance with national plans and policies.

**Reference:** NDC Registry

**Party:** Palau

**Submission Date:** 22, April 2016

<sup>1</sup> Ascribe sequential number for updated initial reports. The number '1' is reserved for the initial report.

<sup>2</sup> Ascribe version number as follows: decimal increase for minor revisions (typos, corrections) and digit increase for content changes.

[https://unfccc.int/sites/default/files/NDC/2022-06/Palau\\_INDC.Final Copy.pdf](https://unfccc.int/sites/default/files/NDC/2022-06/Palau_INDC.Final%20Copy.pdf)

C. Information on how the Party ensures it has arrangements in place for authorizing the use of ITMOs towards achievement of NDCs pursuant to Article 6, paragraph 3 (para. 18(a), para. 4(c), to be updated by para. 21(a))

The government of Japan and Palau as authorized participating parties through the JCM have a Joint Committee JC to make necessary decisions including authorization of third- party Entities and the use of ITMOs towards achievement of NDCs.

D. Information on how the Party ensures it has arrangements in place that are consistent with the Article 6, paragraph 2, guidance and relevant decisions of the CMA for tracking ITMOs (para. 18(a), para. 4(d), to be updated by para. 21(a))

Under the Joint Crediting Mechanism (JCM) with Japan, a JCM registry was established for Palau to record issuances and transactions relating to the credits issued by the Palau side under the JCM, with a unique identifier assigned to each credit. The authorized JCM credits are issued and tracked in the Japan side's JCM registry. The issuance records of JCM credits can be found on the country page of the JCM website as follows: <https://www.jcm.go.jp/pw-jp/projects/issues>.

A registry for Palau to issue and track JCM credits is under development by the Japan-side JCM Secretariat. The registry developed will be in accordance with Common Specifications of the JCM Registry.

E. Information on whether the most recent national inventory report required in accordance with decision 18/CMA.1 has been provided (para. 18(a), para. 4(e), to be updated by para. 21(a))

Palau provided its most recent national inventory report in the 2nd National Communication submitted on 26 Aug 2019, covering national greenhouse gas inventories from 1994 until 2005. The Third National Communication and Biennial Transparency Report are forthcoming, whereby this section will be updated accordingly.

Reference: National Communication submissions from Non-Annex I Parties

Party: Palau

NC2: 26, August 2019

<https://unfccc.int/non-annex-i-NCs#:~:text=Non-Annex%20I%20Parties%20are%20required%20to%20submit%20their,accordance%20with%20the%20guidelines>

F. Information on how the Party ensures participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement (para. 18(a), para. 4(f), to be updated by para. 21(a))

Palau sees that international cooperation and partnership finance is required to promote implementation of mitigation activities in addition to its domestic efforts which generate emission reductions in Palau, part of which are maintained in the country and contribute to the implementation of its NDC. Efforts to obtain support to develop a long-term low-emission development strategy are ongoing.

## **II. Description of the Party's NDC, as referred to in decision 18/CMA.1, annex, paragraph 64, where a participating Party has not yet**

**submitted a biennial transparency report (para. 18(b), to be updated by para. 21(b))**

A. Target(s) and description, including target type(s) (decision 18/CMA.1, annex, para. 64(a))

**Target Description:** Palau aims to reduce its greenhouse gas emissions in the energy sector by 22% below 2005 levels of 88 thousand tCO<sub>2</sub>e ,45% Renewable Energy target and 35% Energy Efficiency target by 2025.

**Target Type:** Single- year target

B. Target year(s) or period(s), and whether they are single-year or multi-year target(s) (decision 18/CMA.1, annex, para. 64(b))

**Target Year:** 2025

**Target Type:** Single-year target

C. Reference point(s), level(s), baseline(s), base year(s) or starting point(s), and their respective value(s) (decision 18/CMA.1, annex, para. 64(c))

**Base year - 2005**

**Respective value - 88 thousand tCO<sub>2</sub>e**

**Reference:** NDC Registry

**Party:** Palau

**Submission Date:** 22, April 2016

[https://unfccc.int/sites/default/files/NDC/2022-06/Palau\\_INDC.Final\\_Copy.pdf](https://unfccc.int/sites/default/files/NDC/2022-06/Palau_INDC.Final_Copy.pdf)

