

PARIS AGREEMENT ARTICLE 6 OPERATIONALISATION AND CARBON CREDIT OFFSETTING STANDARDS

Deliverable 2: Technical Review and Gap Analysis of Viet Nam's Frameworks for Article 6 Implementation

Mar 2026

1. Introduction

2. Key components and procedural requirements

3. International practices

4. Analysis of Viet Nam's context and legal readiness

5. Gap analysis

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1. Introduction

- ✓ **Legal foundation:** The Law on Environmental Protection (LEP) 2020 provides the basis for the domestic Emissions Trading System (ETS) and carbon credit offsetting
- ✓ **Objective:** To provide a technical review and gap analysis of Viet Nam's frameworks for Article 6 implementation, informing policy readiness
- ✓ **Expanded scope:** Following rapid policy advances, D2 specifically includes a review and gap analysis of the Draft Government Decree on the international exchange of greenhouse gas (GHG) emission mitigation outcomes and carbon credits (Draft Decree on ITMOs), that was released for public consultation from 24 October to 3 November 2025.
- ✓ **Core analytical components:**
 - Review of international experience in Article 6 implementation
 - Assessment of Viet Nam's institutional and technical readiness
 - Gap analysis of the Draft Decree on ITMOs to ensure alignment with global standards

2. Key components and procedural requirements

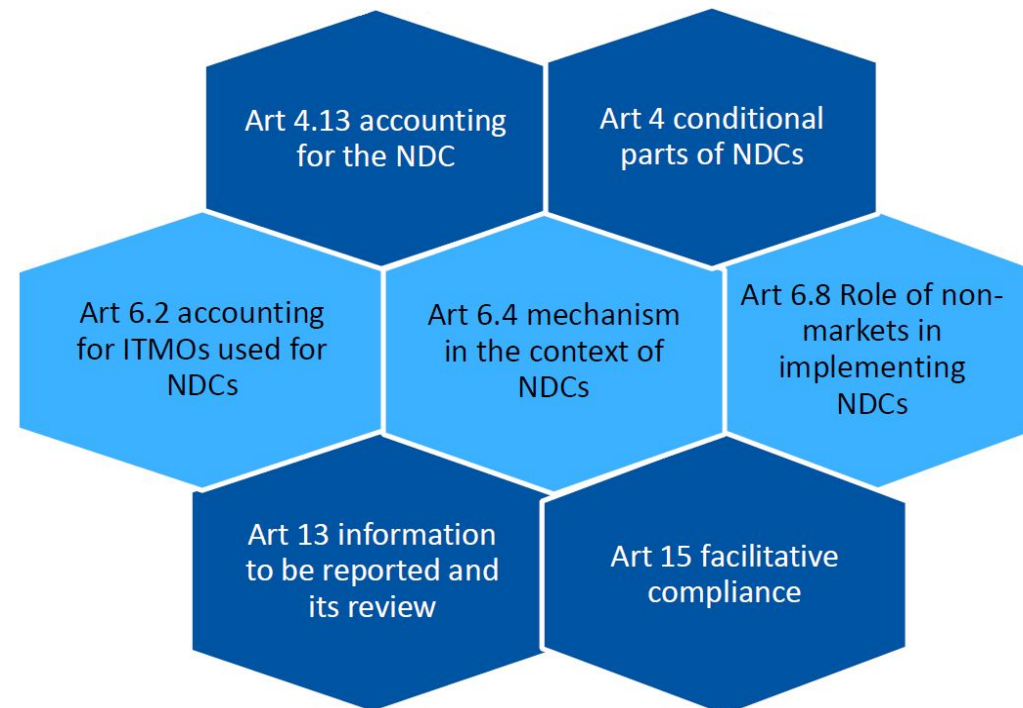
2.1 Overview of the international regulatory framework

Key Regulatory Milestones (COP/CMA Decisions):

- ✓ COP26 (Glasgow, 2021): Adoption of the Article 6 "Rulebook," establishing accounting rules for ITMOs (Art 6.2) and the Article 6.4 Mechanism
- ✓ COP29 (Baku, 2024): Finalized rules for registry interoperability, authorization processes, and the definition of "first transfer"
- ✓ COP30 (Belém, 2025): Focused on ensuring environmental integrity, science-based methodologies, and the final transition of CDM projects (deadline June 2026)

Core Functional Requirements for Parties:

- ✓ Accounting & integrity: applying Corresponding Adjustments (CA) to prevent double counting
- ✓ Transparency: aligning Article 6 reporting with the Enhanced Transparency Framework (ETF) under Article 13 (via Biennial Transparency Reports - BTRs)
- ✓ Governance: establishing national procedures for the authorization of mitigation outcomes and ITMO tracking



Link between Article 6 and other provisions of the Paris Agreement

2. Key components and procedural requirements

2.2 Functional components of a national framework

Procedural step	Institutional components	Cross-cutting safeguards
<ul style="list-style-type: none"> • Eligibility & approval: Defining criteria for ITMOs and national project/program approval processes. • Authorization: Formal procedures for authorizing ITMOs and Article 6.4 units (A6.4ERs). • MRV & accounting: Robust monitoring, reporting, and verification systems plus the application of Corresponding Adjustments (CA) to prevent double counting. • Reporting: Aligning with the Enhanced Transparency Framework (ETF) under Article 13 	<ul style="list-style-type: none"> • National authority: Defining roles for the focal point (MAE/DCC). • Inter-ministerial coordination: Ensuring alignment between MAE and sectoral ministries (MOIT, MOC, etc.). • Stakeholder engagement: Formal mechanisms for consulting the private sector and local communities 	<ul style="list-style-type: none"> • NDC alignment: Managing transfer rates to ensure national targets are not compromised. • Sustainable development: Integrating safeguards and benefit-sharing arrangements. • Financial strategy: Utilizing Article 6 to mobilize private finance for high-abatement-cost sectors (e.g., offshore wind, green hydrogen).

