

**CLIENT ALERT****Indonesia Establishes Comprehensive Forestry Carbon Trading Framework - Ministry of Forestry Regulation No. 6 of 2026****Immediate Action Required for Businesses Operating in Indonesia***April 2026*

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**I. Executive Summary**

The Indonesian Ministry of Forestry has enacted Regulation No. 6 of 2026 concerning Procedures for Carbon Trading through Greenhouse Gas Emission Offsets in the Forestry Sector (“**MoF Regulation 6/2026**”), representing a critical implementation milestone for Indonesia’s carbon economic framework. This comprehensive regulation establishes detailed operational procedures for carbon trading activities in the forestry sector, creating both significant compliance obligations and substantial market opportunities for businesses engaged in carbon credit activities.

**Key takeaways for businesses include:**

- **Mandatory ministerial recommendation process** before any SPE GRK (Emission Reduction Certificate) can be issued for forestry-sector carbon units
- **Strict eligibility criteria** for businesses wishing to participate, requiring forest concession licenses (PBPH), social forestry agreements, customary forest rights, or carbon environmental services licenses (PB-PJL Karbon)
- **Multi-stage MRV requirements** including DRAM/DPP documentation, independent validation, and third-party verification before carbon units may be issued or traded
- **Non-tax state revenue (PNBP) obligations** imposed on all forestry carbon trading transactions, payable through the government SIPNBP system
- **Administrative sanctions** for non-compliance may block future applications until sanctions are lifted

This regulation implements provisions from Presidential Regulation No. 110 of 2025 and establishes Indonesia’s operational framework for achieving forestry sector contributions to the country’s Nationally Determined Contribution (NDC) targets. Businesses must act immediately to understand their specific compliance obligations and strategic positioning within Indonesia’s emerging forestry carbon market.

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**II. Regulatory Context and Scope**

MoF Regulation 6/2026 establishes comprehensive procedures for carbon trading through greenhouse gas emission offsets specifically within Indonesia’s forestry sector. The regulation defines carbon trading as a market-based mechanism for reducing greenhouse gas emissions through the buying and selling of carbon units, creating a structured marketplace for forestry-based carbon credits.

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**Eligible Business Actors** encompass multiple categories of forestry stakeholders, each with specific rights and obligations under the new framework. Forest Business Permit (PBPH) holders and forest management rights holders represent the primary commercial forestry operators eligible for carbon trading activities. Social Forestry Management Agreement holders, including community forest management, community-based forest management, and community plantation forest management participants, gain formal recognition as carbon market participants.

Indigenous legal communities holding recognized forest status and private forest holders receive explicit inclusion in the carbon trading framework, ensuring comprehensive coverage of Indonesia's diverse forest ownership structures. Carbon Environmental Service Permit holders for conservation areas and hunting parks complete the eligible participant categories.

**Mandatory Partnership Requirements** apply to social forestry participants, indigenous communities, and private forest holders, who must engage registered partners or facilitators to participate in carbon trading activities. This requirement ensures technical capacity and regulatory compliance while protecting community interests in carbon market participation.

**Integrated Area Development** opportunities allow multiple small-scale participants to combine their carbon mitigation activities, creating economies of scale and enhanced market access for community-based forest management initiatives.

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### III. Carbon Unit Certification and Approval Pathways

The regulation establishes two distinct pathways for carbon unit certification, each requiring specific Ministry approvals and compliance procedures.

**SPE GRK Domestic Certification Pathway** requires businesses to submit Climate Change Mitigation Action Design Documents (DRAM) containing comprehensive project information including mitigation action plans, methodology applications, environmental impact analyses, sustainable development impact assessments, public consultation processes, and supporting data. The Ministry conducts document completeness reviews within five working days, followed by detailed technical reviews within fourteen working days for recommendation issuance.

DRAM documents must demonstrate additionality, community engagement plans, agreed benefit-sharing arrangements, biodiversity conservation measures, and Free, Prior and Informed Consent (Padiatapa) achievement. Independent validation by accredited bodies is mandatory before Ministry recommendation submission.

**Non-SPE GRK International Standards Pathway** follows similar procedures using Project Planning Documents (DPP) designed to meet international certification standards. Ministry approval for non-SPE GRK certification remains valid for six months, providing businesses with defined timeframes for international certification completion.

**Measurement, Reporting and Verification (MRV) Requirements** mandate independent assessment by accredited bodies meeting specific qualifications including legal entity status, qualified validators and verifiers with forestry sector competence, national or international accreditation, and Indonesian workforce requirements. Individual experts may conduct validation and verification for social forestry participants, indigenous communities, and private forest holders, provided they maintain international accreditation.

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**IV. Jurisdiction-Based Programs and Nesting Requirements**

**Ministry and Provincial Government Programs** enable government entities to conduct carbon trading through Jurisdiction-Based Programs covering designated forest areas. These programs require coordination agreements with existing permit holders and must implement nesting procedures to prevent double-counting and duplicate claims over carbon units.

