



REPORT

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

Paris Agreement Article 6 Operationalization and Carbon Credit Offsetting Standards

MARCH 2026

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COLOPHON AND DISCLAIMER

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ABBREVIATIONS

AFOLU	Agriculture, Forestry and Other Land Use
BTR	Biennial Transparency Report
CDM	Clean Development Mechanism
CER	Certified Emission Reduction
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COP	Conference of the Parties
CTX	Carbon Trade Exchange
DCC	Department of Climate Change
ETF	Enhanced Transparency Framework
ETP	Southeast Asia Energy Transition Partnership
ETS	Emissions Trading System
FOEN	Swiss Federal Office for the Environment
GESI	Gender Equality and Social Inclusion
GHG	Greenhouse gas
GreenCIC	Green Climate Innovation Company Limited
IPPU	Industrial Processes and Product Use
ITMO	Internationally Transferred Mitigation Outcomes
JCM	Joint Crediting Mechanism
LEP	Law on Environmental Protection
LoA	Letters of Authorisation
LULUCF	Land Use, Land Use Change and Forestry
PCG	Perspectives Climate Group GmbH
MAE	Ministry of Agriculture and Environment
MO	Mitigation Outcomes
MOC	Ministry of Construction
MOF	Ministry of Finance
MOIT	Ministry of Industry and Trade

MOU	Memorandum of Understanding
MRV	Measurement, Reporting, and Verification
NDC	Nationally Determined Contribution
RBMF	Results-Based Management Framework
South Pole	South Pole Carbon Asset Management AG
TOR	Terms of Reference
UNFCCC	United Nations Framework Convention on Climate Change
UNOPS	United Nations Office for Project Services
VCS	Verified Carbon Standard
VEPF	Viet Nam Environment Protection Fund
VNEEC	Energy and Environmental Consultancy JSC
VVB	Validation and Verification Body

EXECUTIVE SUMMARY

Context

Viet Nam is entering a critical phase in the development of its carbon market and international climate cooperation mechanisms. As the country prepares to pilot a domestic carbon market and expand engagement in international carbon markets, establishing a coherent regulatory and institutional framework for cooperation under Article 6 of the Paris Agreement has become increasingly important.

The Law on Environmental Protection (LEP) 2020, together with Decree No. 06/2022/ND-CP and the amended Decree No. 119/2025/ND-CP, provides the legal mandate for the establishment and development of Viet Nam's carbon market. Institutional responsibilities for climate policy and carbon market governance are gradually being defined, while interest from both domestic and international stakeholders in developing mitigation projects and carbon credit activities continues to grow.

Within this policy landscape, the establishment of a regulatory framework governing the international transfer of mitigation outcomes is critical to facilitate Viet Nam's engagement with Article 6 mechanisms. To operationalise this, the Department of Climate Change (DCC) under the Ministry of Agriculture and Environment (MAE) has developed the initial draft of the Government Decree on the international exchange of greenhouse gas emission mitigation outcomes and carbon credits (Draft Decree on ITMOs)¹. This draft, first released for public consultation from 24 October to 3 November 2025, provides the primary regulatory basis for defining the rules, procedures, and institutional responsibilities necessary to enable international carbon cooperation.

Objective and scope of the Report

This report provides a technical review and gap analysis of Viet Nam's frameworks for Article 6 implementation, which informs DCC of the policy and institutional readiness status to strengthen their Draft Decree on ITMOs. The analysis seeks to identify regulatory, institutional, and technical issues that should be addressed to ensure that Viet Nam's engagement in international carbon markets is transparent, credible, and aligned with national climate objectives.

The findings provide an analytical foundation for strengthening the regulatory framework governing international carbon cooperation and inform the next phase of the Technical Assistance.

Key findings

The assessment highlights several key findings regarding Viet Nam's readiness to operationalize Article 6 mechanisms.

- **International experience:** Effective participation in Article 6 requires a coherent governance framework integrating clear authorization procedures, transparent

¹ First consultation of the Draft Government Decree on international transfer of mitigation outcomes and carbon credits. <https://mae.gov.vn/van-ban-du-thao-2037.htm?>

accounting of internationally transferred mitigation outcomes (ITMOs), and robust measurement, reporting and verification (MRV) systems.

- **International benchmarking:** Early movers such as Switzerland and Japan demonstrate the importance of strong institutional anchors and well-defined authorization procedures for international carbon cooperation. Host countries including Ghana, Chile and Peru highlight the need for transparent registry systems to prevent double counting, while others such as Indonesia and Cambodia have introduced credit-retention or benefit-sharing mechanisms to safeguard national Nationally Determined Contribution (NDC) interests.
- **Viet Nam’s policy foundation:** Viet Nam has established a clear legal mandate for carbon market development through the Law on Environmental Protection (LEP) 2020, Decree No. 06/2022/ND-CP, and the amended Decree No. 119/2025/ND-CP. These instruments provide the policy basis for carbon market establishment and the broader framework for greenhouse gas mitigation and market-based mechanisms.
- **Role of a dedicated regulatory framework for international transfers:** The development of the Decree on ITMOs, currently in its drafting stage, is a central element of Viet Nam’s efforts to operationalize Article 6.2 cooperative approaches and the Article 6.4 mechanism. This proposed instrument provides the foundation for project registration procedures, authorization of international transfers, and the application of corresponding adjustments, while clarifying the governance responsibilities of MAE in overseeing these processes.
- **Critical gaps:** Despite this progress, several areas require further strengthening. These include clearer institutional coordination and decision-making mechanisms for authorizing international transfers, stronger alignment between international transfer rules and the emerging domestic carbon market, and a more transparent analytical basis for determining eligible mitigation activities and maximum international transfer rates specified in Appendix I.

Strategic Directions

Based on these findings, several strategic directions emerge to support Viet Nam’s effective participation in international carbon markets:

- **Safeguarding national mitigation objectives:** International transfers should be carefully managed to ensure that they do not compromise the achievement of Viet Nam’s NDC targets and long-term climate commitments.
- **Strengthening institutional coordination:** Clear and efficient decision-making arrangements involving relevant ministries and agencies are needed to ensure transparent and timely authorization of international carbon transactions.
- **Enhancing transparency and predictability for investors:** Clear guidance on project approval procedures, authorization processes, and benefit-sharing arrangements will reduce regulatory uncertainty and help attract investment in mitigation activities.
- **Ensuring coherence between domestic and international carbon markets:** The regulatory framework for international transfers should be aligned with the development of the domestic carbon market to maintain policy consistency and effective market functioning.

- **Advancing technical infrastructure and data systems:** Priority should be given to developing registry systems, accounting procedures, and data transparency mechanisms capable of supporting international reporting requirements and the implementation of corresponding adjustments.

1 INTRODUCTION

Viet Nam is entering a critical phase in the development of its carbon market and international climate cooperation mechanisms. In pursuit of its commitment to achieve net-zero greenhouse gas emissions by 2050, the Government has progressively established the legal and institutional foundations for carbon pricing and mitigation instruments. The Law on Environmental Protection 2020 provides the basis for establishing a carbon market, domestic emissions trading system (ETS) and the use of carbon credits for offsetting in Viet Nam. At the same time, the operational rules for Article 6 of the Paris Agreement have been finalized internationally, creating new opportunities for countries to cooperate through international carbon markets.

Operationalizing Article 6 requires a complex combination of legal provisions, institutional arrangements, technical systems, and market governance mechanisms. Countries seeking to participate in international carbon markets must establish procedures for authorizing mitigation outcomes, ensuring robust monitoring, reporting and verification (MRV), applying corresponding adjustments, and maintaining transparent registry systems capable of interacting with international infrastructure. Many of these elements are new in the Vietnamese policy context and require dedicated analytical work to develop a robust technical and regulatory foundation.

In this context, the Department of Climate Change (DCC) under the Ministry of Agriculture and Environment requested technical assistance from the Southeast Asia Energy Transition Partnership (ETP), implemented by a consortium comprising Energy and Environment Consultancy JSC (VNEEC - lead), Green Climate Innovation Company Ltd., (GreenCIC), South Pole, and Perspectives Climate Group. The Technical Assistance project titled *“Paris Agreement Article 6 Operationalisation and Carbon Credit Offsetting Standards”* aims to support Viet Nam in strengthening the institutional and regulatory framework required for participation in international carbon markets and the use of carbon credits within the domestic ETS. As part of this support, *Deliverable 2 – “Review of international experience and assessment of Viet Nam’s readiness for Article 6 implementation, including analysis of the draft Government Decree on international transfer of mitigation outcomes and carbon credits”* provides an analytical review of relevant international practices, evaluates Viet Nam’s current policy and institutional readiness, and examines the emerging regulatory framework governing international carbon market participation.

During the implementation of the Technical Assistance, policy development in Viet Nam advanced rapidly. A key milestone was the preparation 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. The Draft Decree represents the first comprehensive regulatory framework governing the authorization, transfer, accounting, and oversight of mitigation outcomes traded internationally, and reflects the Government’s intention to establish a structured approach for participation in Article 6 cooperative mechanisms.

Given the accelerated policy timeline and strong stakeholder interest in operationalizing Article 6 cooperation, the preparation of the Draft Decree progressed in parallel with the ongoing Technical Assistance. Consequently, this Deliverable has been adapted to include a review and gap analysis of the Draft Decree, complementing the original analytical scope of the project. This adjustment

enables the Technical Assistance to apply its international review and policy analysis directly to an emerging regulatory instrument at a critical stage of policy formulation.

The report therefore presents three main analytical components:

- (1) a review of international experience in Article 6 implementation and carbon market governance;
- (2) an assessment of Viet Nam’s institutional and technical readiness for participation in international carbon markets; and
- (3) a gap analysis of the Draft Government Decree regulating international transfers of mitigation outcomes and carbon credits.

The ultimate objective of this deliverable is to produce an assessment of Viet Nam’s readiness for Article 6. The report will map Viet Nam’s current legal and institutional frameworks against international requirements, identify specific gaps, and provide strategic recommendations to enhance compatibility with global carbon market systems.

2 KEY FUNCTIONAL COMPONENTS AND PROCEDURAL REQUIREMENTS FOR ARTICLE 6 IMPLEMENTATION

2.1 Overview of the international regulatory framework

The Conference of the Parties (COP) is the supreme decision-making body of the UNFCCC, while the CMA is the supreme decision-making body specifically for the Paris Agreement. Under the Paris Agreement, Article 6 establishes the framework for Parties to cooperate voluntarily in implementing their Nationally Determined Contributions (NDCs) through international cooperation. The groundwork for carbon market approaches was laid at COP26 in Glasgow (2021), and the rules for Article 6 were finalised at COP29 in Baku (2024), marking a major milestone in international climate governance. These rules define the frameworks for cooperative approaches (Article 6.2 cooperative approaches – Article 6.2) and the Paris Agreement Crediting Mechanism (Article 6.4 mechanism – Article 6.4). Article 6 also includes Article 6.8 on non-market-based approaches to climate cooperation, focused on coordination, knowledge sharing, and support for NDC implementation. This aspect falls outside the scope of this TA and is excluded hereafter.

The summary of COP/CMA decisions will highlight the key functional components and procedural requirements for Article 6 implementation and management. The evolution of Article 6 management, from the adoption of the rulebook at COP26 to the refinement of registry and authorisation processes at COP29, is presented in the Table below.

Table 1: Key COP/CMA Decisions on Article 6 (excluding Article 6.8)

Year	COP/CMA session	Decision number	Subject	Main provisions
2021	COP26/CMA.3 (Glasgow)	2/CMA.3	Guidance on cooperative approaches (Article 6.2)	Established accounting rules for ITMOs, requirements for authorisation, corresponding

				adjustments, initial & regular reporting, and review processes.
2021	COP26/CMA.3 (Glasgow)	3/CMA.3	Rules, modalities and procedures (Article 6.4)	Set up new UNFCCC crediting mechanism (successor to CDM); created Supervisory Body; rules on activity cycle, methodologies, SOP (share of proceeds), Overall Mitigation in Global Emissions (OMGE)
2022	COP27/CMA.4 (Sharm el-Sheikh)	6/CMA.4	Further guidance on cooperative approaches (Article 6.2)	Adopted outlines for initial reports, biennial transparency reporting, Article 6 database, technical expert review modalities, and confidentiality rules.
2022	COP27/CMA.4 (Sharm el-Sheikh)	7/CMA.4	Guidance on Article 6.4	Elaborated on activity cycle (validation, registration, issuance), registry functions, first transfer, authorisation of A6.4ERs, reporting and transparency.
2023	COP28/CMA.5 (Dubai)	(various)	Technical decisions on operationalisation	Progress on reporting formats, centralised accounting/reporting platform, international registry, review procedures; Supervisory Body recommendations on methodologies, removals, safeguards.
2024	COP29/CMA.6 (Baku)	4/CMA.6 (Article 6.2)	Matters relating to cooperative approaches	Clarified authorisation process, changes to authorisation, interoperability of registries, and "first transfer" specification.
2024	COP29/CMA.6 (Baku)	5/CMA.6 (Article 6.4)	Guidance on the mechanism	Provisions on authorisation of A6.4ERs, account types, and serialisation in the registry, treatment of mitigation contribution units (MCUs).
2024	COP29/CMA.6 (Baku)	6/CMA.6 (Article 6.4)	Further guidance on the mechanism	Acceptance of standards on methodologies and removals.
2025	COP30/CMA.7 (Belém)	FCCC/PA/CMA/2025/L.12 (Art. 6.2)	Implementation of the guidance on cooperative approaches	Reviewers are to clearly explain their findings on any inconsistencies and make recommendations on how to resolve them. An informal interactive

				dialogue on reviews will be held at COP31.
2025	COP30/CMA.7 (Belém)	FCCC/PA/CMA/2025/L.10	Further guidance on the mechanism	The SB is to ensure that its standards, methodologies and tools ensure environmental integrity, are based on the best available science and are informed by robust evidence. CDM transition host country approval deadline deferred to 30 June 2026
2025	COP30/CMP.2.0 (Belém)	FCCC/KP/CMP/2025/L.4	Guidance relating to the clean development mechanism	CDM will be closed by the end of 2026. Remaining funding (26.8 million USD) will be transferred to the PACM, it has to be paid back to the Adaptation fund once PACM is self-financed.

Source: Compiled by the Consultant, 2025

In addition to the high-level CMA decisions, operational-level Supervisory Body provisions governing the processes required to operate the Article 6.4 mechanism will also be considered to ensure that the specific roles and guidance for Parties are fully addressed. The key provisions include:

- Information Note: Article 6.4 Manual for Host Party Participation in the Mechanism (A6.4-SBM015-AA-A04)
- Draft Procedure: Article 6.4 Mechanism Registry (A6.4-SBM015-AA-A09)
- Procedure: Article 6.4 Activity Cycle for Projects (A6.4-PROC-AC-002)
- Form: Host Party Authorisation of the Use of A6.4ERs (A6.4-FORM-GOV-002)

Furthermore, as Article 6 forms part of the Paris Agreement and is governed by CMA decisions (see Figure below), its reporting and review cycle must align with the rules of the Enhanced Transparency Framework (ETF) under Article 13. This creates a new obligation for any Party participating in and implementing Article 6. Accordingly, the review will also address Parties' mandates to report on Article 6 implementation to the UNFCCC.

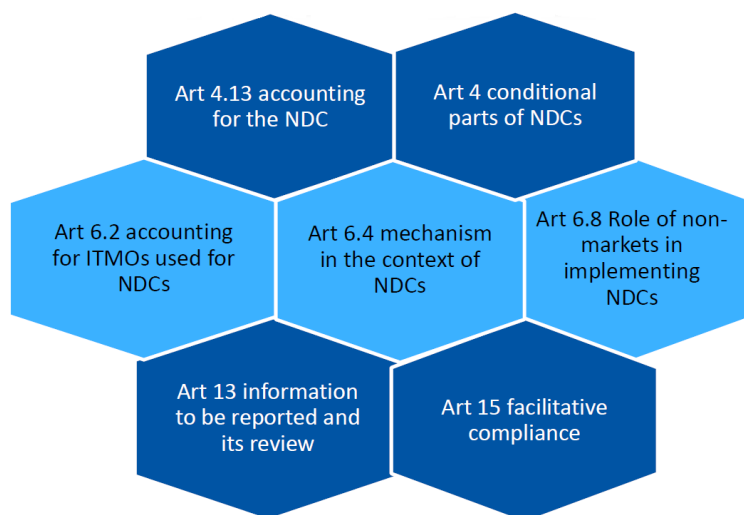


Figure 1: Link between Article 6 and other provisions of the Paris Agreement

Source: Perumal Pillai, 2018. [Developments in Article 6 of the Paris Agreement](#). ICAO Seminar on Carbon Markets. 7 - 9 February 2018. Montreal, Canada

The review and analysis under this task will identify the key functional components and procedural steps required for effective participation in Article 6 mechanisms, including ITMO eligibility, approval and authorisation processes, MRV, tracking, corresponding adjustments, and reporting, in line with COP/CMA decisions and implications for establishing a legal and institutional framework in a party country.

Overall, the review will form the basis for defining the management structure and policy framework that a Party must establish to operationalise Article 6 at the national level. Effective implementation requires a coherent set of institutional and legal functions that collectively ensure environmental integrity, transparency, and consistency with national policies and climate objectives (NDC and sustainable development targets).

The review will also provide practical elements to support governments in establishing this framework, facilitating the management and administration of ITMO transfers, ensuring full alignment with UNFCCC rules and decisions (including authorisation processes), and enabling robust reporting on Article 6 cooperation. In doing so, governments must design processes that are both nationally appropriate and internationally consistent.

2.2 Functional components of a national framework

The primary objective of this task is to provide an assessment of Viet Nam's policy and institutional readiness for managing mitigation outcomes and cross-border carbon credit transfers under Article 6. This deliverable maps Viet Nam's alignment with international requirements, identifies institutional and procedural gaps, and offers strategic recommendations to enhance compatibility with global carbon market systems. To achieve this, the assessment focuses on the following key functional components and procedural requirements::

Procedural steps

- ITMO eligibility criteria

- Project/programme approval processes
- Authorisation of ITMOs and A6.4ERs (scope, uses, first transfer)
- MRV systems (measurement, reporting, verification)
- Tracking and registry arrangements
- Application of corresponding adjustments
- Reporting obligations (ETF under Art. 13)

Institutional components

- National authority / focal point roles
- Inter-ministerial/agencies coordination
- Stakeholder engagement

Cross-cutting safeguards

- Transparency and accountability: Benefit-sharing
- Alignment with national climate policies and NDCs: proportions of authorisations of MOs for international transfer
- Sustainable development safeguards

Article 6 implementation can be considered not only as a compliance-related requirement, but also as a potential instrument to support Viet Nam's financing strategy for achieving its Conditional NDC targets. Given the significant investment needs associated with the green transition, Article 6 may provide an additional channel to mobilise private sector finance, particularly for mitigation activities in sectors where abatement costs remain relatively high and conventional financing may be limited.

Participation in international carbon markets could contribute to improving the financial viability of selected low-carbon technologies, including emerging or first-of-a-kind solutions such as offshore wind, green hydrogen, and advanced waste-to-energy systems. If appropriately designed, such engagement may support emissions reduction outcomes while generating broader development benefits, including employment opportunities and technology transfer.

3 INTERNATIONAL PRACTICES IN ARTICLE 6 IMPLEMENTATION

Although the Paris Agreement was adopted in 2015, national legal frameworks and institutional arrangements for the international transfer of ITMOs under Article 6 of the Paris Agreement remain relatively new worldwide. As of February 2026, 108 bilateral agreements on cooperation under Article 6 have been signed globally², with 65 projects authorised³ and at least 15⁴ projects

² UNEP (2026). [Article 6 Pipeline](#)

³ IETA (2026). [Letter of Authorization Directory](#).

⁴ FOEN (n.d.). [International attestations](#); [GS11639](#); [GS10897](#); [ART102](#); [VCS4150](#); [VCS3654](#); [VCS2749](#); [VCS3699](#); [VCS4150](#); [GS11551](#); [GS12144](#); [VCS2925](#); [VCS3116](#); [VCS3052](#)

having transferred carbon credits under Article 6. To date, over 30 countries⁵ have issued regulations and guidelines to govern and implement Article 6 domestically. This reflects the nascent nature of Article 6 markets, the majority of countries have yet to reach advanced market readiness that enables full implementation of Article 6 activities and transactions.

Selection of case studies for detailed analysis

While over 30 countries have established national Article 6 frameworks, this report focuses on 18 selected jurisdictions based on their strategic relevance to Viet Nam's context. The selection criteria prioritize:

- **Strategic partnerships:** Inclusion of key buyer countries (e.g., Switzerland, Japan, Singapore, and South Korea) that have already signed or are negotiating bilateral agreements with Viet Nam.
- **Diversity of management models:** A representative mix of host countries across Southeast Asia, Africa, and Latin America to capture diverse approaches to authorization, registry management, and benefit-sharing.
- **Distinct and non-redundant lessons:** Countries were chosen for their unique policy innovations or implementation experiences (both positive and negative). To maintain a concise and focused analysis within the project's tight timeline, regional counterparts with similar or repetitive frameworks were excluded to avoid redundancy.
- **Implementation maturity:** Priority was given to early implementing countries who have progressed beyond theoretical frameworks to issue Letters of Authorization (LoAs) or complete initial ITMO transactions, providing tested lessons for Viet Nam's emerging system.

The design and implementation of Article 6 frameworks vary across countries, reflecting different national contexts, legal traditions and climate strategies. A scan of international experiences indicates that governments adopt diverse approaches to governing the transfer of ITMOs and carbon credits, demonstrating the range of policy options that are customised to national priorities, strategic orientations, and policy objectives.

In many cases, countries combine multiple approaches to ensure a balanced and equitable distribution of benefits among stakeholders, including the host country, international partners, and the private sector.

Nevertheless, several countries and regional groupings have pioneered approaches that offer valuable lessons for Viet Nam. This task will review selected country policy and strategy towards Article 6 cooperation, design of legal and regulatory frameworks, authorisation procedures, infrastructure design and institutional arrangements for operationalisation.

The international review is categorized into potential buyer and host (seller) jurisdictions to reflect their distinct strategic priorities and regulatory mandates. For buyer countries, the primary focus is on securing high-quality ITMOs that ensure environmental integrity and promote sustainable development, in compliance with the Paris Agreement. This dual perspective is highly relevant for

⁵ Gold Standard (2026). [Carbon Market Regulations Tracker](#).

Viet Nam, which is positioning itself as a key ITMO seller while remaining a potential buyer in the long term. Consequently, understanding the evolving requirements of bilateral partners is essential for aligning Viet Nam's domestic framework with international market expectations.

On the other hand, host countries concentrate on establishing management and oversight frameworks, authorisation processes, and benefit-sharing mechanisms that safeguard national interests and support sustainable development. It will be important to understand the range of policy and governance options practised worldwide, current country readiness statuses and experiences in authorisation and transactions, and the lessons for Viet Nam.

To guide this review, a comprehensive framework (Figure 1) was developed to assess the Article 6 readiness of participating countries. This framework evaluates a nation's capacity to implement international carbon market mechanisms effectively while ensuring environmental integrity and alignment with national goals and strategies.

The assessment framework is built upon three core categories designed to evaluate a country's readiness and strategic positioning in the global carbon market.

- 1) Policy and strategy: The first category assesses the country's policy decisions regarding carbon market mechanisms. This involves examining the planned use of ITMOs across various international compliance markets, such as bilateral Article 6.2 agreements, the Article 6.4 mechanism (PACM) and CORSIA. It also assesses the country's key decisions pertaining to Article 6 participation, including positive lists of eligible project types, fee structures, and measures to prevent overselling of ITMOs (such as quantitative percentages for authorisation). Finally, it identifies active Article 6.2 country partners and alignment with specific international carbon programs and methodologies.
- 2) Legal and regulatory frameworks: The second category assesses the clarity and certainty provided to investors and market participants. This involves a thorough assessment of the presence, maturity, and scope of domestic carbon market regulations. A critical evaluation is made to distinguish what is explicitly defined within the legal framework versus any remaining ambiguities or unaddressed areas, which could pose risks to market stability and investment.
- 3) Procedures, infrastructure and institutional arrangements: The third category assesses the practical readiness and capability to execute transactions and monitor results effectively. Key components include the clear allocation of tasks and mandates across relevant government ministries. It also examines the defined authorisation steps, the procedures for MRV, and the maturity of the national carbon registry. Evidence of progress, such as actual transactions, pilot projects, or authorisations issued to date, is also a critical focus.

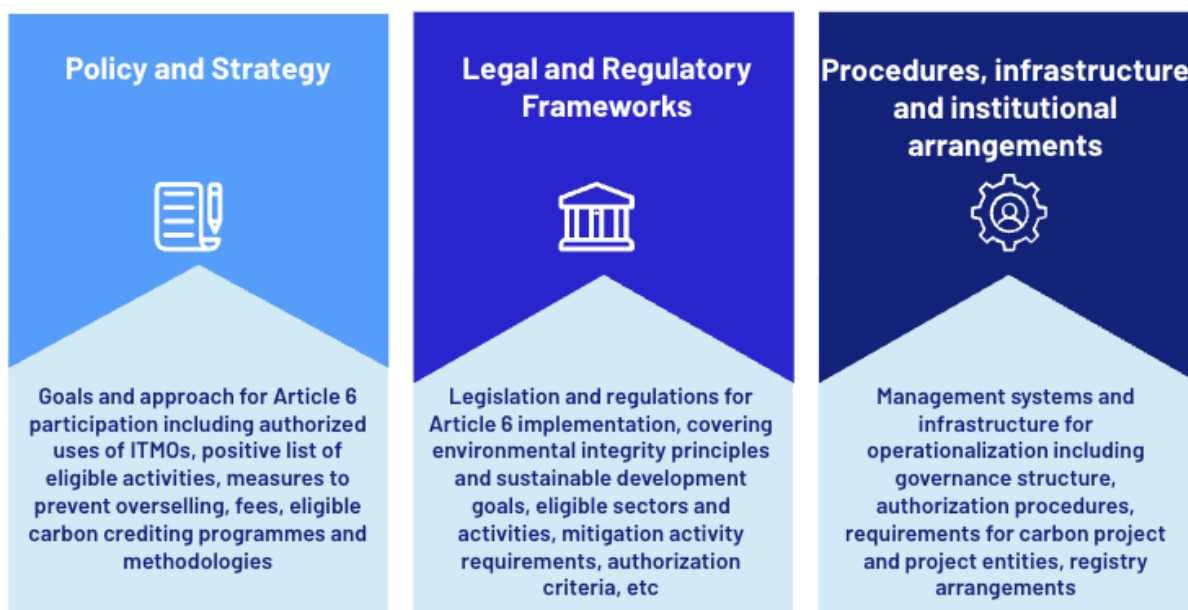


Figure 2: Consultant's assessment framework

3.1 Experiences from potential buyer countries

3.1.1 Switzerland

While Switzerland and Viet Nam have not officially concluded a bilateral agreement on Article 6, Switzerland is an active frontrunner on Article 6.2, having signed Article 6 bilateral agreements with 17 countries, of which seller countries like Peru, Ghana, Thailand, Malawi, Chile, and Kenya have been covered in this report. In November 2022, the first Article 6 project hosted by Ghana received the Letter of Authorisation for the international transfer of up to 1,125,655 ITMOs towards Switzerland's NDC⁶, and the first international transfer of ITMOs towards Switzerland's NDC occurred in December 2023 from the first Article 6 project hosted by Thailand⁷.

Policy and strategy

In its updated NDC, Switzerland has committed to reducing GHG emissions by 65% by 2035 relative to 1990 levels.⁸ A maximum amount of 19.7 million ITMOs is needed by Switzerland for the period of 2025 to 2030 to meet its NDC target.⁹ Beyond 2030, its updated NDC expects that the share of emission reductions realised abroad would decrease for the 2031–2035 period compared to the pre-2030 period.¹⁰

The Foundation for Climate Protection and Carbon Offset (Klik Foundation) is Switzerland's primary private-sector vehicle for procuring ITMOs for the government and companies importing motor fuels under the Swiss CO₂ Act. The Klik Foundation procures ITMOs from the countries that have signed bilateral agreements for Article 6.2 with Switzerland, as these agreements provide a

⁶ Ministry of Environment, Science, Technology, and Innovation (MESTI), Ghana (2022). [Authorization Statement](#).

⁷ S&P Global (2024). [Switzerland, Thailand conclude first Article 6.2 deal in landmark move for carbon markets](#).

⁸ Government of Switzerland (2025). [Switzerland's second NDC](#).

⁹ KLIK (2024). [Annual Report 2024](#).

¹⁰ Government of Switzerland (2025). [Switzerland's second NDC](#).

legal basis for transferring the ITMOs and counting them towards Switzerland's climate targets.¹¹ Based on contracts between the KliK Foundation and international project developers, the cost per ITMO is averaged at CHF 29 (\$37)/tCO₂e.¹² The KliK Foundation also procures ITMOs via the United Nations Development Program's (UNDP) Carbon Payments for Development (CP4D) Facility.¹³

Aside from the KliK Foundation being Switzerland's procurement entity, the Swiss government is also a direct ITMO buyer. In December 2025, the Federal Office for the Environment (FOEN) issued a tender seeking up to 15 Article 6 projects.¹⁴ FOEN may co-finance the project or programme development, and be granted an option to purchase the ITMOs.¹⁵ The tender also specified that the ITMO price "should be as low as possible and, if possible, not exceed the average ITMO price" of CHF 35 (\$44)/tCO₂e as "assumed by the Swiss Confederation for the period until 2030".¹⁶

Eligible project and programme types include those relating to energy efficiency or the use of renewable energy in households, electric mobility, the use of renewable energy in industry, and methane reduction in agriculture. There are 11 ineligible projects and programme types, including REDD+ and biological carbon sequestration projects.¹⁷

According to the CO₂ Ordinance, the FOEN, in consultation with the partner country, will retire 2% of the attestations and waive its inclusion in Switzerland's reduction target. In the event that the partner country has retired less than 2%, Switzerland will retire the remaining amount.¹⁸

On accepted and approved carbon standards and methodologies, the FOEN is considered to be open to national carbon standards and CDM methodologies, based on projects it has authorised namely the Bangkok E-Bus Project (Thailand) and the Climate Smart Agriculture rice project (Ghana)¹⁹. Moreover, the FOEN permits project-specific adaptations and has specific requirements for the mitigation activities, reducing the use of non-renewable biomass (i.e., cookstoves or biogas).²⁰ Such projects would need to establish robust methodologies for determining the fraction of non-renewable biomass (fNRB).²¹

Legal and regulatory framework

The legal basis of international cooperative approaches is anchored in the Federal Act on the Reduction of CO₂ Emissions (Swiss CO₂ Act). The CO₂ Ordinance contains the implementing

¹¹ KLIK (2024). [Annual Report 2024](#).

¹² *Ibid.*

¹³ UNDP (2022). [UNDP and KliK Foundation agree on collaboration in international climate protection](#)

¹⁴ Quantum Commodity Intelligence (2025). [Swiss govt. seeks new ITMO sources to close 'emissions gap'](#). (subscription required.)

¹⁵ *Ibid.*

¹⁶ *Ibid.*

¹⁷ FOEN (2025). [Annex L: Eligible and ineligible project and programme types, Version 1.1 of the Offsetting CO₂ emissions: projects and programmes - A Notice of FOEN in its capacity as enforcement authority](#).

¹⁸ FOEN (2025). [Explanatory document on the amendments to the CO₂ Ordinance \(State 2025\): key-points for offsetting projects](#).