3. International practices

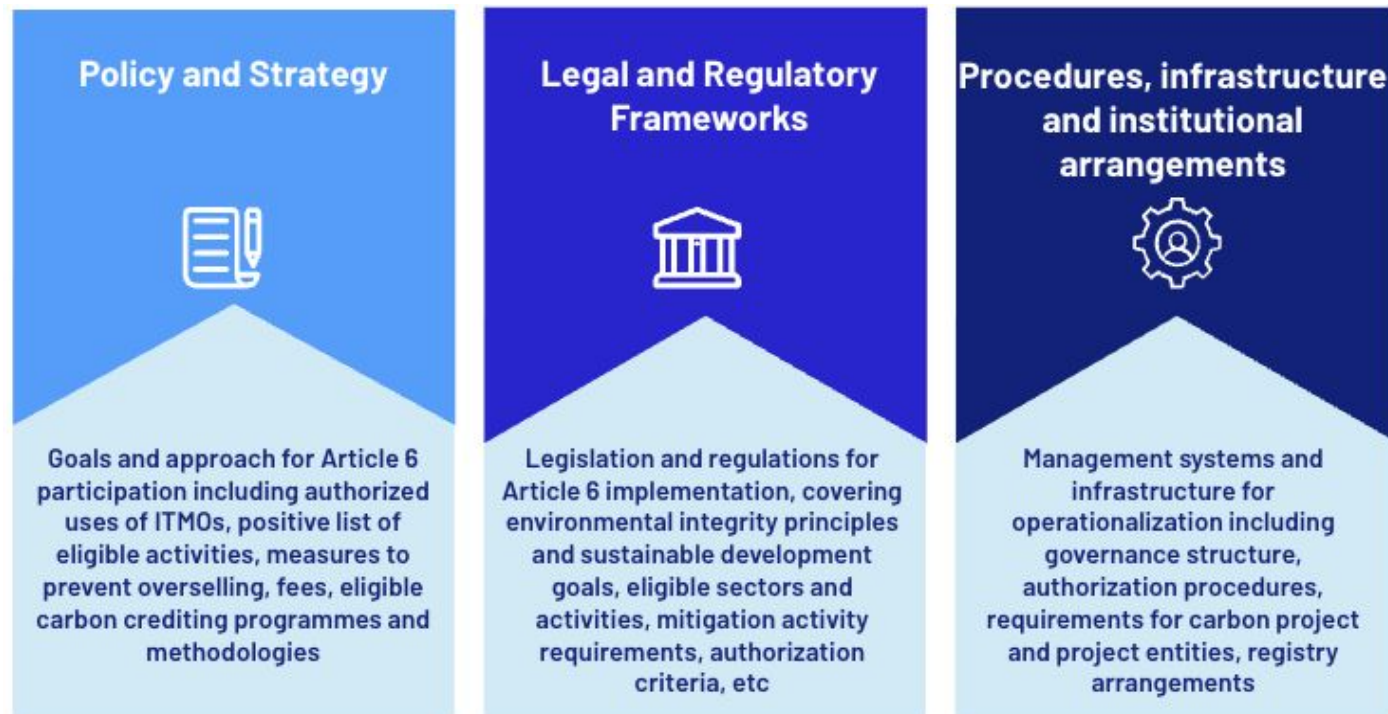
Global Landscape and Strategic Context

Rapid operationalization: As of February 2026, the global Article 6 market has reached **108 bilateral agreements, with 65 projects authorized and over 30 countries** having issued domestic regulations

Two-sided perspective:

- Buyer Jurisdictions: Focus on securing high-quality ITMOs, environmental integrity, and sustainable development
- Host (Seller) Jurisdictions: Focus on oversight frameworks, authorization processes, and benefit-sharing mechanisms to safeguard national interests and NDC targets

Case study selection: The report analyzes 18 jurisdictions selected based on strategic partnerships with Viet Nam, diversity of management models, and implementation maturity







Assessment framework

Strategic Goal: Understanding bilateral partner requirements is essential for aligning Viet Nam’s domestic framework with international market expectations








3. International practices

3.1 Experiences from potential buyer countries

Buyer countries	Policy and Strategy	Legal and Regulatory framework	Procedures and Institutional arrangements for operationalisation
Switzerland 	<ul style="list-style-type: none"> Bilateral agreements with multiple countries; FOEN as the central authority. KliK Foundation is the main procurement entity and counterparty with project owners. Use of ITMOs is confirmed until 2035, but expected volumes are unspecified. Relatively high ITMO price, but has a specific ineligibility list. Open to various carbon standards and methodologies, including customisation from CDM. 	<p>Clear legal basis and detailed rules and regulations. Rules and procedures are encoded into regulations, and detailed requirements are promulgated through enforcement notices.</p>	<ul style="list-style-type: none"> Authorisation procedures comprise three main steps: authorisation, approval, positive examination, and transfer. Detailed authorisation procedures with specific timelines and fees. Requirements cover MRV and extend to the PDD, including additionality analysis. National registry linked with domestic ETS.
Japan (JCM) 	<ul style="list-style-type: none"> Bilateral Joint Crediting Mechanism with joint committees. Focus on technology transfer and the sharing of mitigation outcomes based on investment support. Economics of JCM projects and pricing will be guided by the price ceiling and floor of the GX-ETS. Need for Japanese entity involvement in the Article 6 project, such as a technology solution provider or investor. Bespoke approach to methodologies, bottom-up development and approval. 	<p>Clear legal basis with detailed rules and regulations for the operation of the JCM.</p>	<ul style="list-style-type: none"> Need to develop and obtain approval for the project methodology prior to project development and implementation, which can be a bottleneck. Projects are mainly registered under the JCM Registry, where JCM credits are issued.
South Korea 	<ul style="list-style-type: none"> Projects are structured around government subsidies and potential credit procurement contracts with the government. Otherwise, ITMOs are to be converted to offsets for the domestic ETS. Use of ITMOs is confirmed until 2035, though exact volumes are unspecified. Need for South Korean entity involvement in the Article 6 project, such as a technology solution provider or investor. Open to various carbon standards and methodologies, including CDM and PACM. 	<p>Clear legal basis and detailed rules and regulations for the development and implementation of Article 6 projects.</p>	<ul style="list-style-type: none"> Authorisation procedures comprise four main steps: prior consideration, authorisation, implementation, issuance and transfer. Electronic registries are in place to effect international transfers.
Singapore 	<ul style="list-style-type: none"> Article 6 is embedded in the national carbon pricing strategy; bilateral MOUs with partners worldwide. Use of ITMOs is confirmed until 2035, but expected volumes are unspecified. The Singapore government indicates the exercise option to purchase post-2030 ITMOs in the second ITMO tender. Selective in terms of methodologies - rejected active and recognised CDM methodologies, not open to national crediting standards. Takes reference from ICAO's CORSIA eligibility list and ICVCM CCP-eligible methodologies. 	<p>Clear legal basis for the use of ITMOs under the carbon tax scheme.</p> <p>Published a guideline for domestic emitters around the retirement of ITMOs.</p>	<ul style="list-style-type: none"> Authorisation procedures comprise three main steps: project application, request for authorisation and ITMO issuance application. Reliance on international carbon programmes for registry functions, MRV-related requirements, such as methodologies and VVBs. Methodologies are reviewed individually before approval, and additional environmental integrity (EI) requirements may apply.







