

**MUTUAL RECOGNITION ARRANGEMENT
BETWEEN
THE MINISTRY OF THE ENVIRONMENT OF JAPAN
AND
THE MINISTRY OF ENVIRONMENT AND FORESTRY OF THE REPUBLIC OF
INDONESIA
ON
THE JOINT CREDITING MECHANISM BETWEEN JAPAN AND THE REPUBLIC OF
INDONESIA AND THE INDONESIAN GREENHOUSE GASES EMISSION
REDUCTION CERTIFICATION**

The Ministry of the Environment of Japan (hereinafter referred to as “MoE”) and the Ministry of Environment and Forestry of the Republic of Indonesia (hereinafter referred to as “MoEF”) (hereinafter referred to individually as a “Side” and collectively as “Both Sides”);

DESIRING to voluntarily collaborate, consistent with Article 6, paragraph 2 of the Paris Agreement, on the transfer of internationally transferred mitigation outcomes towards achieving their nationally determined contributions while promoting sustainable development, environmental integrity and transparency;

PROMOTING high integrity carbon markets;

ACKNOWLEDGING the Bilateral Cooperation on the Joint Crediting Mechanism for the Low Carbon Growth Partnership between Japan and the Republic of Indonesia (hereinafter referred to as “the bilateral document”) signed on 26 August 2013, and the continuation of the mechanism using the Joint Crediting Mechanism (hereinafter referred to as “JCM”) rules and guidelines and the Indonesian greenhouse gases emission reduction certification (hereinafter referred to as “SPEI”) consistent with the Paris Agreement and its guidance;

RECALLING that the Joint Committee of the JCM between Japan and the Republic of Indonesia established by the bilateral document receives appropriate guidance on the implementation of the JCM and from the relevant ministries and ministers in line with paragraph 5 of the bilateral document;

REFERRING to the Memorandum of Cooperation between the Ministry of the Environment of Japan and the Ministry of Environment and Forestry of the Republic of Indonesia on Environmental Cooperation (hereinafter referred to as “the MoC”) signed on 30 August 2022;

RECOGNIZING that the Minister of Environment and Forestry of the Republic of Indonesia, is responsible for managing mutual recognition cooperation based on SPEI and may provide authorization to JCM credits;

HAVE REACHED the following contents:

A. Objective and Purpose

1. This Mutual Recognition Arrangement (hereinafter referred to as “MRA”) intends to formally express the consent of Both Sides to recognize the JCM and SPEI as mutual recognition cooperation prescribed in the Regulation of the Minister of Environment and Forestry of the Republic of Indonesia Number 21 of 2022 on Procedure for Implementation of Carbon Pricing.
2. Both Sides implement the mutually recognized JCM and SPEI in accordance with the prevailing laws and regulations in their respective countries.

B. Terms and Definitions

3. For the purposes of this MRA:
 - (a) “**Authorization**” is a process specified by each government to authorize the use of credits issued from emission reductions and removals achieved by a project that are realized on or after 1 January 2021 towards the achievement of a nationally determined contribution (hereinafter referred to as “NDC”) of the Government of Japan, and other international mitigation purposes as appropriate, consistent with the guidance on cooperative approaches, referred to in Article 6, paragraph 2 of the Paris Agreement;
 - (b) “**Carbon credit registry**” is a web-based data and information management system established to ensure the accurate accounting of the issuance, holding, transfer, acquisition, cancellation and retirement of carbon credits;
 - (c) “**Corresponding adjustment**” is an adjustment to avoid double counting consistent with the guidance;
 - (d) “**Guidance**” is relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement in relation to cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement; and
 - (e) “**National Registry System for Climate Change**” managed by MoEF is a web-based data and information management system on actions and resources for Climate Change Mitigation, Climate Change Adaptation, and Carbon Pricing in Indonesia.