¹⁹ Government of Switzerland (2025). [Projects abroad](#).

²⁰ FOEN (2025). [Process description for authorization and specific requirements for Monitoring, Reporting and Verification of mitigation activities under Art. 6 of the Paris Agreement](#).

²¹ *Ibid.*

provisions for the CO₂ Act, which contains the exact quota for international offsetting (via Article 6) and more detailed provisions. Based on the CO₂ Ordinance, the KliK Foundation is mandated to compensate for a certain portion of transport-related emissions through carbon credit projects, comprising local projects (in Switzerland) and overseas Article 6 projects.²²

The Federal Office for the Environment (FOEN) is charged with the responsibility for enforcing the provisions concerning attestations for emission reductions and carbon storage in Switzerland and abroad, which is communicated through enforcement notices.

Procedures, infrastructure and institutional arrangements

The FOEN of the Federal Department of Environment, Transport, Energy and Communications is the DNA and is authorised to provide authorisations to the projects.²³ The procedures for authorisation and international transfer, and the requirements for Article 6 projects, are detailed in the enforcement notice document, Offsetting CO₂ emissions: projects and programmes, along with various annexes published by FOEN.²⁴ A similar enforcement notice document for approved validators and verifiers of such carbon credit projects is also published by FOEN.²⁵ As these documents apply to domestic carbon credit projects, a summary for Article 6 projects is also published by FOEN.²⁶ These procedures and requirements apply to all Article 6 projects, regardless of the host country.

At the start, the Article 6 project applicant may submit a project outline for preliminary assessment prior to submitting the authorisation application. This is an optional step. As the first step of the authorisation application, the applicant must submit a detailed project description (including feasibility analysis) that is validated by an FOEN-approved Validator and Verifier (VV). The validated project description, together with the validation report, must be submitted to FOEN no later than three months after the start of project implementation.²⁷ If implementation has not yet started when the application is submitted, the project description must indicate the planned start date. This means that carbon credit projects that are implemented more than three months before the submission of the validated programme design (to FOEN) would be ineligible for Switzerland under Article 6.

Following a formal review and ruling by the FOEN, the operational project undergoes annual data monitoring, with the resulting reports verified by a separate, independent VV to guarantee accuracy. Finally, the FOEN issues attestations based on these verified reductions, noting that international projects require additional coordination, including a Letter of Authorisation and

²² KliK Foundation (n.d.) [Legal basis: Paris agreement and Swiss CO₂ Act](#)

²³ Paris Agreement Article 6 Implementation Partnership (2025). [The Paris Agreement Article 6 Implementation Status Report](#).

²⁴ Federal Office for the Environment, Switzerland (FOEN) (2025). [Versions of the notice «Offsetting CO₂ emissions: projects and programmes»](#).

²⁵ Federal Office for the Environment, Switzerland (FOEN) (n.d.) [Versions of the notice «CO₂ Emissions Compensation: Validation and Verification»](#).

²⁶ FOEN (2025). [Process description for authorization and specific requirements for Monitoring, Reporting and Verification of mitigation activities under Art. 6 of the Paris Agreement](#).

²⁷ Federal Office for the Environment, Switzerland (FOEN) (2025). [Offsetting CO₂ emissions: projects and programmes - A Notice of FOEN in its capacity as enforcement authority](#).

formal recognition from the partner country to prevent double counting.²⁸ Furthermore, with effect from 1 January 2025, FOEN charges fees in accordance with the FOEN Fees Ordinance.²⁹ The fees are the same for both domestic and international projects: i) MAIN (CHF 700), ii) MADD (CHF 1,400 CHF, or CHF 700 for a revalidation), iii) monitoring report (CHF 1,120) and iv) in particular: CHF 700 per Q&A session after the third session.³⁰ Switzerland is the only known buyer country to have imposed carbon credit project assessment fees for Article 6 projects.

Switzerland uses the Swiss Emissions Trading Registry (EHR) to track and record ITMO transactions. Operated by the Federal Office for the Environment (FOEN), the registry serves as the official digital accounting system for all units related to international climate cooperation under Article 6.2 of the Paris Agreement.

As of 2026, Switzerland is one of the most active countries in developing projects under Article 6.2 of the Paris Agreement, with the KliK Foundation having built a portfolio of about 60 active or in-development projects³¹.

Lessons for Viet Nam

The Swiss model illustrates the importance of a dedicated central authority and legally binding bilateral arrangements to provide clarity and trust in cross-border ITMO transactions. Its openness to national methodologies and CDM methodologies, in particular the Thailand T-VER programme for the Bangkok E-Bus Programme, introduces flexibility to its Article 6 eligibility criteria, as it could be restrictive in other ways, such as the receipt of the validated project design within three months from the project start date.

However, the uncertainty over the use of ITMOs after 2030 has become a source of financial risk for project developers and investors. This is because the current regulations in the CO₂ Act and CO₂ Ordinance cover the current NDC period until 2030.

Considering the short runway to 2030, this means that for Article 6 projects with Switzerland, the carbon revenues would minimally cover the initial years until 2030. This means that project owners and investors face a shorter amortisation (i.e. payback) period (as compared to a longer payback period of 10 or 15 years over the project's crediting period). Therefore, with carbon credit prices being priced at CHF 29 (\$37)/tCO₂ to CHF 35 (\$44)/tCO_{2e} (by Switzerland), project owners and investors are now expected to take on greater financial risk where they would not be able to sell the carbon credits as ITMOs after 2030, yet cannot price the ITMOs higher (due to the shorter payback period).

Overall, Switzerland, being a leading and experienced buyer country with a relatively high ITMO price threshold (compared to other buyer countries), engagement with Switzerland on Article 6 could promote international investments in sectors such as renewable energy and clean transport, and also facilitate exchange on best practices on authorisation procedures and requirements.

²⁸ *Ibid.*

²⁹ FOEN (2025). [Annex B: Invoicing of work in accordance with the FOEN Fees Ordinance of the Offsetting CO₂ emissions: projects and programmes - A Notice of FOEN in its capacity as enforcement authority.](#)

³⁰ Government of Switzerland (2025). [Issue 20 "Offsetting CO₂ emissions" newsletter, 28th of august 2024.](#)

³¹ KliK Foundation (2026). [Newsletter - Our goal for 2026: to reduce CO₂ emissions by around 4 million tonnes.](#)

3.1.2 Japan

Viet Nam and Japan signed a Memorandum of Cooperation (MoC) on Low Carbon Growth in July 2013 under the Joint Crediting Mechanism (JCM) and in October 2021 renewed the MoC to continue the partnership till 2030.³² As of 2026, Japan has signed bilateral agreements with 31 countries, of which Kenya, Laos, Indonesia, Cambodia, Chile, Thailand and Papua New Guinea have been covered in this report. Japan in September 2025 also authorised the JCM agreements between partner countries as a cooperative approach that involves the use of ITMOs in line with Article 6.³³

Policy and strategy

Japan's climate strategy stems from its Green Transformation (GX) policy, which aims at decarbonisation, transitioning to clean energy and mitigating emissions.³⁴ In its updated NDC 3.0, Japan has set a reduction target of 60% by 2035 and 73% by 2040 compared to 2013 levels. To achieve this target, Japan aims to secure accumulated international emission reductions and removals of 100 MtCO_{2e} by 2030 and around 200 MtCO_{2e} by 2040.³⁵

Japan's Green Transformation Emissions Trading System (GX-ETS), initially launched in 2023 as a voluntary framework, is scheduled to transition to a mandatory compliance-based system in April 2026 (FY2026), targeting 300-400 Japanese companies, which are the major emitters.³⁶ To support this transition, the authorised credits from JCM (ITMOs) will be allowed to be used for domestic compliance.³⁷ The price floor and ceiling being considered by the Japanese government for FY2026 are JPY 1,700 (\$11) and JPY 4,300 (\$28) per CO₂.³⁸

There are two channels to develop JCM projects: by obtaining funding from the Japanese government (public JCM) or from the private sector (private-sector JCM). The first channel involves financial support from the Japanese government, in the form of subsidies, financial grants (funded by the Asian Development Bank, UNIDO), and technical cooperation. The second channel does not involve public funding and was launched to promote the development of JCM projects invested and implemented by private corporations (without government financial support) for the purpose of obtaining JCM credits. This ensures that Japanese corporations that have invested and implemented the overseas JCM project would obtain a greater share of the authorised carbon credits under the JCM, and these JCM credits could be used to meet the compliance obligations under the GX-ETS.

The process of procuring ITMOs through the JCM involves first establishing a joint committee, comprising government officials from both countries. The joint committee jointly agrees and enforces the JCM rules and guidelines, which include methodology assessment and approval. The

³² *Joint Crediting Mechanism: Viet Nam-Japan (n.d.). [Rules and Guidelines](#).*

³³ *Government of Japan (2025). [Authorization of the JCM as a cooperative approach](#).*

³⁴ *GR Japan (2023). [Overview of Japan's Green Transformation \(GX\)](#).*

³⁵ *Government of Japan (2025). [Japan's NDC](#).*

³⁶ *GR Japan (2023). [Overview of Japan's Green Transformation \(GX\)](#).*

³⁷ *Ibid*

³⁸ *Ministry of Economy, Trade and Industry, Japan (METI) (2025). [Proposal for upper and lower price limits in the emissions trading scheme \(literal translation.\)](#) (translation required.)*

guidelines and rules set the process in place for project development and mutual agreement on the sharing of the credits to be used by both countries towards their NDCs.

Japan currently has JCM agreements in place with 31 countries, and there are around 147³⁹ JCM projects and 817,247 tCO₂e JCM credits issued to date from 48 projects⁴⁰. There are 20 JCM projects in Viet Nam to date, totalling 637,655 credits.⁴¹

Legal and regulatory framework

The legal basis of the implementation of JCM is governed by the revised Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998). The Act allows international cooperation for the prevention of global warming.⁴²

In March 2025, the Japanese government formalised a significant regulatory shift to align the Joint Crediting Mechanism (JCM) with the full operationalisation of Article 6 of the Paris Agreement.⁴³ The previous "JCM Implementation Guidelines" were abolished on March 31, 2025. Their provisions were elevated into national law via the Act on Promotion of Global Warming Countermeasures, which came into effect on April 1, 2025. This ensures that all projects under the JCM are recognised internationally as contributing to ITMOs.

Procedures, infrastructure and institutional arrangements

Japan has established a robust governance and operational structure to manage the JCM as a high-integrity cooperative approach under Article 6.2 of the Paris Agreement.

JCM is primarily governed by the Ministry of the Environment, Japan (MOEJ), along with the Ministry of Economy, Trade and Industry (METI) and the Ministry of Foreign Affairs (MOFA). As of April 2025, the Global Environment Centre Foundation (GEC) is designated as the JCM Implementation Agency (JCMA).⁴⁴ JCMA's role is to carry out JCM's operations involving project registrations, credit issuance and also to enter into consultation with partner countries, on behalf of the competent ministers (Minister of the Environment (MOEJ), Minister of Economy, Trade and Industry (METI), and Minister of Agriculture, Forestry and Fisheries (MAFF)).⁴⁵

In order to implement JCM in line with the Paris Agreement and decisions, MOEJ, METI, MOFA, MAFF, and the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) established the JCM Promotion and Utilisation Council, based on the Plan for Global Warming Countermeasures. This Council carries out duties relating to the authorisation of JCM credits (DNA) as a Party to the Paris

³⁹ Government of Japan (n.d.). [JCM Project Cycle Search](#).

⁴⁰ Government of Japan (2026). [JCM Issuance](#).

⁴¹ Joint Crediting Mechanism: Viet Nam-Japan (n.d.). [Project Cycle Search](#)

⁴² Government of Japan (n.d.). [Act on Promotion of Global Warming Countermeasures Act No. 117 of 1998](#).

⁴³ Ministry of Environment (2025). [Third Meeting of the JCM Promotion and Utilization Conference and Implementation of Framework Approval for the JCM as a Cooperative Approach under Article 6 of the Paris Agreement](#).

⁴⁴ Global Environment Centre Foundation (2025). [On April 1, 2025, the JCM Implementation Agency \(JCMA\) designated by the Government of Japan has been established](#).

⁴⁵ *Ibid*

Agreement, the determination of a method to apply a corresponding adjustment to prevent double counting and others.⁴⁶

Japan maintains a JCM registry for transparently tracking the status of mitigation activities and tracking and recording JCM credits as ITMOs, which is provided for in the Act on Promotion of Global Warming Countermeasures.⁴⁷

JCM uses its own methodologies, and a project participant is allowed to propose a new methodology to the Joint Committee if there is no previously approved methodology. Japan does not have a positive list for project activities, but it prioritises the project types that fall within the sectors which are agreed as per the bilateral agreement with partner countries⁴⁸. A check on the JCM project cycle search (<https://www.jcm.go.jp/projects/all>) indicates that the main project types are industrial and building energy efficiency, and renewable energy.

Lessons for Viet Nam

The JCM highlights the value of joint management and oversight structures and long-term bilateral engagement in building mutual trust and cooperation. This is evidenced by the strong cooperation and industry engagement demonstrated by both governments of Japan and Viet Nam, a JCM forum was jointly held by both governments in Viet Nam in December 2025.⁴⁹

Nonetheless, methodology approvals have not kept pace with the JCM country agreements signed and Japan's ITMO procurement targets, an impediment for the JCM to originate and develop more projects. Beyond renewable energy and energy efficiency projects, more complex projects such as rice methane avoidance (via alternate wetting and drying (AWD)) and community cookstove or water filter project types require more resources and time in terms of methodology development, review and approval. It is understood that the AWD methodology under the JCM-Viet Nam has been under development for more than two years, while methodologies for improved cookstoves and safe drinking water purifiers under JCM-Philippines were rejected recently⁵⁰. These larger-scale project types have the potential to generate more emission reductions than the energy efficiency projects in the JCM portfolio. Another concern among project developers is that, given the long processing times for JCM methodology approval, this could make projects that are already at the implementation stage less additional i.e. proof that carbon finance is required.⁵¹ In this regard, greater coordination and focus will be required to speed up methodology development

⁴⁶ Ministry of Environment (2025). [Third Meeting of the JCM Promotion and Utilization Conference and Implementation of Framework Approval for the JCM as a Cooperative Approach under Article 6 of the Paris Agreement](#).

⁴⁷ Government of Japan (n.d.). [Act on Promotion of Global Warming Countermeasures Act No. 117 of 1998](#).

⁴⁸ Joint Crediting Mechanism: Viet Nam-Japan (n.d.). [Guidance for the Implementation of the Joint Crediting Mechanism \(JCM\)](#)

⁴⁹ Government of Japan (2025). [Outcome of "Forum on Promoting Business Engagement in the Joint Crediting Mechanism \(JCM\) in Viet Nam towards Readiness for Viet Nam's Carbon Market" and "Business and Investment Consultation Meeting on the JCM and Carbon Market in Viet Nam"](#)

⁵⁰ JCM (2024). [Outcome of the consideration on JCM proposed methodologies "Energy Saving by Introduction of High Efficiency Firewood Cookstove to Replace Traditional Cookstove in the Philippines" and "Energy Saving by Introduction Low Greenhouse Gas-Emitting Safe Drinking Water Production Systems in the Philippines" \(Philippines\)](#).

⁵¹ Quantum Commodity Intelligence (2025). [ANALYSIS: Interest grows in Japan's JCM, but can methodology approval keep up with demand.](#) (subscription required.)

and approvals. The JCM could also consider adapting or recognising existing approved methodologies.

Finally, given that Viet Nam has a longstanding relationship with Japan and has around 20 energy efficiency and renewable energy projects under JCM at different stages of development⁵², it is important for Viet Nam to continue to articulate Article 6 eligibility criteria and identify JCM projects which are eligible for authorisation. This will be an important step to advance the JCM cooperation and fine-tune domestic ETS policy aspects, such as regulated facilities and allowance allocation.

3.1.3 South Korea

Viet Nam and South Korea signed the framework cooperation agreement on climate change (covering Article 6 cooperative approaches) in May 2021, which came into effect on 27 November 2021.⁵³ Aside from Viet Nam, South Korea has entered into similar agreements with ten other countries worldwide⁵⁴, of which seller countries Indonesia, Laos, Ghana and Chile are covered in this report.

Policy and strategy

Domestically, South Korea's NDC for 2035⁵⁵ and the National Emission Allowance Allocation Plan for Phase 4 (2026-30) of its domestic Emissions Trading System (KETS) was finalised at the end of 2025. Overall, free allocation is reduced to 89% compared to 96% in Phase 3.⁵⁶ As compared to the previous phases, in Phase 4, some of the main changes are that a higher portion of the allowances will be allocated by auctioning for the power sector from 10% to 50% gradually from 2025 to 2030, while sectors at risk of carbon leakage, such as steel, semiconductors and petrochemicals, will continue to receive 100% free allocation.⁵⁷

South Korea will continue its reliance on international reduction to meet its NDC for 2035 - PACM (which supersedes CDM), as well as Article 6.2 ITMOs - can be converted into International Korean Offset Credits (i-KOC) to be traded and used within the KETS, or used directly by the Government towards South Korea's NDC. Based on the 2035 NDC, South Korea intends to acquire between 29.8 and 34 MtCO₂e to achieve its emission reduction target of 53% to 61% (by 2035) as compared to 2018 levels (or a total emission reduction of 349-290 MtCO₂e.⁵⁸

In terms of accepted carbon standards and methodologies, for the rules and procedures for the Article 6.2 bilateral agreements with Mongolia, active CDM methodologies and PACM

⁵² Joint Crediting Mechanism: Viet Nam-Japan (n.d.) [Project cycle search](#).

⁵³ Ministry of Foreign Affairs, South Korea (n.d.). [Treaty Information System](#).

⁵⁴ Paris Agreement Article 6 Implementation Partnership (A6IP) (2026). [Scaling Cooperation: Bilateral Agreements and Article 6.4 Mechanism](#)

⁵⁵ Government of South Korea (2025). [The Republic of Korea's 2035 Nationally Determined Contribution \(NDC\)](#).

⁵⁶ Government of South Korea (2025). [Reduce greenhouse gases by 53% to 61% by 2035 compared to 2018](#). (Translation required.)

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*

methodologies are accepted.⁵⁹ Meanwhile, the Lao-South Korean Tumring REDD+ project ([VCS 1689](#)) is being developed under VCS VM0009 (to be transited to VM0048⁶⁰).

Another notable development was the formation of the Ministry of Climate, Energy and Environment (MCEE) on 1 October 2025, where the new ministry will integrate climate and energy functions, reflecting the Government's goal to integrate both climate and energy policies in a consistent way.⁶¹ Being newly formed, the MCEE has yet to announce updates or developments on its policies on Article 6 strategy, and therefore, it is currently assumed that there would be no change to current practices.

The current policy approach includes a financing scheme for Article 6 project developers, covering two aspects: (1) feasibility study support (both pre-feasibility study and feasibility study) and investment support (such as the purchase and installation of emission reduction facilities, construction, supervision, and trial operation).⁶² ⁶³ The total financing amount for investment support for 2025 was KRW 22.6 billion, with up to KRW 10 billion per project and a support ratio of up to 50% of the total investment cost.⁶⁴ Disbursement for the 2025 investment support is conditional upon submission of an LOA (Letter of Authorisation) from the host country government (or Korea Energy Agency-recognised (KEA) document), and ITMOs must be transferred to KEA upon issuance.⁶⁵ These financing schemes effectively lower the costs and risks of project developers' initial project sourcing and development efforts. Currently, there are five projects in Viet Nam receiving financial support from the South Korean government.⁶⁶

In addition, the Korea Forest Service (KFS), via the Enforcement Decree of the Act on Support for Reducing Greenhouse Gas Emissions and Enhancing Carbon Accumulation through Forest in Developing Countries⁶⁷, are actively developing REDD+ projects in Laos, Cambodia (VCS1689⁶⁸), as well as Indonesia and Myanmar⁶⁹. The KFS also recently opened a field office in Laos to oversee the REDD+ project.⁷⁰

⁵⁹ Korea Energy Agency (n.d.). [\[Korea-Mongolia\] Rules and Procedures for PA 6.2.](#)

⁶⁰ Forestry Administration (2025). [Cambodia-Korea Joint REDD+ Project \(The Tumring REDD+ Project\) - Annual Report \(January-December 2024\).](#)

⁶¹ Lexology (2025). [The new Ministry of Climate, Energy and Environment of Korea.](#)

⁶² Ministry of Land, Infrastructure and Transport (MOLIT), South Korea (2024). [Announcement of Projects Eligible for Support for the Ministry of Land, Infrastructure and Transport's International Reduction Project.](#)

⁶³ Ministry of Trade, Industry and Energy (MOTIE), South Korea (2025). [Announcement of change in GHG reduction project \(investment support\) in 2025.](#)

⁶⁴ *Ibid.*

⁶⁵ *Ibid.*

⁶⁶ They are: (1) Landfill gas (LFG) recovery and power generation development in Hai Phong in northeast Viet Nam, proposed by Seungyun E&E Co and partners (feasibility study); (2) Rice paddy methane reduction scheme by Thanks Carbon (pre-feasibility study), (3) Buon Ma Thuot Landfill in Dak Lak Province by Seungyoon E&I Co., Ltd (feasibility study); (4) Plastic waste sorting facility in northern Viet Nam by Korea Circulation Resources Distribution (feasibility study); (5) Construction and operation of power plants using biomass solid fuel by Dyetec (investment support).

⁶⁷ Ministry of Government legislation (n.d.). [Korean Law Information Center.](#)

⁶⁸ Quantum Commodity Intelligence (2025). [S. Korea enters second round of securing Cambodian REDD+ credits.](#) (subscription required.)

⁶⁹ Korea Forest Service (n.d.). [International cooperation: REDD+.](#)

⁷⁰ Quantum Commodity Intelligence (2025). [S. Korea opens Laos office to oversee REDD+ project.](#) (subscription required.)

Financing support and the role of project developer are limited to domestic organisations, this domestic business-centric approach reflects the nuanced trade-off of promoting the international expansion and growth of domestic companies, while constraining the potential ITMO supply that could be achieved through overseas entities' participation in South Korea's Article 6 market.

Legal and regulatory framework

Broadly, the Act on the Allocation and Trading of Greenhouse Gas Emissions⁷¹ (i.e. Emissions Trading Act) and the Enforcement Decree of the Act on Allocation and Trading of Greenhouse Gas Emissions⁷² (i.e. Enforcement Decree of the Emissions Trading Act) allow for carbon credits from international projects to be used as offset emission rights to meet emitters' compliance obligations.

In terms of the requirements and procedures for the approval of Article 6 projects, the Guidelines for external business feasibility assessment and reduction amount certification⁷³ (under the Enforcement Decree of the Emissions Trading Act) prescribe detailed rules and requirements, and templates for the feasibility assessment and reduction certification for international projects. These guidelines are available exclusively in Korean, and eligibility is open to domestic entities such as national agencies, local governments, public institutions, corporations, non-profit organisations, or subsidiaries (foreign corporations) in which domestic companies hold 100% of the shares.⁷⁴

The Guidelines on pre-approval of international reduction projects and acquisition of international reduction performance records⁷⁵ (under the Framework Act on Carbon Neutrality and Green Growth for Climate Crisis Response) prescribe procedures regarding the requirements and procedures for prior approval of Article 6 projects, reporting of emissions reductions performance, reporting of acquisition, transaction, and retirement of ITMOs, standards and procedures for prior approval of transfer of ITMOs.

Procedures, infrastructure and institutional arrangements

As per the Guidelines for external business feasibility assessment, and reduction amount certification⁷⁶, projects must undertake a feasibility assessment before it can be approved by the sectoral ministry (in consultation with MCEE), and submit project documents such as the reduction monitoring report and verification report before the reduction amounts are certified. The MCEE will electronically manage an offset registry to manage the certification of emission reductions from international projects, where project and certification documents are kept.

As per the Guidelines on pre-approval of international reduction projects and acquisition of international reduction performance records⁷⁷, entities which have engaged in trading would need to submit to the MCEE through an electronic international reduction registry, an ITMO

⁷¹ Ministry of Government legislation (n.d.). [Korean Law Information Center](#).

⁷² Ministry of Government legislation (n.d.). [Korean Law Information Center](#).

⁷³ Ministry of Government legislation (n.d.). [Korean Law Information Center](#).

⁷⁴ *Ibid.*

⁷⁵ Ministry of Government legislation (n.d.). [Korean Law Information Center](#).

⁷⁶ Ministry of Government legislation (n.d.). [Korean Law Information Center](#).

⁷⁷ Ministry of Government legislation (n.d.). [Korean Law Information Center](#).

transaction report - indicating the quantity and price of ITMOs traded, transaction details such as date, trader information.⁷⁸ This requirement is pertinent for overseas carbon projects which have received funding from the South Korean government, as the amount of public investment and market prices would inform the share of the carbon credits between the Government and the project owner.

For carbon projects developed under Article 6.2 bilateral agreements with Mongolia, the rules and procedures are guided by a four-stage process: prior consideration, authorisation, implementation, and issuance and transfer.⁷⁹ Each step, including the actor, processing time, input and output are clearly described.⁸⁰ It is expected that the rules and procedures for other Article 6.2 bilateral agreements, including with Viet Nam, will be similar.

Different projects in various countries are currently under development and/or implementation, and there are no known international transfers and transactions to date based on the UNFCCC Centralised Accounting and Reporting Platform (CARP).

Lessons for Viet Nam

As a buyer country in Viet Nam, South Korea provides strong early-stage financing support to promote domestic companies to pursue overseas project development. Vietnamese companies could form partnerships with their South Korean counterparts to advance technological and technical cooperation and transfer, and benefit from South Korea's financing schemes.

For the rules and procedures for the bilateral agreement between Mongolia and South Korea, processing timelines are added, which could be a critical piece of information for project owners whose project financing is dependent on government approvals and authorisations.

As a next step to the Article 6 bilateral agreement, both Governments should also jointly coordinate and facilitate such partnerships through business match-making meetings to accelerate the development of Article 6 projects. Project developers would also benefit from greater clarity from the Vietnamese Government on the eligibility of mitigation activities for Article 6 international transfers, in view of the implementation of Viet Nam's national ETS.

3.1.4 Singapore

Viet Nam and Singapore signed the implementation agreement on Article 6 cooperation in September 2025. Aside from Viet Nam, Singapore has entered into similar agreements with nine other countries worldwide, of which eight of the seller countries, Thailand, Papua New Guinea, Bhutan, Ghana, Rwanda, Chile, Paraguay, and Peru are covered in this report.

Policy and strategy

Effective since 2019, the carbon tax scheme and its legislated carbon tax rates have been the main ITMO demand signal to global investors and project developers. The current legislated carbon tax rate is S\$45 (\$35) for 2026-27, an increase of 80% from S\$25 for 2024-25, and it is projected to increase further to S\$50-80 (\$39-63) by 2030 based on past announcements, although in the

⁷⁸ *Ibid.*

⁷⁹ Korea Energy Agency (n.d.). [\[Korea-Mongolia\] Rules and Procedures for PA 6.2.](#)

⁸⁰ *Ibid.*

recent annual Budget speech hinted that the tax rate will be set towards to the lower value of S\$50 by 2030.⁸¹ The tax rate of S\$45-50 (\$35-39) would likely be the ITMO price ceiling for the emitters regulated under the carbon tax scheme through the Carbon Pricing Act, where they could use ITMOs to offset up to 5% of their taxable emissions. The updated NDC for 2035 indicates the use of ITMOs to make up the residual emissions reductions required to meet its target, after accounting for the abatement from all other policies and plans implemented successfully within the timeframe.⁸² The NDC targets have been to reduce emissions to around 60 MtCO₂e by 2030, and to between 45 and 50 MtCO₂e by 2035.⁸³

Besides, the Singapore government, represented by the National Climate Change Secretariat and the Ministry of Trade and Industry have launched two public procurement tenders for ITMOs. Under the first tender, the Singapore government has contracted 2,175,000 tonnes from four projects (in Ghana, Paraguay And Peru) at a value of around S\$76 million, for use from 2026 to 2030.⁸⁴ This brings the ballpark value of per ITMO to S\$35 (\$28).

Unlike other buyer countries, and although not mandated under the Article 6 guidance (for Article 6.2 cooperative approaches specifically), Singapore voluntarily requires (1) carbon credit developers to make a monetary contribution equivalent to 5% share of proceeds (SOP) of the Article 6-authorized carbon credits generated under its implementation agreements towards the host countries' adaptation actions and/or UNFCCC Adaptation Fund, and (2) 2% of Article 6-authorized carbon credits generated are required to be cancelled at issuance to contribute to an overall mitigation of global emissions (i.e. OMGE). Project developers would need to understand these requirements in terms of administrative and cost implications, although detailed operational rules on SOP and OMGE are not yet made available to market players, as these are dependent on the bilateral agreement with each country.

In terms of the eligible project types, Singapore takes reference from internationally recognised carbon crediting programmes and methodologies to ensure that its positive list upholds environmental integrity standards. International carbon programmes (or carbon standards) such as Gold Standard and Verra are featured in all announced eligibility lists⁸⁵, while national carbon programmes, such as Thailand's T-VER Premium, are not on the eligibility list for Thailand⁸⁶. Additional environmental integrity safeguards apply to renewable energy and REDD+ projects.⁸⁷

The eligibility list currently does not include all active methodologies of selected international carbon standards, but only a selected list. For example, active CDM methodologies, when accepted by Gold Standard or Verra, are ineligible for Singapore. Singapore also takes also reference from ICVCM's assessment - methodologies such as Gold Standard TPDDTEC - Reduced Emissions from

⁸¹ *The Straits Times* (2026). [Budget 2026: Weak global climate action may keep 2030 carbon tax at lower end of \\$50 to \\$80 range.](#)

⁸² *National Climate Change Secretariat, Singapore* (2026). [Singapore's Second NDC and accompanying information.](#)

⁸³ *National Climate Change Secretariat, Singapore* (2026). [Overview of Singapore climate targets.](#)

⁸⁴ *National Climate Change Secretariat* (2025). [Singapore Will Contract High Quality Nature Based Carbon Credits From Four Projects.](#)

⁸⁵ *Singapore's Article 6 Cooperation* (2026). [Overall Eligibility List.](#)

⁸⁶ *Singapore's Article 6 Cooperation* (2026). [Eligible Carbon Crediting Programmes and Methodologies \(Singapore-Thailand\).](#)

⁸⁷ *Singapore's Article 6 Cooperation* (2026). [Additional Environmental Integrity Safeguards.](#)

Cooking and Heating, v 4.0; and VM0047 Afforestation, Reforestation, and Revegetation (ARR), v 1.1 and v 1.0 which are approved by the Integrity Council for the Voluntary Carbon Market (ICVCM) are featured on Singapore's eligibility list, while newer active methodologies such as the CCP-approved VM0050 Energy Efficiency and Fuel-Switch Measures in Cookstoves, v 1.0 are currently being assessed by the Singapore government. Methodologies under assessment by the ICVCM, such as GS Afforestation/Reforestation (A/R) GHG Emissions Reduction & Sequestration Methodology, are not on Singapore's eligibility list.