3. International practices

3.2 Experiences from potential host (seller) countries

Seller countries	Policy and Strategy	Legal and Regulatory framework	Procedures and Institutional arrangements for operationalisation
Cambodia 	<ul style="list-style-type: none"> Mandates 10% credit ownership/retention for national NDC targets The positive list is based on mitigation activities in the NDC being listed as conditional. Open to all possible authorised uses of ITMOs; open to international standards and methodologies. 	<p>The Article 6 Operations Manual is the current de-facto official document, published by the DNA.</p>	<ul style="list-style-type: none"> The Article 6 Operations Manual details the institutional arrangements, procedures, requirements and processing times for different stakeholders. Cambodia Carbon Registry (CCR) is active, under development. Few projects authorised to date,
Indonesia 	<ul style="list-style-type: none"> The approach towards Article 6 is guided by the Presidential Regulation No. 110 of 2025, no details on the positive list, fees, limits or measures to avoid overselling. Open to international standards and methodologies. 	<p>Presidential Regulation No. 110 of 2025 is the omnibus. Sectoral regulations and other subsidiary legislation are under development</p>	<ul style="list-style-type: none"> Detailed institutional arrangements, procedures and requirements are under development. A national carbon registry is in place for recording carbon credit transactions and carbon projects. No project authorised to date
Thailand 	<ul style="list-style-type: none"> International Carbon Credit Guidance offers key policy decisions: Caps Article 6 usage at 3% of NDC target; mandates 10% credit retention A broad positive list of nine project sectors and categories. Open to T-VER and international standards and all authorised ITMOs uses No government Article 6 fees. 	<p>Clear legal basis. Eligible activities will be guided by sectoral mitigation plans based on the NDC Action Plan on Mitigation 2030.</p>	<ul style="list-style-type: none"> Well-established procedures. Initial reports and BTR have been submitted to UNFCCC. TGO administers the Thailand Carbon Credit Registry Successfully completed ITMO transfers to Switzerland and Japan
Nepal 	<ul style="list-style-type: none"> Carbon Trading Regulation, 2082 (2025) details a positive list, project fee structure, 5% retention per project, and benefit-sharing rules. Open to international standards and methodologies. 	<p>Clear legal basis, i.e. Carbon Trading Regulation 2025 stipulates the main rules and procedures for Article 6 implementation.</p>	<ul style="list-style-type: none"> Detailed institutional arrangements, procedures and requirements are described in the Carbon Trading Regulations. A national carbon registry is to be established.
Laos 	<ul style="list-style-type: none"> The Decree on Carbon Credits mandates 10% retention, and broad project sectors and categories are eligible for Article 6. Open to international carbon standards (GS, VCS and ART) and all authorised ITMOs uses 	<p>Clear legal basis, i.e. Decree on Carbon Credits, which sets up the broad rules and procedures.</p>	<ul style="list-style-type: none"> Detailed institutional arrangements, procedures and requirements are described in the Decree. No national carbon registry. No international transfers under Article 6 to date.
Bhutan 	<ul style="list-style-type: none"> Carbon Market Framework 2025 includes positive list and band-based CA fees. Rules on share of proceeds and contribution to OMGE for PACM also apply to all Article 6 transactions. Open to international carbon standards and all authorised ITMOs uses 	<p>A clear legal basis was established through the Carbon Market Rules 2023 and Carbon Market Framework 2025.</p>	<ul style="list-style-type: none"> Multi-tiered governance: NEC/NCCC (Policy), DECC (DNA), and Carbon Market Unit (Operations) Bhutan National Carbon Registry (BNCR) is active. No international transfers under Article 6 to date.
Papua New Guinea 	<ul style="list-style-type: none"> The Carbon Change (Management) (Carbon Market) Regulation 2025 mandates a revenue share of 7% of the total revenue from the sale of carbon credits to the DNA. 	<p>The legal document Carbon Change (Management) (Carbon Market) Regulation 2025 provides for the legal basis of Article 6 activities in the country.</p>	<ul style="list-style-type: none"> Detailed institutional arrangements, procedures and requirements are described in the Carbon Change (Management) (Carbon Market) Regulation 2025. No international transfers under Article 6 to date.

3. International practices

3.2 Experiences from potential host (seller) countries

Seller countries	Policy and Strategy	Legal and Regulatory framework	Procedures and Institutional arrangements for operationalisation
Ghana 	<ul style="list-style-type: none"> Comprehensive national framework, 1% credit retention, fee structure, including CA fee. Open to international carbon standards and all authorised ITMOs uses 	<p>The carbon market framework contains the detailed operational guidelines and rules for Article 6.2 cooperative approaches.</p>	<ul style="list-style-type: none"> Carbon Market Office (under EPA) handles operations; Ghana Carbon Registry (GCR) completed first transfer in 2025
Rwanda 	<ul style="list-style-type: none"> Manual of Procedures limits Article 6 to conditional NDC targets Mandates 1% retention in national buffer and 15% revenue share for domestic priorities. Gold Standard, Verra, American Carbon Registry (ACR), and Global Carbon Council (GCC) are eligible under IA with Singapore. 	<p>The National Carbon Market Framework, Manual of Procedures for Carbon Market, and Ministerial Instructions No 001/MoE/26 detail guidelines and fee structure.</p>	<ul style="list-style-type: none"> Detailed institutional arrangements, procedures and requirements are described in the National Carbon Market Framework, Manual of Procedures for Carbon Market. Mandates the setting up of a functional ITMO registry to track all ITMO transfers. Rwanda has issued multiple LoAs as of 2026
Malawi 	<ul style="list-style-type: none"> Carbon Market Framework provides details on a positive list, mandates retaining 5% from A6.2, 1% from A6.4 projects, and a structured fee system Open to international carbon standards (GS, VCS, and CDM). 	<p>The Carbon Market Framework contains the detailed operational guidelines to operationalise Article 6.</p>	<ul style="list-style-type: none"> Detailed institutional arrangements, procedures and requirements are described in the Carbon Market Framework. Uses Malawi Carbon Registry System (MCRS) for project tracking.
Kenya 	<ul style="list-style-type: none"> The Climate Change (Carbon Markets) Regulations 2024 stipulates fee structure and benefit-sharing structure There are no details on the positive list, accepted standards and methodologies. 	<p>Legal basis for Article 6 cooperation established through the Climate Change (Carbon Markets) Regulations 2024.</p>	<ul style="list-style-type: none"> Detailed institutional arrangements, procedures and requirements are described in the Climate Change (Carbon Markets) Regulations 2024. Kenya National Carbon Registry (KNCR) launched 2026.
Chile 	<ul style="list-style-type: none"> Detailed draft positive list where some project types have different proportions of mitigation outcomes that can be authorised, based on scale and extent of mitigation technology. No mention of fee structure. Open to international carbon standards and all authorised ITMOs uses 	<p>Article 6 regulatory framework passed via the Supreme Decree 32/2024. The Roadmap for Carbon Pricing Instruments and Carbon Markets contains further guidance for Article 6 operationalisation</p>	<ul style="list-style-type: none"> Detailed institutional arrangements, procedures and requirements in the Article 6 framework law. National carbon registry for tracking and issuance of ITMOs. Five projects authorised or approved to date with Switzerland.
Peru 	<ul style="list-style-type: none"> Utilises the RENAMI and categorises measures into three areas: NDC Mitigation Measures (declarative), Article 6.2 Cooperative (constitutive), and Voluntary Carbon Market (declarative). Prioritises conditional NDC measures for Article 6 eligibility. No formal retention % for ITMOs. Provides a fee structure, and recognises three standards (GS, Verra/VCS, and PACM) and 15 methodologies across energy, agriculture, waste, and forest. 	<p>The Supreme Decree No. 010-2024-MINAM establishes the operational provisions of RENAMI and institutional roles.</p>	<ul style="list-style-type: none"> Institutional arrangements, procedures and requirements in the Supreme Decree No. 010-2024-MINAM RENAMI is a digital platform for tracking URE (Emission Reduction Units). No authorised projects to date.