D. Time frame(s) and/or periods for implementation (decision 18/CMA.1, annex, para. 64(d))

1, January 2020 to 31, December 2025

E. Scope and coverage, including, as relevant, sectors, categories, activities, sources and sinks, pools and gases (decision 18/CMA.1, annex, para. 64(e))

**Sectors**

**Energy**

- Energy industries (Main activity electricity & heat production)
- Transport (Civil Aviation, Road Transport, Water-borne navigation)
- Other sectors (Commercial/Institutional & Residential)

**Waste**

- Solid Waste Disposal
- Biological Treatment of Solid Waste
- Incineration and Open Burning of Waste
- Wastewater Treatment and Discharge
- Other

**Gases**

- Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), and Nitrous Oxide (N<sub>2</sub>O)

F. Intention to use cooperative approaches that involve the use of internationally transferred mitigation outcomes under Article 6 towards NDCs under Article 4 of the Paris Agreement (decision 18/CMA.1, annex, para. 64(f))

Yes. All carbon markets activities that Palau intends to count towards its NDCs will be incorporated and reflected in the development and implementation of the NDCs.

G. Any updates or clarifications of previously reported information (e.g. recalculation of previously reported inventory data, or greater detail on methodologies or use of cooperative approaches) (decision 18/CMA.1, annex, para. 64(g))

Not Applicable

### III. Information on ITMO metrics, method for applying corresponding adjustments and method for quantification of the NDC (para. 18(c–f))

A. ITMO metrics (para. 18(c))

The ITMO metric is tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq).

B. Method for applying corresponding adjustments as per chapter III.B (Application of corresponding adjustments) (para. 18(c))

1. Description of the method for applying corresponding adjustment for multi- or single year NDCs that will be applied consistently throughout the period of NDC implementation, if applicable (para. 18(c))

The government of Palau has a single year NDC target and will apply corresponding adjustments by using the average method referred to in decision 2/CMA.3, annex, III.B., [para. 7(a)(ii)]. For each year in the NDC implementation period, Palau will apply indicative corresponding adjustments by taking the cumulative amount of ITMOs, dividing it by the number of elapsed years in the implementation period and applying this average in each year and an equal amount in the corresponding adjustments.

2. Description of the method for applying corresponding adjustments where the method is a multi-year emissions trajectory, trajectories or budget, if applicable (para. 18(c))

Not applicable.

C. Quantification of the Party's mitigation information in its NDC in t CO<sub>2</sub> eq, including the sectors, sources, GHGs and time periods covered by the NDC, the reference level of emissions and removals for the relevant year or period, and the target level for its NDC or, where this is not possible, the methodology for the quantification of the NDC in t CO<sub>2</sub> eq (para. 18(d))

	Sectors and sources covered by the NDC	Energy (Main activity electricity & heat production & Transport) and Waste	
	GHGs covered by the NDC	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O,	
	Time Period covered by the NDC	2020 - 2025	

Reference Level of Emissions and removal for the relevant year or period	88 thousand tCO <sub>2</sub> Eq
Target level for NDC	68.64 thousand tCO <sub>2</sub> Eq (22% energy sector emissions reduction)

Reference:  
Palau First NDC  
NDCRegistry  
Party:Palau  
Submission Date: 22, April 2016

[https://unfccc.int/sites/default/files/NDC/2022-06/Palau\\_INDC.Final%20Copy.pdf](https://unfccc.int/sites/default/files/NDC/2022-06/Palau_INDC.Final%20Copy.pdf)

D. Quantification of the Party's NDC, or the portion in the relevant non-GHG indicator, in a non-GHG metric determined by each participating Party, if applicable (para. 18(e))

Not applicable.

E. For a first or first updated NDC consisting of policies and measures that is not quantified, information on quantification of the Party's emission level resulting from the policies and measures that are relevant to the implementation of the cooperative approach and its mitigation activities for the categories of anthropogenic emissions by sources and removals by sinks, as identified by the first transferring Party pursuant to paragraph 10, and the time periods covered by the NDC (para. 18(f))

Not applicable.