Legal and regulatory framework

The Carbon Pricing Act, implemented by the National Environment Agency (NEA), forms the legal basis for emitters to utilise ITMOs to partially offset their carbon tax liability. The administrative processes, steps on sourcing and procuring eligible ITMOs, and steps on surrendering the ITMOs to NEA for the payment of carbon tax under the Act are detailed in the International Carbon Credits Guidance Document.⁸⁸

According to the International Carbon Credits Guidance Document,⁸⁹ the eligibility list will be updated annually to maintain relevance and ensure high environmental integrity standards, based on the latest science and evidence. This will include the addition of new carbon crediting methodologies and/or programmes and the delisting of carbon crediting methodologies and/or programmes. Carbon credit methodologies and programmes that no longer meet Singapore's Eligibility Criteria will be delisted. The NEA will indicate methodologies and programmes as under review in the Project Register⁹⁰ before the Notice of Delisting is published. Thereafter, the delisted methodology will be removed from the eligibility list on 1 July.

According to the International Carbon Credits Guidance Document⁹¹, international carbon standards' registries (e.g. Gold Standard Impact Registry, Verra Registry) will be used for the issuance of carbon credits, and the international transfer and retirement of ITMOs towards Singapore's NDC.

For Article 6.2 bilateral agreements with partner countries, the procedures and requirements found under the Carbon Markets website are for immediate compliance, although these procedures and requirements are not strictly encoded into legislation presently.

Procedures, infrastructure and institutional arrangements

For carbon projects developed under Article 6.2 bilateral agreements with partner countries, the rules and procedures are generally guided by a three-stage process: project application, request for authorisation, and ITMO issuance application (with the exception of Ghana, which follows a four-stage process).

Following the signing of the bilateral agreement, a joint committee comprising government representatives from both countries will be formed to implement the bilateral agreement. A key

⁸⁸ National Environment Agency, Singapore (NEA) (2024). [International Carbon Credits Guidance Document, version 1.1 - 01 Feb 2024](#).

⁸⁹ *Ibid.*

⁹⁰ Singapore's Article 6 Cooperation (n.d.). [Project register](#).

⁹¹ *Ibid.*

function of the joint committee is to assess applications for project approval and authorisations.⁹² Following the establishment of the joint committee, the joint committee will issue a Call for Projects to invite applications for carbon projects under the bilateral agreement. Four calls have been issued to date, for Ghana, Peru, Bhutan and Rwanda. Information such as the eligibility criteria, eligibility list (of carbon standards and methodologies), and application process is announced, and also published on Singapore's Article 6 Cooperation website.

Since the launch of the Call for Projects for Ghana in Sep 2024, 11 projects received stage A approval by both Ghana and SG governments as of May 2025, announced a Singapore Carbon Market Alliance event, while at the time of drafting this report, no project has yet to complete the four-stage cycle.

Lessons for Viet Nam

The application process and eligibility list of accepted carbon standards and methodologies for each bilateral agreement provide clarity to project developers. Project developers would need to assess the detailed eligibility and applicability conditions of the methodology against the project conditions. However, project-specific adaptations of methodologies are not allowed, which may reduce a prospective project's potential. On the other hand, the project process and requirements do not expressly disallow existing projects, and therefore, projects that are currently in development or implementation that are initially planned for the VCM could be eligible for Singapore, so long as the project is developed under the accepted methodology and version.

Developing an internal eligibility list of carbon standards and methodologies that is based on Viet Nam's positive list, coupled with reliance on assessments by existing assessment schemes, such as CORSIA and ICVCM, will help reduce administrative work and support the harmonisation of market standards globally.⁹³

Nonetheless, to promote and accelerate the pace of Article 6 project approval and authorisation, there needs to be a more efficient and quicker assessment and approval of methodologies at the national level, regardless of buyer or host country, where the eligibility list is kept up to date with the pace of methodology development and updates. Many of the methodologies approved by Singapore do not seem to be widely used internationally, such as VM0008 Weatherization of Single-Family and Multi-Family Buildings, VMR0010 Electricity Supply for Ships and VM0046 Methodology for Reducing Food Loss and Waste, which could be an indicator of low potential or non-applicability. Eligibility lists need to factor in the suitability and applicability of methodologies in host countries. Similarly, host country positive lists should be informed by the availability and applicability of methodologies. For eligible mitigation activities that do not have an available and applicable methodology, methodology development would take time, based on the JCM experience, and the project timelines of such mitigation activities should factor in a longer time period.

⁹² *Singapore's Article 6 Cooperation (2026). Application Process.*

⁹³ *Gold Standard (2025). [Regulating carbon markets effectively: guidance and insights for policymakers considering national regulations.](#)*

3.2 Experiences from potential host (seller) countries

3.2.1 Cambodia

Cambodia has been an active participant in the carbon markets and currently stands as one of the leading countries in Southeast Asia on Article 6, having launched its Operational Manual for Article 6 in early 2024. Cambodia has been supported by GGGI in technical aspects to advance its implementation.⁹⁴

Policy and strategy

Cambodia submitted its NDC 3.0 in August 2025 and has pledged an ambitious target of achieving 55% reduction in emissions by 2035 compared to BAU under the conditional scenario and has also identified financial support of USD 22.5 billion to reach this goal.⁹⁵ Cambodia's NDC states that it will require international support through funding, capacity building, technical support and partnerships to achieve its conditional NDC.⁹⁶ Its intention to utilise the Article 6 mechanism has been clear with the launch of the Operational Manual for Article 6. Cambodia has so far entered into bilateral agreements with Japan, Singapore (MOU) and South Korea.⁹⁷

Cambodia's Operational Manual for Article 6⁹⁸ provides a high-integrity framework to leverage carbon markets for financing national climate goals while ensuring that emissions reductions contribute to Cambodia's own targets. According to the Operations Manual, Cambodia plans to implement Article 6 in two phases, where Phase 1 (till December 2025) will focus on small-scale engagement to build institutional familiarity with governance and tracking systems and Phase 2 (2026 onwards) will incorporate lessons from Phase 1 to update authorisation criteria and align with the 2026–2035 NDC period.⁹⁹

To avoid overselling the mitigation outcomes, Cambodia plans to only authorise project activities listed in its positive list.¹⁰⁰ The Operations Manual also mandates the reservation of a portion of GHG ERs for domestic use to count toward Cambodia's NDC and states that the Royal Government of Cambodia (RGC) can also claim up to 10% ownership of GHG ER units if it provides the enabling legal framework for a project. The proceeds from the sale of government-owned credits are allocated to an Environmental and Social Fund.

The Operations Manual also mentions that the National Authority will discuss a Share of Proceeds (SOP) for adaptation and a share for Overall Mitigation in Global Emissions (OMGE) with buyers to ensure global net benefits. To uphold the idea of integrity, the Operations Manual has also listed the following criteria that the project must satisfy for it to obtain authorisation.

⁹⁴ GGG (n.d.). GGGI in Cambodia. <https://gggi.org/country/cambodia/>

⁹⁵ Government of Cambodia (2025). [Cambodia's NDC 3.0](#).

⁹⁶ *Ibid.*

⁹⁷ Gold Standard (2026). [Carbon Market Regulations Tracker](#).

⁹⁸ Ministry of Environment, Cambodia (2024). [Operations Manual for the Implementation of Article 6 of the Paris Agreement on Climate Change in Cambodia](#).

⁹⁹ *Ibid.*

¹⁰⁰ Cambodia's positive list includes all the project activity types identified as conditional measures in its NDC 3.0.









	1. Inclusion in 'positive list' of GHG ER projects
	2. Share of GHG ERs reserved for domestic use
	3. Authorization period aligned to Article 6.4 crediting periods
	4. Authorized GHG ERs issued by an eligible carbon mechanism
	5. GHG ERs are real, verified, and additional
	6. GHG ERs are generated from 2021 onward
	7. GHG ER project ensures environmental integrity by: <ul style="list-style-type: none"> i. Setting baselines conservatively and below 'business-as-usual' emission projections ii. Minimizing risk of non-permanence of mitigation
	8. GHG ER project is aligned with Cambodia's sustainable development priorities

Figure 3: Eligibility criteria for Article 6 authorisation of GHG ERs in Cambodia

The Operations Manual recognises eligible carbon mechanisms categorised into three types which includes: i) Bilateral carbon mechanisms established through formal agreements between Cambodia and another Party to the Paris Agreement, such as the Joint Crediting Mechanism (JCM) developed with Japan; ii) Independent carbon mechanisms such as Verified Carbon Standard (VCS) and the Gold Standard; and iii) Article 6.4 mechanism.

In 2025, a South Korean project developer obtained authorisation for its e-mobility project in Cambodia, where 90% of the emission reductions generated would be transferred to South Korea with corresponding adjustments.¹⁰¹ Apart from this, Cambodia has also provided authorisation to two projects, [VCS2925](#) and [VCS3052](#), registered on the Verra registry.

Government fees or taxes associated with Article 6 approvals or authorisation are not specified in the Operations Manual. This could imply that this issue is still under consideration and may come into effect in potential future iterations of the Operations Manual.

Legal and regulatory framework

The Kingdom of Cambodia's Ministry of Environment (MoE) is authorised by the RGC to regulate carbon trading under the Paris Agreement, as stipulated in the country's Operations Manual Article 6. Developed by the MoE with support from the Global Green Growth Institute (GGGI). This Manual was officially approved by the Office of the Council of Ministers in December 2023 and enables the MoE to mobilise resources through carbon trading.

¹⁰¹ GGGI (2025). [Kingdom of Cambodia Authorizes First Article 6 Project in its Partnership with the Republic of Korea.](#)

Procedures, infrastructure and institutional arrangements

The RGC has designated the MoE as the permanent National Authority for GHG ER Mechanisms. The National Authority is authorised to issue letters of no objection, letters of authorisation (LoA) and positive examination for GHG ERs generated from eligible projects in Cambodia. The National Authority is also responsible for engaging in cooperative approaches under Article 6 of the Paris Agreement.

The National Authority's structure is divided into four key roles: the Chair, Coordinator, Technical Group, and Secretariat. This division of responsibility establishes a structured and rigorous process for managing Article 6 activities, including clear checks and balances. The separation of powers ensures that the political/executive decision (Chair's signature) is based on a technical review (Technical Group's report) and managed through an operational and compliance filter (Coordinator), all supported by an efficient administrative system (Secretariat). This comprehensive approach aims to create a robust, transparent, and technically sound governance framework essential for instilling confidence in the integrity of Article 6 transfers.

RGC has also developed its national carbon registry, which is a project register containing 20 projects, and is currently under construction.¹⁰² The registry will act as a centralised national platform to record, manage, track and issue carbon credits, ensuring transparency and integrity in greenhouse gas (GHG) emission reduction projects.¹⁰³

The Manual also covers the process for Article 6 GHG ER projects and defines the steps as project pre-implementation, project implementation, issuance and transfer/cancellation. The detailed process is provided in Figure 3 below. The process for requesting a LoA is a mandatory step for all project proponents seeking the Article 6 authorisation of GHG ERs generated from their projects, wherein the request should be made to the National Authority Secretariat. The request will be assessed for authorisation by the technical review panel within 30 working days. After the assessment, the technical review panel has 5 working days to make a recommendation to the National Authority Coordinator. Upon the recommendation, the National Authority Coordinator has 10 working days to either issue the LoA or reject the request.

¹⁰² Cambodia Carbon Registry (CCR) (2026). [Project database](#).

¹⁰³ Cambodia Carbon Registry (CCR) (2026). [Unlocking the Potential of Climate Action: Transforming Goals into Reality](#).

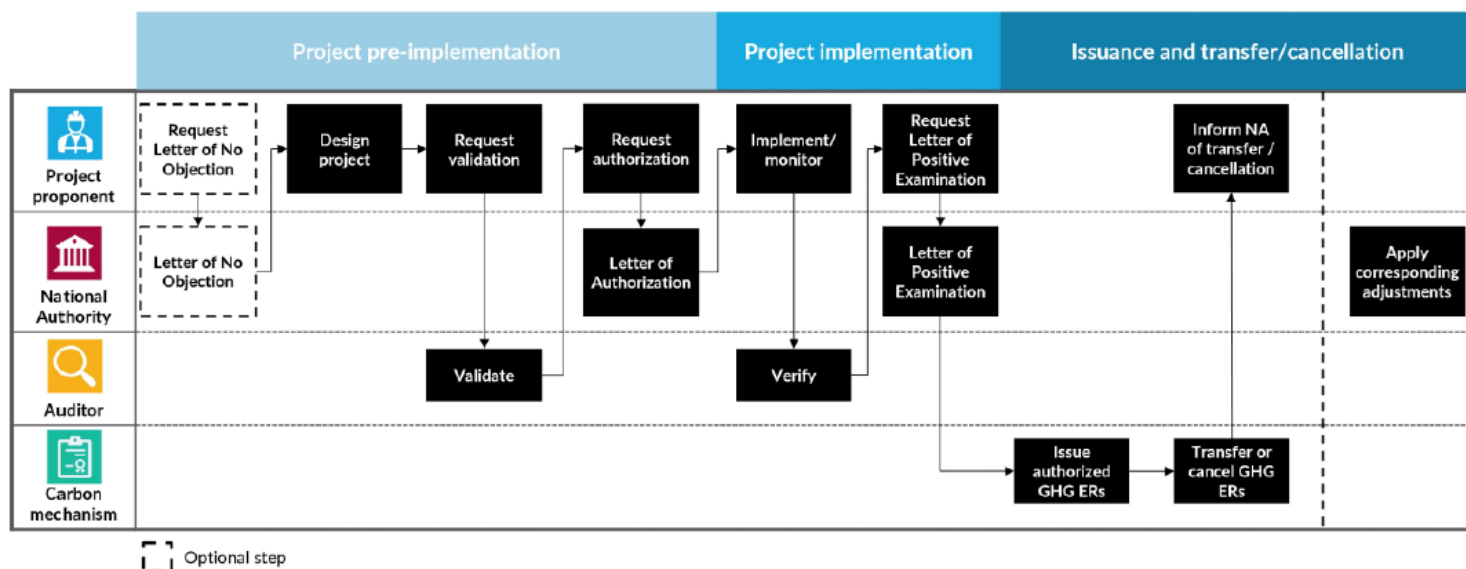


Figure 4: Stages of Cambodia's Article 6 GHG ER Cycle

The Operations Manual has also specified corresponding adjustment to be applied to the authorised GHG ERs. For GHG ERs authorised for use towards another country's NDC, the 'first transfer' is the initial international transfer, triggering the corresponding adjustment. For GHG ERs authorised for Other International Mitigation Purposes (OIMP), the 'first transfer' is either authorisation, issuance, or use/cancellation as specified in the LoA.

Lessons for Viet Nam

Cambodia has developed a clear and robust framework for Article 6 implementation. The approach of implementing in a phased manner allows for the transition from the current process to an enhanced process, allowing learning from initial experiences. Moreover, the Operations Manual also details a list of sustainable development criteria comprising three categories: social enhancement of income and quality of life, technology transfer, and economic benefits. The articulation of Cambodia's sustainable development priorities through detailed eligibility criteria necessitates project developers to develop and implement carbon projects according to these sustainable development goals, and to put in measures and plans to ensure that there is no adverse environmental, social and economic impact created by the carbon project.

However, Cambodia has yet to define its Article 6 fee structure to date, which creates uncertainty for market players and could deter investor interest. There is also limited information about the status of submitted authorisation applications and information about the status and progress of authorised projects, which hampers overall transparency. It would be important for host countries to communicate the updates to their Article 6 policy frameworks and the status and progress pertaining to the implementation of the frameworks.

3.2.2 Indonesia

Indonesia has been an active player in the carbon market with experience in carbon project development under CDM, VCM, and JCM. Indonesia adopted Presidential Regulation No. 98 of 2021 on the implementation of carbon economic value to achieve NDC and to control GHG emissions in October 2021 to establish the carbon pricing regime in Indonesia, including the

introduction of a domestic crediting mechanism, an emissions trading scheme, a carbon tax and a result-based payments mechanism. The Presidential Regulation No. 98 of 2021 was superseded by the Presidential Regulation of the Republic of Indonesia No. 110 of 2025, which came into force in October 2025. The Presidential Regulation No. 110 of 2025 establishes the Carbon Economic Value (NEK) system to support its NDC goals, where the NEK system is understood to be an overarching framework comprising various market mechanisms, including the ETS, carbon levy and international carbon trading.

Policy and strategy

Under its second NDC submitted in October 2025, Indonesia has adopted absolute emission targets, based on the need for domestic and international sources of finance, namely the Low Carbon Compatible with Paris Agreement (LCCP) 'Low' and 'High' scenarios commitment. The emission targets are 1,346 MtCO_{2e} and 1,491 MtCO_{2e} under the LCCP_L and LCCP_H scenarios for 2030, respectively, and 1,258 MtCO_{2e} and 1,489 MtCO_{2e} under the LCCP_L and LCCP_H scenarios for 2035, respectively. The Second NDC also states significant international finance and non-financial support, i.e. including Article 6, would be required to achieve these NDC targets.¹⁰⁴ Indonesia has been proactive in entering into bilateral agreements with Japan under JCM, Norway, Singapore and South Korea.¹⁰⁵ Indonesia currently has 40 projects under JCM at different levels of project development.

Indonesia's policy approach towards Article 6 is articulated in the Presidential Regulation No. 110 of 2025¹⁰⁶ on Indonesia's carbon market. It supersedes the previous Presidential Regulation No. 98 of 2021, which had caused significant concerns among market players. Key improvements in the Presidential Regulation No. 110 of 2025 in terms of establishing the enabling conditions for carbon markets are as follows:

- According to Article 58, Article 6 international transfers can now commence prior to NDC fulfilment; previously, sectoral NDC targets needed to be achieved before Article 6 international transfers could occur. As national GHG inventories are conducted ex post, this means that there is no possibility of authorisation until a few years after the national GHG inventory is compiled for the prior years, and moreover, there is no guarantee that a carbon credit project could receive authorisation if the sectoral NDC target is not attained.
- According to Articles 67 and 68, international carbon standards are now recognised for international carbon trading. Carbon credits can be traded in domestic and international markets developed under national standards, UNFCCC (i.e. PACM) or international carbon standards. Previously, all carbon projects were required to be developed under a national crediting mechanism (SPE-GRK: Sertifikat Pengurangan Emisi - Gas Rumah Kaca), where the carbon credits would be issued by the government.
- The regulation introduces a national registry system for carbon units, Sistem Registri Unit Karbon (SRUK) or the Carbon Unit Registry System. The SRUK will record carbon unit transactions, while the SRN PPI or Sistem Registri Nasional Pengendalian Perubahan Iklim,

¹⁰⁴ Republic of Indonesia (2025). [Second Nationally Determined Contribution](#).

¹⁰⁵ United Nations Environment Programme (2026). [Article 6 Pipeline](#).

¹⁰⁶ Government of Indonesia (2025). [Presidential Regulation of the Republic of Indonesia No. 110 of 2025](#)

the National Registry System for Climate Change Control, will track mitigation and adaptation measures. The regulation states that the SRUK is to be interoperable with other registry systems.

- The regulation also defines carbon credit trading in two ways or categories, based on whether the carbon credits require corresponding adjustments. Previously, the regulation had implied that carbon credits could not be exported, i.e. internationally traded without government authorisation and corresponding adjustments.

Nonetheless, the Presidential Regulation No. 110 of 2025 does not go into specific details such as the positive list for Article 6 eligible projects, fees, or specific measures against overselling (although the regulations establish a carbon reserve). It states that further details for Article 6 operationalisation will be elaborated in sectoral ministry regulations.

Legal and regulatory framework

The Presidential Regulation No. 110 of 2025 on the Implementation of Carbon Economic Value Instructions and National Greenhouse Gas (GHG) Emission Control, which supersedes the Presidential Regulation No. 98 of 2021, is the main national regulation which guides the carbon market in Indonesia and serves as the new umbrella regulation. Presidential Regulation No. 110 of 2025 updates the existing Presidential Regulation No. 98/2021 and establishes the legal framework for carbon market instruments and national GHG emissions control. It also sets out provisions where detailed guidelines for foreign carbon trading, such as the authorisation procedures and governance structure, are to be established in future ministerial regulations.

Presidential Regulation No. 110/2025 regulates key elements of carbon market participation, such as institutional arrangements, carbon registry, and eligibility standards. However, certain elements, such as the positive list, remain unclear as these issues will be regulated at the ministerial level, which is currently under development. It is expected that these detailed regulations would be ready within one year from the publication of the Presidential Regulation No. 110/2025 (it was enacted in October 2025).

Procedures, infrastructure and institutional arrangements

Overall, the Ministry of Environment is the authority responsible for providing authorisation and also leads MRV, registry operation, and national accounting. The authorisation to projects is granted by the Minister with the recommendation of the Relevant Minister, while the process for authorisation will be elaborated in the ministerial regulations.¹⁰⁷

The Presidential Regulation No. 110/2025 defines a structured institutional arrangement with clear roles and responsibilities. The National Steering Committee involves key ministries such as MoE, Ministry of Energy, the Ministry of Finance, the National Development Agency, the Ministry of Trade, the Financial Services Authority and serves as the oversight body for all carbon economic value instruments, including Article 6 (Article 6 oversight body). The regulation also mandates sectoral line ministries to oversee carbon project activities in their sectors, including giving recommendations for Article 6 authorisation (Article 6 technical advisory unit).

¹⁰⁷ *Ibid*

To date, there have not been any Article 6 letters of authorisation issued to Article 6.2 projects, in view that the Presidential Regulation No. 110 of 2025 was enacted recently in October 2025. Nonetheless, the government has indicated that it is keen to progress on the transition of its eligible CDM projects to PACM.¹⁰⁸ The review process for these 14 CDM projects has been prioritised.¹⁰⁹ It is understood that the project proponents have or are in the process of obtaining the Host Party approvals (as part of the CDM transition process to PACM), while none of the projects has obtained a Letter of Authorisation.

Lessons for Viet Nam

The Indonesian government has demonstrated an improved understanding of carbon markets through the updated Presidential Regulation No. 110/2025, as the provisions better align the ways and operations of carbon markets and the Article 6 rulebook. Although details around the operationalisation of Article 6 and certain policy aspects are yet to be clarified in the Presidential Regulation No. 110/2025, the regulation has been generally well received by the market.

It is important to recall that the prior Presidential Regulation No. 98 of 2021 had significantly dampened market interest and confidence and introduced great concern and uncertainty for the country's carbon market. Therefore, a key lesson is that while it is crucial to develop a comprehensive and deep understanding of Article 6 and carbon markets, it is also important for governments to maintain their 'pulse on the ground' through regular engagements with the market and industry on the ongoing policy and regulatory developments.

In addition, existing CDM projects which successfully transitioned to PACM could serve as a starting point for governments to build up implementation experience with Article 6 authorisations and road-test newly-developed procedures.

3.2.3 Thailand

In February 2023, Thailand was the first Asian country to authorise a carbon project under Article 6.2 of the Paris Agreement.¹¹⁰ As the first Article 6 programme in Asia, the Bangkok E-Bus Programme will receive carbon finance from KliK Foundation, under the Thailand-Switzerland Article 6 bilateral agreement. The first international transfer of 1,916 ITMOs occurred in December 2023.¹¹¹ Since then, the Thai government has authorised two solar power projects in October 2025, under the JCM with Japan.

Policy and strategy

There are two main policy documents to understand Thailand's approach towards Article 6: (1) NDC Action Plan on Mitigation 2021-2030; and the (2) International Carbon Credit Guidance (which supersedes the Carbon Credit Management Guideline and Mechanism, which precedes the

¹⁰⁸ UNFCCC (2025). [Host Party participation requirements for Article 6.4 Mechanism: Indonesia](#).

¹⁰⁹ Enviro News Asia (2025). [Indonesia Transitions CDM Projects to International Carbon Trading Mechanism](#).

¹¹⁰ Department of Climate Change and Environment, Ministry of Natural Resources and Environment, Thailand (2023). [Authorization Statement for Bangkok e-bus Program: "Operation of e-buses on privately owned, scheduled public bus routes in the Bangkok Metropolitan area by Energy Absolute](#).

¹¹¹ S&P Global (2024). [Switzerland, Thailand conclude first Article 6.2 deal in landmark move for carbon markets](#)

establishment of the Department of Climate Change and Environment (DCCE) under the Ministry of Natural Resources and Environment.

According to the NDC Action Plan on Mitigation 2021-2030, within the NDC emission reduction target of 30-40% compared to the BAU scenario by 2030, the use of international carbon market mechanisms is capped at an additional 3% beyond the domestic mitigation target of 30%.¹¹² This 30-40% emission reduction target translates to 170-222 MtCO₂e in terms of absolute emissions, meaning that Thailand expects 3% or 17 MtCO₂e in absolute terms to contribute to its conditional NDC from Article 6 cooperative approaches (on top of the 30% unconditional target).

Secondly, the NDC Action Plan on Mitigation 2021-2030 specifies that at least 10% of the total carbon credits accumulated throughout the transfer period will be retained (i.e. not authorised).¹¹³ Clause 10(2) of the International Carbon Credit Guidance clarifies that this limit refers to all authorised carbon projects for the NDC period (2021-2030). The International Carbon Credit Guidance also states that the project applicant is to propose a sharing ratio that will be assessed by the Ministry based on the principles of appropriateness and reasonableness¹¹⁴.

In addition, the NDC Action Plan on Mitigation 2021-2030 also makes reference to CORSIA, which indicates Thailand's recognition of CORSIA as one of the authorised uses of the ITMOs, apart from Article 6.4 (PACM) and Article 6.2 cooperative approaches between countries. Moreover, Thailand's Premium Thailand Voluntary Emission Reduction (Premium T-VER) Program was recently approved by the ICAO Technical Advisory Body (TAB) in November 2025 as eligible to supply Eligible Emission Units (EEUs) to airlines for Phase 1 (2024-26).

On methodologies, their suitability should be considered together with the target uses of the ITMOs. First, T-VER and Premium T-VER methodologies can be considered for Article 6 project development for the bilateral agreement with Switzerland. The Bangkok E-Bus Programme was developed based on two T-VER methodologies (which preceded the launch of the Premium T-VER in January 2023). Second, bespoke methodologies may be proposed for the JCM (with Japan), and notably, the JCM agreement was updated in 2024 to include the Premium T-VER scheme¹¹⁵. Lastly, certain methodologies by international crediting programmes such as Gold Standard, VCS, Global Carbon Council and Architecture for REDD+ Transactions (ART) under the Article 6 bilateral agreement with Singapore¹¹⁶.

As for Thailand's positive list, the International Carbon Credit Guidance describes nine broad project categories including carbon capture and storage (CCS) (including CCU and direct air capture); renewable energy and fossil fuel replacement such as green hydrogen or green ammonia; energy efficiency in buildings, factories and households, energy; energy efficiency from

¹¹² Department of Climate Change and Environment, Ministry of Natural Resources and Environment, Thailand (2024). [NDC Action Plan on Mitigation 2021-2030 \(unofficial translation\)](#).

¹¹³ *Ibid.*

¹¹⁴ Department of Climate Change and Environment, Ministry of Natural Resources and Environment, Thailand (2024). [International Carbon Credit Guideline \(unofficial translation\)](#).

¹¹⁵ Quantum Commodity Intelligence (2025). *Thailand, Japan approve JCM renewables projects, credit issuance.* (subscription required.)

¹¹⁶ Singapore's Article 6 Cooperation (2026). [Eligible Carbon Crediting Programmes and Methodologies \(Singapore-Thailand\)](#).

agriculture; transport; industrial processes and product use (IPPU); waste or wastewater management; agriculture and forestry.

Government fees or taxes associated with Article 6 approvals or authorisation are not specified in the International Carbon Credit Guidance.

Legal and regulatory framework

Thailand has been preparing its draft Climate Change Bill in recent years. The latest draft was approved by the Cabinet in December 2025, and is expected to be passed in Parliament in 2026 and be effective in early 2027.¹¹⁷ The Bill introduces several climate change policies, such as the introduction of an emission trading system (ETS) and a carbon border adjustment mechanism (CBAM), a carbon tax on fuels and products (similar to EU CBAM), and also prescribes the legal nature of carbon credits and registration requirements for businesses engaging in carbon credit markets.

Meanwhile, the NDC Action Plan on Mitigation 2021–2030, to serve as a framework for GHG mitigation by relevant agencies, was approved by the Cabinet in December 2024, following which the International Carbon Credit Guidance was approved by the Cabinet in August 2025.¹¹⁸

The International Carbon Credit Guidance provides a framework for the application of Article 6 of the Paris Agreement, which specifies the types and characteristics of eligible projects under this mechanism, as well as the procedures for project authorisation and the transfer of mitigation outcomes achieved in Thailand.¹¹⁹

Procedures, infrastructure and institutional arrangements

The International Carbon Credit Guidance prescribes the general process and procedures for the authorisation, issuance and transfer of carbon credits; along with the main roles and responsibilities of DCCE as the Designated National Authority and Thailand Greenhouse Gas Management Organisation (Public Organisation) (TGO) as the responsible entity of the carbon credit registry system.

The International Carbon Credit Guidance requires the project owner to (1) submit a request to DCCE for a letter of authorisation to use carbon credits (from a carbon project) for an international objective (i.e. Article 6), and subsequently (2) a request to DCCE for international transfer of carbon credits. Should the carbon project be registered with agencies other than TGO, the project owner should submit a request to cancel carbon credits to that agency (i.e., a carbon standard) and submit (3) the proof of cancellation to TGO for TGO to update the Thailand Carbon Credit Registry system.

The Thailand Carbon Credit Registry¹²⁰, administered by TGO, functions as the T-VER and Premium T-VER registry, as well as the registry for tracking and recording all ITMO transfers. For credits

¹¹⁷ Norton Rose Fulbright (2026). [Thailand's Climate Change Bill: Latest Updates](#).

¹¹⁸ Department of Climate Change and Environment, Ministry of Natural Resources and Environment, Thailand (n.d.). [Thailand's policy for the implementation of Article 6 of the Paris Agreement](#). (translation required.)

¹¹⁹ *Ibid.*

¹²⁰ Thailand Greenhouse Gas Management Organization (Public Organization) (TGO) (n.d.) [Thailand Carbon Credit Registry](#).

issued under the Thailand Carbon Credit Registry, the unique identifiers consist of the identification of the originating registry and host country, program or cooperative approach ID, project ID, batch number, vintage year, serial number, authorised use and additional certification code (label).¹²¹

To date, 31,138 tCO₂e from the Bangkok E-Bus Programme have been transferred to Switzerland, and 1,009 tCO₂e from a solar power JCM project have been transferred to Japan.¹²² Thailand has also submitted its Initial Report and subsequently the first updated Initial Report, which contains information about authorised cooperative approaches. Thailand's Biennial Transparency Report (BTR), published in December 2024, records ITMO transfers under the Bangkok E-Bus Programme¹²³, where the averaging method for applying the corresponding adjustments is being used¹²⁴.

Lessons for Viet Nam

The NDC Action Plan on Mitigation 2021–2030 clearly articulates the sectoral mitigation measures, including the lead and supporting agencies and emission reduction targets by 2030. This establishes the basis for unconditional mitigation measures and allows project developers to assess the additionality from a regulatory and policy perspective when assessing the possibility for potential carbon projects to be developed under Article 6 of the Paris Agreement.

Detailed procedures and processing times are not specified in the International Carbon Credit Guidance, as the document is drafted in a generic language. While this could create some uncertainty to project owners (for example it remains unclear whether JCM projects that are already registered or undergoing validation will be issued letters of authorisation), it offers flexibility for Thailand to develop more detailed procedures with buyer countries such as Switzerland and Singapore which have more detailed and specified requirements and procedures which host countries are likely required to abide with. For example, the International Carbon Credit Guidance does not mandate the requirement to submit a mitigation activity idea note (MAIN) or project idea note (PIN), but this is likely required for Singapore and the private sector JCM¹²⁵, and non-compulsory for Switzerland and JCM (non-private sector).