3. International practices

3.3 Lessons learned for Viet Nam

Strategic Policy Approaches

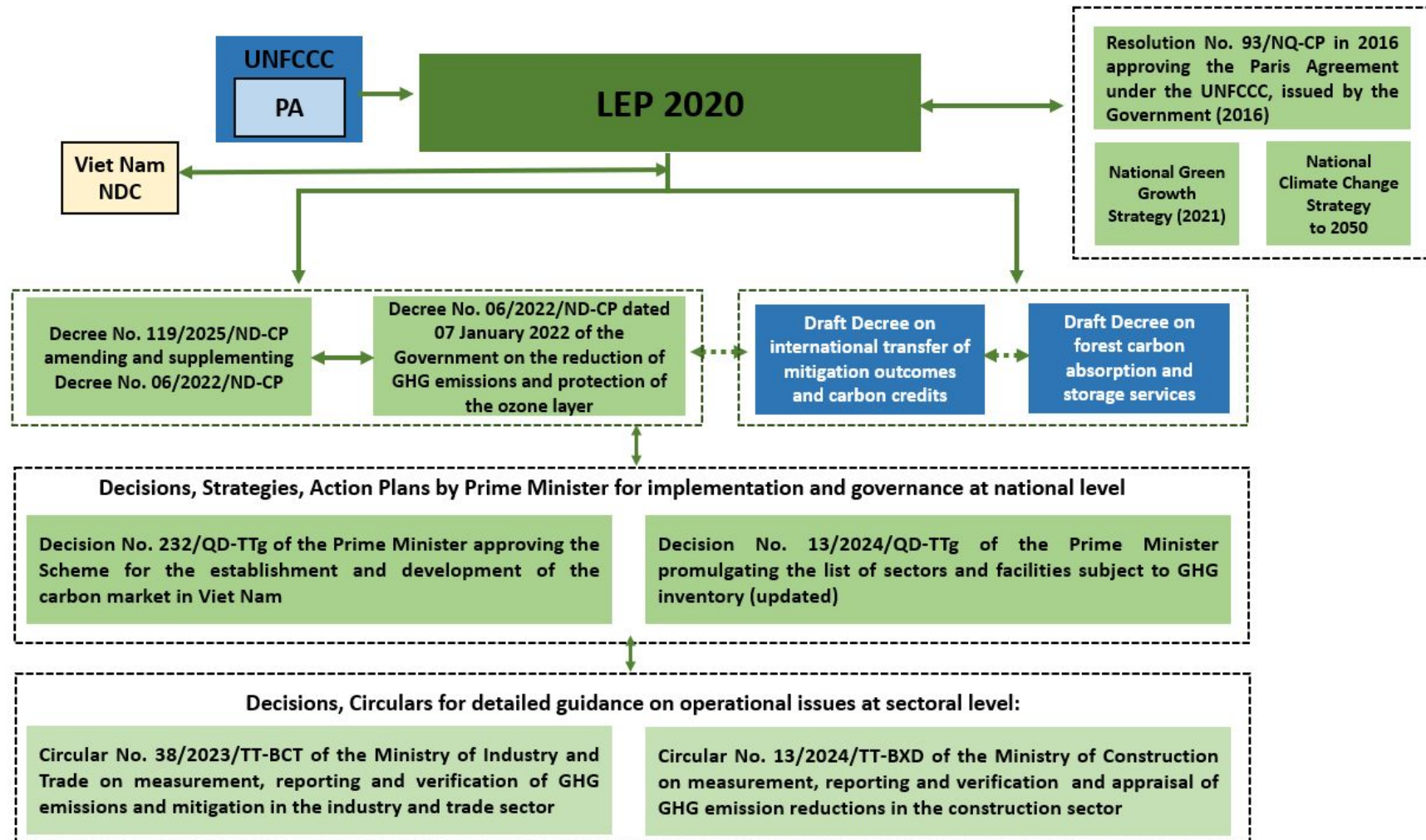
- **Long-term predictability:** Frameworks must extend beyond 2030 to ensure the "bankability" of high-cost mitigation projects with long amortization periods
- **Upfront clarity on safeguards:** To attract investment, Viet Nam should decide and communicate its Corresponding Adjustment (CA) fees and retention rates (credits kept for domestic NDC) upfront
- **Strategic ITMO budgeting:** Establishing an internal "ITMO budget" helps prevent the overselling of low-cost abatement options needed for national NDC targets

Regulatory Approaches

- **Centralized oversight:** Successful models utilize a dedicated National Authority (DNA) supported by inter-ministerial committees with clear mandates and operating procedures
- **Multi-step authorization:** Adopting a phased approach, from an optional Letter of Intent to Pre-authorization and finally Positive Examination, reduces risks for developers
- **Mandatory safeguards:** Encoding benefit-sharing and social/environmental safeguards into regulation is a "regulatory imperative" to ensure local community endorsement and long-term sustainability
- **Infrastructure interoperability:** Leveraging international MRV standards while maintaining a National Registry ensures credibility, prevents double-counting, and eases international reporting

4. Analysis of Viet Nam's context and legal readiness

4.1 Viet Nam's existing legal framework for carbon market development



4. Analysis of Viet Nam's context and legal readiness

4.2 Emerging regulatory framework for international transfers of mitigation outcomes

- ✓ **The Draft Government Decree on ITMOs**
 - **Status:** Released for public consultation in late October 2025
 - **Mandate:** Fully implements Article 139 of LEP 2020 and aligns with the Paris Agreement's Article 6 framework
 - **Scope:** Provides the primary regulatory basis for rules, procedures, and institutional responsibilities for international carbon cooperation

- ✓ **Key Objectives and Gaps Addressed**
 - **Safeguarding NDC Integrity:** Establishes a structured approach for the share of mitigation outcomes to be retained for national targets.
 - **Accounting rigor:** Codifies the application of Corresponding Adjustments (CA) and procedures for the revocation of authorizations.
 - **Domestic coherence:** Ensures the international transfer rules are compatible with the domestic carbon market launching in 2026.
 - **Investor certainty:** Addresses rising demand from developers by providing a clear legal basis for cost-effective mitigation projects.

