
MEMORANDUM OF COOPERATION

BETWEEN

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

AND

THE MINISTRY OF THE ENVIRONMENT OF JAPAN

ON

**COLLABORATION FOR REALIZATION OF INTERNATIONAL CARBON
MARKETS AND THE IMPLEMENTATION OF JOINT CREDITING MECHANISM
CONSISTENT WITH ARTICLE 6 OF THE PARIS AGREEMENT**

26 January 2023

This Memorandum of Cooperation (hereinafter referred to as “Memorandum”) represents a statement of the intent by the International Bank for Reconstruction and Development (hereinafter referred to as “the Bank”), and the Ministry of the Environment of Japan (hereinafter referred to as “the Ministry”) to work together towards the achievement of shared objectives and outlines the basis for collaboration between the Bank and the Ministry (hereinafter referred to collectively as the “Participants”, and individually as a “Participant”).

1. Background

- (a) The Bank is an international development institution established by Articles of Agreement adopted by its member countries. The Bank’s overarching mission is to reduce poverty, improve living conditions, and promote sustainable and comprehensive development in its developing member countries. It has established two ambitious goals to anchor its mission: end extreme poverty within a generation and boost shared prosperity. It achieves these objectives by providing loans, concessional financing, technical assistance, and knowledge-sharing services to its member countries and through partnerships with other organizations. The Bank has an interest in collaborating with public and private entities to improve the effectiveness of development assistance, thereby contributing to the achievement of the sustainable development goals.
- (b) The Bank is committed to supporting governments and the private sector and other stakeholders to combat climate change through its financing and financial tools; analytical and technical support; and through the provision of platforms to share and exchange knowledge and experience.
- (c) The Ministry is a Cabinet-level ministry of the Government of Japan responsible for global environmental conservation, pollution prevention, nature conservation, and ensuring safety in the research, development and use of nuclear energy.

2. Collaboration on the Bank’s Products and Services

- (a) The Bank’s products and services on climate markets and carbon pricing programs are summarized below:
 - (i) **Partnership for Market Implementation (“PMI”)** aims to contribute to and accelerate low carbon development efforts through development of carbon pricing policy instruments and international carbon markets that are sustainable and consistent with development priorities of client countries, Through the PMI, Japan contributes to the decarbonization efforts of emerging and developing countries by supporting the development of carbon pricing policy instruments (emission trading systems, carbon taxation schemes, and crediting mechanism including the operationalization of cooperation consistent with Article 6 of the Paris Agreement) while utilizing the experience of implementing the Joint Crediting Mechanism (JCM);

- (ii) **Innovate4Climate (“I4C”)** is the World Bank Group’s annual flagship event on the state and trends in climate finance, investment and markets with a particular focus on innovation in these categories bringing together the private and public sectors with an emphasis on showcasing investment opportunities and sharing knowledge;
 - (iii) **Carbon Pricing Leadership Coalition (“CPLC”)** aims to bring together decision makers in the public and private sector to discuss and advocate for carbon pricing; and
 - (iv) **Climate innovation including Climate Market Club and Climate Warehouse** which aim to develop methods, institutional processes and instruments to aid the operationalization of cooperation consistent with Article 6 of the Paris Agreement and other market mechanisms.
- (b) The Ministry intends to engage in collaboration relating to joint work and possible contribution to the Bank’s programs including those listed in paragraph 2(a) above.

3. Collaboration on the Ministry’s Initiatives

- (a) The Ministry is spearheading the **Paris Agreement Article 6 Implementation Partnership**. This is an international initiative to enable voluntary cooperation consistent with Article 6 by enhancing support, information sharing, and collaboration, which aims to promote the design of higher quality emission reduction projects by facilitating international coordination of capacity building and developing an information platform for the voluntary cooperation consistent with Article 6 and support for piloting and knowledge products.
- (b) The Bank intends to participate in the partnership in paragraph 3(a) above.
- (c) The Participants are interested in discussing and exploring the possibility and feasibility of jointly developing programs and enhancing the implementation of the programs.

4. Areas of Cooperation and Joint Work

- (a) In the context of the Ministry’s Paris Agreement Article 6 Implementation Partnership
- (i) The Participants will endeavor to facilitate the recognition of rules of market mechanisms and its linkage with Nationally Determined Contributions consistent with Article 6.
 - (ii) The Participants will endeavor to share good practices on institutional arrangements, including authorization and infrastructure.
 - (iii) The Participants will endeavor to implement mutual learning and training programs for reporting and review.