#### IV. Information on each cooperative approach (para. 18(g–i), para. 19)

*Note: For the initial report and the updated initial report, chapters A–H below should be repeated for each cooperative approach. For each further cooperative approach, each participating Party shall submit the information referred to in para. 18(g–i) of the annex to decision 2/CMA.3 in an updated initial report (decision 2/CMA.3, annex, para. 19).*

##### A. Copy of the authorization by the participating Party (para. 18(g))

As per the paragraph 2 of the decision on CMA.6 Article 6 paragraph 2 guidance on cooperative approaches, the authorization is clarified as the authorization of the use of internationally transferred mitigation outcomes from a cooperative approach referred to in decision 2/CMA.3, annex, paragraph 18. It was also noted that there are three components of authorization, as applicable: authorization of the cooperative approach, authorization of internationally transferred mitigation outcomes and authorization of entities.

The government of Palau authorizes the JCM as a cooperative approach, authorizes the JCM credits issued at the time of first transfer from the Palau JCM registry to the Japan JCM registry at first transfer for use towards achievement of the NDC, and authorizes the entities, if any, as per the copy of authorization as an attached template.

The following approach will be implemented in accordance with JCM rules and guidelines:

1. Authorize the JCM as the cooperative approach (anytime once it is ready).
  - Attach such authorization document to the Initial Report.
2. Authorize ITMOs on each project basis.
  - At JCM registration, Japan and Palau each authorizes the estimated amount of ITMOs based on contributions by each party.
  - At JCM credit issuance, Japan and Palau each confirms the actual amount of ITMOs and report them in the annual information.

**B. Description of the cooperative approach (para. 18(g))**

The Joint Crediting Mechanism (JCM) is a bilateral crediting mechanism established in order to quantitatively evaluate the contributions of Japan to greenhouse gas emission reductions and removals, which are achieved through the diffusion of, among others, leading decarbonizing technologies, products, systems, services, and infrastructures, as well as through the implementation of measures in developing countries and others, and in order to use such contributions to achieve Japan's NDC consistent with the Article 6.2 guidance and relevant decisions of the CMA.

The JCM between the Government of Japan and a partner country, in this case Palau, is implemented consistent with the Article 6.2 guidance, contributing to the achievement of both countries' NDCs and adaptation support for Palau as a partner country as per para. 18(h)(v) while ensuring the avoidance of double counting through corresponding adjustments.

Both governments establish a Joint Committee (JC) consisting of representatives from both countries to make necessary decisions.

All the relevant rules, guidelines, and decisions made by JC, including approval of methodologies, registration of projects, notification to issue JCM credits, and issuance of credits by each government are made publicly available on the JCM website. In addition, all calls for public input on the proposed methodologies and proposed projects are announced on the same website. See website below:

<https://www.jcm.go.jp/>

**C. Duration of the cooperative approach (para. 18(g))**

The cooperation covers the period for issuance of credits from GHG emission reductions or removals from JCM projects until 31 December 2030. Both governments may consider possible extension of the above-mentioned period and reach a decision by 2030.

**D. Expected mitigation for each year of the duration of the cooperative approach (para. 18(g))**

Estimated emission reductions in each year for JCM projects are included in a Project Design Document (PDD), a document that includes monitoring methods and estimated emission reductions.

For those projects and their emission reductions or removals (average), see the website below:

<https://www.jcm.go.jp/pw-ip/projects/registers>

**E. Participating Parties involved in the cooperative approach (para. 18(g))**

The Government of Palau and the Government of Japan.

F. Authorized entities (para. 18(g))

The authorized entity in Palau is the JC as per section I,C above, as it develops and modifies rules of implementation, designates third-party entities, registers validated JCM projects, notifies both parties on the issuance of credits, discusses issues related to operation and management of the projects, and performs policy consultations about the relevant policy measures of the JCM.

G. Description of how the cooperative approach ensures environmental integrity (para. 18(h), to be updated by para. 22(b))

1. Description of how the cooperative approach ensures that there is no net increase in global emissions within and between NDC implementation periods (para. 18(h)(i), to be updated by para. 22(b)(i))

Both governments mutually recognize that part of the credits issued from emission reductions and removals achieved by the JCM projects may be used towards the achievement of Japan's NDC while ensuring that double counting is avoided on the basis of corresponding adjustments consistent with the Article 6.2 guidance. The corresponding adjustments are applied to authorized credits.