There are no Article 6-related fees and taxes announced to date, which implies that only TGO registry fees (registration, issuance, etc) would apply for projects developed under T-VER and Premium T-VER carbon standards. The absence of Article 6-related fees, such as the Corresponding Adjustment fee, creates a relatively low-cost Article 6 operating market environment, which could be attractive for carbon market players and buyer countries.

3.2.4 Nepal

Nepal has been an active participant in carbon markets such as the CDM, and is also implementing REDD+ initiatives under the World Bank's programme Forest Carbon Partnership Facility (FCPF)

¹²¹ Government of Thailand (2025). [First Updated Initial Report](#).

¹²² Thailand Carbon Credit Registry (2026). [Carbon Credit Project Inventory: ITMO Transfer Records](#).

¹²³ UNFCCC (2024). [Thailand. 2024 Biennial Transparency Report \(BTR\). BTR1](#).

¹²⁴ Government of Thailand (2025). [First Updated Initial Report](#).

¹²⁵ The PIN includes the project details as well as the proposed JCM credit allocation plan between the Japanese private sector and the Japanese Government.

since 2018.¹²⁶ With support from GGGI, Nepal adopted its operationalisation framework for Article 6 in December 2025.¹²⁷

Policy and strategy

Nepal, in its updated NDC 3.0, published in May 2025, has been explicit about its intention to use Article 6 of the Paris Agreement.¹²⁸ Since 2022, Nepal has been receiving technical support from GGGI under the Carbon Transaction Facility program for the development of its carbon market framework¹²⁹, which came into force as the Carbon Trading Regulation. Currently, Nepal has signed an MoU with Sweden in 2022.

Nepal's policy and strategy for implementing Article 6 of the Paris Agreement and engaging in international carbon markets is operationalised through the Carbon Trading Regulation, 2082 (2025). The regulation establishes a state-controlled framework that allows both government and private entities to engage in international carbon markets while ensuring national climate targets are met. The regulations do not specify the use of ITMOs generated from the projects, however the requirement of applying corresponding adjustments implies that ITMOs can be used for another country's NDC and OIMP (such as CORSIA), which is also suggested in the LEAF Coalition's press release for its JREDD+ project under the ART standard, which it has concluded a purchase agreement with the Nepal government¹³⁰.

Article 14 of the regulation mandates that 5% of the mitigation outcomes generated by the projects is to be retained and counted towards Nepal's NDC, while the government reserves the right to amend this proportion by gazetting an official notice. In terms of benefit sharing from carbon trading, Article 18 of the regulation mandates that a benefit sharing plan (BSP) be integrated into the Project Document, where private sector proponents are required to allocate 10% of their net profits from carbon trading directly to the Government of Nepal (GoN).

As per Article 15, project proponents are also required to pay a carbon credit sales fee of 100 NPR (\$0.70) per ton of issued carbon credit that is sold, after deduction of 5% of carbon credits that are to contribute to Nepal's NDC.

Article 9 of the regulation prescribes the following fees for projects, based on project scale, as part of the process to obtain an approval letter. These fees apply to both VCM and Article 6 projects.

Table 2: Nepal's project fee structure for carbon projects

Project size	Project Fees (NPR)
Micro-Project (< 20,000 tons/year)	25,000

¹²⁶ Forest Carbon Partnership Facility (FCPF) (n.d.). [Nepal](#).

¹²⁷ Carbon Pulse (2025). [Nepal publishes carbon trading framework, opening door to forest-based Article 6 exports](#). (subscription required).

¹²⁸ Government of Nepal (2025). [Nationally Determined Contribution \(NDC\) 3.0](#)

¹²⁹ GGGI (2023). [Implementing Article 6 of the Paris Agreement: Options for governance frameworks for host countries](#)

¹³⁰ Emergent (2026). [Nepal becomes first Asian country to sign LEAF Coalition Agreement](#).

Project size	Project Fees (NPR)
Small/Medium Project (20,000 to 60,000 tons/year)	50,000
Large Project (> 60,000 tons/year)	100,000

For community-based initiatives, particularly in the forestry sector, the plan aligns with national policies requiring at least 80% of proceeds to reach local communities and forest-dependent households to incentivise long-term conservation and enhance rural livelihoods. Beyond monetary transactions, the BSP includes social and environmental co-benefits such as capacity building, infrastructure development, and improved access to clean energy, all of which must be detailed during the project's evaluation phase to ensure alignment with Nepal's NDC and Sustainable Development Goals.

Nepal has also identified project activities for project development, which will be prioritised for Article 6, which span across sectors like energy, forestry, waste, and transport.¹³¹

Legal and regulatory framework

The legal and regulatory framework for Article 6 of the Paris Agreement in Nepal is primarily grounded in the Environment Protection Act (EPA), 2076 (2019) and the recently endorsed Carbon Trading Regulation, 2082 (2025), launched in December 2025.¹³²

The EPA 2076 serves as the overarching law for environmental and climate governance in Nepal. Section 28 (Carbon Trading) empowers the GoN to participate in carbon trading with foreign governments, international institutions, or the private sector, including from Nepal.¹³³

The Carbon Trading Regulation establishes a comprehensive legal basis for developing, registering, and trading carbon credits under international mechanisms while ensuring national climate goals are met. It covers aspects like governance structure, corresponding adjustment, procedure for project development and authorisation.

Procedures, infrastructure and institutional arrangements

The Carbon Trading Regulation has defined the institutional arrangements where the Ministry of Forests and Environment (MoFE) functions as the DNA responsible for project approval and authorisation. There will be a Steering Committee, chaired by the Secretary of the Ministry, which will be responsible for providing policy guidance, coordination, and facilitation regarding carbon trading. The regulation also sets up a Carbon Trading Management Committee, which will be responsible for project evaluation, prioritisation, and providing technical support and will be chaired by the Chief of the Climate Change Management Division.

¹³¹ UNFCCC (2025). [Host participation requirements for Article 6.4 mechanism](#).

¹³² Carbon Pulse (2025a). [Nepal publishes carbon trading framework, opening door to forest-based Article 6 exports](#). (subscription required.)

¹³³ Ministry of Forests and Environment (2025). [The Carbon Trading Regulation](#).

Carbon trading for the project proponent has been defined into phases, where the first phase will involve project approval, which requires the proponent to prepare a Project Idea Note (PIN). In the second phase, the PIN will be evaluated by MoFE's Management Committee, and if approved, it will issue a Letter of Consent (LoC) for preparing the Project Document (PD) within 15 days of receiving the recommendation.¹³⁴

The third stage will involve PD preparation within one year of receiving LoC, and after PD is evaluated by the Management Committee, it will be recommended for approval if the PD is found suitable. Upon the Management Committee's recommendation, MoFE will provide approval to the project within 15 days.¹³⁵

The regulation has standardised the format for the PIN and PD documents. This standardisation streamlines the project development process for proponents, minimising back-and-forth and ensuring all necessary information for development is initially included.¹³⁶

The DNA is also responsible for ensuring the execution of corresponding adjustments for trades by the GoN, the provincial government, the local level, or the private sector.

As per the Carbon Trading Regulation, Nepal will establish its own National Carbon Registry to keep track of carbon trading, and the MoFE will act as the central body and approve its operation procedure. Until the registry is established, the MoFE will use the international registry provided to Nepal by the Paris Agreement.¹³⁷

Although there are no authorised projects to date, the Nepal government recently signed a purchase agreement with the LEAF Coalition for its JREDD+ project under the ART standard, where up to 25% of the TREES credits will be authorised and have corresponding adjustments applied for private sector buyers via LEAF, for use in compliance schemes such as CORSIA or the Singapore carbon tax scheme.¹³⁸ In addition, GGGI, through its Carbon Transaction Facility (CTF) in April 2025, launched a call for expressions of interest from project developers to build a project pipeline for generating ITMOs.¹³⁹

Lessons for Viet Nam

The Carbon Trading Regulation covers the basic processes, fee structure, benefit sharing plan and governance structure in detail. The clarity on fee structure, project development and approval with a defined timeline is a positive learning point for governments to incorporate into their own frameworks.

However, the Carbon Trading Regulation does not cover the eligible and approved standards and methodologies. In certain clauses, it also mentions that the government could revise certain rules or procedures where and when it deems necessary. For example, the regulation stipulates that 5% of the total carbon credit quantity certified and counted as carbon credits shall be calculated

¹³⁴ *Ibid*

¹³⁵ *Ibid*

¹³⁶ *Ibid*

¹³⁷ *Ibid*

¹³⁸ Emergent (2026). [Nepal becomes first Asian country to sign LEAF Coalition Agreement.](#)

¹³⁹ Carbon Pulse (2025). [GGGI invites Article 6 carbon project proposals in Cote d'Ivoire, Nepal.](#) (subscription required.)

in Nepal's NDC. While this limit is generally regarded as applicable on an individual carbon credit project basis, it could also be interpreted as an overall limit which considers the carbon credits issued from all authorised projects. According to the LEAF Coalition, up to 25% of the TREES credits from its JREDD+ ART Program would be authorised and receive corresponding adjustments.

Generic language or provisions permitting flexibility in Article 6 regulations could be perceived either as introducing market uncertainty or allowing government flexibility. While this is understandable considering the government's point of view, it would be important for governments to establish and communicate its foundational principles to businesses and investors, as well as communicate regularly on its assessment, views, progress and updates where possible. This would allow project developers and investors to better gauge and assess the carbon market situation in the country and Article 6 project opportunities.

3.2.5 Laos

Carbon project development and trading have existed in the country before the publication of Laos' first carbon market regulation, the Decree on Carbon Credits. The Decree on Carbon Credits offers greater clarity on the Lao government's position with respect to the voluntary and compliance carbon markets, and the scope of government oversight and involvement on carbon credit development and trading activities in the country.

Policy and strategy

Laos' NDC 3.0 for 2035 is currently under development and has not been published. In the NDC 2.0 (for 2030), conditional measures and unconditional measures are clearly defined, which helps pave the way for the determination of the positive list. Laos currently has Article 6 bilateral agreements with South Korea and Japan (JCM). Its unconditional NDC target is 62 MtCO_{2e}, whereas its 2024 emissions levels (after corresponding adjustments) are 42.89 MtCO_{2e}, which suggests that Laos has comfortable room to engage in Article 6 cooperative approaches without considering its BAU growth trajectory.

Most information on Laos' Article 6 strategy is reflected in the Decree on Carbon Credits, which the international organisation GGGI have supported in its development. The decree mandates the Ministry of Agriculture and Environment to develop a carbon credit strategy, which is to include: (1) an overview of the management of carbon credit initiatives for each period; (2) the overarching goals and objectives of the strategy; (3) focus areas for carbon credit activities; (4) policies, mechanisms, and measures for the effective implementation of carbon credit initiatives; and (5) programmes, projects, and activities related to carbon credits.

Specific fees are not prescribed in the Decree, it stated that benefit sharing agreement, and fees and taxes would be mandated as per the applicable regulations, which are to be developed and elaborated in more detailed regulations or guidelines.

Based on the Decree, a minimum of 10% of the total ERs generated would be retained by Laos (i.e. unauthorised ERs to safeguard overselling). Strong regard given to benefit-sharing - the Decree mandates that there have to be benefit sharing arrangements specified in project development agreements, amongst the project participants.

Projects can come from various sectors - energy, agriculture, forestry, industry, infrastructure development, transport, waste management, wetland and peatland conservation. The scope is broad, and more detailed project types could be outlined in the sectoral regulations and be based on NDC 2.0 and 3.0. Selected international standards are mentioned in the Decree, with specific reference made to Gold Standard, VCS and ART TREES. There is no specific mention of authorised ITMO uses in the Decree, although Laos has previously issued three Letters of Authorisation for three projects for Other International Mitigation Purposes (OIMP).¹⁴⁰

Legal and regulatory framework

The Decree on Carbon Credits, dated 28 May 2025, came into effect on 1 Aug 2025. A dissemination workshop organised by the Lao government, Australian Aid and GGGI was held in January 2026. It was also shared at the workshop that a Carbon Project Approval and Management Guideline, a process-oriented document clarifying the inter-ministerial processes and roles, and applicable processes and requirements for project developers, is currently under development.

The Decree on Carbon Credits covers, in a broad and encompassing sense, the institutional arrangements, procedures and processes for carbon credit development, documentation and submission requirements, project developer/trader entity requirements. Refer to Table 3 below on the aspects considered and covered in Article 6 frameworks and regulations, for the case of Laos' Decree on Carbon Credits.

Table 3: Article 6 aspects covered in Laos' Decree on Carbon Credits

S/N	Description of key content in legislative regulations or policy frameworks	Result for Laos - Decree on carbon credits
1	Goals and principles for participation in Article 6 or carbon markets in general	Covered
2	Involved ministries and their functions, legal authorities and responsibilities	Covered
3	Types of Article 6 cooperative approaches, and possible authorised uses of the ITMOs	Covered
4	Types of international and/or domestic crediting mechanisms/programmes	Partially covered
5	Contribution to domestic NDC for Article 6 transactions (safeguards to prevent overselling)	Covered
6	Eligible sectors and entities participating in the crediting mechanisms/programmes and their obligations/responsibilities, primarily the project owner/developer. The scope of provisions could extend to VVBs and traders.	Covered
7	Environmental quality and sustainable development criteria for mitigation activities	Covered

¹⁴⁰ Government of Laos (2025). [First Biennial Transparency Report under Paris Agreement](#).

S/N	Description of key content in legislative regulations or policy frameworks	Result for Laos - Decree on carbon credits
8	Article 6 mitigation activity requirements and assessment criteria	Covered
9	Authorisation process and procedures, in relation to the carbon project certification process, such as (not in order): <ul style="list-style-type: none"> - Methodology approval - Pre-approval / No-objection via Project idea note submission - Pre-authorisation via Project design document submission (post or pre-validation, post or pre-registration) - Registration of the project into country's project register/registry - Authorisation of ERs via verified Monitoring Report and Verification report (post-verification, pre- or post-issuance) - First transfer and use/cancellation of ITMOs - Reporting to UNFCCC 	Partially covered
10	Applicable fees, taxes; benefit-sharing provisions, enforcement and penalties, including validity conditions of the LOA, and any applicable Article 6 administrative and/or corresponding adjustment fees.	Partially covered

Procedures, infrastructure and institutional arrangements

The Decree sets out the roles of the newly formed MAE as the overall responsibility of developing the country's carbon credit strategy, determining the NDC, and overall coordination with ministries.

Respective ministries will be in charge of overseeing carbon credit activities within their sector. This includes developing regulations to manage carbon credit activities, types of eligible projects and their technical and technological standards. The decree also prescribed powers for MAE and line ministries to conduct technical inspections.

On the process for entities seeking to develop carbon credit projects, the Decree specifies the requirement for entities to obtain a project registration certificate, which certifies the project owner's rights to the carbon credits. Although documents such as the PDD are not clearly specified, submission documents include economic and technical analysis reports, documents verifying the project location, boundaries and any lease/concession agreements, and an environmental compliance certificate.

Based on the Decree, entities that want to be project developers as well as traders of carbon credits would need to apply for an enterprise registration certificate. These entities would also need to apply for a business licence from MAE for the type of related business they are engaging in - carbon credit trading, carbon market development or carbon credit consulting services.

There is explicit mention in the Decree that cross-border financial transfers must comply with regulations of the Bank of Lao PDR, and project owners would need to notify MAE within ten days upon completion of a carbon credit transaction. There is no mention of a national carbon registry, although enterprises, projects and carbon credit trades are to be reported and registered with the government.

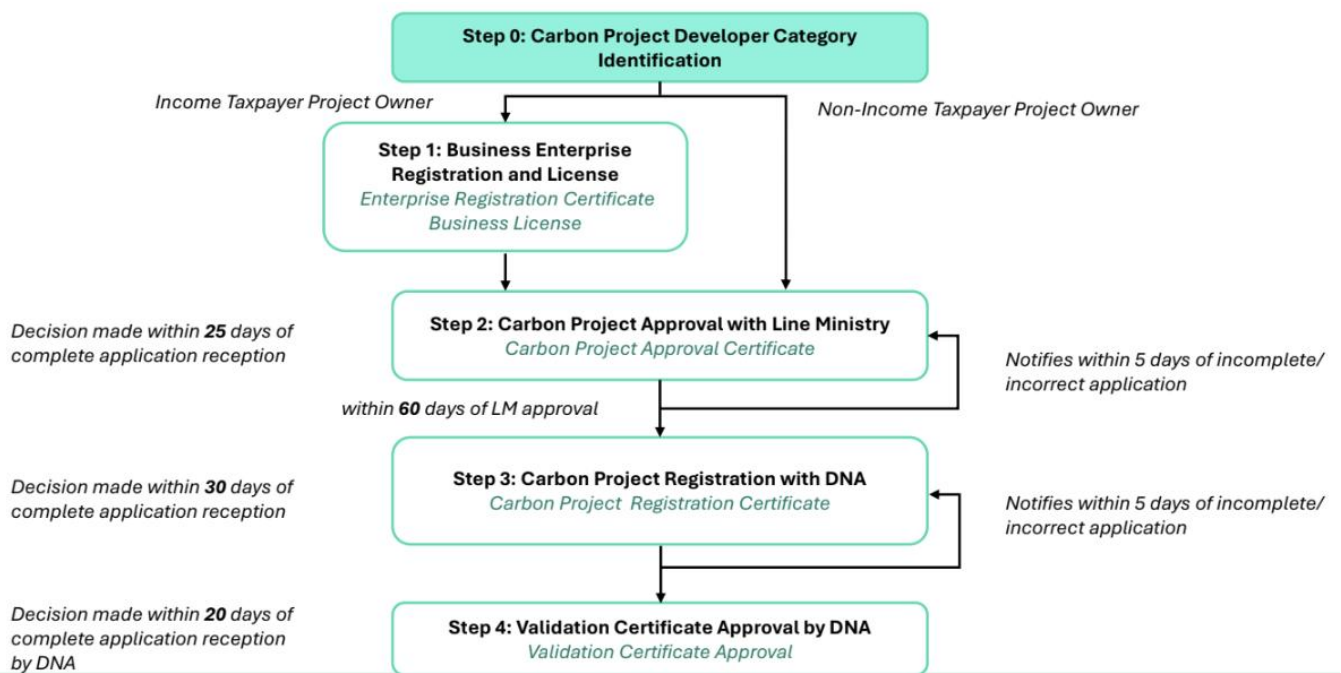


Figure 5: Carbon credit project approval and registration steps based on Chapters 4 and 5 of the Decree

Source: GGGI

Note: Steps after validation certificate approval by DNA, such as carbon project verification leading up to international transfer, are not elaborated in the Decree.

To date, Laos has authorised three projects, two improved cookstove projects and one water purifier project, and there are other projects under the Lao government's radar, such as community and nature-based projects, that are currently under development.

For the three projects [VCS 2521](#), [VCS 2924](#), and [VCS 3204](#), which have obtained authorisation for Other International Mitigation Purposes (OIMP) from the Lao government, the Lao government recently performed the corresponding adjustments for the mitigation outcomes generated in 2023 and 2024 based on its 2025 BTR.¹⁴¹ It is likely that these carbon credits would receive the CORSIA labels and be available as CORSIA-eligible EUs for Phase I in due course.

Lessons for Viet Nam

The overarching Decree on Carbon Credits covers a broad scope, key matters relating to carbon credit project development and trading, and the overall responsibilities of ministries. Sectoral implementation is left to ministries, which introduces flexibility and customisation according to sectoral circumstances.

Pending details such as the fee structure, detailed requirements around benefit sharing, and the authorisation and transfer procedures could cast near-term uncertainty for market participants. Such critical information should be disseminated and announced as soon as possible when it is decided and finalised. Carbon market participants would benefit from greater transparency

¹⁴¹ Government of Laos (2025). [First Biennial Transparency Report under Paris Agreement](#).

around timelines for the publication of further sectoral regulations or guidelines, and the Carbon Project Approval and Management Guideline.

Through the BTR, Laos has also demonstrated that it is ready and familiar with the reporting requirements set by the UNFCCC, which it performed corresponding adjustments for authorised projects through the corresponding adjustments made to its 2023 and 2024 GHG inventory.

3.2.6 Bhutan

Bhutan has been an active participant in carbon markets, especially in the CDM. Being a carbon neutral country, Bhutan has progressed in Article 6 of the Paris Agreement to uphold environmental integrity and maintain its carbon neutrality status. Bhutan has so far entered into an Article 6 bilateral agreement with Singapore.

Policy and strategy

Bhutan, in its third NDC, reaffirms its commitment to remaining carbon neutral while setting ambitious 2035 targets.¹⁴² Bhutan has been the first mover in South Asia in Article 6 with the signing of the Implementation agreement with Singapore in February 2025.¹⁴³

Bhutan launched its first carbon market framework called Carbon Markets Rules for the Kingdom of Bhutan in 2023¹⁴⁴, and followed up with a more process oriented approach and detailed guidelines document called Carbon Markets Framework for the Kingdom of Bhutan in late 2025.¹⁴⁵

The Carbon Markets Framework is the main Article 6 policy document, as it contains a detailed set of guidelines and rules for the country to participate in international carbon markets under Article 6 of the Paris Agreement. The framework establishes the institutional arrangements and prescribes project development and technical requirements. The Carbon Markets Framework also clearly states the use of authorised ITMOs and non-authorised Mitigation Contribution Units (MCU), where the former can be used for international compliance, NDC achievement by another Party, or other Article 6.2 approved use cases, and the latter can be used for results-based climate finance, voluntary contributions, or domestic/commercial reporting only.¹⁴⁶

Outside of the framework policy document, Bhutan published its positive list of project activities prioritised under Article 6 and has strategically identified the high hanging fruits. The positive list is developed in line with its conditional NDC target. Bhutan has identified 9 project activities or categories, which include livestock, waste, renewable energy, low-carbon transport, alternative fuels (e.g. biofuels and green hydrogen), and green infrastructure.¹⁴⁷

Bhutan, in its Carbon Market Framework, has defined a fee structure. The fee structure is categorised into two sections, named as Administrative and Management Fees and Corresponding

¹⁴² Royal Government of Bhutan (2025). [Third Nationally Determined Contribution](#).

¹⁴³ Singapore's Carbon Markets Cooperation (2025). [Singapore and Bhutan signed an Implementation Agreement on carbon credits cooperation on 28 February 2025](#).

¹⁴⁴ Royal Government of Bhutan (2023). [Carbon Markets Rules for the Kingdom of Bhutan 2023](#).

¹⁴⁵ Royal Government of Bhutan (2025). [Carbon Markets Framework for the Kingdom of Bhutan 2025](#).

¹⁴⁶ Ibid

¹⁴⁷ Royal Government of Bhutan (2025). [Positive List of Activities Eligible for Carbon Trading Under Article 6 of the Paris Agreement](#).

Adjustment (CA) Fees. The CA fee schedule is dependent on the ITMO volume, which ranges from \$5 to \$25 per CO₂e.¹⁴⁸

The framework contains a list of pre-approved carbon crediting programmes, which include PACM, Gold Standard, VCS, ACR, GCC and ART.

To align with Article 6.4 guidance, the framework mandates 2% of issued ITMOs to be contributed as Overall Mitigation in Global Emissions (OMGE) and 5% of issued ITMOs to be contributed to Bhutan's national adaptation fund via the Bhutan Climate Fund (BCF).

Legal and regulatory framework

Bhutan's Carbon Markets Framework is built on its commitment towards sustainable development and climate action. The core legal basis for the framework lies in the National Environment Protection Act (NEPA) 2007, the National Strategy and Action Plan for Low Carbon Development 2012, and the Carbon Market Rules 2023.¹⁴⁹ The framework, in conjunction with Carbon Market Rules, operationalises the principles of the NEPA and Action Plan for Low Carbon Development.

The framework further complements the Climate Change Policy 2020 by strengthening the implementation of Policy Objective 1: Pursue Carbon Neutral Development. It integrates key provisions of the climate policy, including clause 1.5: The utilisation of relevant mechanisms under the Paris Agreement, such as cooperative approaches, the mechanism for mitigation and sustainable development, and the framework for non-market approaches, to advance Bhutan's carbon-neutral goal and the clause 1.6: The allocation of emission reduction credits through mutually agreed arrangements, ensuring that a portion of credits is retained by the Government to meet administrative and transaction costs and to support national climate funds.¹⁵⁰

The Carbon Market Framework signals that Bhutan is strategically positioning itself as a seller of ITMOs, though it maintains a highly regulated and government-led approach to ensure environmental integrity. The Carbon Market Framework clearly defines the institutional roles of the National Environment Commission (NEC) for policy oversight and the Department of Environment and Climate Change (DECC) as the implementation lead. By establishing the Bhutan National Carbon Registry (BNCR) and the Bhutan Climate Fund (BCF), the Royal Government of Bhutan (RGOB) has laid down the necessary technical and financial infrastructure to facilitate international transactions. The inclusion of a "Positive List of Activities" and pre-approved Carbon Crediting Programs (CCPs) like Gold Standard and Verra offers immediate clarity to investors regarding which sectors and methodologies are eligible for authorisation.

While the regulatory pathways are largely defined, certain operational and legal nuances remain to be fully tested or refined. While the document outlines benefit-sharing principles and mandates Free, Prior, and Informed Consent (FPIC) for community projects, the specific proportions of monetary distribution are left to be determined in individual project documentation. Furthermore, the framework notes that fee structures, including the CA fee and administrative charges, are subject to change over time, and a band-based CA fee structure is currently provided only as an

¹⁴⁸ Royal Government of Bhutan (2025). [Carbon Markets Framework for the Kingdom of Bhutan](#).

¹⁴⁹ *Ibid*

¹⁵⁰ *Ibid*

illustrative guide. Consequently, while the foundational rules are in place for immediate engagement, there needs to be a stronger regulatory environment as Bhutan matures its market operations and aligns with evolving UNFCCC guidance.

Procedures, infrastructure and institutional arrangements

Bhutan has implemented a multi-tiered governance structure to provide both high-level policy oversight and detailed technical management. The National Environment Commission (NEC) / National Climate Change Committee (NCCC) is the apex body providing high-level policy oversight and setting the strategic direction for Article 6 engagement, along with approving rulemaking and the positive list of eligible activities. The Climate Change Coordination Committee (C4), as the technical advisory body, will provide guidance on technical aspects to NEC/NCCC. The Department of Environment and Climate Change (DECC) has been designated as the DNA for Article 6.¹⁵¹

The framework has set up two additional bodies under the DECC, namely, the Climate Change Division (CCD) to provide operational oversight for carbon market initiatives and administers the Bhutan Climate Fund (BCF), and the Carbon Market Unit (CMU), the operational arm within the CCD responsible for day-to-day carbon market activities. This eases the burden of tasks.¹⁵²

Bhutan has also established its National Carbon Registry, which will facilitate unit identification, serialisation, and tracking of ownership, cancellation, and retirement of ITMOs. It is designed to be interoperable with international registries. An administrative unit reporting to the CMU (CMU is an arm within CCD) is tasked with managing registry operations, ensuring compliance checks, and maintaining registry accounts.¹⁵³

The framework sets out a structured and multi-staged authorisation process to ensure the credibility of the mitigation outcomes as well as conformity to Article 6 rules and decisions. The framework defines three distinct levels of approval: i) Cooperative Approaches which involves approval of bilateral or multilateral agreements (such as the one with Singapore) that define how ITMOs will be transferred and used; ii) Entities, which involves approval of specific project developers to participate in activities that generate ITMOs; and iii) ITMOs which is the final approval for the actual issuance and international transfer of specific emission reduction units.¹⁵⁴

The process moves from initial conceptualisation to final international transfer through three key phases involving Pre-Authorisation, Mitigation Activity Authorisation, and Mitigation Outcome (MO) Authorisation.¹⁵⁵

Bhutan also has a sovereign fund named Bhutan Climate Fund, so as to serve as the primary financial mechanism for Article 6 participation. It aggregates smaller mitigation activities into larger programs to reduce costs and acts as a transaction platform for selling authorised emission reductions.¹⁵⁶

¹⁵¹ *Ibid*

¹⁵² *Ibid*

¹⁵³ *Ibid*

¹⁵⁴ *Ibid*

¹⁵⁵ *Ibid*

¹⁵⁶ *Ibid*

As of 2026, there are no authorised projects, authorisations and no actual transactions in Bhutan.

Lessons for Viet Nam

Bhutan's framework is one of the clearly defined frameworks with a detailed multi-tiered governance structure with a clear division of tasks among different bodies, which allows for greater time efficiencies.

Bhutan's BCF model demonstrates how a sovereign fund can de-risk climate investments and ensure revenues are reinvested directly into national adaptation and mitigation priorities. Additionally, the procedures and fee structures for CAs are clearly stated in the framework, which is essential information for investors and project developers.

3.2.7 Papua New Guinea

Papua New Guinea (PNG), in recent years, has made advancements to participate in international Article 6 markets. Earlier in 2022, PNG had made international headlines by imposing an administrative moratorium on new voluntary carbon credit projects in order to reorganise and strengthen its domestic framework, investigate legitimacy concerns of certain REDD+ projects and ensure alignment with Article 6.2 of the Paris Agreement. The moratorium was lifted in 2025 following updates to the Climate Change Act and the incoming Climate Change (Management) (Carbon Market) Regulation 2025, restarting carbon market participation within the country.¹⁵⁷

Policy and strategy

In its NDC, PNG has mentioned that all of its mitigation contributions are conditional, and they seek international technical and funding support. The NDC mentions that it is keen on utilising the Article 6 mechanism to meet its NDC goals. The country has identified AFOLU and energy sectors as the biggest GHG emissions contributors and aims to focus on measures within these two sectors. The NDC does not identify the quantitative targets, but is qualitative in nature, where it aims to increase its share of renewable energy and reduce 10 MtCO_{2e} in the LULUCF sector by 2030 compared to the 2015 level.¹⁵⁸

PNG's carbon market journey has evolved from an unregulated era into a state-led regulatory framework. Beginning with the Climate Change (Management) Act 2015, the country established the Climate Change Development Authority (CCDA) to oversee climate mitigation efforts.¹⁵⁹ The CCDA acts as PNG's DNA for the Paris Agreement. Following years of scrutiny over project integrity and the 2022 administrative moratorium on new projects, the government introduced significant reforms in late 2025. The Climate Change (Management) (Carbon Market) Regulation 2025 (Regulation 2025) officially lifted this moratorium, introducing a robust permitting regime, formal "secondary carbon rights" for developers, and mandatory benefit-sharing for customary landholders.¹⁶⁰

¹⁵⁷ France 24 (2025). [Papua New Guinea lifts ban on forest carbon credits.](#)

¹⁵⁸ Government of Papua New Guinea (2020). [Papua New Guinea's Enhanced Nationally Determined Contribution 2020](#)

¹⁵⁹ Government of Papua New Guinea (2015). [Climate Change \(Management\) Act 2015](#)

¹⁶⁰ Government of Papua New Guinea (2025). [Climate Change Management Carbon Market Regulation 2025.](#)

PNG is starting to position itself as a key supplier of high-integrity carbon credits and has signed an MoU with Japan under JCM in November 2022 and entered into an Implementation Agreement with Singapore in December 2023 to progress in the Article 6 market.