C. MRA and Bilateral Cooperation consistent with Article 6 of the Paris Agreement

4. Both Sides mutually recognize each carbon credit registry, MRV (measurement, reporting and verification) standards and greenhouse gas (hereinafter referred to as “GHG”) emissions reduction and removal certification system including issued carbon credits as the mitigation outcomes (collectively hereinafter referred to as “GHG mitigation crediting system”) of the JCM and SPEI are operated and supervised consistent with the Paris Agreement and the guidance, using common references, including the Intergovernmental Panel on Climate Change (IPCC) Guidelines, relevant international standards and conformity assessment systems.
5. Both Sides recognize existing Mutual Recognition Arrangement between accreditation bodies of both countries, i.e., Komite Akreditasi Nasional (KAN) and the Japan Accreditation Board (JAB), under the Asia Pacific Accreditation Cooperation (APAC) on GHG certification programs, including matters on accredited Validation and Verification Bodies.
6. Based on the mutual recognition of GHG mitigation crediting systems of the JCM and SPEI, Both Sides recognize the JCM and SPEI are implemented as mutual recognition cooperation and consistent with Article 6 of the Paris Agreement to implement their NDCs with the main objective to achieve each NDC target and subsequent objectives for other international mitigation purposes.
7. Based on the mutual recognition of the GHG mitigation crediting systems, MoE acknowledges the use of SPEI as the Indonesian GHG mitigation crediting system and recognizes the results for projects in Indonesia under this mutual recognition cooperation.

D. Sharing of Carbon Credits, Authorization, Corresponding Adjustment and Registration in NDCs

8. Both Sides acknowledge the fair sharing of carbon credits from JCM projects using SPEI, taking into account the contribution of each government and project participant for each project.
9. Both Sides acknowledge the implementation of authorization and corresponding adjustments for registering the carbon credits resulting from the JCM using SPEI as part of the NDCs.
10. Both Sides develop reports consistent with relevant guidance of the Paris Agreement.

E. Recording of JCM Projects in Indonesia

11. Both Sides recognize that the JCM project information is recorded in the National Registry System for Climate Change of Indonesia (SRN PPI).
12. The project information above includes a year of emission reduction or removal for credits, projects in process and planned projects under the JCM.

F. Work Program for this MRA and Bilateral Cooperation

13. Both Sides hold close policy consultations to discuss various projects under the JCM using SPEI by inviting respective sectoral ministries and/or institutions as necessary while continuing the information sharing of registered projects and the discussion starting with the forestry and other land-use (FOLU) sector and waste sector.
14. Both Sides continue to cooperate through the Joint Committee of the JCM and the dialogues under the MoC to implement this MRA, where necessary, inviting relevant ministries and/or institutions.

G. Confidentiality

15. Both Sides will respect the confidentiality of data and information that are exchanged under this MRA and will not transfer nor supply such data and information to third parties without prior written consent of the other Side. This matter will continue to be binding between Both Sides notwithstanding the termination or expiration of this MRA.

H. Intellectual Property Rights

16. Any intellectual property brought by one Side for the implementation of this MRA will remain the property of that Side.
17. Any intellectual property rights resulted from activities under this MRA will be jointly owned and in line with a separate arrangement signed between Both Sides.

I. Resolution of Differences

18. Any differences arising out of the interpretation or implementation of this MRA will be resolved amicably through consultation or negotiation between Both Sides.

J. Modifications

19. This MRA may be modified with mutual written consent of Both Sides. The

modifications will form an integral part of this MRA and will become effective on a date determined by Both Sides.

K. Commencement, Duration and Termination

20. This MRA will commence on the date of the last signature by Both Sides.
21. This MRA will continue until 31 December 2030 and may be extended by mutual written consent of Both Sides.
22. Either Side may terminate this MRA at any time by giving a written notification to the other Side through the diplomatic channel at least six months prior to the intended termination.
23. The termination or expiration of this MRA will not affect the validity and completion of any ongoing activities, programs, and/or projects under this MRA.

SIGNED in duplicate in the Indonesian and English languages, all texts having equal value. In case of any divergence of interpretation of the texts, the English text will prevail.

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

**FOR THE MINISTRY OF
ENVIRONMENT AND FORESTRY OF
THE REPUBLIC OF INDONESIA**

ASAO KEIICHIRO

Minister

Signed at : Tokyo
On : ___ October 2024

SITI NURBAYA

Minister

Signed at : Jakarta
On : ___ October 2024