4. Analysis of Viet Nam's context and legal readiness

4.3 Review of the draft government decree on international transfer

✓ Preliminary Assessment

- **Critical milestone:** Represents a foundational step toward establishing legal certainty for investors and alignment with the Paris Agreement
- **Areas for refinement:** Current review identifies needs for clearer inter-ministerial coordination, streamlined administrative logic, and more detailed technical guidance on registry interoperability

Key Structure: the Draft Government Decree on the international exchange of greenhouse gas (GHG) emission mitigation outcomes and carbon credits

- **Chapter I** – General Provisions
- **Chapter II** – Article 6.2 Cooperative Approaches
- **Chapter III** – Article 6.4 Mechanism
- **Chapter IV** – International Transfers Outside Article 6.2 and 6.4.
- **Chapter V** – Corresponding Adjustments & Transfer Rates
- **Chapter VI** – National Registry System.
- **Chapter VII** – Responsibilities of Ministries and Local Authorities.
- **Chapter VIII** – Implementation Provisions.
- **Appendices** – List of mitigation measures, maximum transfer rates, and standardised application forms and templates.



4. Analysis of Viet Nam's context and legal readiness

4.4 Review of the relevant institutional and technical framework

Supreme authority and policy direction (Decision No. 232/QD-TTg)

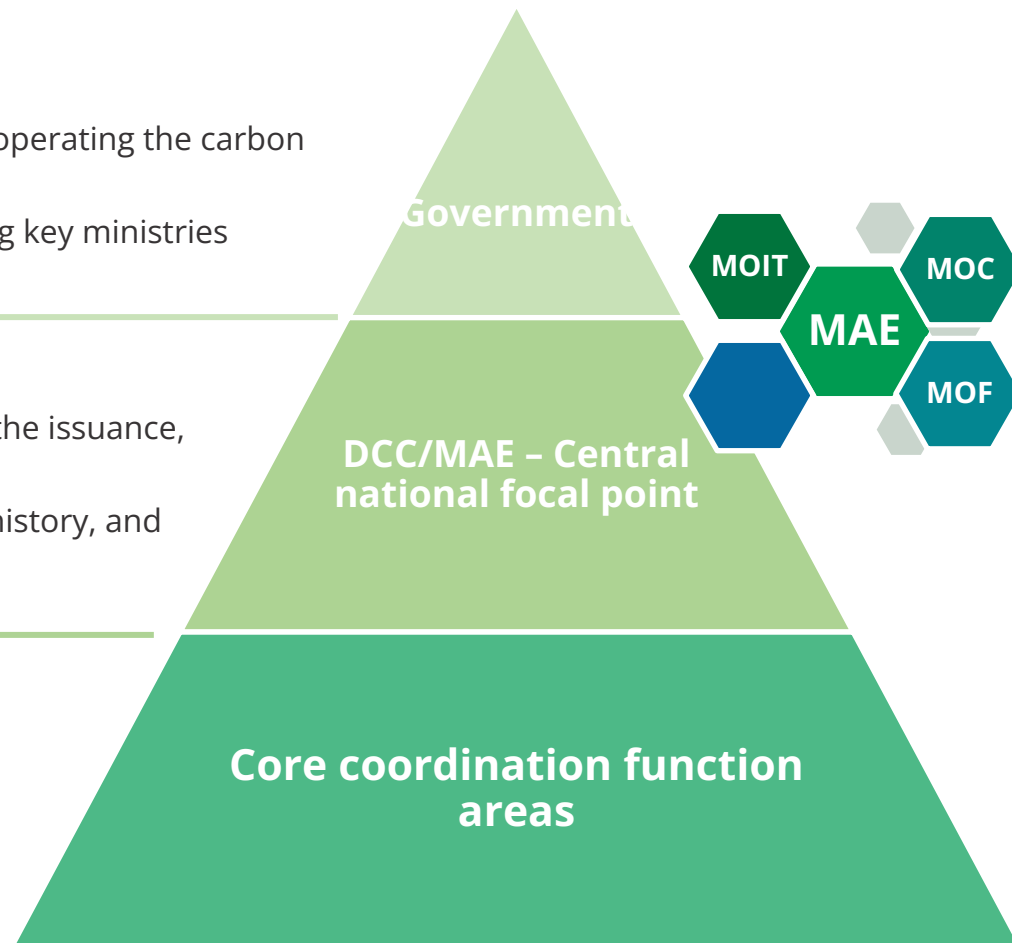
- National Focal Point: MAE serves as the central authority for designing and operating the carbon market architecture
- Inter-ministerial Coordination: MAE leads a coordinated framework involving key ministries

Technical Infrastructure & Registry (Circular No. 11/2026/TT-BNNMT)

- National Registry System: An electronic platform managed by MAE to track the issuance, transfer, surrender, and cancellation of allowances and credits
- Key Functions: Assigns unique domestic serial numbers, manages account history, and ensures traceability to prevent double counting

MRV & Accounting Readiness (Decree No. 119/2025/ND-CP)

- Framework Status: Establishes procedures for facility-level reporting and sector-level MRV
- Methodological Alignment: Allows for the recognition of methodologies from international mechanisms like Article 6.4
- Current Gap: Operational procedures for Corresponding Adjustments (CA) and integration into national reporting under the Article 13 ETF are not yet fully codified



4. Analysis of Viet Nam's context and legal readiness

4.5 Market potential and trading options

Article 6.2

Allow bilateral/multilateral exchange of ITMOs for NDCs or other international mitigation purposes (CORSIA, voluntary markets, etc.) with **corresponding adjustments** required to ensure transparency and environmental integrity. Viet Nam has not yet established an official legal framework but is actively engaging in international cooperation.



JCM with Japan – discussions are ongoing on the application of corresponding adjustments.



Singapore: In October 2022, the two governments signed a Memorandum of Understanding (MoU) on carbon credit cooperation.



Republic of Korea: The 2023 MoU on climate change cooperation outlined areas of collaboration, including carbon credits and the development of joint mitigation projects.