The Regulation 2025 sets up a few unique features, such as:

- Permit and Permit Review Committee: 'Permit' refers to a Sustainable Development Mechanism (SDM) permit or a Voluntary Carbon Market (VCM) permit, which allows a person to conduct mitigation activities that contribute to the mitigation of GHG emissions and support sustainable development in accordance with Article 6 of the Paris Agreement. The Regulation 2025 establishes a Permit Review Committee of officials from the CCDA to oversee the assessment of permit applications, monitor mitigation activities, and advise the Managing Director of the CCDA. This feature promotes a regulated market environment.¹⁶¹
- Concept of Free, Prior and Informed Consent (FPIC) and Carbon Rights: The Regulation 2025 establishes a clear definition of carbon rights and its type. A primary carbon right is held by those with customary ownership of the land or individuals or entities granted legal rights over land and specific technology (used in the mitigation activity) by law. A secondary carbon right is granted by the state to a developer or person authorised to manage a carbon project, and should compulsorily have a valid permit as per Regulation 2025. The Regulation 2025 also defines the FPIC procedures in detail, where project proponents are required to obtain the collective, uncoerced consent of primary rights holders. This involves at least three consultations and the submission of a "Certificate of Consent" to the Authority.¹⁶²
- Types of Mitigation Activities: The Regulation 2025 defines three types of mitigation activities, i) Project Approach - where an activity can be developed by a person with VCM or SDM permit; ii) National Approach - where an activity is undertaken by CCDA or a sector agency at a national scale to achieve its NDC goals; iii) International Cooperation Approach: This approach focuses on cooperation between PNG and other countries through formal agreements. Having a three-way approach provides a flexible system to promote private investment through a project approach and government and international engagement through National and International approaches.¹⁶³

The Regulation 2025 introduces a requirement for 7% of the total revenue from the sale of carbon credits to be paid to the CCDA. The Regulation, however, lacks a positive list of eligible activities under Article 6 and the fee structure for project development.¹⁶⁴

Legal and regulatory framework

¹⁶¹ *Ibid*

¹⁶² *Ibid*

¹⁶³ *Ibid*

¹⁶⁴ *Ibid*

The Climate Change (Management) (Carbon Market) Regulation 2025 is the legal framework for the carbon market in PNG. The Regulation 2025 sets up rules for the permit regime, defines carbon rights, provides guidelines for benefit sharing and also establishes a governance framework.¹⁶⁵

The Regulation 2025 also elaborates on the enforcement of penalties for non-compliance, aimed at protecting landowners and ensuring the integrity of the carbon market. The offences are categorised into two categories. The first category comprises major offences and fraud, like operating without a permit, fraud activities to obtain FPIC, providing fraud benefit sharing plans, etc., which carry a penalty of a fine not exceeding K500,000 (~\$11,640) or imprisonment for up to two years, or both. The second category comprises general offences, like providing false information, hindering duties performed by authorities, and interference with projects and can lead to a fine not exceeding K50,000 (~\$1,164) or imprisonment for up to two years, or both.

The Regulation 2025, however, misses out on more granular details of eligible activities and process fees. It also does not specify interest towards the CORSIA market as well.¹⁶⁶

Procedures, infrastructure and institutional arrangements

For governance, the Regulation 2025 draws from the Climate Change (Management) Act 2015 and establishes different bodies with different roles and responsibilities. The Act 2015, which was amended over the years, sets up the National Climate Change Board (The Board), which serves as the ultimate decision-making body for the sector and is responsible for approving permits, standards and guidelines for the regulation in consultation with stakeholders. The Act 2015 also establishes CCDA (The Authority) as the primary regulator and administrative body, which is responsible for authorisation, monitoring mitigation activities and maintaining the official Register of all permits, carbon rights, generated credits, and benefit-sharing arrangements. The Permit Review Committee and Managing Director of the Authority (CCDA) are also responsible for the assessment of the permits and the bridge between technical assessment and final board approval, respectively.¹⁶⁷ The Regulation 2025 does not detail the authorisation process, it, however mentions that the CCDA will be issuing a Letter of Authorisation only after the issuance of a permit.¹⁶⁸

The Regulation 2025 mandates the establishment and maintenance of a centralised Register to track the entire lifecycle of carbon credits and mitigation activities. The core requirements of the Register are to maintain permit records, track legally conferred carbon rights, as well as evidence of FPIC and beneficiary identification, record the specific quantities of carbon credits generated, issued, sold, ceased, cancelled, and revoked, as well as the value of these transactions and the platforms used for sale.¹⁶⁹

The Regulation 2025 also provides guidelines on MRV. It mandates the permit holders to calculate results as provided in its section 35 or according to the standards and guidelines that are approved by the National Climate Change Board. The Regulation 2025 also mandates permit holders to

¹⁶⁵ *Ibid*

¹⁶⁶ *Ibid*

¹⁶⁷ Government of Papua New Guinea (2015). [Climate Change \(Management\) Act 2015](#)

¹⁶⁸ Government of Papua New Guinea (2025). [Climate Change Management Carbon Market Regulation 2025](#).

¹⁶⁹ Government of Papua New Guinea (2025). [Climate Change Management Carbon Market Regulation 2025](#).

present biennial reports, which should include information about results generated, verification reports, disclosure on the platform used for sale and transfer of credits and information sought by CDDA on the mitigation activities to the CCDA.¹⁷⁰

The Regulation 2025 also mandates CCDA to approve and maintain a list of independent verifiers for the verification of the mitigation activities.

As of 2026, there have not been any transactions or authorisations in PNG.

Lessons for Viet Nam

PNG's Climate Change Management Carbon Market Regulation 2025 is a demonstration of the government's commitment to transition from an earlier environment of low regulatory oversight to one that is of high integrity, prioritises social safeguards and appropriate for international carbon trading under Article 6 and the VCM. Its greatest strength lies in the formalisation of carbon rights, institutionalisation of FPIC and the prescription of penalties involving imprisonment and fines; by distinguishing between "primary" (customary) and "secondary" (developer) rights and requiring a Certificate of Consent, the regulation creates a legally secure environment for both customary landowners and international investors. This is particularly important for PNG as it is generally regarded as a host country for REDD+ projects, and the Regulation 2025 establishes the basis for future larger-scale jurisdictional REDD+ projects.

Additionally, the three-way approach for Project, National, and International Cooperation provides a sophisticated architecture that allows the government to balance private investment with bilateral agreements like those signed with Japan and Singapore. Nonetheless, a significant weakness remains in the lack of technical granularity; the absence of a positive list of eligible mitigation activities and a clear fee structure for project development, which are outstanding policy and project risks for developers.

3.2.8 Ghana

Ghana is the first, if not one of the first, countries in Africa to develop and operationalise its national Article 6 framework. This has led to significant interest from market players, including buyer countries - Ghana is the host country that has signed bilateral agreements with the largest number of buyer countries - five with Liechtenstein, South Korea, Singapore, Sweden and Switzerland - although the cooperation with three countries - Switzerland, Sweden and Singapore is currently active.

Policy and strategy

As a first mover on Article 6, Ghana published its framework on international carbon markets and non-market approaches in 2022. The framework is detailed and instructional for market participants in many ways.

First, there is a clear criterion defining the eligibility of mitigation activities for authorisation. For example, mitigation activities that are in the conditional measures are eligible for authorisation,

¹⁷⁰ *Ibid*

and there are 25 such project types defined in the framework.¹⁷¹ Moreover, a whitelist of mitigation activities for 2022-2025 that are automatically eligible (i.e. not needing to demonstrate technical and financial additionality as per Ghana's requirements) for Article 6 is also specified.¹⁷²

Second, to reduce overselling risk (against its NDC target), Ghana will authorise 99% of the mitigation outcomes from authorised projects, while the remaining 1% will be used towards its NDC target.¹⁷³

Third, a fee schedule for project owners is specified. A corresponding adjustment fee of USD 3-5 (depending on scale and type of project) will be charged on the issuance of ITMOs at ex-post, while project owner application fees, project listing fees and other fees are also specified.¹⁷⁴ The applicability of each type of fee (VCM, Article 6.2 or Article 6.4) and the timing of payment of the fee are also specified in the framework. The framework also specifies that 10% of the corresponding adjustment fee proceeds will be used to cover the administrative cost for creating and reporting the ITMOs, while the remaining will be directed to a mitigation ambition fund to support additional mitigation actions outside the NDC.¹⁷⁵

Fourth, pre-approved methodologies are stated, which are namely those from CDM, Gold Standard, VCS, ART and the ISO 164064 standards, which were approved and applicable.¹⁷⁶

Legal and regulatory framework

The implementation of Article 6.2 cooperative approaches and the PACM, via Ghana's Carbon Market Framework, is given legal effect through the Environment Protection Act. The EPA established the Carbon Market Office under the Environment Protection Agency, the Ghana Carbon Registry and the Carbon Market Committee.¹⁷⁷

The Carbon Market Framework sets out various technical schedules which describe key rules and procedures such as the mitigation activity development stages (including tasks, inputs and outputs but sans processing time), registry procedures and issuance, authorisation requirements, fees, eligible mitigation activities, eligible methodologies and eligibility for independent validators and verifiers.¹⁷⁸

The Carbon Market Framework also sets out 25 different sample letters, templates and forms. The sample letters give market players an indication of the format of official letters which the Carbon Market Office would issue (e.g. Letter of Assurance, Authorisation Statement, Positive Examination template); while the templates and forms (e.g. Pre-authorisation request letter, Letter of Authorisation request, Mitigation Activity Design Document) sets out the types of information and

¹⁷¹ Carbon Market Office, Ghana (2022). [Ghana's framework on international carbon markets and non-market approaches](#).

¹⁷² *Ibid.*

¹⁷³ *Ibid.*

¹⁷⁴ *Ibid.*

¹⁷⁵ *Ibid.*

¹⁷⁶ *Ibid.*

¹⁷⁷ *Ibid.*

¹⁷⁸ *Ibid.*

aspects which the Carbon Market Office would assess upon receipt of the submitted and completed forms and templates from the project developer.¹⁷⁹

Procedures, infrastructure and institutional arrangements

The Ghana Carbon Market Office under the Environment Protection Agency is responsible for providing the day-to-day administrative and technical services for the implementation of the carbon market framework. The Carbon Market Office is also responsible for registry operations, including the creation and transfer of ITMOs, and for monitoring the progress of carbon projects in the country.¹⁸⁰ Government committees, namely the Carbon Market Inter-Ministerial Committee (CM-IMC), the Carbon Market Committee (CMC) and the Carbon Market Technical Advisory Committee (CM-TAC), will oversee the coordination, approval, rulemaking and technical advice functions relating to Article 6.2 transactions. The roles of these committees with respect to the Article 6 approval and authorisation procedures are also clearly described in the carbon market framework.

The procedures for the issuance of mitigation outcomes and authorised mitigation outcomes on the Ghana Carbon Registry are detailed in the framework. Moreover, the framework also allows project developers to choose for the mitigation outcomes to be issued on recognised international carbon standards' registries. The international registry is required to provide issuance information to the Carbon Market Office, in order for the Carbon Market Office to maintain accurate information about the mitigation outcome issuance on the Ghana Carbon Registry. For the first transfer of authorised mitigation outcomes, the framework also caters to two scenarios - when the registry is connected or not connected to the Ghana Carbon Registry. For the latter case, the cancellation will be done in one registry and creation in the other before effecting the transfer.¹⁸¹

The Ghana Carbon Market Office website indicated that there are 48 Article 6.2 mitigation activities in various stages, and there is a potential 402 MtCO₂e of credits seeking authorisation, where six mitigation activities have been authorised to date.¹⁸² Under the Switzerland-Ghana bilateral agreement, there are 15 projects in various stages of development.¹⁸³ The first ITMO transfer between Ghana and Switzerland was completed in July 2025, where 11,733 tCO₂e was purchased by the KliK Foundation for an improved cookstove activity^{184, 185}

Lessons for Viet Nam

First, a detailed and clear carbon market framework is an important foundation for the overall carbon market development in the country. Ghana's Article 6 framework is comprehensive and clear, as it covers almost all key aspects of an Article 6 regulatory framework, which creates an enabling and conducive environment for Article 6 project development. In particular, Ghana's use

¹⁷⁹ *Ibid.*

¹⁸⁰ *Ibid.*

¹⁸¹ *Ibid.*

¹⁸² Ghana Carbon Market Office (n.d.). [Homepage](#).

¹⁸³ Ghana Carbon Market Office (n.d.). [Ghana-Swiss Cooperative Approach under Article 6.2 of the Paris Agreement](#).

¹⁸⁴ Ghana Carbon Market Office (n.d.). [Transformative Cookstove Activity in Rural Ghana - Project documents](#).

¹⁸⁵ KliK Foundation (2025). [Ghana and Switzerland Pioneer Africa's First ITMO Issuance Under Paris Agreement's Article 6.2 for NDC Use](#).

of positive lists, which confer automatic additionality, is innovative as it sends clear policy signals to project developers and investors on the project types promoted by the government.

Second, the Ghanaian government balances the trade off between the corresponding adjustment fee and the 'retention rate'. The corresponding adjustment fee is one of the highest in Africa at USD 3-5, while the retention rate of 1% is relatively modest. The policy intent behind the corresponding adjustment fee is also clear - Ghana's 2024 BTR states that the corresponding adjustment fees are applied to generate additional mitigation outcomes to compensate for the cost of transferring low-cost abatement technologies. The BTR also states that an estimated US\$100,000 carbon finance is expected to be mobilised to unlock over US\$1 billion in capital investments, and more than 2,500 direct and indirect green and decent jobs will be created.

Finally, the Ghana Carbon Market Office also practises public communications in a clear and regular manner. Its efforts and progress are communicated through annual reports published on its website (<https://cmo.epa.gov.gh/documents/>). The website also provides information on cooperative approaches with countries such as Switzerland and Singapore. A full list of carbon projects active in the country is also recorded on the Ghana Carbon Registry (<https://gcr.epa.gov.gh/project-data-2/>).

3.2.9 Rwanda

As another frontrunner African country, Rwanda has established a robust framework for the carbon market and its procedures to attract high-integrity climate investment. Rwanda has also secured international partnerships with various Article 6 buyer countries. Rwanda has also been proactive in submitting its Initial Report in 2024 and Revised Initial Report in 2025 to the UNFCCC to fulfil the participation requirements for Article 6.2.¹⁸⁶

Policy and strategy

Rwanda has developed a structured approach to engaging in Article 6 and carbon markets and implementing Article 6 procedures. Rwanda has established two key instruments, namely, the National Carbon Market Framework and the Manual of Procedures for Carbon Market, serving different purposes.¹⁸⁷ Launched in 2023, the National Carbon Market defines the country's pathway for engaging in carbon markets, while the Manual of Procedures for Carbon Market, launched in September 2023, provides procedures and steps for Article 6 project development and implementation. This structured framework demonstrates Rwanda's clear approach to achieving its NDC goals, a 53% reduction in net GHG emissions by 2035 compared to BAU.¹⁸⁸

The framework states that eligible activities must be additional to Rwanda's unconditional NDC measures. Conditional and unconditional mitigation measures across sectors and subsectors are listed, including the possible carbon market mechanisms, i.e. Article 6.2, Article 6.4 and VCM.¹⁸⁹ Nevertheless, this list was developed based on the NDC published in 2021 for 2030, and therefore, it is possible that the list could be refreshed for the next NDC period of 2031-2035. The Manual of

¹⁸⁶ United Nations Framework Convention on Climate Change (n.d.). [Rwanda's Initial Reports](#)

¹⁸⁷ East Africa Alliance on Carbon Markets and Climate Finance (n.d.). [Rwanda](#).

¹⁸⁸ Government of Rwanda (2025). [Rwanda's 2025 Nationally Determined Contribution](#).

¹⁸⁹ REMA (2023). [National Carbon Market Framework](#)

Procedures confirms that mitigation activities under Rwanda’s unconditional NDC target are not eligible for Article 6 cooperation, and emphasises that eligible mitigation activities for Article 6 cooperation are limited to those that contribute to Rwanda’s NDC’s conditional target and activities in sectors/subsectors outside the NDC, and the assessment of eligibility will be done case by case. This provides better clarity to the project proponent and investors.¹⁹⁰

The framework did not specify details such as fees and quantitative limits withheld from authorisation, but these issues are addressed in the recent Ministerial Instructions No 001/MoE/26, published in January 2026¹⁹¹. First, it specifies that 1% of authorised mitigation outcomes are to be stored in a national buffer account, to address risks of non-permanence and ensure environmental integrity.¹⁹² In comparison, past LoAs mandate a higher percentage of carbon credits to be allocated to the Government of Rwanda to meet its own NDC targets. Some of the examples are: i) BB Energy was obligated to allocate 7.5% of annual carbon credits to the Government of Rwanda¹⁹³; ii) DelAgua allocated 10% of credits to the Government of Rwanda¹⁹⁴; and iii) Guangzhou Iceberg allocated 10% of total carbon credits to the Government of Rwanda¹⁹⁵.

Secondly, the Ministerial Instructions No 001/MoE/26 prescribed a carbon market fee structure.¹⁹⁶ All fees are payable to the Rwanda Green Fund (FONERWA) to support carbon market administration and climate resilience. The fees differ based on whether the carbon credits are to be transacted in the VCM or in Article 6 compliance markets, and a separate fee schedule applies for land-based projects on farmers’ land or public land.

For non-land based projects, a transaction fee for issuance confirmation is set at \$0.10/credit for VCM and \$0.20/credit for Article 6. In addition, the fee schedule prescribes a corresponding adjustment fee of \$2/ITMO applies. An authorisation fee of 2% of total Emission Reductions (ERs) applies to Article 6 projects, while for VCM it is \$0.20/credit. The full fee schedule is shown in Tables Table 4 and Table 5 below.

Table 4: Rwanda’s carbon market fee schedule

Type of fees	Description of the fee	Fees (Art. 6)	Fees (VCM)
Administration fees	Opening account	USD 1,000	USD 1,000
	Project registration and issuance of a non-objection letter	USD 1,500	USD 1,500
	Issuance of a letter of approval	USD 3,000	USD 3,000
Transaction	Issuance confirmation	USD 0.2/credit	USD 0.1/credit

¹⁹⁰ Government of Rwanda (2023). [The Manual of Procedures for Carbon Market](#)

¹⁹¹ Government of Rwanda (2026). [Ministerial Instructions No 001/MoE/26 determining the fees structure of carbon market in Rwanda](#)

¹⁹² Ibid.

¹⁹³ [BB ENERGY- Letter of Authorization](#)

¹⁹⁴ [DelAgua - Letter of Authorization](#)

¹⁹⁵ [Guangzhou Iceberg Environmental Consulting Services Co. Ltd - Letter of Authorization](#)

¹⁹⁶ Government of Rwanda (2026). [Ministerial Instructions No 001/MoE/26 determining the fees structure of carbon market in Rwanda](#)

Type of fees	Description of the fee	Fees (Art. 6)	Fees (VCM)
fees	Authorisation	2% of ERs MtCO ₂ e	USD 0.2/credit
	National Buffer account of Rwanda (National Registry)	1% of authorised mitigation outcomes	N/A
Revenue-Sharing (benefit share)	Part of the carbon market revenues should be allocated to the country's domestic climate priorities	15% of authorised mitigation outcomes	N/A
	Overall Mitigation of Global Emissions (OMGE) units	2% of authorised mitigation outcomes	N/A
	Corresponding Adjustment fees	2 USD per Unit of ITMOs	2 USD per Unit of ITMOs
Renewal Fee	For renewal, resubmission or reapplication of any stage. The following fees will apply.		
	Renewal of the crediting period	USD 5,000	USD 5,000
	Resubmission of Stage A	USD 500	USD 500
	Validity period extension request	USD 500	USD 500

Table 5: Rwanda's carbon market fee schedule - for land-based projects, where the project developer is exploiting farmers' land or public land

Type of fees	Description of the fee	Fees (Art. 6)	Fees (VCM)
Administration fee	Opening account	USD 1,000	USD 1,000
	Project registration and issuance of a non-objection letter	USD 1,500	USD 1,500
	Issuance of a letter of approval	USD 3,000	USD 3,000
Transaction fee	Issuance confirmation	USD 0.2/credit	USD 0.1/credit
	Authorisation	2% of ERs MtCO ₂ e	USD 0.2/credit
	Nation Buffer account of Rwanda	1% of authorised mitigation outcomes	N/A
Revenue-Sharing (benefit share)	To ensure that communities, landowners, or other local stakeholders directly benefit from the project	30%	30%
	Overall Mitigation of Global Emissions (OMGE) units	2% of authorised mitigation outcomes	N/A
Renewal Fee	For renewal, resubmission or reapplication of any stage:		
	Renewal of the crediting period	USD 5,000	USD 5,000
	Resubmission for any stage	USD 500	USD 500
	Validity period extension request	USD 500	USD 500

Type of fees	Description of the fee	Fees (Art. 6)	Fees (VCM)
	Amendment for any issued document	USD 500	USD 500

The list of eligible crediting standards and methodologies is specified in the Manual of Procedures, such as independent carbon programs Verra and Gold Standard.¹⁹⁷ In the implementation agreement signed with Singapore in May 2025, selected methodologies under standards like Gold Standard, Verra, American Carbon Registry (ACR), and Global Carbon Council (GCC).¹⁹⁸

As of 2026, Rwanda has signed the implementation agreement signed with Singapore in May 2025¹⁹⁹, and an MoU to cooperate on the implementation of Article 6 with Sweden in October 2024²⁰⁰ and Kuwait in December 2023²⁰¹.

Legal and Regulatory Framework

Rwanda's carbon market is supported by a strong legal hierarchy. Article 95 of the Constitution considers ratified international treaties, like the Paris Agreement, significant.

Rwanda's regulatory framework for carbon markets comprises the following documents published by the Ministry of Environment:

- National Carbon Market Framework
- Manual of Procedures for the Carbon Market under Article 6 of the Paris Agreement in Rwanda
- Ministerial Instructions No 001/MoE/26 of 13/01/2026 Determining the Fee Structure of the Carbon Market in Rwanda

These documents provide rules and procedures such as the mitigation activity development stages (including tasks, inputs and outputs with processing time), registry procedures and issuance, authorisation requirements, fees, and eligible mitigation activities.

Procedures, infrastructure and institutional arrangements

According to the National Carbon Market Framework, Rwanda's institutional framework is centred around an Extended Governing Board (Oversight Body) and a specialised Article 6 Unit. The Ministry of Environment (MoE) provides overall policy direction and chairs the Extended Governing Board, while the Rwanda Environment Management Authority (REMA) serves as the DNA and the Article 6 Secretariat. Article 6 Unit (Carbon Market Office) located within REMA, handles the day-to-day operations, including technical appraisals, registry management, and reporting to the

¹⁹⁷ Government of Rwanda (2023). [The Manual of Procedures for Carbon Market](#)

¹⁹⁸ Singapore Carbon Market Cooperation (n.d.). [ANNEX A: PRE-APPROVED LIST OF CARBON CREDITING PROGRAMMES AND METHODOLOGIES](#)

¹⁹⁹ Ministry of Environment (2025). [Rwanda and Singapore sign Implementation Agreement under Article 6 of the Paris Agreement.](#)

²⁰⁰ Ministry of Environment (2024). [Rwanda and Sweden Sign Memorandum of Understanding to Cooperate on the Implementation of Article 6 of the Paris Agreement.](#)

²⁰¹ Ministry of Environment (2023). [Rwanda launches carbon market framework to advance climate action for a sustainable future.](#)

UNFCCC. Rwanda Green Fund (FONERWA) is responsible for managing the SoP and mobilising resources for NDC targets.²⁰²

The Manual of Procedures that outlines the technical rules for the project cycle, covering identification of eligible activities and the assessment of contribution to sustainable development, registry and issuance procedures for tracking ITMOs, authorisation requirements for international transfers and corresponding adjustments, sample templates, including the Mitigation Activity Design Document (MADD) and Sustainable Development contribution forms, to streamline applications.²⁰³

The project cycle begins with a developer submitting a Project Idea Note (PIN) to the registry to obtain a Letter of No Objection. If deemed eligible, the proponent develops a Mitigation Activity Design Document (MADD), which must be validated by an approved independent entity. Upon REMA's approval, the project is registered. Following implementation and verification of emission reductions by an accredited body, the Mitigation Outcomes are issued in the registry and, upon authorisation, can be transferred internationally as ITMOs, triggering corresponding adjustments to prevent double counting.²⁰⁴

Rwanda has developed and operationalised the Rwanda Carbon Market Registry to facilitate participation in international carbon markets and ensure robust accounting for emissions reductions. Managed by the Rwanda Environment Management Authority (REMA), the registry acts as the primary database for tracking, recording, and transferring carbon credits.²⁰⁵

As of 2026, Rwanda has authorised a substantial volume of carbon credits through Letters of Authorisation (LoAs) for several projects. These include:

- Improved Cookstove Project in Rwanda ([VCS3654](#)): 13,763,629 tCO₂e authorised credits.
- Improved Cook Stoves Programme for Rwanda ([GS1023](#)): LoA issued.
- Safe Water Projects in Rwanda ([with multiple PoA IDs](#)): 1,600,000 tCO₂e authorised credits.
- SPOUTS Water Purifier Programme in Africa ([GS11638](#)): 20,040,000 tCO₂e authorised credits.
- DelAgua Clean Cooking Grouped project ([VCS2749](#); [VCS3699](#), [VCS4150](#), [VCS4409](#)): Authorised credits total 57,356,116 tCO₂e, comprising 31,399,717 tCO₂e, 6,801,207 tCO₂e, 12,429,799 tCO₂e, and 6,725,393 tCO₂e for the respective project IDs.

Lessons for Viet Nam

Rwanda has positioned itself as a leader in the regional carbon market by establishing a structured and legally-grounded framework that prioritises environmental integrity and NDC achievement. The framework delimits Article 6-eligible projects to conditional NDC targets and activities outside the NDC, which mitigates overselling risks. The manual provides investors with a transparent,

²⁰² REMA (2023). [National Carbon Market Framework](#)

²⁰³ Government of Rwanda (2023). [The Manual of Procedures for Carbon Market](#)

²⁰⁴ *Ibid*

²⁰⁵ *Ibid*

predictable roadmap for project approval. Furthermore, the adoption of standardised fee structures (Ministerial Instructions No 001/MoE/26) demonstrate a level of administrative readiness. These fees, managed by the Rwanda Green Fund (FONERWA), ensure that the carbon market contributes directly to domestic climate resilience.

However, certain aspects of the overall framework could be improved. The fee schedule could be confusing, as it allows room for multiple interpretations - it is not clear whether the transaction fee for authorisation of Article 6 projects of 2% of total Emission Reductions (ERs) is a monetary fee or a transfer of ownership of the carbon credits from the project owner to the Rwandan government. If it is a monetary fee, it is not clear if it is based on the gross or net revenue, less which types of fees and expenses; or if it is based on the principle of transferring 2% of the carbon credits to the Rwandan government, the procedures and instructions are not described. Secondly, the fee schedule specifies a transaction fee for authorisation for VCM projects, set at \$0.20/credit. It is not clear if this fee applies to all VCM projects or to VCM projects seeking Article 6 authorisation. Finally, the timing of the payment of various fees is not clearly addressed in the Ministerial Instruction nor the Manual of Procedures, which could introduce process bottlenecks and confusion among stakeholders.

For key Article 6 policy decisions on fees, buffers or quantitative limits for authorisation, it is important to be clear whether these requirements are monetary or non-monetary, and applicability of the fees, such as whether it applies to projects developed under Article 6.2 bilateral agreements and PACM, VCM, or existing VCM projects (in development or implementation) seeking Article 6 authorisation for Article 6.2 bilateral agreements or CORSIA.

3.2.10 Malawi

Malawi is positioning itself as a proactive participant in Article 6 markets, with the publication of the Carbon Market Framework in 2025. The country has attracted significant interest from international partners, and it has signed a bilateral agreement with Switzerland in November 2022²⁰⁶ and an MoU with Singapore in November 2025²⁰⁷. Malawi has also published its first Initial Report in August 2025 to fulfil the rules of Article 6 of the Paris Agreement.²⁰⁸

Policy and strategy

Following the global momentum on Article 6, Malawi published its Carbon Market Framework in August 2025, with technical and financial support received from the Government of Switzerland through the United Nations Development Programme (UNDP), under the Article 6 Transfer Readiness Assistance Project.²⁰⁹ The Carbon Market Framework provides a transparent and detailed pathway to implement Article 6 and achieve its NDC goals, which aim to achieve a GHG reduction of 51% compared to BAU in 2040.²¹⁰

²⁰⁶ Federal Office for the Environment (n.d.). [Bilateral climate agreements](#).

²⁰⁷ Ministry of Trade and Industry (n.d.). [Singapore and Malawi Sign Memorandum of Understanding to Collaborate on Article 6 to Accelerate Climate Action](#)

²⁰⁸ United Nations Framework Convention on Climate Change (n.d.). [Malawi's Initial Report](#).

²⁰⁹ MBC (2025). [Malawi launches National Carbon Market Framework](#)

²¹⁰ Government of Malawi (2021). [Updated Nationally Determined Contributions](#).

The Carbon Market Framework defines that eligible activities for authorisation must contribute to Malawi's conditional NDC target and align with SDGs. The framework includes a positive list of eligible mitigation measures spanning across various sectors such as energy, IPPU, waste, agriculture and also includes a negative list of ineligible activities which fall under Malawi's unconditional NDC scope or that use nuclear energy.²¹¹

To counter overselling risk and achieve its domestic NDC targets, Malawi specifies that it will retain 5% of issued Mitigation Outcomes (MOs) for Article 6.2 and VCM projects applying CA, and retain 1% for Article 6.4 projects, which will be added to the National Buffer Account to be used later for its own NDC achievement.²¹²

Malawi has established a detailed fee structure for project proponents for VCM as well as Article 6.2 and 6.4 projects:

- For Article 6.2 projects, the total administrative fees are \$11,000, covering the mitigation activity participation (MAP) application fee, review of MAIN and MADD, and for "authorisation and registration issuance and transfer".
- For VCM activities, a \$1,000 fee includes the registration of the VCM project in the Malawi Carbon Registry System (MCRS).
- For VCM activities seeking authorisation and requiring corresponding adjustments, the listing fee is \$10,000, covering review of MAIN and MADD, and for "authorisation and registration issuance and transfer".
- For Article 6.4 projects, the listing fee is \$7,500, covering the mitigation activity participation (MAP) application fee, review of MAIN and MADD, and "authorisation and registration issuance and transfer".
- There is an issuance fee of \$0.20/MO for mitigation outcomes to be transferred to an acquiring party.
- The CA fee is \$4/MO.
- Concessional fees may apply for the use of public property and assets.
- Verification and Validation Bodies (VVBs) must pay a \$1,000 registration fee and a \$500 application fee per project, charged before validation and verification of each project.²¹³

The Carbon Market Framework also mandates a share of proceeds (SOP) levied on mitigation activities requiring a CA, with the generated revenue distributed among national and local stakeholders. The SOP amount varies based on the project type: technology-based projects incur a fee ranging from 15% to 40% of gross revenue, depending on specific activities. The SOP is also modulated based on cookstove efficiency, at 25% for efficiency levels greater than or equal to 55%, and 40% for efficiency levels less than 55%. Land-based projects are charged a SOP of 15% for customary land and 25% for public protected land. Furthermore, a 25% share of gross revenue from Certified Emission Reductions is applied to VCM projects not requiring a Corresponding Adjustment, operating as a Non-Compliance mechanism.²¹⁴

²¹¹ Ministry of Natural Resources and Climate Change (2025). [Carbon Market Framework](#).