Furthermore, in line with para. 8(b) of Annex to decision 2/CMA.3, JCM credits will be authorized by both Japan and Palau, and such authorized JCM credits acquired by the government of Japan will be used towards the achievement of Japan's NDC within the same NDC implementation period as when they occurred to ensure there is no net increase in global emissions within and between NDC implementation periods.

2. Description of how the cooperative approach ensures environmental integrity through robust, transparent governance and the quality of mitigation outcomes, including through conservative reference levels and baselines set in a conservative way and below 'business as usual' emission projections (including by taking into account all existing policies and addressing uncertainties in quantification and potential leakage) (para. 18 (h)(ii), to be updated by para. 22(b)(ii))

The JCM is established by a Memorandum of Cooperation (MoC) signed between both governments and implemented in line with the relevant domestic laws and regulations. In line with the MoC, the JC is established consisting of representatives from both countries. The JC adopted relevant rules and guidelines that are currently being updated and will be made public. In addition, all calls for public inputs on proposed methodologies and proposed projects are informed on the same website.

The methodologies are developed in line with JCM Guidelines for Developing Proposed Methodology, which explain the key concepts, such as reference emissions and eligibility criteria under the JCM. The JC assesses and considers the approval of the proposed methodologies. The list of approved JCM

methodologies can be found on the JCM website (<https://www.jcm.go.jp>).

The JCM Guidelines for Developing Proposed Methodology stipulate that 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 the proposed JCM project. Therefore, the baselines are to be set in such a way that emission reductions would not overestimate mitigation from an activity.

References:

JCM Guidelines for Developing Proposed Methodology

[https://www.jcm.go.jp/jc\\_decisions/1203/JCM\\_MM\\_GL\\_PM\\_ver01.0.pdf](https://www.jcm.go.jp/jc_decisions/1203/JCM_MM_GL_PM_ver01.0.pdf)

3. Description of how the **cooperative** approach is minimizing the risk of non-permanence of mitigation across several NDC periods and how, when reversals of emission reductions or removals occur, the cooperative approach will ensure that these are addressed in full (para. 18(h)(iii), to be updated by para. 22(b)(iii))

If a project is susceptible to the risk of non-permanence, the relevant rules and procedures will be applied concerning buffer credits, which are withheld from issued credits of the project and may be released in line with the relevant decisions.

(In case JCM REDD+ is expected, add the following explanation)

For reference, arrangements to minimize the risk of non-permanence of mitigation are established for JCM REDD+ projects. Project developers of JCM REDD+ projects are required to prepare "REDD plus Safeguard Activity Implementation Plan" (SGIP) as an ex-ante description of current situation of the project site, risks of reversals, and plans for safeguards activities including its monitoring. For reporting of the progress, project developers need to submit "REDD-plus Safeguard Activity Progress Report" (SGPR) to report the monitoring results and improvements for the next monitoring period. SGIP is reviewed by the JC for its decisions on project registration, and SGPR is reviewed by the JC for credit issuance requests.

The reference guidelines can be found on the JCM website.

<https://www.jcm.go.jp>

H. Additional description of the cooperative approach (para. 18(i))

1. Description of how the cooperative approach minimizes and, where possible, avoids negative environmental, economic and social impacts (para. 18(i)(i), to be updated by para. 22(f))

The JCM is implemented taking the negative environmental, economic, and social impacts into consideration in consultation with the relevant stakeholders in line with the relevant domestic laws and regulations in force. Where negative impacts are found, the project participants are requested to propose and implement safeguard measures.

Guidelines for developing a sustainable development implementation plan and report are applied.

When designing a proposed JCM project, Project Participants (hereinafter referred to as “PPs”) are required to apply these Guidelines and provide a comprehensive description of an implementation plan on contributions to sustainable development (hereinafter referred to as “SD”) through their project. PPs should conduct an ex-ante analysis of the contribution to SD using the Sustainable Development Implementation Plan (SDIP) form and an ex-post evaluation of the contribution to SD using the Sustainable Development Implementation Report (SDIR) form.