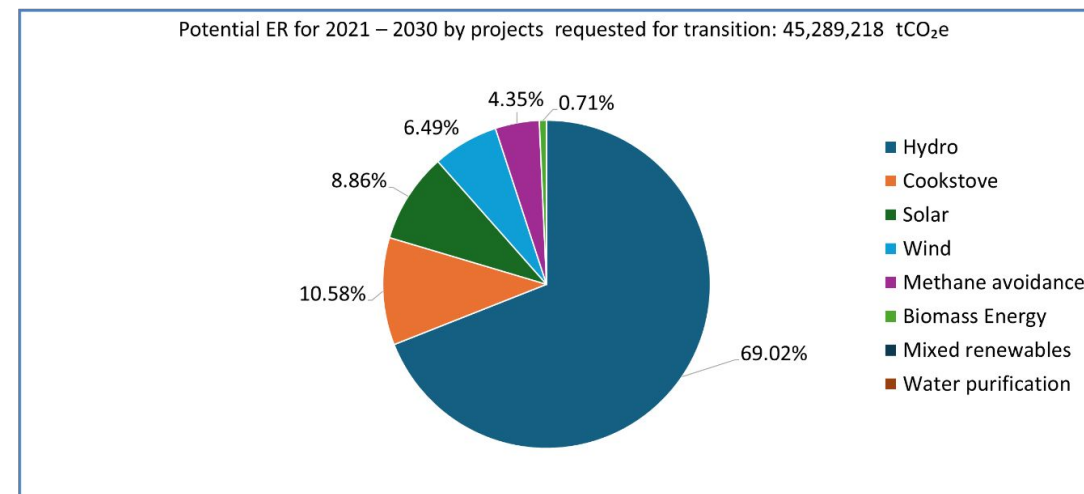
Switzerland: The Swiss government is currently under negotiation with Viet Nam to establish a bilateral collaboration

Laying the foundation for the international carbon market, attracting investment and technical support, and promoting the achievement of climate goals.

Current status and potential for trading of carbon credits and mitigation outcomes from Viet Nam to the international market under Article 6.2

Article 6.4

A centralized market mechanism under the supervision of the Article 6.4 Supervisory Body. It inherits the CDM but with stricter standards: additionality, corresponding adjustments, and demonstration of sustainable development. It allows both private and public entities to generate A6.4ERs for use toward NDCs or other international mitigation purposes.

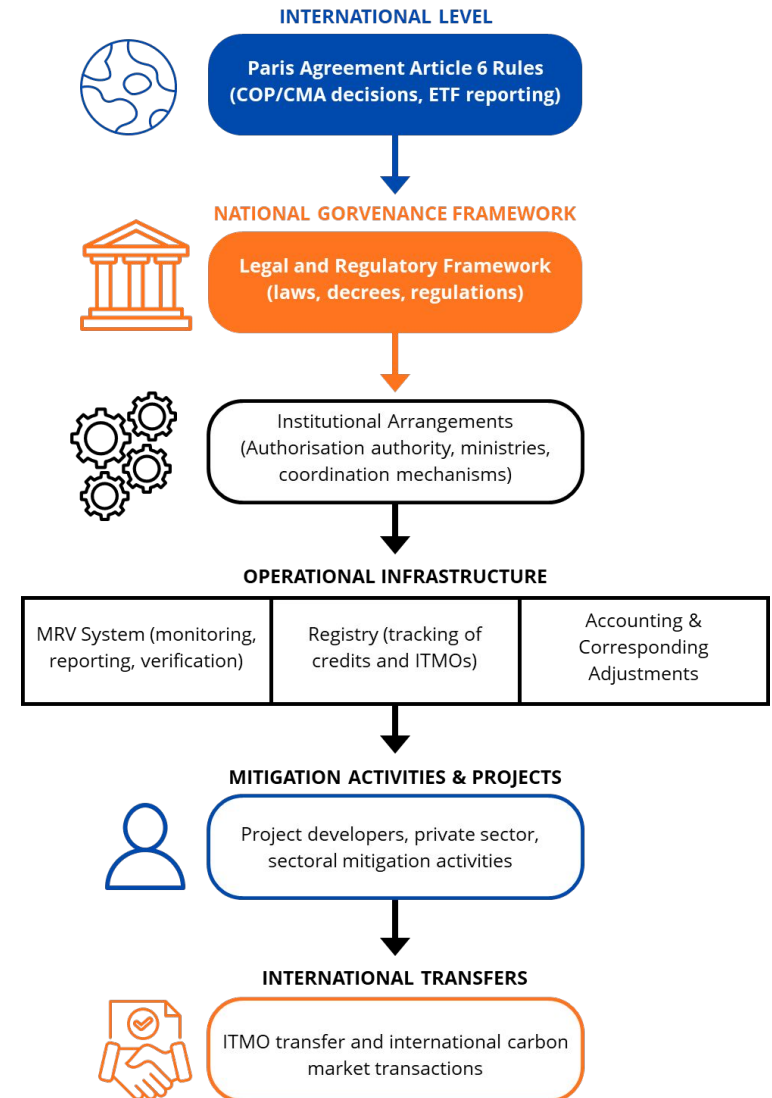
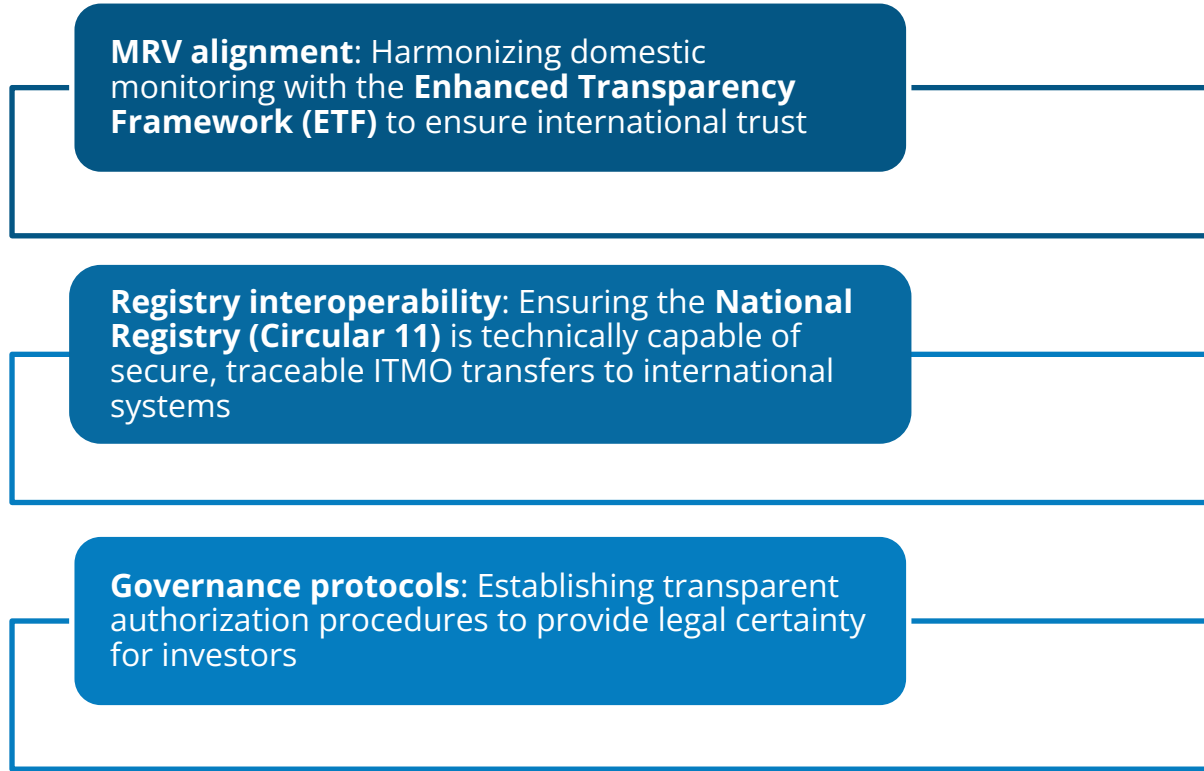