²¹² *Ibid*

²¹³ *Ibid*

²¹⁴ *Ibid*

The Carbon Market Framework also stipulates benefit-sharing structures for land-based projects, including Nature Based Solutions projects: (i) projects on Customary (non-protected bare land) and (ii) projects on public protected land.²¹⁵

Malawi utilises pre-approved methodologies for standards, drawing from international frameworks such as the Clean Development Mechanism (CDM), Gold Standard (GS), and Verified Carbon Standard (VCS).²¹⁶

Legal and regulatory framework

The Environment Management Act forms the legal basis for Malawi's Carbon Market Framework. The Carbon Market Framework includes several technical schedules detailing important rules, guidelines and procedures. These cover the stages of mitigation activity development (listing tasks, inputs, and outputs, with processing timelines), registry and issuance procedures, authorisation requirements, fees, and the eligibility criteria for mitigation activities, methodologies, and independent validators and verifiers.²¹⁷

The Carbon Market Framework also provides sample letters, templates and forms which help the market players with drafting official letters for the mitigation activity process cycle. The templates include Letter of Authorisation, Letter of Authorisation request, Positive Examination request, Mitigation Activity Design Document, and more. These templates also help the project proponents in understanding what information is required to be furnished and avoid rejection of requests.²¹⁸

Procedures, infrastructure and institutional arrangements

In Malawi's Carbon Market Framework, the Ministry of Natural Resources and Climate Change (MNRCC) serves as the Authorising Entity (AE) and is responsible for authorising MOs and providing overarching policy direction for all carbon market projects. The Environmental Affairs Department (EAD) acts as the DNA for carbon trading and is the initial entry point for all projects. Its responsibilities include overseeing carbon market transactions, managing the Carbon Registry, and ensuring compliance, approvals, and reporting. The EAD also houses the Carbon Market Office to support project developers and investors. Policy direction, oversight, and guidance on international carbon markets are provided by the National Steering Committee on Climate Change (NSCCC). Technical advice and recommendations to the DNA on project eligibility are offered by the Mitigation Expert Working Group (MEWG), ensuring projects align with Malawi's NDC ambitions and national priorities.²¹⁹

The project development cycle for mitigation activities in Malawi, managed jointly by the EAD and MNRCC, involves several key steps for both Article 6.2 and VCM projects. Initially, a Mitigation Activity Proponent (MAP) must register with the Malawi Carbon Registry System (MCRS) to obtain a unique identification number (MAP-ID). The MAP then submits a Mitigation Activity Idea Note (MAIN). Following a review by the EAD, and if approved, a Letter of No Objection is issued. The next phase requires the MAP to develop a Mitigation Activity Design Document (MADD), which is then

²¹⁵ *Ibid*

²¹⁶ *Ibid*

²¹⁷ *Ibid*

²¹⁸ *Ibid*

²¹⁹ *Ibid*

subject to validation by an accredited Validation/Verification Body (VVB). The EAD reviews the positive validation report, and upon receipt of an administrative fee, grants a Letter of Authorisation (LOA) and officially registers the activity in the MCRS.

Finally, the MAP monitors the activity and submits a monitoring report for verification by an eligible VVB. After the EAD positively reviews the verification report and receives an issuance fee, the Mitigation Outcomes (MOs) are formally issued.

For Article 6.4, the cycle is similar but operates under the supervision of the UNFCCC and its rules. This includes a global stakeholder consultation and validation by a UNFCCC-accredited Designated Operating Entity (DOE).

As of 2026, Malawi has authorised one project registered under Gold Standard (GS11677).²²⁰

Lessons for Viet Nam

A key feature of Malawi's Carbon Market Framework is its level of structural readiness and instructional detail, which provides high levels of transparency for market participants. By providing sample letters and templates and a clear, positive list of eligible mitigation activities, the framework drastically reduces administrative uncertainty and rejection risk for project developers. Furthermore, its use of a national buffer account (retaining 1%–5% of outcomes) effectively safeguards the country against the risk of "overselling" its emission reductions at the expense of its own domestic NDC targets. However, the procedures in the Carbon Market Framework imply that the issued carbon credits, which are to be transferred from the carbon standard registries into the National Buffer Account, imply that these carbon credits could not be monetised in the VCM. This could mean a lost monetised opportunity for project owners.

In addition, considering the various administrative, listing, issuance and CA fees, the framework presents high financial entry barriers for Article 6 project developers, especially for smaller scale Article 6 projects. The total administrative fees of \$11,000, the CA fee of \$4/MO and the issuance fee of \$0.20/MO may not be commercially viable for certain project types, especially for cookstove projects²²¹, which have to pay an additional SOP of 25% or 40% (depending on efficiency level). Other technology projects also face an additional 15% SOP (based on gross revenue).

3.2.11 Kenya

Kenya is one of the first Eastern African countries (besides Rwanda) to actively advance on Article 6 cooperation. Kenya has been in active discussions with Singapore and South Korea, and has existing bilateral agreements with Switzerland, Japan and Sweden. Domestically, Kenya is in the midst of establishing its carbon markets framework, starting with the Climate Change (Carbon Markets) Regulations 2024, which was passed in 2024, that provides the legal framework for the operation of carbon projects in Kenya.²²² Amidst these developments, Kenya has been home to many prominent NBS and community projects, which altogether raise the attractiveness of Kenya

²²⁰ United Nations Framework Convention on Climate Change (n.d.). [Letter of Authorization](#)

²²¹ Quantum Commodity Intelligence (2025). [Malawi to hold meeting after CO2 developer threatens to leave.](#) (subscription required.)

²²² National Council for Law Reporting (Kenya Law), Kenya (2026). [Climate Change \(Carbon Markets\) Regulations 2024.](#)

as a host of carbon credit projects. The Carbon Markets Association of Kenya (Camak) estimates that Kenya could ringfence a total of around 300 million credits between 2025 and 2030 for Article 6 markets, bringing in over USDD \$1.2 billion in corresponding adjustment tax revenues.²²³

Policy and strategy

The Climate Change (Carbon Markets) Regulations 2024 provide some insights into some but not all Article 6 policy aspects, as it is intended to regulate all segments of carbon markets, including the VCM.

First, Kenya's positive list is still under development and not finalised, while the overall procedures, processes and timelines (for carbon project development, including Article) have been prescribed in the Climate Change (Carbon Markets) Regulations 2024. Any plans to set a share of mitigation outcomes to be reserved for domestic NDC achievement are also not known.

The Regulations, however, specify a corresponding adjustment fee of USD4/ITMO, including other fees such as carbon project application fees and administrative fees.²²⁴ 50% of the corresponding adjustment fees are to be remitted into a national Climate Change Fund.²²⁵

The Regulations also prescribe the rules for the share of proceeds, known as the annual social contribution to the community, and this is specific to projects on public and community land. It is set at least 40% or 25% for land-based and non-land based projects, based on the "aggregate earnings of the previous year less cost of doing business".²²⁶ Private carbon projects on private land are exempted.²²⁷ At a subsequent public consultation over the "draft carbon market regulations" in February-March 2025, market participants raised further questions over how proceeds from the carbon projects would be distributed to communities.²²⁸

There is also no mention of which are the approved carbon standards and methodologies for Article 6. The Regulations which designate the National Environmental Management Agency as the DNA, are to keep and update a list of recognised carbon standards.²²⁹

Legal and regulatory framework

Kenya's Climate Change Act, amended in 2023, provided the legal and institutional arrangements for carbon markets²³⁰, and paves the way for the development of four subsidiary regulations, namely the Carbon Markets Regulations, Carbon Trading Regulations, National Carbon Registry Regulations and Non-Market Regulations²³¹.

²²³ Quantum Commodity Intelligence (2025). [Kenya can unlock 300m UN credits between now and 2030: paper.](#) (subscription required.)

²²⁴ National Council for Law Reporting (Kenya Law), Kenya (2026). [Climate Change \(Carbon Markets\) Regulations 2024.](#)

²²⁵ *Ibid.*

²²⁶ *Ibid.*

²²⁷ *Ibid.*

²²⁸ Quantum Commodity Intelligence (2025). [Kenya vows 3-mth turnaround time for carbon credit project bids.](#) (subscription required.)

²²⁹ National Council for Law Reporting (Kenya Law), Kenya (2026). [Climate Change \(Carbon Markets\) Regulations 2024.](#)

²³⁰ National Council for Law Reporting (Kenya Law), Kenya (2026). [Climate Change Act.](#)

²³¹ National Environment Management Authority (2024). [Development of the National Carbon Market Registry.](#)

The Climate Change (Carbon Markets) Regulations were subsequently passed in 2024 to provide for a framework for the development and implementation of carbon projects in both compliance (Article 6) and voluntary carbon markets.²³² The regulations clearly define participation and transparency rules, approval processes, environment and social safeguards, and benefit-sharing mechanisms, thereby providing a strong legal foundation to guide future carbon market activities in the country. This is particularly relevant, given that in recent years, prominent soil carbon and NBS projects, such as the Northern Rangeland Trust's (NRT) Northern Kenya Grassland Carbon Project and the Kasigau Wildlife Corridor REDD+ Project, have come under scrutiny due to investigations over the legality of conservancy land titles²³³ and human rights abuses²³⁴, respectively.

The draft Climate Change (Carbon Registry) Regulations 2025 is understood to be undergoing consultation and finalisation. It is understood to contain the authorisation procedures for Article 6.2 cooperative approaches, and also proposes the creation of a domestic carbon exchange for voluntary carbon credit transactions.²³⁵

Despite the government's earlier update that the remaining three regulations (including the Carbon Registry Regulations) are to be drafted by the end of 2025²³⁶, the Carbon Trading Regulations and Non-Market Regulations have remained under development.

Procedures, infrastructure and institutional arrangements

According to the Climate Change (Carbon Markets) Regulations, project proponents are to follow the stages of: (1) project application for the purpose of obtaining the Letter of No Objection; (2) validated PDD submission for the purpose of obtaining the Letter of Approval; (3) annual progress report submission and (4) notice of issuance submission upon receipt of an issuance from recognised carbon standards.

Project proponents may also request a letter of authorisation, although when this step could be activated is not clearly stated, and the processing time. The Regulation specifies the template and document requirements, such as the Letter of Approval and the validated PDD. The government commented that the processing time for the issuance of the Letter of Authorisation would be ninety (90) days.²³⁷

In February 2026, Kenya launched the Kenya National Carbon Registry (KNCR) to enhance transparency and streamline project development through the tracking of projects and credits.²³⁸ The KNCR is a collaboration between NEMA and CCD, with support from GIZ via the Data Economy and Digital Transformation Initiative in Africa Digital for Development (D4D), and technical

²³² National Council for Law Reporting (Kenya Law), Kenya (2026). [Climate Change \(Carbon Markets\) Regulations 2024](#).

²³³ The Kenya Times (2025). [Northern Rangelands Trust Loses License in Landmark Ruling](#).

²³⁴ Verra (2024). [Verra Completes Review of Kasigau Projects](#).

²³⁵ Nigeria Electricity Hub (2025). [Draft Climate Change \(Carbon Registry\) Regulations 2025](#).

²³⁶ Quantum Commodity Intelligence (2025). [Kenya to draft three Article 6-aligned regulations by year-end](#). (subscription required.)

²³⁷ Quantum Commodity Intelligence (2025). [Kenya vows 3-mth turnaround time for carbon credit project bids](#). (subscription required.)

²³⁸ Carbon Pulse (2026). [Kenya launches national carbon registry](#). (subscription required.)

implementation by Verst Carbon.²³⁹ A national REDD+ registry was launched in June 2025 to track forest carbon projects, with an aim to align community projects with national systems.²⁴⁰

On institutional arrangements, the regulations stipulate a multi-sectoral technical committee consisting of members drawn from ministries, counties, departments and agencies of all IPCC sectors, to provide technical advice to the Designated National Authority on carbon project assessment. Relating to authorisation, the DNA is to obtain approval from the Cabinet Secretary prior to authorising the mitigation outcomes for international transfer.

To date, no carbon project has received authorisation from the Kenyan government. A clean (LPG) cookstove developer obtained a Letter of Approval in January 2026.²⁴¹

The government announced recently in February 2026 that the two draft regulations are scheduled to be gazetted in June 2026, to mark the full transition of the operational and regulated environment in the carbon markets.²⁴² It is expected that the government will start issuing letters of authorisations later in 2026.

Lessons for Viet Nam

The Kenyan carbon market has faced uncertainty over the authorisation and corresponding adjustment requirements and procedures in the past few years. Market participants had expected key aspects to be addressed in the 2024 Carbon Markets Regulations, the Regulations did not elaborate on the process for the issuance of the Letter of Authorisation.

Until February 2026 (at the point of writing this report), the Kenyan government had not communicated key Article 6 policy decisions, such as the positive list, which indicated that the government has yet to make key decisions on its approach to Article 6, to ensure that ITMO transfers would not adversely affect its ability to achieve its NDC. Moreover, Kenya's NDC does not state which mitigation measures belong to the unconditional and conditional NDC targets, adding to the uncertainty for market players. As early as March 2025, the Kenyan government has been hesitant to provide specific timelines on when key Article 6 policy aspects would be determined and announced.²⁴³

While this demonstrates that the Kenyan government is adopting a careful and deliberate approach towards Article 6, recent developments could reduce investors' confidence in the country's carbon market. Koko Networks, an 11 year old clean (bioethanol) cookstoves developer, entered into administration on 1 February 2026.²⁴⁴ One main reason for its collapse was that its business, being primarily reliant on carbon revenues while heavily subsidising clean cookstove prices for the community, could not secure commercially viable prices amid the low prices being

²³⁹ Carbon Pulse (2026). [Kenya set to operationalise national carbon registry](#). (subscription required.)

²⁴⁰ Quantum Commodity Intelligence (2025). [Kenya launches REDD+ registry, 'nesting' guidelines](#). (subscription required.)

²⁴¹ Quantum Commodity Intelligence (2026). [Kenya's paperwork paves way for first LoA](#). (subscription required.)

²⁴² Quantum Commodity Intelligence (2026). [Kenya's regulations on LoAs due by Q2: government officials](#). (subscription required.)

²⁴³ Quantum Commodity Intelligence (2025). [Clarity on LoAs key to final sales of Koko credits in Corsia: market](#). (subscription required.)

²⁴⁴ Quantum Commodity Intelligence (2026). [PwC appointed as administrator in Koko bankruptcy](#). (subscription required.)

traded in the VCM.²⁴⁵ ²⁴⁶ And, while Koko has sought to sell its credits in the CORSIA market, they have not been able to secure the Letter of Authorisation from the government - until its finances could no longer sustain its operations.²⁴⁷ It is also reported that the project's fraction of non-renewable biomass (fNRB) was "too high for the government's liking".²⁴⁸

It is extremely important for governments to have clear communications with carbon market participants. Information such as timelines towards the finalisation of key regulations, and key decisions around pertinent aspects of the Article 6 framework are extremely critical to manage the businesses and investors' expectations and inform business decision making. More importantly, the episode underscores the importance of clear policy frameworks, the development of a demonstrated track record to attract international investments and build investor confidence.

3.2.12 Chile

Chile is considered a frontrunner on Article 6 markets in South America. Its national Article 6 regulatory framework, known as the Supreme Decree No. 32 of 2024,²⁴⁹ was officially published in the Official Gazette in December 2025, after more than two years of preparation, parliamentary processes and public consultations. In recent years, Chile has also actively engaged businesses and industry on its Article 6 developments, such as via its flagship Chile Carbon Forum held for the first time in 2024, and subsequently in 2025. Chile also has bilateral agreements in place with Switzerland, Japan and Singapore.

Policy and strategy

Chile's Roadmap for Carbon Pricing Instruments and Carbon Markets²⁵⁰ was launched at COP30 in November 2025, and shortly thereafter, its Article 6 regulatory framework was passed into law in December 2025. Chile currently operates a carbon pricing scheme, a carbon tax (known as Green Tax), which is set at US\$5/tCO₂e and a compliance offset mechanism which allows emitters to offset carbon tax compliance via domestic offsets (i.e. carbon credits). Carbon credits from VCS, Gold Standard, CDM, BioCarbon or Cercarbono are allowed. By the same token, it is largely understood that standard methodologies (where applicable) based on these carbon standards can be considered for Article 6 projects - although no list of eligible methodologies has been formally announced by the Chilean government. The Exempt Resolution N° 00499/2026 prescribes the general criteria for the validation of methodologies.²⁵¹

²⁴⁵ Carbon Pulse (2026). [FEATURE: The fall of Koko is a reminder that sovereign carbon credit approvals are never a sure thing.](#) (subscription required.)

²⁴⁶ Quantum Commodity Intelligence (2026). [ANALYSIS: How clean cookstoves firm Koko went bankrupt.](#) (subscription required.)

²⁴⁷ Ibid.

²⁴⁸ Ibid.

²⁴⁹ Government of Chile (2025). [Regulation for the development of emission standards for greenhouse gases and short-lived climate forcers \(literal translation\).](#) (translation required.)

²⁵⁰ Ministry of Environment, Chile (MMA) (2025). [Roadmap for Carbon Pricing Instruments and Carbon Markets 2025 \(original title: Hoja de ruta de instrumentos de precio y mercados de carbono 2025.](#) (translation required.)

²⁵¹ Ministry of Environment, Chile (MMA) (2026). [Technical guidelines and checklist of criteria for validation of emission reduction or absorption methodologies \(literal translation.\)](#) (translation required)

According to the Roadmap for Carbon Pricing Instruments and Carbon Markets, Chile's Article 6 positive list is classified into three categories or "mitigation activity typology", used to prioritise mitigation activities for Article 6²⁵²:

- Classification a: The mitigation activity type is not included within the mitigation measures established for compliance with the NDC, nor within the measures established in climate change management instruments that seek to fulfil the NDC, such as the (i.e. Long-Term Climate Strategy) and the PSM (i.e. Mitigation Sectoral Plan).
- Classification b: The mitigation activity type advances the implementation of a mitigation measure established for compliance with the NDC, and within the measures established in climate change management instruments that seek to fulfil the NDC, such as the ECLP and PSM.
- Classification c: The mitigation activity type is included within the mitigation measures established for compliance with the NDC, and within the measures established in climate change management instruments that seek to fulfil the NDC, such as the ECLP and PSM. However, there are economic barriers to entry that affect the implementation of the measure. Furthermore, the mitigation activity, through a balance of benefits and harms, demonstrates that the benefits of its implementation through the mechanisms of Article 6 of the Paris Agreement outweigh the harms, and the international transfer of its mitigation results does not pose a risk to the country's compliance with its international commitments under the NDC.

Table 6: Mitigation activities and typologies preliminary prioritised for Article 6.

Sector	Mitigation Activity Typology	Classification
Forestry	Sustainable management of native forests	c)
	Restoration of burned native forests	c)
	Restoration of burned productive plantations	c)
	Increase in forest cover	c)
Energy	Grid modernisation	a)
	Thermal energy efficiency in productive sectors	a)
	Introduction of renewable energy in industrial thermal processes	a)
	Conversion of coal-fired power plants	b)
	Grid-connected energy storage	c)
Agriculture	Biochar from agroforestry residues applied to soils	a)
	Agro-PV	a)
Mining	Electromobility in vehicles for small- and medium-scale mining and mining suppliers	a)

²⁵² Ministry of Environment, Chile (MMA) (2025). [Roadmap for Carbon Pricing Instruments and Carbon Markets 2025 \(original title: Hoja de ruta de instrumentos de precio y mercados de carbono 2025. \(translation required.\)](#)

Sector	Mitigation Activity Typology	Classification
	Green ammonia as an input for explosives	a)
Health and Circular Economy	Anaerobic digestion for organic residential and non-residential waste	a)
	Closure of landfills incorporating biogas capture and valorisation/flaring systems	a)
	Biogas capture and valorisation/flaring in existing sanitary landfills	c)
Public Works	Electromobility in machinery (MOP fleet) and vessel fleets	a)
Transport	Electromobility for interregional and interurban buses outside the Metropolitan Region	a)
	School transport	a)
	Development of tram systems in regions	a)
	Implementation of cable cars	a)
	Electric bicycles for delivery services	a)
	Public electric bicycle and scooter systems	a)
	River taxis	a)
	Electromobility – public transport in regions and cities not covered under the Transport Sectoral Mitigation Plan	a)

Source: Consultant based on Chile's Roadmap for Carbon Pricing Instruments and Carbon Markets 2025

The Roadmap for Carbon Pricing Instruments and Carbon Markets offers some insights into the share of the emission reductions from prioritised mitigation activities that will be authorised or retained. For example, the share of ERs to be authorised for Article 6 ranges from 40% to 100% depending on the storage hours for battery energy storage systems (BESS) projects; and 30% to 90% or 20% to 80% for new or existing landfill methane capture and flaring projects respectively, based on the landfill size.²⁵³

No Corresponding Adjustment fees or related fees are mentioned in the framework.

Legal and regulatory framework

Chile passed its national Article 6 framework regulation via Supreme Decree No. 32 of 2024 in December 2025. The decree provides legal certainty as there are clear and defined institutional roles, procedural steps, timelines, and authorisation requirements for Article 6.

Alongside the Article 6 regulation, the Chilean government launched its 2025 Roadmap for Carbon Pricing Instruments and Carbon Markets during COP30 in November 2025. The Roadmap aims to

²⁵³ *Ibid.*

improve the public and market's understanding of carbon pricing and market instruments and to articulate how these tools will function in a coordinated manner.

The Roadmap identifies a set of priority actions at both national and international levels. Together, the instruments covered are expected to deliver average annual reductions of 5 MtCO₂e, reaching 50 MtCO₂e by 2035. In parallel, the Roadmap anticipates the mobilisation of approximately USD 1 billion in carbon credits and leveraging over USD 10 billion in sustainable investment during the 2025–2035 NDC implementation period.

There are technical guidelines supporting the overarching Article 6 regulatory framework:

1. Requirements for the authorisation of participating and operational entities (Exempt Resolution N° 00498/2026²⁵⁴)
2. Guidelines for the assessment of environmental and social integrity (Exempt Resolution N° 00397/2026²⁵⁵)
3. Criteria for the Validation of Methodologies Exempt Resolution N° 00499/2026²⁵⁶)

Procedures, infrastructure and institutional arrangements

According to the Article 6 regulatory framework, the Article 6.2 activity cycle can be broadly classified into the following steps, with defined timelines, inputs, outputs, and stakeholder roles (a summary can be accessed from the MMA's website²⁵⁷):

1. Participating entity's authorisation - Article 6 mitigation activity participants and operating entities are to be authorised. National and foreign entities are eligible, and this requirement applies to VVBs as well. The Exempt Resolution N° 00498/2026²⁵⁸ prescribes the general technical guidelines for the authorisation process of participating entities and operational entities.
2. Prior consideration and design of mitigation activity - This is a mandatory requirement prior to authorisation. The step concludes with the issuance of a Letter of Interest (LOI), which provides certainty to the authorised entities on the mitigation activity's eligibility under Article 6. A validated Mitigation Activity Design Document (MADD) is not required for the LOI.
3. Authorisation and registration - Mitigation activity participant requests authorisation from the Ministry of Environment (MMA) (DNA) and the corresponding implementation agreement counterpart (i.e. Switzerland, Japan or Singapore). A validated MADD and authorisation of the participating entity (step 1) are required for authorisation at this stage.

²⁵⁴ Ministry of Environment, Chile (MMA) (2026). [Technical guidelines for the authorization process of participating and operational entities, within the framework of Supreme Decree No. 32 of 2024 \(literal translation\)](#). (translation required).

²⁵⁵ Ministry of Environment, Chile (MMA) (2026). [Technical Guidelines for environmental and social integrity for mitigation activities under Article 6.2 of the Paris Agreement \(literal translation\)](#) (translation required).

²⁵⁶ Ministry of Environment, Chile (MMA) (2026). [Technical guidelines and checklist of criteria for validation of emission reduction or absorption methodologies \(literal translation.\)](#) (translation required)

²⁵⁷ Ministry of Environment, Chile (MMA) (n.d.) [How does Article 6.2 work in Chile?](#)

²⁵⁸ Ministry of Environment, Chile (MMA) (2026). [Technical guidelines for the authorization process of participating and operational entities, within the framework of Supreme Decree No. 32 of 2024 \(literal translation\)](#). (translation required).

Along with the issuance of the Letter of Authorisation, the DNA will proceed with the registration of the mitigation activity in Chile's national registry.

4. Mitigation activity implementation and verification - Project documentation, such as the monitoring and verification reports are to be submitted through a designated electronic platform. The DNA will review the reports.
5. ITMO issuance in the national registry - Mitigation activity participant requests for ITMO authorisation, and the DNA authorises the mitigation outcomes as ITMOs
6. ITMO transfer - Mitigation activity participant requests for ITMO transfer, and the ITMOs will be cancelled in the national registry after the ITMOs have been first transferred.

According to the Article 6 regulatory framework, the Ministry of Environment (MMA) is the DNA for Article 6 implementation, and chairs the inter-ministerial Article 6 National Committee. The Article 6 National Committee oversees Article 6 implementation, including assessing authorisation requests, eligible mitigation activities and implementing the sectoral climate change mitigation plans.

As of January 2026, the Chile government has approved or authorised five projects under the bilateral agreement with Switzerland - a coal replacement (biomass) boiler project²⁵⁹, two BESS projects, an electric mobility project and a landfill gas project²⁶⁰. On JCM, the memorandum of cooperation was signed in January 2026, with 5 JCM projects in the pipeline.²⁶¹

Lessons for Viet Nam

Chile's Article 6 regulatory framework is generally well-received by market players for its clarity in scope and depth, although there is still some uncertainty on the timelines for operationalising certain processes, such as the national registry, which could impact project-specific implementation timeline. Certain aspects are pending further clarification from the government, such as a formal list of prioritised mitigation activity typologies for Article 6.

Considering Chile's domestic carbon tax, which also accepts the use of carbon credits from international carbon standards as offsets, this approach provides a clear monetisation pathway for carbon credit projects to have a proportion of mitigation outcomes authorised for Article 6, while the remaining portion could be used as offsets for the domestic carbon tax, apart from the VCM.

Chile's approach to Article 6 is slightly different from other countries, where the processes for the authorisation of participating entities, mitigation activities and the ITMOs are distinct. Moreover, considering the detailed authorisation processes and the stipulated maximum processing times for each step, the full authorisation process is estimated to take as long as 300 business days in total, assuming that the step of authorisation of the participating entity is done concurrently with the other initial steps. While this overall timeline is considerably lengthy from the perspective of mitigation activity proponents, this also demonstrates the government's deliberative approach to

²⁵⁹ Quantum Commodity Intelligence (2025). [Chile authorises first project under Article 6.2 mechanism.](#) (subscription required.)

²⁶⁰ Quantum Commodity Intelligence (2026). [Chile approves new Article 6 projects, sees investments spike.](#) (subscription required.)

²⁶¹ Joint Crediting Mechanism (2026). [Chile-Japan JCM.](#)

operationalising the framework and the consideration of internal resources to operationalise the framework.

3.2.13 Peru

Peru is a pioneer in the Article 6 market, having signed the world's first bilateral agreement under the Paris Agreement with Switzerland in 2020.²⁶² Since then, Peru has established a comprehensive regulatory framework through Supreme Decree No. 010-2024-MINAM. This decree, published in November 2024, regulates the National Registry of Mitigation Measures Registro Nacional de Medidas de Mitigación (RENAMI). The framework provides a structured approach for tracking mitigation actions within Peru's NDC and those participating in the Article 6.2 and VCM.²⁶³

Policy and strategy

Peru's strategy centres on the RENAMI, an MRV tool designed to manage and monitor GHG emission reductions and removals. The registry is categorised into three distinct areas: i) NDC Mitigation Measures which is declarative in nature, covering actions that fulfil Peru's climate goals; ii) Article 6.2 Cooperative which is constitutive in nature, covering measures and their Emission Reduction Units (Unidad de Reducción de Emisiones (URE)) under international agreements; and iii) Voluntary Carbon Market (VCM) which is declarative in nature, allowing for the registration of VCM projects and their UREs.²⁶⁴

While the government permits the use of multiple international carbon standards, formal recognition is granted through specific Directorial Resolutions. As of February 2026, three resolutions have been adopted, officially recognising three standards and a total of 15 methodologies. The recognised standards include Gold Standard, Verra/VCS, and PACM, covering key sectors such as energy, agriculture, waste, and forestry.²⁶⁵

Currently, there is no specified retention percentage for ITMOs before their transfer to a buyer. However, based on international precedents, it is anticipated that MINAM may retain a portion of the ITMOs to prevent over-selling.

Peru prioritises Article 6 eligibility based on conditionality as per the NDC. Ineligible activities include all the unconditional NDC measures, while the eligible activities include conditional NDC measures. As per the Decree, non-NDC measures will be analysed on a case-by-case basis for potential Article 6 eligibility.²⁶⁶

In December 2025, Peru's Ministry of the Environment (Ministerio del Ambiente (MINAM)) updated its administrative procedures (Texto Único de Procedimientos Administrativos - TUPA) via Supreme Decree No. 023-2025-MINAM. This decree introduced official fees for registering carbon mitigation measures and credits within the national carbon registry (RENAMI). Importantly, the

²⁶² FOEN (2020). [Implementing Agreement to the Paris Agreement between the Swiss Confederation and the Republic of Peru](#)

²⁶³ Government of Peru (2024). [Supreme Decree No. 010-2024-MINAM](#) (translation required).

²⁶⁴ *Ibid*

²⁶⁵ Government of Peru (2025). [Resolución Directoral N° 00001-2025-MINAM/VMDERN/DGCCD](#); [Resolución Directoral N° 00002-2025-MINAM/VMDERN/DGCCD](#) (translation required).

²⁶⁶ Government of Peru (2024). [Supreme Decree No. 010-2024-MINAM](#) (translation required).

new cost structures and legal certainty apply to project developers involved in both Article 6 cooperative approaches and the VCM for registration, credit issuance, and any subsequent modifications.

The official fees established under the decree differentiate between Article 6 and the VCM. For Article 6, project registration costs PEN 5,047.10 (\$1,500), registration of issued UREs costs PEN 2,651.80 (\$788), and project modification is PEN 2,476.10 (\$736). For the VCM, the project registration fee is PEN 4,485.60 (approximately USD 1,333), the registration of issued UREs is PEN 2,275.80 (\$677), and project modification is the same as for Cooperative Approaches at PEN 2,476.10 (\$736).²⁶⁷

Peru has established bilateral agreements with Switzerland (Implementation Agreement signed in October 2020)²⁶⁸, South Korea (Framework Agreement signed in June 2024)²⁶⁹, and Singapore (Implementation Agreement signed in March 2025)²⁷⁰. The agreement with Singapore utilises a "Joint Committee" to oversee project applications and the issuance of Letters of Authorisation.

Legal and regulatory framework

The national Article 6 framework is anchored by Supreme Decree No. 010-2024-MINAM. It establishes clear institutional roles, administrative processes, and evaluation criteria to ensure environmental integrity and legal certainty. Additionally, Supreme Decree No. 023-2025-MINAM updated the administrative costs (TUPA) for registry procedures.

Procedures, infrastructure and institutional arrangements

The governance of Peru's RENAMI is structured as a multi-layered system led by the Ministry of Environment (MINAM), which serves as the national authority on climate change. This framework ensures that all mitigation actions, whether part of the national NDC or developed for carbon markets, are monitored and verified with environmental and legal integrity.

The governance is organised across three primary levels of authority: i) Strategic & Authorising Authority (MINAM): MINAM acts as the Article 6 DNA and is responsible for the overall design of the registry, formulating regulations, and granting final authorisation for the international transfer of UREs under Article 6.2; ii) Administrative & Operational Authority: The General Directorate of Climate Change and Desertification (Dirección General de Cambio Climático y Desertificación (DGCCD)) serves as the Administrator of RENAMI. Its role includes implementing the digital platform, evaluating registration applications, recognising certification standards, and managing the balance of transferred outcomes; iii) Sectoral Technical Authorities: Various ministries act as the Autoridades Sectoriales Correspondientes based on the project's sector (e.g., Agriculture,

²⁶⁷ Government of Peru (2025). [Supreme Decree No. 023-2025-MINAM](#) (translation required).