Reference:

JCM Guidelines for Developing Project Design Document and Monitoring Report.

[https://www.jcm.go.jp/rules\\_and\\_guidelines/pw/file\\_04/JCM\\_PW\\_GL\\_PDD\\_MR\\_ver02.1.pdf](https://www.jcm.go.jp/rules_and_guidelines/pw/file_04/JCM_PW_GL_PDD_MR_ver02.1.pdf)

JCM Guidelines for Developing Sustainable Development Implementation Plan and Report.

[https://www.jcm.go.jp/jc\\_decisions/785/JCM\\_ID\\_GL\\_SDIP\\_IR\\_ver01.0.pdf](https://www.jcm.go.jp/jc_decisions/785/JCM_ID_GL_SDIP_IR_ver01.0.pdf)

2. Description of how the cooperative approach reflects the eleventh preambular paragraph of the Paris Agreement, acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity (para. 18(i)(ii), to be updated by para. 22(g))

Each project's compliance with the domestic laws and regulations is monitored by both governments, ensuring that the eleventh preambular paragraph of the Paris Agreement is respected by the JCM projects.

In addition, project participants who receive financial support from the Government of Japan should take the best possible measures in line with the National Action Plan on Business and Human Rights (2020-2025) and the Guidelines on Respecting Human Rights in Responsible Supply Chains. Guidelines for developing a sustainable development implementation plan and report are also applied,

Also, the Government of Palau through its national policies, inter-alia the Palau Climate Change Policy of 2015, the Palau Development Plan of 2024, and various state-level masterplans takes into account adaptation measures in vulnerable areas where many vulnerable groups are located. Further, it recognizes its obligation to pursue the development of a sustainable waste management system through the integrated waste management strategy outlined in the National Solid Waste Management Strategy (2017 - 2026) to ensure proper management of the products throughout their lifecycle and reduce the impact on human health and the environment. Additionally, the “Guideline on Gender Equality for the JCM” was developed to provide basic principles and specific recommendations on gender equality and to encourage stakeholders, especially project participants who implement a JCM model project, to take actions at all the stages of the project cycle (planning, implementation, and monitoring).

Reference:

[https://gec.jp/jcm/kobo/mp/GEC\\_Consultation\\_Form\\_2024\\_en.docx](https://gec.jp/jcm/kobo/mp/GEC_Consultation_Form_2024_en.docx)

3. Description of how the cooperative approach is consistent with the sustainable development objectives of the Party, noting national prerogatives (para. 18(i)(iii), to be updated by para. 22(h))

The JCM is implemented to contribute to sustainable development in consultation with relevant stakeholders in a way that is consistent with their national objectives by adopting rules and guidelines for sustainable development.

The Sustainable Development Implementation Plan and Report guidelines for the JCM projects were approved. These documents assess sustainable development contributions through JCM project development and implementation. Before the credit issuance, a third party will verify the overall project assessment including the environmental impact assessment. Based on the monitoring report and the third-party verification report, the final decisions will be issued by JC.

Reference:

JCM Guidelines for Developing Sustainable Development Implementation Plan and Report.

[https://www.jcm.go.jp/jc\\_decisions/785/JCM\\_ID\\_GL\\_SDIP\\_IR\\_ver01.0.pdf](https://www.jcm.go.jp/jc_decisions/785/JCM_ID_GL_SDIP_IR_ver01.0.pdf)

4. Description of how the cooperative approach applies any safeguards and limits set out in further guidance from the CMA pursuant to chapter III.D (para. 18(i)(iv), to be updated by para. 22(i))

Not applicable.

5. Description of how the cooperative approach contributes resources for adaptation pursuant to chapter VII (Ambition in mitigation and adaptation actions), if applicable (para. 18(i)(v), to be updated by para. 22(j))

In accordance with para. 18.(h)(v) the JCM decides to contribute resources to assist Palau as it is particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

6. Description of how the cooperative approach delivers overall mitigation in global emissions pursuant to chapter VII (Ambition in mitigation and adaptation actions), if applicable (para. 18(i)(vi), to be updated by para. 22(k))

The JCM aims to deliver overall mitigation in global emissions (OMGE). Further agreements may be determined between Palau and Japan.