Current status and potential for trading of carbon credits and mitigation outcomes from Viet Nam to the international market under Article 6.4

4. Analysis of Viet Nam's context and legal readiness

4.5 Market potential and trading options

Critical Success Factors for Market Participation



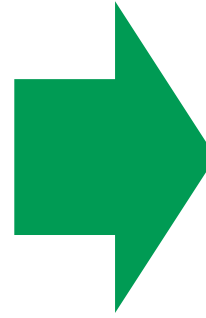
5. Gap analysis

5.1 Legal and regulatory framework



Critical Gaps Identified

- **Scope & consistency:** Ambiguity exists in the relationship between international transfers and the emerging domestic carbon market (launching 2026)
- **Regulatory fragmentation:** Potential overlap and inconsistencies between the ITMO Decree and existing regulations (Decree 06/2022, Decree 119/2025) and the Draft Forest Carbon Decree
- **Technical definitions:** Core terminology, including ITMOs, Corresponding Adjustments (CA), and Additionality, requires closer alignment with UNFCCC/Paris Agreement standards to ensure uniform interpretation
- **Enforcement & integrity:** Current framework lacks detailed procedures for sanctions, credit revocation, and dispute resolution between domestic entities and international partners



Strategic Needs

- Establishment of a **clear legal hierarchy** to prevent regulatory duplication
- Codification of **environmental integrity principles** to enhance investor confidence

5. Gap analysis

5.2 Institutional arrangements and governance

Governance & Coordination Gaps

- **Undefined lead roles:** Lack of clear delineation regarding which ministry leads the negotiation and conclusion of Article 6.2 agreements
- **Sectoral oversight:** Overlapping or partially defined roles for MOIT, MOC, MOF, MOT, and MARD concerning technical oversight and the financial aspects of ITMO transactions
- **Coordination frictions:** Inadequate mechanisms between MAE/DCC and sector ministries for synchronized project approval, technical reviews, and cross-ministerial ITMO tracking
- **Subnational ambiguity:** The specific mandate for provincial authorities in monitoring activities and local-level stakeholder engagement remains ill-defined

Procedural & Administrative Gaps

- **Regulatory sequencing:** Significant uncertainty in how the Draft ITMO Decree sequences with established laws, including the Law on Investment, Law on PPP, and Law on Public Investment
- **Lack of standardized timelines:** Absence of clear administrative timelines and consultation processes during project review and authorization cycles
- **Technical assessment criteria:** Transparent criteria for technical assessments and decision-making steps are not yet fully codified
- **Verification pathways:** Weakly articulated pathways for the recognition of mitigation outcomes within the broader domestic and international regulatory frameworks

5. Gap analysis

5.3 MRV and accounting readiness

Accounting

- **Technical CA procedures:** Lack of specific technical procedures for calculating and recording Corresponding Adjustments (CAs) within national accounting systems.
- **Institutional mandates:** Undefined responsibilities across relevant ministries for the actual authorization and application of CAs.
- **Transfer conditions:** Absence of clear rules for managing ITMO transfers during periods where NDC progress is uncertain or evolving.
- **Double counting mechanisms:** Lack of specific, rigorous mechanisms beyond general principles to ensure units are only counted once.
- **UNFCCC interoperability:** Need for technical alignment between domestic systems and international Article 6.2/6.4 accounting platforms, including Article 13 ETF reporting

Verification

- **VVB accreditation:** Unclear procedures for the formal recognition or accreditation of Validation and Verification Bodies (VVBs) under the new framework.
- **Professional standards:** Lack of defined competency standards and professional requirements for VVBs.
- **Quality oversight:** Missing institutional arrangements for the ongoing oversight and quality assurance of independent verification processes.
- **Liability framework:** Absence of a defined liability framework for VVBs in cases of technical errors, misreporting, or fraud

Policy alignment (non-adjusted)

- **Non-adjusted criteria:** Ambiguity regarding which specific mitigation categories or circumstances may not require a CA.
- **NDC achievement risk:** Undefined impact of these non-adjusted transfers on the overall integrity and achievement of Viet Nam's NDC.
- **Domestic coherence:** Unclear interaction between international non-adjusted transfers and the development of the domestic carbon market and other mitigation policies

5. Gap analysis

5.4 Registry and tracking infrastructure

Current foundation

Circular 11/2026/TT-BNNMT

- **National Registry System:** Established as the central electronic platform managed by **MAE** to track GHG emission quotas and carbon credits.
- **Tracking Capabilities:** Mandated to manage unique domestic serial numbers, ownership history, and connectivity to the domestic carbon trading platform

Critical Gaps Identified

- **Institutional Governance:** There is a lack of defined responsibilities for day-to-day **system administration**, data management, and regulatory oversight of the registry.
- **International Interoperability:** Current systems lack the technical architecture (data formats, interfaces, and protocols) to synchronize with **UNFCCC international registries** under Article 6.2 and 6.4.
- **Data Transparency & Access:** Rules governing **public access** to sensitive project data versus confidentiality requirements for commercial transactions remain ambiguous.
- **Security & Data Integrity:** High-level principles exist, but the framework lacks rigorous **technical safeguards** to prevent unauthorized access or data manipulation.
- **Cross-System Synchronization:** Operational procedures for validating and synchronizing data between the national registry and international tracking platforms are not yet codified

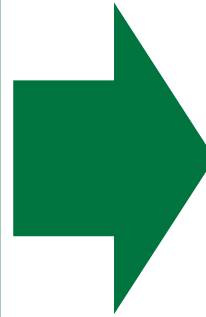
5. Gap analysis

5.5 Private sector participation and investment environment

•Sectoral engagement: Increasing interest from both state-owned and private enterprises in sectors with significant mitigation potential, such as renewable energy, manufacturing, agriculture (methane reduction), and waste management.