²⁶⁸ FOEN (2020). [Implementing Agreement to the Paris Agreement between the Swiss Confederation and the Republic of Peru](#).

²⁶⁹ Ministry of Foreign Affairs (2024). [Republic of Korea and Republic of Peru Sign Agreement for Cooperation on Climate Change](#)

²⁷⁰ Singapore's Carbon Markets Cooperation (2025). [Singapore and Peru signed an Implementation Agreement on carbon credits cooperation on 31 March 2025](#)

Energy, Transport). They provide mandatory technical opinions to ensure that market-based projects align with sectoral policies and national climate goals.²⁷¹

The Article 6.2 activity cycle follows these stages:

- Formulation and Validation: The "Administrado" (developer) designs the measure using recognised methodologies and prepares a Mitigation Measure Design Document (DDMM), which must be validated by an accredited Verification and Validation Body (OVV).
- Inscription of the Measure: The developer submits a request to RENAMI. The DGCCD and Sectoral Authorities evaluate the request within an estimated 40–55 business days. Approval grants title over the mitigation measure.
- Implementation and Monitoring: The developer executes the activity and generates monitoring reports.
- Verification: An OVV performs an independent evaluation of monitoring reports to issue a verification report.
- Inscription of UREs: The developer requests the registration of generated units in RENAMI. This process takes 30–40 business days and is subject to "positive administrative silence" (solicitude approved if no response).
- Authorisation and Transfer: International transfers are authorised by MINAM. Units transferred internationally are considered ITMOs.²⁷²

Lessons for Viet Nam

Peru has positioned itself as an early mover in the region, becoming the first Latin American country to operationalise Article 6 through a dedicated decree. With the establishment of a clear and transparent digital registry (RENAMI), Peru created the legal certainty and institutional clarity needed to attract high-quality bilateral partners such as Switzerland and Singapore. The framework reduces double-counting risks and ensures that international carbon finance supports conditional NDC targets, strengthening national ambition while safeguarding environmental integrity.

Peru also provides defined processing timelines across the project cycle, coupled with strict eligibility criteria. This combination enhances regulatory predictability for developers while maintaining rigorous oversight and high integrity standards.

For REDD+ activities, the country introduced additional safeguards and documentation requirements, including registration with the National Superintendency of Public Registries (SUNARP) or equivalent documentation to demonstrate land tenure rights; submission of updated and approved forest management plans where applicable; and evidence of compliance with REDD+ safeguards as detailed in Annex II of the decree. These provisions reinforce legal certainty, social safeguards, and environmental robustness.

Importantly, Peru chose to recognise carbon standards and methodologies through complementary Directorial Resolutions rather than embedding them directly into the decree. This

²⁷¹ Government of Peru (2025). *Supreme Decree No. 023-2025-MINAM* (translation required).

²⁷² *Ibid*

approach allows for greater regulatory flexibility and technical updates without reopening the core legal framework, an institutional design choice that balances legal stability with adaptability.

3.3 Lessons learned for Viet Nam

Cross-cutting insights from international practices are summarised into nine main lessons, grouped into policy and regulatory approaches.

Policy approaches

1. **Long-term view and coherence to Article 6 policy making:** Recent and new Article 6 frameworks need to cater to long-term carbon project timelines, investment and amortisation periods, and articulate a long-term framework that is relevant for the post-2030 period that is beyond the current NDC period, and account for future NDC periods and their targets. It is critical to develop a realistic point of view about the overall quantity of mitigation outcomes that could be authorised within the current NDC period, and future periods, to have a broad perspective on the role of carbon markets – Article 6 and the VCM, including their opportunities and limitations – can fit into national climate change objectives. An overall ITMO budget for international transfer and corresponding adjustments should be established internally at a minimum, and ideally, communicated to market players. In addition, linkages and interactions with emerging domestic carbon pricing schemes and domestic crediting standards should be clearly articulated, for example, through updated Article 6 project and methodology eligibility lists. Providing Article 6 authorisation for post-2030 across NDC periods will help attract investments and ensure the “bankability” or “investability” of the costly carbon projects beyond the initial NDC period.
2. **Articulate a comprehensive policy/regulatory framework to stakeholders:** Decide on key Article 6 policy issues such as fees, approach to avoid overselling (e.g. a share of mitigation outcomes that should not be authorised for international transfer), share of proceeds, project eligibility criteria (‘positive list’) which excludes mandated policies and plans and other ‘unconditional’ mitigation actions, approved carbon standards and methodologies, project and/or project developer registration requirements (if any), requirements involving national carbon registry. Details of national rules, such as validity period, exemptions (if any), procedures, processing times, and specific rules and criteria, have to be developed and communicated to stakeholders as well. For transparency and ease of financial modelling for the market, (1) CA fees and (2) share of mitigation outcomes retained for domestic NDC achievement (i.e. not authorised under Article 6) should be decided and specified upfront. This information is critical to enable investments and decisions into Article 6 projects. If not clearly communicated, investors and project owners are unlikely to make investment decisions.

Regulatory approaches

3. **Centralised, coordinated and well-staffed oversight and decision making:** Strong institutional arrangements are required for effective Article 6 implementation. This entails the assignment of a DNA with a clear mandate and dedicated resourcing (manpower headcount and an operating budget), and the establishment of supporting inter-

ministerial committees and/or working groups with clear terms of reference including its purpose, mandate, key performance indicators (KPIs), scope of decision-making powers (if any), operating procedures, timelines, composition and frequency of meetings. Oftentimes, these intragovernment committees and working groups may exist in practice as part of internal government efforts to enhance inter-ministerial cooperation on cross-cutting matters such as national and sectoral climate change mitigation implementation, NDC and BTR development and review, manpower and budgeting review cycles, etc. The terms of reference of existing committees and working groups could be expanded to include Article 6 oversight and implementation to ensure policy coherence and enhance synergy with other cross-cutting issues.

4. **Legal clarity via domestic legislation and legally-binding international agreements:** Early agreements with partner countries establish trust, transparency and roles in ITMO generation and transfer. This also includes Viet Nam's participation in international compliance schemes such as CORSIA, where Article 6 of the Paris Agreement applies. Domestic implementation and enforcement of such international agreements need to be anchored and encoded into national regulations. Without a clear legal structure, Article 6 mitigation projects cannot be built around carbon finance in a sustainable and conducive market environment.
5. **Multi-step approach towards authorisation:** Authorisation and approvals are being used interchangeably, and governments are adopting a step-wise approach towards authorisation. The COP decisions on Article 6.2 stipulate the contents of an authorisation comprising the cooperative approach, participating entity(ies) and the ITMOs. Governments are choosing to authorise the cooperative approach, participating entity(ies) and the ITMOs at different stages, notably via the requirement for a letter of positive examination, which is issued ex-post, after the certification of mitigation outcomes. On the contrary, a letter of authorisation or approval (or pre-authorisation) may be issued prior to the project implementation and mitigation outcomes generation, where the exact quantities of mitigation outcomes seeking international transfer are estimated ex-ante. Finally, the first step, which can be optional in certain countries, is the issuance of the Letter of No Objection (or Letter of Intent), which is extremely helpful to give an early indication to market players about the possibility of authorisation of projects.
6. **Benefit-sharing and safeguards as a regulatory imperative:** Almost all national Article 6 regulations prescribe benefit-sharing and social and environmental safeguards, to different extents in terms of scope and detail. Other than to realise the goals of Article 6 participation in sustainable development, it also preempts and reduces project implementation risks such as weak community engagement, and focuses project proponents' attention to develop practices and management systems that promote fair, transparent and equitable sharing and distribution of financial benefits from the carbon credits monetisation, and environmental protection and management. Apart from compliance with international carbon standards' requirements on benefit-sharing and safeguards, project developers would have to evaluate the relevant legal requirements, comply with them, assess the financial impact on the project and ensure that the ITMOs are appropriately priced. These are critical requirements, and when they are properly

encoded into regulation, it promotes the long-term sustainability of Article 6 projects in terms of local community participation and endorsement. Nonetheless, for fees collected by the government via benefit-sharing arrangements for social and environmental purposes, which go into a consolidated fund, it is likewise important for governments to demonstrate to carbon market participants how principles of transparency and accountability are being implemented and practised, such as through publishing annual records on the collected amounts and the uses of the funds.

7. **National registry system:** Countries investing early in national carbon registries are more likely to ensure credibility and reduce double-counting through proper accounting of ITMOs. As national carbon registries are intended to track and monitor all international transfers under Article 6, it is also more likely to support internal capacity on Article 6 reporting to the UNFCCC and NDC tracking. National carbon registries are also being used to store project information and documentation, as well as potentially mitigation activity participants (for example, owners, project developers, VVBs). In some countries, such as Ghana, the national carbon registry could also perform carbon programmes' registry functions, such as carbon credit issuance.
8. **Leveraging international carbon crediting programmes' MRV infrastructure:** This enhances interoperability of Article 6 markets, reduces market fragmentation and increases overall market efficiency. Internationally-recognised and reputable carbon crediting programmes and methodologies provide a systematic set of MRV procedures for carbon projects, verification and accreditation frameworks and a pool of approved VVBs. International carbon registries perform issuance functions and label the credits as authorised based on the approved uses and the LOA as submitted by the project owner.
9. **Private sector capital and communications:** The mobilisation of private capital and corporate actors is critical to scaling up Article 6 markets. The UNFCCC decisions regarding Article 6 and the increasing oversight of governments on carbon markets demonstrate that carbon credits are increasingly perceived and treated as a sovereign asset. That being said, carbon markets depend on a variety of actors, where each actor plays a key role in the overall development of carbon projects and carbon credits. The government will have to work closely with the private sector to build a sustainable mass of supply and demand of carbon credits and ITMOs.

The review of international experiences from selected countries under this task will distil key lessons and practices that can be applied in the Vietnamese context to establish the Decree to strengthen oversight, management, and implementation of Article 6. The analysis will not only capture successful models and innovations but also identify common challenges and gaps that Viet Nam should anticipate in designing its own management and oversight framework.

The findings will be synthesised and cover the key points as elaborated in the comparative matrix table below, which highlights differences and similarities across countries in core functional areas such as authorisation procedures, MRV systems, registry operations, benefit-sharing mechanisms, and oversight structures. This matrix will provide a structured basis for assessing which international practices are most relevant and adaptable to Viet Nam's institutional, legal, and market conditions.

Table 7: Initial comparative matrix of international practices in Article 6 implementation in some selected countries

Country	Policy and Strategy	Legal and Regulatory framework	Procedures and Institutional arrangements for operationalisation
Buyer countries			
Switzerland	<p>Bilateral agreements with multiple countries; FOEN as the central authority. KliK Foundation is the main procurement entity and counterparty with project owners.</p> <p>Use of ITMOs is confirmed until 2035, but expected volumes are unspecified.</p> <p>Relatively high ITMO price, but has a specific ineligibility list.</p> <p>Open to various carbon standards and methodologies, including customisation from CDM.</p>	<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>	<p>Authorisation procedures comprise three main steps: authorisation, approval, positive examination, and transfer.</p> <p>Detailed authorisation procedures with specific timelines and fees. Requirements cover MRV and extend to the PDD, including additionality analysis.</p> <p>National registry linked with domestic ETS.</p>
Japan (JCM)	<p>Bilateral Joint Crediting Mechanism with joint committees. Focus on technology transfer and the sharing of mitigation outcomes based on investment support.</p> <p>Economics of JCM projects and pricing will be guided by the price ceiling and floor of the GX-ETS.</p> <p>Need for Japanese entity involvement in the Article 6 project, such as a technology solution provider or investor.</p> <p>Bespoke approach to methodologies, bottom-up development and approval.</p>	<p>Clear legal basis with detailed rules and regulations for the operation of the JCM.</p>	<p>Need to develop and obtain approval for the project methodology prior to project development and implementation, which can be a bottleneck.</p> <p>Projects are mainly registered under the JCM Registry, where JCM credits are issued.</p>
South Korea	<p>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.</p> <p>Use of ITMOs is confirmed until 2035, though exact volumes are unspecified.</p>	<p>Clear legal basis and detailed rules and regulations for the development and implementation of Article 6 projects.</p>	<p>Authorisation procedures comprise four main steps: prior consideration, authorisation, implementation, issuance and transfer.</p> <p>Electronic registries are in place to effect international transfers.</p>

Country	Policy and Strategy	Legal and Regulatory framework	Procedures and Institutional arrangements for operationalisation
	<p>Need for South Korean entity involvement in the Article 6 project, such as a technology solution provider or investor.</p> <p>Open to various carbon standards and methodologies, including CDM and PACM.</p>		
Singapore	<p>Article 6 is embedded in the national carbon pricing strategy; bilateral MOUs with partners worldwide.</p> <p>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.</p> <p>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>	<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>	<p>Authorisation procedures comprise three main steps: project application, request for authorisation and ITMO issuance application.</p> <p>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.</p>
Seller countries			
Cambodia	<p>The Operations Manual establishes a share of 10% carbon credits to the Government, which could be interpreted both in terms of revenue to a national fund, as well as carbon credits ownership in terms of contribution to Cambodia's NDC (i.e. unauthorised for international transfer).</p> <p>The positive list is based on mitigation activities in the NDC being listed as conditional.</p> <p>Open to all possible authorised uses of ITMOs; open to international standards and methodologies.</p>	<p>The Article 6 Operations Manual is the current de-facto official document, published by the DNA.</p>	<p>The Article 6 Operations Manual details the institutional arrangements, procedures, requirements and processing times for different stakeholders.</p> <p>The national carbon registry, Cambodia Carbon Registry (CCR), is active and under development.</p> <p>Few projects authorised to date, the government is building operational experience and capacity.</p>

Country	Policy and Strategy	Legal and Regulatory framework	Procedures and Institutional arrangements for operationalisation
Indonesia	<p>The approach towards Article 6 is guided by the Presidential Regulation No. 110 of 2025, although there are no details on the positive list, fees, limits or measures to avoid overselling.</p> <p>Open to international standards and methodologies.</p>	<p>Presidential Regulation No. 110 of 2025 is the omnibus regulation which establishes the overall framework of Indonesia's carbon market and participation in Article 6. Sectoral regulations and other subsidiary legislation are under development and expected to provide further clarity.</p>	<p>Detailed institutional arrangements, procedures and requirements are under development.</p> <p>A national carbon registry is in place for recording carbon credit transactions and carbon projects.</p> <p>No project authorised to date, the government is developing more detailed rules and procedures.</p>
Thailand	<p>International Carbon Credit Guidance offers insight to few key policy decisions, e.g. an overall 10% of mitigation outcomes from authorised projects are not to be transferred internationally.</p> <p>A broad positive list of nine project sectors and categories.</p> <p>Open to international standards and methodologies, as well as its national carbon standards. T-VER and Premium T-VER.</p> <p>Open to all possible authorised uses of ITMOs.</p> <p>No government Article 6 fees.</p>	<p>Clear legal basis, i.e. International Carbon Credit Guidance stipulates the main rules and procedures for Article 6 implementation.</p> <p>Eligible activities will be guided by sectoral mitigation plans based on the NDC Action Plan on Mitigation 2030.</p>	<p>Well-established procedures, requirements and institutional arrangements. Initial reports and BTR have been submitted to UNFCCC.</p> <p>The Thailand Carbon Credit Registry is the national registry tracking international transfers.</p> <p>Three authorised projects to date, one with Switzerland and two with Japan (JCM), with completed transactions for two projects.</p>
Nepal	<p>Carbon Trading Regulation, 2082 (2025) details a positive list, project fee structure, quantitative limit (5%) per project to avoid overselling, and benefit-sharing rules for community-based projects.</p> <p>Open to international standards and methodologies.</p>	<p>Clear legal basis, i.e. Carbon Trading Regulation 2025 stipulates the main rules and procedures for Article 6 implementation.</p>	<p>Detailed institutional arrangements, procedures and requirements are described in the Carbon Trading Regulations.</p> <p>A national carbon registry is to be established to track carbon trading.</p>
Laos	<p>The Decree on Carbon Credits stipulates that 10% of mitigation outcomes per carbon project will contribute towards Laos' NDC (i.e. not authorised for international</p>	<p>Clear legal basis, i.e. Decree on Carbon Credits, which sets up the broad rules and procedures.</p>	<p>Detailed institutional arrangements, procedures and requirements are described in the Decree.</p>

Country	Policy and Strategy	Legal and Regulatory framework	Procedures and Institutional arrangements for operationalisation
	<p>transaction), and broad project sectors and categories are eligible for Article 6.</p> <p>Details of fees or specific project types are to be detailed in sectoral regulations.</p> <p>Open to international carbon standards, namely GS, VCS and ART; open to all possible authorised uses of ITMOs.</p>		<p>No national carbon registry.</p> <p>No international transfers under Article 6 to date.</p>
Bhutan	<p>Carbon Market Framework 2025 describes a positive list, a fee structure including a corresponding adjustment fee. Rules on share of proceeds and contribution to OMGE for PACM also apply to all Article 6 transactions.</p> <p>Open to international carbon standards; open to all possible authorised uses of ITMOs</p>	<p>A clear legal basis was established through the Carbon Market Rules 2023 and Carbon Market Framework 2025.</p>	<p>Detailed institutional arrangements, procedures and requirements are described in the Carbon Market Framework 2025.</p> <p>A national carbon registry is in place to track international transfers of ITMOs and is designed to be interoperable with international carbon registries.</p> <p>No international transfers under Article 6 to date.</p>
Papua New Guinea	<p>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>	<p>The legal document Carbon Change (Management) (Carbon Market) Regulation 2025 provides for the legal basis of Article 6 activities in the country.</p>	<p>Detailed institutional arrangements, procedures and requirements are described in the Carbon Change (Management) (Carbon Market) Regulation 2025.</p> <p>No international transfers under Article 6 to date.</p>
Ghana	<p>Comprehensive national framework (Article 6.2 and 6.4) with details on positive list, quantitative limit (1%) per project to avoid overselling, fee structure, including corresponding adjustment fee.</p> <p>Open to international carbon standards, namely GS, VCS and ART, including CDM and ISO 14064; open to all possible authorised uses of ITMOs.</p>	<p>The carbon market framework contains the detailed operational guidelines and rules for Article 6.2 cooperative approaches.</p>	<p>Detailed institutional arrangements, procedures and requirements are described in the Carbon Market framework.</p> <p>The Functional ITMO registry, which tracks all ITMO transfers, completed its first transfer in 2025.</p>

Country	Policy and Strategy	Legal and Regulatory framework	Procedures and Institutional arrangements for operationalisation
Rwanda	<p>The National Carbon Market Framework, Manual of Procedures for Carbon Market, and Ministerial Instructions No 001/MoE/26, determining the fee structure of the carbon market in Rwanda, provides list of eligible activities, mandates 1% of authorised mitigation outcomes to be stored in a nation buffer, clear fee structure and mentions about Verra, Gold Standards being eligible crediting mechanisms.</p> <p>Gold Standard, Verra, American Carbon Registry (ACR), and Global Carbon Council (GCC) are eligible under IA with Singapore.</p>	<p>The National Carbon Market Framework, Manual of Procedures for Carbon Market, and Ministerial Instructions No 001/MoE/26 together detail operational guidelines and fee structure.</p>	<p>Detailed institutional arrangements, procedures and requirements are described in the National Carbon Market Framework, Manual of Procedures for Carbon Market.</p> <p>Mandates the setting up of a functional ITMO registry to track all ITMO transfers. Rwanda has issued multiple LoAs as of 2026</p>
Malawi	<p>Carbon Market Framework provides details on a positive list, mandates retaining 5% from A6.2 and 1% from A6.4 projects for domestic use, and a structured fee system including corresponding adjustment fees.</p> <p>Open to international carbon standards, namely GS, VCS, and CDM.</p>	<p>The Carbon Market Framework contains the detailed operational guidelines to operationalise Article 6.</p>	<p>Detailed institutional arrangements, procedures and requirements are described in the Carbon Market Framework.</p> <p>Mandates the setting up of a functional ITMO registry to track all ITMO transfers. Malawi has authorised one project registered under GS.</p>
Kenya	<p>The Climate Change (Carbon Markets) Regulations 2024 stipulates fee structure (including a corresponding adjustment fee) and benefit-sharing structure for projects on community and public land where fees are payable to different government bodies.</p> <p>There are no details on the positive list, accepted standards and methodologies.</p>	<p>Legal basis for Article 6 cooperation established through the Climate Change (Carbon Markets) Regulations 2024.</p>	<p>Detailed institutional arrangements, procedures and requirements are described in the Climate Change (Carbon Markets) Regulations 2024.</p> <p>A national REDD+ registry is in place to track and ensure alignment of projects with national systems.</p> <p>The regulations also stipulate the creation of a national carbon registry to record all carbon projects.</p>
Chile	<p>Detailed draft positive list where some project types have different proportions of mitigation outcomes that can be</p>	<p>Article 6 regulatory framework passed via the Supreme Decree 32/2024. The Roadmap for Carbon</p>	<p>Detailed institutional arrangements, procedures and requirements in the Article 6 framework law.</p>

Country	Policy and Strategy	Legal and Regulatory framework	Procedures and Institutional arrangements for operationalisation
	<p>authorised, based on scale and extent of mitigation technology.</p> <p>No mention of fee structure.</p> <p>Open to international carbon standards, VCS, Gold Standard, CDM, BioCarbon or Cercarbono.</p> <p>Open to all authorised uses of ITMOs.</p>	<p>Pricing Instruments and Carbon Markets contains further guidance for Article 6 operationalisation</p>	<p>National carbon registry for tracking and issuance of ITMOs.</p> <p>Five projects authorised or approved to date with Switzerland.</p>
Peru	<p>Peru utilises the RENAMI and categorises measures into three areas: NDC Mitigation Measures (declarative), Article 6.2 Cooperative (constitutive), and Voluntary Carbon Market (declarative).</p> <p>Peru prioritises conditional NDC measures for Article 6 eligibility. No formal retention percentage for ITMOs is currently fixed. Provides a fee structure, and recognises three standards (Gold Standard, Verra/VCS, and PACM) and 15 methodologies across energy, agriculture, waste, and forest.</p>	<p>The Supreme Decree No. 010-2024-MINAM establishes the operational provisions of RENAMI and institutional roles.</p>	<p>Institutional arrangements, procedures and requirements in the Supreme Decree No. 010-2024-MINAM</p> <p>RENAMI is a digital platform for tracking URE (Emission Reduction Units).</p> <p>No authorised projects to date.</p>

Source: Compiled by the Consultant, 2025

As more countries are developing and formalising their legislative frameworks for Article 6 implementation, this task will review the most recent global developments and select relevant country cases to derive lessons and insights for Viet Nam. The review will be continuously updated using authoritative sources, in particular the UNEP Copenhagen Climate Centre's Excel-based global database on Article 6 activities, which compiles information on project pipelines, authorisation practices, and early transfers. This database, <https://unepccc.org/article-6-pipeline/>, established drawing on UNEP-CCC's long-standing experience with the Clean Development Mechanism, provides systematic insights into the evolution of Article 6 cooperation, including how projects contribute to NDC implementation and SDG outcomes at both national and global levels. These data and analyses will serve as core inputs for identifying trends, assessing emerging practices, and selecting representative case studies to inform Viet Nam's policy design.

4 ANALYSIS OF VIET NAM'S POLICY CONTEXT AND LEGAL READINESS

The operational requirements of Article 6 of the Paris Agreement and subsequent COP/CMA decisions, and experience show that participation in Article 6 cooperative approaches requires countries to establish a set of legal, institutional, and technical arrangements that enable the generation, authorisation, tracking, and international transfer of mitigation outcomes.

In practice, national participation in Article 6 mechanisms typically relies on three interrelated components. First, a legal and regulatory framework is required to define the scope of participation in international carbon markets, establish procedures for authorising mitigation outcomes, and provide the legal basis for international transactions. Second, institutional arrangements are needed to coordinate climate policy implementation and oversee the approval, accounting, and reporting of mitigation outcomes. Third, market and implementation capacity are required to generate mitigation outcomes through projects or sectoral activities and enable their potential transfer through international carbon market mechanisms.

Based on this conceptual framework, this section reviews Viet Nam's context with a focus on the legal and institutional arrangements relevant to Article 6 participation.

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

Over the past decade, Viet Nam has progressively developed a legal and policy framework to support greenhouse gas mitigation and the establishment of a national carbon market. This framework has evolved in response to the country's international climate commitments under the Paris Agreement and its national strategies for green growth and climate change response.

At the core of this framework is the Law on Environmental Protection (LEP) 2020, which provides the legal foundation for greenhouse gas emissions management and the development of carbon market mechanisms in Viet Nam. In particular, *Article 139 of the Law provides for the organisation and development of the domestic carbon market*. This article provides the legal basis for the establishment and operation of Viet Nam's carbon market, including the exchange of greenhouse gas emission quotas and carbon credits. The law also introduces key provisions related to

greenhouse gas inventory and mitigation planning, thereby creating the legal basis for subsequent regulatory instruments supporting the development of the carbon market.

Building on this foundation, *Decree No. 06/2022/ND-CP dated 7 January 2022 of the Government on the mitigation of GHG emissions and protection of the ozone layer (Decree 06)*, and its amendment, *Decree No. 119/2025/ND-CP dated 9 June 2025 of the Government amending and supplementing a number of articles of Decree No. 06/2022/ND-CP (Decree 119)*, establish the regulatory framework for GHG mitigation, facility-level emissions reporting, and the development of a domestic emissions trading system. These regulations also outline the roadmap for the establishment and operation of the carbon market in Viet Nam.

In parallel, several decisions and sectoral regulations issued by the Prime Minister and relevant ministries provide further guidance on implementation, including the identification of sectors subject to GHG inventory and the development of MRV requirements.

The figure below provides an overview of the evolving legal basis for the carbon market in Viet Nam.

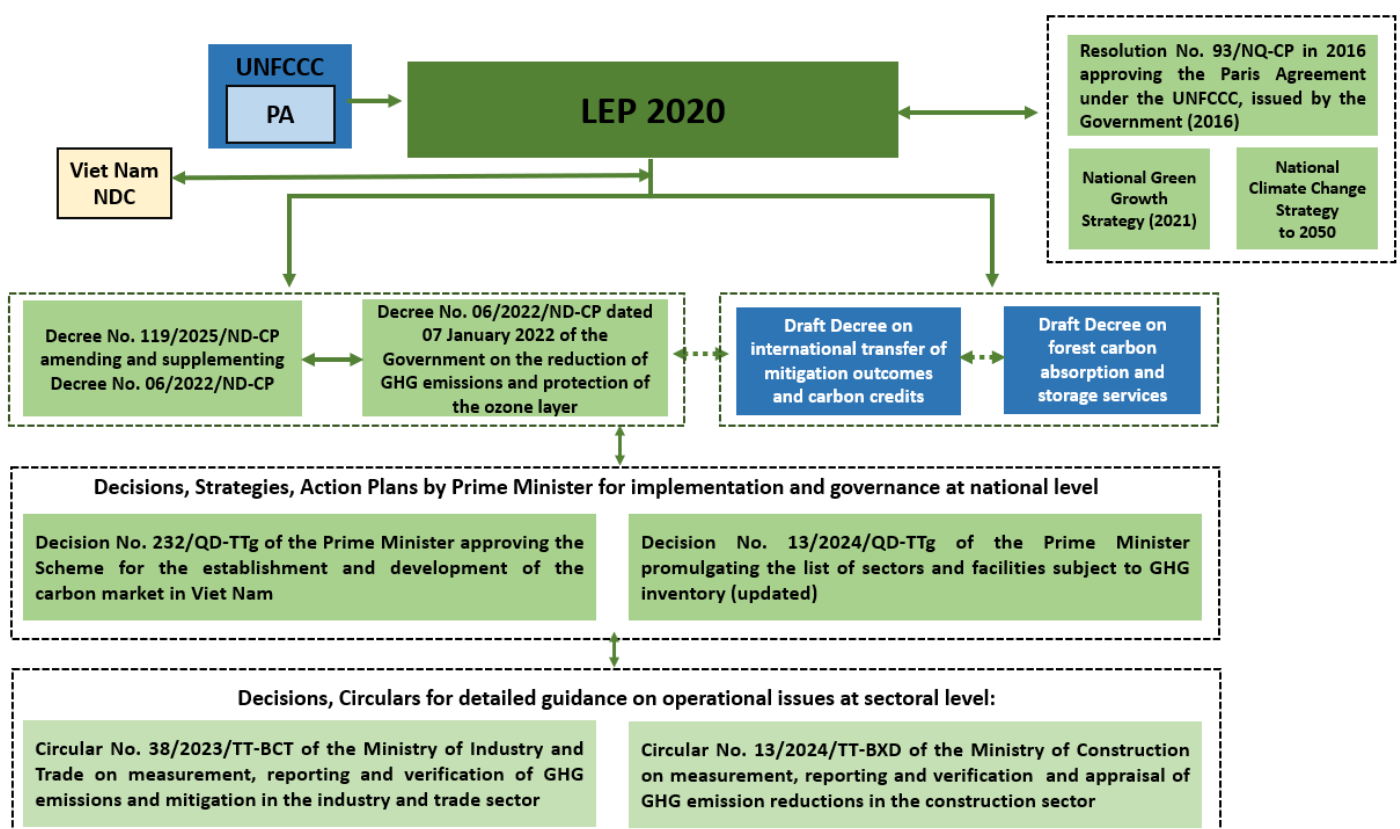


Figure 6: Overview of the legal system for the carbon market in Viet Nam

Source: Consolidated by the Consultant, 2025

Within this evolving regulatory landscape, the Government is also preparing additional regulatory instruments related to carbon market operation and international cooperation on mitigation outcomes. These developments reflect Viet Nam’s ongoing efforts to operationalise its carbon market framework and explore participation in international carbon market mechanisms.

4.2 Emerging regulatory framework for international transfers of mitigation outcomes

In alignment with the Paris Agreement rules and preparation for participation in the international carbon market, DCC drafted the **Government Decree on the international transfer of mitigation outcomes and carbon credits** (Hereafter referred to as *Decree on ITMOs*), which was released for public consultation in late October 2025.

Consistent with the discussions at the kick-off meeting, this task specifically addresses the DCC's request for technical support by reviewing this initial draft. The analytical findings and gap assessments provided by this TA will serve as a critical scientific and legal foundation to refine the decree. These contributions will ensure that the next iteration of the regulatory framework is robust, operationally feasible, and fully aligned with Viet Nam's climate goals and international obligations.

On the other hand, a ***Draft Decree on Forest Carbon Absorption and Storage Services*** is currently being prepared by the Department of Forestry, MAE, which has been consulted with relevant stakeholders and submitted to the Government of Viet Nam for review and approval. This Draft aims to develop a coherent and transparent legal framework for forest carbon services, encouraging forest protection and sustainable development. Although this Draft will manage specifically forest MOs and transfer of carbon credits internationally, they will still be subject to the procedures and management of Article 6 mechanisms under the ***Decree on ITMOs***.

Thus, the establishment of the ***Decree on ITMOs*** is both urgent and essential to ensure full implementation of Article 139 of LEP 2020 and alignment with the Paris Agreement's Article 6 framework.