**Nesting Implementation** ensures coordination between national, provincial, and project-level carbon activities, preventing conflicts and ensuring accurate carbon accounting across multiple administrative levels. The Ministry will establish detailed nesting procedures through separate ministerial decisions, providing operational guidance for complex multi-level carbon programs.

**Designated Implementation Bodies** include Public Service Agencies (BLU), environmental fund management institutions, or specialized government entities appointed by the Ministry or provincial governors to execute jurisdiction-based carbon trading programs.

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**V. Social and Environmental Safeguards**

**Mandatory Safeguard Principles** require all carbon trading participants to implement comprehensive social, environmental, and governance protections preventing negative impacts on indigenous communities, local communities, and vulnerable groups around carbon project areas.

**Core Safeguard Requirements** include legal compliance and consistency with national forestry programs, transparent and effective forest governance, indigenous and local community rights protection, effective stakeholder participation, natural forest and biodiversity conservation consistency, risk-back mitigation actions, and emission leakage reduction measures.

**Community Engagement Obligations** mandate Free, Prior and Informed Consent (Padiatapa) processes ensuring complete information disclosure regarding carbon mitigation activities and voluntary community agreement without coercion. Benefit-sharing agreements must be established and implemented according to community-agreed arrangements.

**Risk Management Systems** require all carbon trading participants to maintain comprehensive risk management systems addressing environmental, social, market, and operational risks associated with carbon mitigation activities and carbon trading operations.

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**VI. Implementation Timeline and Transition Requirements**

**Six-Month Reporting Requirement** mandates existing carbon project operators to report their activities to the Ministry within six months of the regulation's enactment. This includes projects already in validation, implementation, verification, or reporting phases, as well as projects holding carbon units but not yet engaged in trading activities.

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**Immediate Application Eligibility** allows existing projects to immediately submit recommendation or approval applications to the Ministry following their transition reporting, providing continuity for ongoing carbon activities while ensuring regulatory compliance.

**Transitional Electronic Systems** enable DRAM and DPP registration through Ministry electronic systems until the National Carbon Unit Registry System (SRUK) becomes fully operational, ensuring uninterrupted processing during system implementation phases.

**Existing Roadmap Continuity** maintains current carbon trading activities under the existing forestry sector carbon trading roadmap (Minister of Environment and Forestry Decision No. SK.1027/MENLHK/PHL/KUM.1/9/2023) until the new roadmap required under this regulation is established within one year.

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### VII. Revenue Collection and Financial Obligations

**Non-Tax State Revenue Collection** establishes mandatory payment obligations for carbon trading transactions through the Non-Tax State Revenue Information System (SIPNBP). Revenue collection is based on forest utilization activities related to carbon absorption and storage, with specific rates and types determined by applicable regulations.

**Payment Processing Systems** require all carbon trading transactions to process payments through established government systems, ensuring proper revenue collection and transaction documentation for regulatory oversight and market transparency.

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### VIII. Monitoring, Reporting, and Community Complaint Mechanisms

**Comprehensive Monitoring Requirements** mandate annual reporting by carbon trading participants covering carbon trading implementation, community participation, benefit-sharing agreement implementation, and community complaint resolution actions. Reports must be submitted electronically to the Ministry with copies to relevant provincial and local authorities.

**Community Complaint Mechanisms** provide accessible, transparent, responsive complaint procedures with measurable resolution processes. The Ministry establishes both manual and electronic complaint channels ensuring public accessibility and systematic follow-up procedures.

**Evaluation and Capacity Building** include annual performance evaluations and Ministry facilitation for community knowledge and skill enhancement in carbon trading activities, supporting effective participation across all stakeholder categories.

### IX. Conclusion and Next Steps

MoF Regulation 6/2026 establishes the operational foundation for Indonesia's forestry sector carbon trading activities, creating detailed procedures that businesses must follow to participate in the country's emerging carbon economy. The regulation's comprehensive scope, mandatory safeguard requirements, and

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compressed transition timeline require immediate and decisive action from businesses engaged in or considering forestry carbon activities.

Companies must move swiftly to understand their specific obligations under the new framework while positioning themselves to capitalize on emerging market opportunities. The six-month transition reporting requirement provides limited time for comprehensive preparation, making immediate action essential for successful compliance and strategic positioning.

Businesses should prioritize legal and technical review of their current forestry carbon activities, development of robust compliance systems, and strategic planning for participation in Indonesia's regulated forestry carbon market. Early action will be critical for avoiding compliance risks while maximizing the competitive advantages available through effective carbon management in the forestry sector.

For additional guidance on compliance requirements, market opportunities, or strategic planning under MoF Regulation 6/2026, please contact our climate law and carbon markets practice team.

## Further Information and Assistance

For more detailed advice or assistance, please contact our team of Indonesian qualified counsels or our Associate Partner, Rafildo Faza, at the following details:



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