•Compliance-driven demand: Participation in CORSIA from 2026 creates direct demand; Viet Nam Airlines estimates needing ~400,000 credits/year by 2026, rising to over 1 million post-2030.

•Corporate initiatives: Early momentum driven by projects like electric vehicle ecosystems (charging infrastructure) and sustainable agriculture through bilateral cooperation



Critical Gaps in the Investment Environment

- Financial Ambiguity:** There is a lack of clear rules regarding **taxation**, administrative fees, and revenue-sharing models for carbon credit sales.
- State asset valuation:** Valuation procedures for mitigation outcomes involving state assets or public investment remain undefined, creating risks for public-private partnerships.
- Social & environmental safeguards:** Current frameworks lack detailed requirements for community benefit-sharing and alignment with international social safeguard standards, particularly for AFOLU projects.
- Capacity constraints:** Significant gaps exist in private sector understanding of Article 6 MRV requirements and complex carbon credit contracting

5. Gap analysis

5.6 Strategic positioning in international carbon markets

Policy Rationale and Strategic Objectives

- **Regulatory foundation:** Establishing a dedicated regulatory framework for international carbon credit transfers at the current stage of market development
- **Policy coherence:** Ensuring international cooperation mechanisms complement existing climate policies and contribute to Viet Nam's long-term climate commitments
- **Strategic role:** Leveraging Article 6 cooperation to support national mitigation priorities, technology transfer, and investment mobilisation

Parallel Market Development

- **Synergy with domestic ETS:** Managing the relationship between international transfer mechanisms and the domestic carbon market to ensure both systems evolve in parallel
- **NDC safeguarding:** Balancing international mitigation partnerships with the necessity to safeguard the achievement of NDCs and long-term decarbonisation objectives
- **Market readiness:** Aligning international transfers with domestic market readiness and institutional capacity to ensure policy consistency

Long-term Value and Investment Security

- **Post-2030 Vision:** Positioning Viet Nam to capture value beyond the current NDC period to ensure the "bankability" and sustainability of high-cost mitigation projects
- **Environmental integrity:** Strengthening Viet Nam's position as a credible supplier by adhering to the environmental integrity principles of the Paris Agreement

6. Recommendations

6.1 Key conclusions

Strong National Policy Foundation

- Viet Nam has established a solid legal basis for climate action through the Law on Environmental Protection (LEP) 2020, Decree No. 06/2022, and Decree No. 119/2025
- These instruments provide the necessary framework for GHG inventories, mitigation planning, and the phased development of the domestic Emissions Trading System (ETS)

Strategic Importance of the ITMO Decree

- The Draft Decree on ITMOs is a critical milestone for operationalizing Article 6.2 and 6.4 of the Paris Agreement
- It provides the primary legal basis for project registration, authorization of international transfers, and the implementation of Corresponding Adjustments (CA) by the MAE



Critical Gaps

Institutional Coordination: Roles and decision-making mechanisms for inter-ministerial authorization remain partially defined

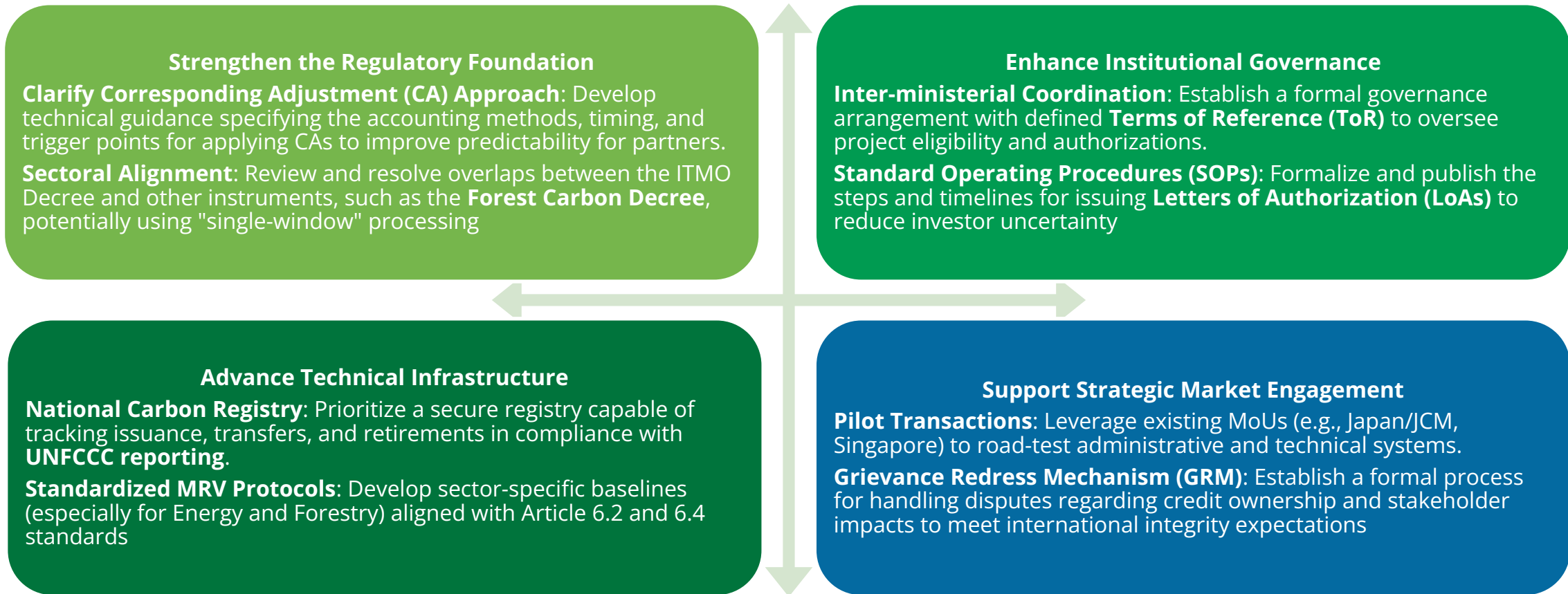
Technical Readiness: Detailed **MRV and accounting procedures** for international transfers need further codification to ensure environmental integrity

Policy Coherence: Further alignment is required between international transfer rules and the emerging domestic carbon market to ensure they **evolve in parallel**

Analytical Basis: The justification for eligible mitigation activities and transfer limits in **Appendix I** requires a more transparent analytical foundation

6. Recommendations

6.2 Key recommendations



THANK YOU!