- (iv) The Participants will endeavor to support the development of baseline methodologies, including tool development.
 - (v) The Participants will endeavor to assist in the design and of high-integrity carbon markets.
- (b) In the context of the Bank's PMI:
- (i) The Ministry supports the implementation of the PMI as a contributing participant, including its delegation's participation in PMI Council Meetings, Technical Advisory Group meetings, technical workshops and other events.
 - (ii) The Ministry participates in the PMI as a contributing participant by providing experts and leveraging opportunities for scaling up the JCM related projects.
 - (iii) The Ministry contributes to the decarbonization efforts of emerging and developing countries by supporting the development of carbon pricing policy instruments (emission trading systems, carbon taxation schemes, and crediting mechanism including the operationalization of cooperation consistent with Article 6 of the Paris Agreement) while utilizing the experience of implementing the JCM.
- (c) With regard to global and regional climate events:
- (i) The Ministry intends to participate in and contribute to the organization of I4C.
 - (ii) The Ministry intends to participate in and contribute to related events such as regional climate weeks.
- (d) In the context of Climate Innovation including Climate Market Club and Climate Warehouse
- (i) The Ministry continues to participate in the consultations around specific initiatives such as Climate Market Club and Climate Warehouse and contribute to the development of tools and methods and to capacity building in operationalizing the next generation of international carbon markets, consistent with Article 6.

5. Framework for collaboration

- (a) This Memorandum provides a framework within which the Participants may develop and implement collaborative activities. Specific terms for the work programs to be implemented are to be set forth in a separate written document, with prior mutual consent of the Participants.
- (b) Each Participant will be responsible for its own costs in implementing its part of activities within this Memorandum, unless otherwise specified through prior mutual consent of the Participants.

6. **Implementation**

The responsibility for the implementation of this Memorandum lies with the Participants who each designate and appoint one representative, as indicated below. By written notice to the other Participant, each Participant may designate different persons as its representatives.

For the World Bank:

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7 **Limits to Participation**

- (a) Any sharing of confidential information between the Participants will be subject to their respective policies and procedures relating to the disclosure of confidential information.
- (b) Nothing in this Memorandum is construed as creating a joint venture, an agency relationship, or a legal partnership between the Participants.
- (c) Nothing in this Memorandum is intended to be, or should be construed as, a waiver of the privileges and immunities of either Participant or its officers and employees, which privileges and immunities are hereby specifically reserved.

8 Intellectual Property

- (a) The Participants recognize the importance of intellectual property rights protecting the materials used for or resulting from the joint activities conducted within the framework established by this Memorandum. This Memorandum does not grant the right to either Participant to use materials belonging to or created by the other Participant. The Bank retains intellectual property rights in all materials developed and produced by the Bank, its staff or consultants and the Ministry retains intellectual property rights in all materials developed and produced by the Ministry, its staff and consultants. The Participants decide collectively in writing on the ownership of any intellectual property rights that may arise in any work to be created by the collaborative activities to be implemented in line with this Memorandum., at the time of developing the work plans for such activities.
- (b) The Participants reserve the right to be acknowledged in publications resulting from collaborative activities between the Participants.

9. Names, Marks, Acronyms and Logos

Neither the Bank nor the Ministry will use the name or emblem of the other, or any abbreviation thereof, without the prior written approval of the other Participant.

10. Duration, Disclosure and Publicity

This Memorandum should be applicable for a period of three years from the date of signature and may be renewed thereafter with consent of the Participants. The Participants acknowledge and disclose to the public this Memorandum and information with respect to the collaborative activities contemplated herein. Such disclosure is made consistent with the Participants' respective disclosure policies and applicable law. The Participants consult with each other concerning the manner and form of any acknowledgement of the other Participant's support regarding the activities.

11. Commencement, Modification and Discontinuation

This Memorandum is intended to come into effect upon the signature by both Participants and may be modified or discontinued at any time by mutual written determination of the Participants. Further, either Participant may discontinue this Memorandum, at its sole discretion, by 60 days' prior notice in writing to the other Participant of its decision to discontinue.

12. Disputes, Controversies and Claims

In case of a dispute, controversy, or claim between the Participants arising out of or relating to this Memorandum for any activity decided pursuant thereto, the Participants will attempt in good faith to reach an amicable resolution.

13. Miscellaneous

- (a) The section headings in this Memorandum are for convenience only and are not intended, and will not be construed, to alter, limit, or enlarge in any way the scope or meaning of the language contained in this Memorandum.
- (b) This Memorandum replaces any previous intentions or documents communicated and consented to between the Participants in respect of collaborative activities contemplated herein.
- (c) Notwithstanding anything that might be interpreted to the contrary, this Memorandum is only intended to set out a summary of the cooperation between the Participants. Nothing expressed or implied herein (whether by operation of law or otherwise) legally commit or oblige any Participant to perform or observe any of the matters herein, and this Memorandum is not intended to create any binding and enforceable obligations nor any rights to the Participants.

Signed in duplicate at Washington, DC, on 25 January 2023, and at Tokyo on 26 January 2023, in English.

**FOR THE INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

**FOR THE MINISTRY OF THE
ENVIRONMENT OF JAPAN**

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Director General
Global Environment Bureau

Date: 25 January 2023

Date: 26 January 2023