This ***Decree on ITMOs*** will address the urgent need to cover the legal gaps to safeguard NDC integrity and to ensure consistency with the domestic carbon market. Viet Nam's current legal framework leaves critical gaps that must be addressed to safeguard the integrity of its NDC, particularly in clarifying the share of mitigation outcomes to be retained, the application of corresponding adjustments, and the revocation of authorisations for international transfers. At the same time, the forthcoming launch of the domestic carbon market in 2026 requires complementary rules to manage international transfers of mitigation outcomes and credits under independent standards, ensuring coherence between domestic and international systems. Looking ahead, Viet Nam's rapid growth and rising emissions will drive demand from investors and project developers to invest in cost-effective mitigation projects abroad and transfer mitigation outcomes/credits back for compliance; without a clear regulatory basis, such activities cannot be effectively managed or leveraged to use for the NDC targets.

Therefore, the activities under this TA will be updated to reflect the latest developments in the legal framework, including the release of the first Draft Government Decree on ITMOs.

A review and gap analysis of the Draft will be conducted to ensure that all Deliverables remain fully aligned with the emerging priorities and legal requirements related to the Draft Decree, insofar as these fall within the defined scope of the TA.

4.3 Review of the draft government decree on international transfer

To clarify its regulatory scope and operational design, the main structure of the draft **Decree on ITMOs** is outlined in the box below.

Box. Key Structure of the draft **Decree on ITMOs**

- **Chapter I – General Provisions:** Defines scope, subjects of application, key terms, and overarching principles for international exchange of mitigation outcomes and carbon credits.
- **Chapter II – Article 6.2 Cooperative Approaches:** Regulates negotiation and signing of Article 6.2 agreements; procedures for project idea registration, project approval, modification, MRV, issuance/recognition of units; authorisation for international transfer; revocation; and ITMO purchases for Viet Nam.
- **Chapter III – Article 6.4 Mechanism:** Establishes assessment of Article 6.4 program/project documentation, MRV, issuance recognition, transfer procedures, and domestic authorisation steps for credits generated under the UNFCCC Supervisory Body.
- **Chapter IV – International Transfers Outside Article 6.2 and 6.4:** Provides rules for projects using independent carbon standards, including registration, validation/verification, issuance recognition, rate limits, and transfer notification/authorisation.
- **Chapter V – Corresponding Adjustments & Transfer Rates:** Specifies formulas, responsibilities, and processes for applying corresponding adjustments; sets maximum international transfer rates per mitigation measure and activity (Appendix I).
- **Chapter VI – National Registry System:** Regulates recording, publication, data management, reporting, and connectivity of the national carbon registry.
- **Chapter VII – Responsibilities of Ministries and Local Authorities:** Assigns roles to MAE, line ministries, and provincial authorities for oversight, coordination, reporting, and technical functions related to ITMOs and carbon credits.
- **Chapter VIII – Implementation Provisions:** Covers transition, effect, amendments, and responsibilities for execution.
- **Appendices**
Provide the **List of mitigation measures and maximum transfer rates**, along with **standardised application forms and templates** for project registration, authorisation, and reporting.

The first consultation on the Draft was held from 24 October to 3 November 2025²⁷³.

The review in this section was to assess the overall structure, policy coverage, and institutional arrangements proposed in the Draft Decree, and to examine its alignment with the requirements of Article 6 of the Paris Agreement as well as with Viet Nam's existing legal and policy framework on climate change and carbon markets.

²⁷³ First consultation of the Draft Government Decree on international transfer of mitigation outcomes and carbon credits <https://mae.gov.vn/van-ban-du-thao-2037.htm?>

The Draft Decree establishes a legal framework for the international transfer of greenhouse gas emission mitigation outcomes and carbon credits generated in Viet Nam. It defines key concepts relevant to Article 6 cooperation, including ITMOs, corresponding adjustments, carbon standards, authorisation for international transfer, and the roles of domestic and international actors participating in such exchanges. The Decree also outlines general principles governing international cooperation, including prioritising the achievement of Viet Nam's NDC and ensuring transparency through the national carbon registry system.

In terms of operational provisions, the Draft Decree introduces procedures for the registration and approval of projects implemented under Article 6.2 cooperative approaches, including project idea registration, project validation and approval, monitoring and verification of emission mitigation outcomes, issuance or recognition of mitigation outcomes or carbon credits, and authorisation for international transfer. It also establishes provisions on corresponding adjustments for internationally transferred mitigation outcomes and specifies that the MAE is responsible for implementing these adjustments in accordance with the rules and guidance of the Paris Agreement.

The Draft Decree further identifies mitigation measures and sectors that may be eligible for international transfer, together with indicative limits on the proportion of mitigation outcomes that may be transferred internationally during the first crediting period (under Appendix). These provisions are intended to balance the objective of attracting international climate finance with the need to safeguard the achievement of Viet Nam's domestic mitigation targets.

Overall, the Draft Decree represents an important step toward establishing a regulatory framework that would enable Viet Nam to participate in international carbon market cooperation under Article 6. However, the review also identified a number of areas where further clarification or strengthening may be needed to ensure consistency with international guidance, coherence with existing domestic regulations, and effective implementation in practice. These issues relate to areas such as the scope and coverage of the regulation, institutional coordination, procedural arrangements, accounting and registry systems, and financial and safeguard provisions.

A preliminary review of the Draft Decree indicates that, while it establishes a necessary legal basis for Viet Nam's engagement in international exchanges of mitigation outcomes and carbon credits, several substantive gaps could impede effective implementation. The current text lacks sufficient clarity on the scope and interaction with existing domestic regulations, leaves institutional responsibilities and coordination mechanisms only partially defined, and introduces complex procedures without clear justification or streamlined logic. Key technical elements, such as corresponding adjustments, registry interoperability, data governance, financial treatment, enforcement mechanisms, and safeguards, are outlined only at a high level and require further elaboration to ensure legal certainty, environmental integrity, and operational feasibility.

A detailed assessment of these issues and their implications for the development of Viet Nam's Article 6 system is presented in Section 5 (Gap Analysis). Further recommendations for improving the regulatory framework and operational arrangements will be developed in subsequent project deliverables.

To date (March 2026), the Draft Decree is currently under review and comment by members of the Government's Cabinet. After receiving these comments, the MAE, through the DCC, will be responsible for consolidating, responding to, and addressing the feedback. The revised draft will then be submitted to the Ministry of Justice for legal appraisal before being resubmitted to the Government for further consideration and approval.

4.4 Review of the relevant institutional and technical framework

The review of the current institutional and technical status to provide a background of the legal framework and institutional arrangement aims to sketch a status quo for governance and oversight of Article 6 of the Paris Agreement in Viet Nam to support the analysis of the impacts and implications of the existing system on the design of the draft Decree.

(1) Institutional setting

In January 2025, the Prime Minister issued **Decision No. 232/QĐ-TTg approving the Scheme on Establishment and Development of the Carbon Market in Viet Nam, issued by the Prime Minister on 24 January 2025 (Decision 232)**, which sets out the national roadmap for the development of a domestic carbon market. The decision establishes a phased approach in which a pilot carbon trading platform will operate during the period 2025–2028, followed by the official operation of the carbon market from 2029 onward.

Under this framework, the MAE, as the national focal point for climate change and GHG emissions management, plays a central role in designing and operating the carbon market architecture. MAE is responsible for developing core regulatory elements, including emission allowance allocation plans, MRV systems, and the national registry for GHG emission allowances and carbon credits. The ministry also coordinates with other relevant ministries to establish technical rules for trading, registry management, and oversight of market participants.

Decision 232 also formalises an inter-ministerial coordination framework for carbon market governance. In particular, MAE leads the implementation of the carbon market scheme in cooperation with key ministries such as the Ministry of Finance, the Ministry of Industry and Trade, the Ministry of Construction, the Ministry of Transport, and the Ministry of Agriculture and Rural Development²⁷⁴. This institutional arrangement ensures that sectoral mitigation policies, emissions data management, and market oversight are aligned across relevant sectors.

The decision further clarifies institutional responsibilities for market infrastructure. The national registry system for GHG emission allowances and carbon credits is to be established and operated under the authority of MAE to manage issuance, transfer, borrowing, surrender, and cancellation of allowances and credits.

Importantly, Decision 232 also lays the institutional groundwork for Viet Nam's participation in international carbon markets. During the pilot phase, the Government will develop regulatory provisions governing the transfer of carbon credits and emission reduction outcomes to foreign

²⁷⁴ Now the Ministry of Construction and the Ministry of Transport are merged as Ministry of Construction; while Ministry of Agriculture and Rural Development and Ministry of Environment and Natural Resources are merged as MAE

partners, including transactions under international mechanisms established under Article 6 of the Paris Agreement. The decision mandates the development of specific regulations for the recognition of carbon credit programmes and for the management of international transfers of mitigation outcomes, ensuring that such transactions are consistent with Viet Nam's NDC and national interests.

In the longer term, the scheme envisages the possibility of linking Viet Nam's domestic carbon market with regional and international carbon markets, subject to evaluation of the pilot phase and the establishment of appropriate legal and technical safeguards. This includes developing rules for cross-border credit transfers, ensuring the integrity of emission reduction accounting, and maintaining alignment with Viet Nam's climate commitments under the Paris Agreement.

(2) MRV and accounting readiness

Viet Nam has issued several regulatory instruments to underpin the MRV framework for GHG inventory and mitigation. Decree 119 further strengthens this framework by clarifying responsibilities for national and sector-level MRV systems and by establishing procedures for GHG inventory development, mitigation reporting, and verification by installations, sectoral ministries, and the MAE.

At the same time, the decree introduces provisions related to the development of carbon market mechanisms. In particular, it specifies that methods of creating carbon credits applied to projects under the domestic carbon credit exchanging and offsetting mechanism may be developed and recognised by relevant ministries, including methodologies recognised under international mechanisms such as the Article 6.4 mechanism of the Paris Agreement.

However, while the decree provides a regulatory basis for domestic MRV systems and for the generation and verification of carbon credits, detailed provisions related to MRV and accounting for international transfers of mitigation outcomes remain limited. In particular, operational procedures related to the accounting of ITMOs that include the application of corresponding adjustments, institutional responsibilities for applying such adjustments, and the integration of these adjustments into national reporting under the Paris Agreement's ETF are a new concept and have not yet been fully codified in existing regulations. As Viet Nam moves toward participation in cooperative approaches under Article 6, further clarification of these accounting and reporting procedures will be important to ensure transparency and consistency with international carbon market rules.

(3) Registry and tracking

A national registry and trading infrastructure are being developed to support the implementation of Viet Nam's carbon market, and the pilot phase of the emissions trading system is expected to commence in 2026. The regulatory framework for the registry system is further elaborated in **Circular No. 11/2026/TT-BNNMT dated 13 February 2026 of the MAE, providing regulations on the management and operation of the national registry system for GHG emission allowances and carbon credits (Circular 11)**. The Circular establishes the National Registry System as the central electronic platform for recording, managing and tracking greenhouse gas emission quotas and carbon credits in Viet Nam.

Under Circular 11, the registry records key information related to mitigation outcomes, including ownership of emission allowances and carbon credits, serial numbers, account information, transaction history and the status of units registered in the system. Each emission allowance or carbon credit is assigned a unique domestic code and serial number managed by the Ministry of Agriculture and Environment to ensure traceability and prevent duplication.

The system also supports the management of registry accounts for participating entities and enables electronic transactions related to allocation, transfer, deposit, withdrawal and cancellation of emission quotas and carbon credits. All transactions are conducted electronically within the registry system and linked to the domestic carbon trading platform and settlement infrastructure.

In addition, Circular 11 provides provisions on the disclosure and management of registry information, including periodic publication of information on registered carbon credit programmes, emission quotas and transactions recorded in the system. As Viet Nam further develops its carbon market infrastructure, the national registry will play a critical role in ensuring accurate tracking of emission allowances and mitigation outcomes for domestic and international trading. Key priorities include maintaining data integrity, preventing double counting of mitigation outcomes, and ensuring consistency between registry records, the national GHG inventory and accounting under the NDC. In the context of potential participation in international carbon market mechanisms, interoperability between the national registry and international tracking systems under Article 6 will also be an important consideration.

(4) Market development pathway

The development of Viet Nam's carbon market follows a phased roadmap established in Decision No. 232. The roadmap aims to gradually build the regulatory framework, market infrastructure, and institutional capacity required for the operation of a domestic carbon market and its potential integration with international carbon markets.

The first phase, running until June 2025, focuses on establishing the foundational elements of the carbon market. This includes developing the legal framework governing the exchange of greenhouse gas emission allowances and carbon credits, preparing the technical infrastructure for market operation, and strengthening the capacity of both government agencies and enterprises to participate in carbon market activities. During this stage, key components such as the national registry system, trading infrastructure, and MRV systems are developed to ensure readiness for market operation.

The pilot phase (2025–2028) involves the operation of a domestic carbon trading platform on a trial basis. During this period, greenhouse gas emission allowances are expected to be primarily allocated free of charge to covered facilities in major emitting sectors. Market transactions may include both emission allowances and eligible carbon credits generated from domestic offset programmes as well as international mechanisms under Article 6 of the Paris Agreement. The pilot phase allows regulators to test allocation procedures, trading modalities, registry operations, and compliance processes while strengthening institutional oversight and market supervision. At the same time, the Government will develop detailed regulations governing the transfer of carbon credits and mitigation outcomes to foreign partners, ensuring that any international transactions are consistent with Viet Nam's NDC accounting framework.

Following the evaluation of the pilot phase, the carbon market is expected to enter full operation from 2029. In this stage, the scope of participating sectors may be expanded, allocation approaches may gradually incorporate auctioning alongside free allocation, and additional types of carbon credits may be recognised for trading. The Government will also assess the feasibility of linking the domestic carbon market with regional and international markets and of enabling the transfer of mitigation outcomes to international partners. This gradual approach allows Viet Nam to first ensure the robustness of domestic MRV systems, registry infrastructure, and market governance before engaging in cross-border carbon transactions such as ITMO transfers.

(5) Alignment with NDC and transparency

Viet Nam's updated Nationally Determined Contribution submitted in 2022 (NDC 2022) provides an important policy anchor for the development of carbon market mechanisms and participation in international cooperation under Article 6 of the Paris Agreement. The NDC outlines Viet Nam's mitigation targets of reducing GHG emissions by 15.8% using domestic resources and up to 43.5% with international support by 2030 compared to the business-as-usual scenario, covering key sectors such as energy, agriculture, waste, industrial processes and land use.

The NDC also emphasises the strengthening of national systems for MRV and GHG inventory management as essential components for tracking mitigation outcomes and ensuring transparency. These reforms are aligned with the Enhanced Transparency Framework (ETF) under the Paris Agreement, which requires countries to regularly report emissions, mitigation actions and progress toward NDC implementation.

Within this framework, the development of a domestic carbon market and the establishment of robust MRV and registry systems can support the transparent accounting of mitigation outcomes generated in Viet Nam. This alignment provides a foundation for potential participation in cooperative approaches under Article 6, ensuring that any internationally transferred mitigation outcomes remain consistent with Viet Nam's NDC accounting and reporting obligations.

(6) Private sector and subnational readiness

Interest from both state-owned and private enterprises in participating in carbon market mechanisms is gradually increasing in Viet Nam, particularly in sectors with significant mitigation potential such as energy, manufacturing, agriculture, and waste management. Japanese and Vietnamese companies have begun exploring and developing carbon credit projects in sectors such as sustainable agriculture and low-emission production, often through bilateral cooperation initiatives and voluntary carbon standards. For example, several projects supported by Japanese partners under bilateral cooperation mechanisms focus on methane reduction and climate-smart agriculture. In the transport sector, private companies are also exploring carbon market opportunities linked to low-carbon technologies; for instance, VinFast has announced initiatives to develop carbon credit generation associated with its electric vehicle ecosystem and charging infrastructure.

In the aviation sector, the upcoming participation of Viet Nam in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) from 2026 is creating a direct compliance-driven demand for carbon credits. Under this mechanism, airlines must offset emissions growth from international flights by purchasing eligible carbon credits. Vietnamese carriers have begun

preparing for this requirement; for example, it is estimated that Viet Nam Airlines may need to offset around 400,000 carbon credits annually from 2026, potentially exceeding one million credits per year after 2030²⁷⁵.

These developments are increasing awareness of carbon markets among companies and stimulating interest in carbon credit generation and trading. However, capacity gaps remain, particularly in areas such as Article 6 MRV requirements, carbon credit contracting, and regulatory compliance. At the subnational level, provincial authorities are gaining experience through greenhouse gas inventory and mitigation appraisal activities, but continued capacity building and clear procedures for project authorisation and benefit-sharing will be important to support effective participation in emerging carbon market mechanisms.

4.5 Market potential and trading options

In addition to the evolving legal framework for carbon market development, Viet Nam's potential participation in international carbon market mechanisms also depends on the availability of mitigation opportunities and the possible modalities for transferring mitigation outcomes. As discussed in Section 3, international experience shows that countries engaging in cooperative carbon market approaches typically build on existing mitigation activities and sectoral programmes, which can generate mitigation outcomes that may be authorised for international transfer.

Viet Nam has significant mitigation potential across several sectors, including renewable energy, energy efficiency, industrial processes, waste management, and land use activities. The country has also accumulated practical experience through participation in earlier carbon market mechanisms, such as the Clean Development Mechanism (CDM), as well as through projects developed under voluntary carbon standards. These experiences have contributed to the development of technical capacity among project developers, verification bodies, and relevant institutions involved in mitigation activities.

Looking forward, several potential trading options could emerge as Viet Nam further develops its carbon market framework and explores opportunities for international cooperation. These options may include bilateral cooperative approaches under Article 6 of the Paris Agreement, participation in regional carbon market initiatives, or the transfer of mitigation outcomes through agreements with partner countries seeking to achieve their climate commitments. The development of a regulatory framework governing international transfers, as discussed in the previous section, represents an important step toward enabling such cooperation.

The findings on the current status and potential for trading of carbon credits and mitigation outcomes from Viet Nam to the international market are shown in Figure 7 and Figure 8 below:

²⁷⁵ Viet Nam Airlines. (2025). Viet Nam Airlines tham vấn chính sách carbon, hướng tới CORSIA 2026. Viet Nam Airlines. <https://www.vietnamairlines.com/vn/vi/vietnam-airlines/trach-nhiem-xa-hoi/moi-truong/Viet-Nam-Airlines-tham-van-chinh-sach-carbon-huong-toi-CORSIA-2026>

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.

Figure 7: Current status and potential for trading of carbon credits and mitigation outcomes from Viet Nam to the international market under Article 6.2

Source: Updated by the Consultant based on The Impact Technical Assistance, 2025

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.

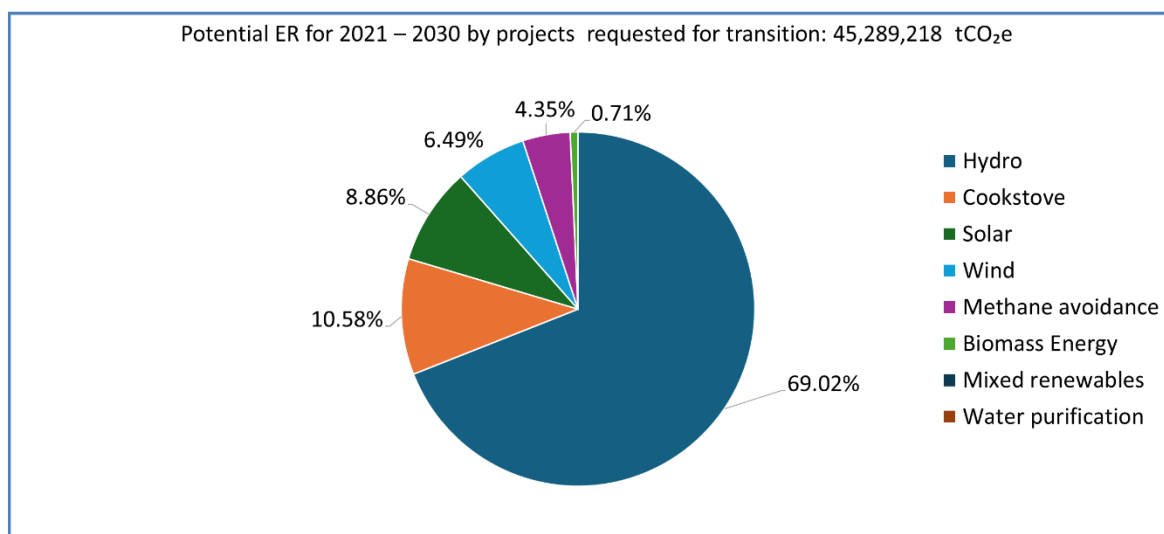


Figure 8: Current status and potential for trading of carbon credits and mitigation outcomes from Viet Nam to the international market under Article 6.4

Source: Updated by the Consultant based on The Impact Technical Assistance, 2025

At the same time, participation in regional or cross-border carbon market initiatives typically requires a degree of compatibility between national systems. International experience from emerging cooperative carbon market arrangements indicates that several enabling elements are important for facilitating international transactions while maintaining environmental integrity and transparency. In particular, alignment of MRV approaches, interoperability of registry systems, and appropriate governance arrangements are commonly recognised as key elements supporting cross-border carbon market cooperation.

Alignment of MRV standards

Reliable and comparable monitoring, reporting and verification systems are a fundamental requirement for cross-border carbon market transactions. Countries participating in cooperative carbon market arrangements generally adopt MRV approaches that are consistent with internationally recognised methodologies and reporting standards. This helps ensure that emission reductions generated in one jurisdiction can be recognised and trusted by partners in another jurisdiction. In practice, this may involve the use of common methodologies for quantifying emission reductions, consistent verification procedures, and transparent reporting formats. Alignment with the Enhanced Transparency Framework under the Paris Agreement also supports comparability of mitigation outcomes across countries. For countries engaging in regional cooperation, compatible MRV approaches help facilitate the mutual recognition of mitigation outcomes and reduce the risk of inconsistencies in emissions accounting.

Implications for the design of the draft Decree on ITMOs

In this context, the design of the regulatory framework for international transfers may benefit from ensuring that mitigation outcomes authorised for international cooperation are quantified and verified using methodologies that are broadly consistent with internationally recognised standards. In particular, alignment with established MRV approaches used in international carbon market mechanisms and with reporting requirements under the Paris Agreement's Enhanced Transparency Framework can help ensure that mitigation outcomes generated in Viet Nam are recognised and accepted by potential partner countries. Clarifying the relationship between national MRV systems and project-level methodologies applicable to mitigation activities participating in international transfers may also support transparency and comparability of results. Such alignment would contribute to strengthening confidence in mitigation outcomes originating from Viet Nam and facilitate their potential participation in regional or bilateral cooperative carbon market arrangements.

Interoperable registry systems

Transparent tracking of mitigation outcomes is another essential element for international carbon market participation. Registry systems are used to record the issuance, transfer, and cancellation of carbon credits or mitigation outcomes, ensuring that transactions are properly documented and traceable. In the context of international or regional carbon markets, registry systems need to be capable of interacting with other national or international registries in order to facilitate the secure transfer and tracking of mitigation outcomes. International experience suggests that interoperability between registries – including compatible data structures, transaction protocols,

and account management systems – plays an important role in enabling efficient cross-border transactions. Such systems also support transparency and help prevent double counting by ensuring that mitigation outcomes are properly recorded within national accounting systems.

Implications for the design of the draft Decree on ITMOs

In the context of international carbon market cooperation, the design of the regulatory framework may also benefit from considering the role of registry systems in tracking mitigation outcomes and recording international transfers. Transparent and reliable registry systems help ensure that mitigation outcomes are uniquely identified, transactions are properly recorded, and risks of double counting are avoided. When exploring potential regional or bilateral cooperation arrangements, compatibility between national registries can facilitate the transfer and recognition of mitigation outcomes across jurisdictions. In this regard, the development of Viet Nam's carbon registry could consider internationally recognised practices for registry operation, including clear procedures for recording issuance, transfer, and cancellation of mitigation outcomes, as well as mechanisms to ensure consistency with national greenhouse gas accounting and reporting systems. Such considerations may help support the credibility and transparency of international transactions involving mitigation outcomes originating from Viet Nam.

Governance protocols for cooperative arrangements

Effective governance arrangements are also important for managing international carbon market transactions and ensuring that cooperative activities remain consistent with national climate commitments. Countries participating in cooperative approaches typically establish procedures for approving mitigation activities, authorising mitigation outcomes for international transfer, and coordinating the responsibilities of institutions involved in climate policy, carbon market regulation, and international reporting. At the regional level, governance arrangements may also include procedures for information sharing, coordination among participating authorities, and mechanisms to ensure transparency in the management of international transfers.

Implications for the design of the draft Decree on ITMOs

International experience also highlights the importance of clear governance arrangements for managing cooperative carbon market activities. Countries participating in cooperative approaches typically establish procedures for the approval of mitigation activities, the authorisation of mitigation outcomes for international transfer, and the coordination of relevant authorities responsible for accounting and reporting obligations. In this context, the design of the regulatory framework may consider clarifying the roles and responsibilities of relevant authorities involved in the authorisation and oversight of international transfers, as well as procedures for coordination among agencies responsible for climate policy, carbon market operation, and international reporting. Establishing transparent governance procedures can help ensure that international transfers remain consistent with national climate commitments and reporting obligations under the Paris Agreement. Such arrangements can also provide greater regulatory clarity for market participants and potential international partners engaging in cooperative carbon market activities with Viet Nam.

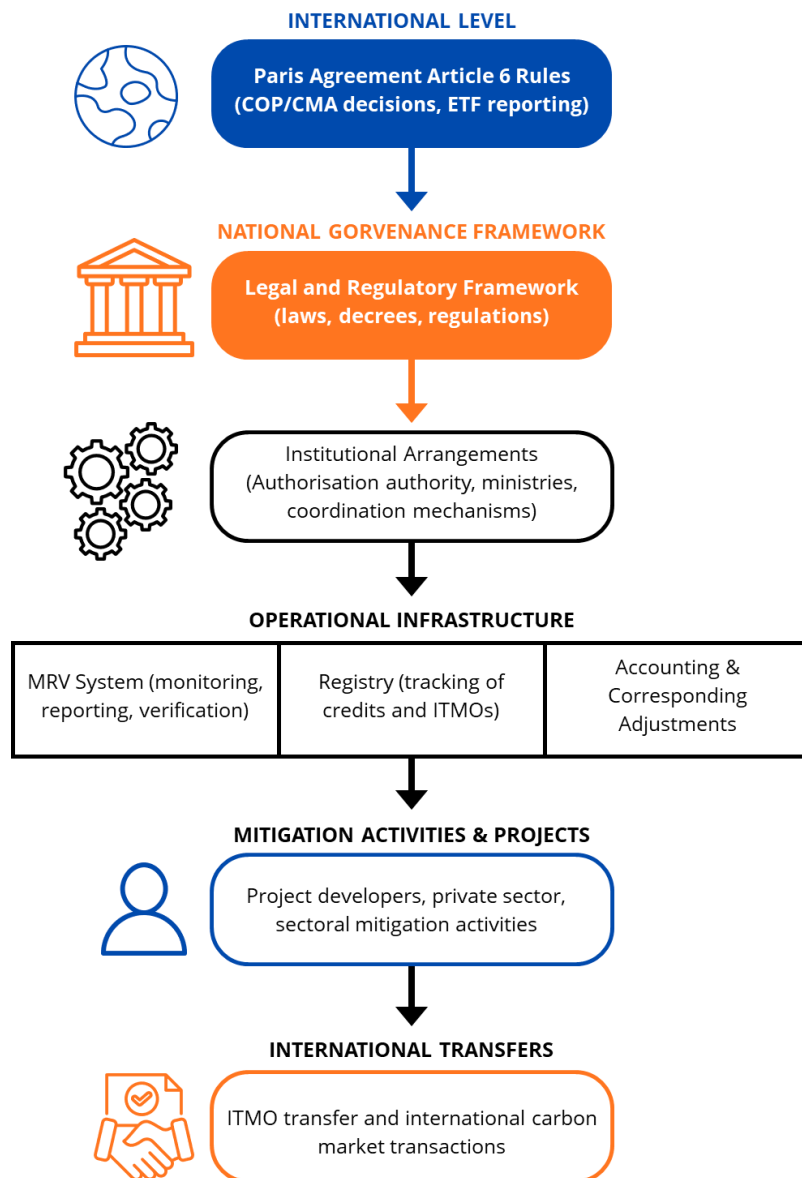


Figure 9: Conceptual Framework for the national implementation of Article 6

Source: Elaborated by the Consultant

5 GAP ANALYSIS FOR THE DEVELOPMENT OF THE ARTICLE 6 SYSTEM IN VIET NAM

5.1 Analytical framework for the gap analysis

Building on the review of international requirements, country practices, and Viet Nam’s emerging regulatory framework presented in Section 4, the gap analysis identifies key areas where further policy development or institutional strengthening may be required.

The assessment considers the main functional components required for effective participation in international carbon markets. These include the legal and regulatory framework governing international transfers, institutional arrangements for authorisation and oversight, technical

systems for monitoring and accounting mitigation outcomes, registry infrastructure for tracking transfers, and the broader enabling environment for private sector participation.

The objective of the analysis is to identify systemic gaps that may affect Viet Nam's ability to implement Article 6 mechanisms effectively while maintaining environmental integrity and safeguarding the achievement of its NDC. The findings presented below provide the basis for developing detailed recommendations in subsequent project deliverables.

5.2 Legal and regulatory framework

The Draft Decree on the international exchange of mitigation outcomes and carbon credits represents a further step to strengthen the national legal framework on the carbon market, especially toward enabling Viet Nam to participate in international cooperation under Article 6 of the Paris Agreement.

At the same time, several aspects of the regulatory framework may benefit from further clarification to ensure coherence, operational clarity, and long-term regulatory integrity.

(1) Scope, coverage, and consistency of regulation

The positioning of the Draft Decree within the broader regulatory architecture for carbon market development may require further clarification. In particular, clearer articulation may be needed regarding the relationship between mechanisms governing international transfers of mitigation outcomes and the emerging domestic carbon market framework. A number of aspects may warrant further consideration, including:

- The distinction between international exchange of mitigation outcomes and domestic carbon credit trading, particularly in relation to how mitigation outcomes may be allocated between domestic compliance purposes and international transfer.
- The extent to which the Draft Decree is fully aligned with:
 - the operational requirements of Article 6.2 cooperative approaches and the Article 6.4 mechanism, and
 - the broader domestic regulatory framework, including LEP 2020, Decree 06/2022, Decree 119/2025, and other emerging regulatory instruments such as the draft Forest Carbon Decree.
- The need to further clarify the subjects of application, including the roles and eligibility of domestic entities, international partners, and project developers participating in international carbon transactions.
- Opportunities to strengthen **integration and consistency with existing regulations**, particularly Decree 06 and Decree 119, in order to minimise potential regulatory overlap or fragmentation.

Enhancing coherence across these instruments could help provide a clearer legal foundation for the implementation of international carbon cooperation mechanisms.

(2) Definitions and technical terminology

A second area where further clarification may be beneficial relates to the definitions and technical terminology used in the Draft Decree. Given the technical nature of Article 6 mechanisms, consistent terminology is important to ensure uniform interpretation across implementing agencies, project developers, and international partners.

In this context, several key concepts could benefit from further refinement or clarification to ensure alignment with internationally recognised terminology and guidance adopted under the Paris Agreement. These include:

- ITMOs
- Corresponding adjustments
- Double counting
- Additionality and sustainability criteria
- Independent carbon standards and carbon standards

Greater conceptual clarity across these terms could help reduce potential inconsistencies between regulatory instruments and support more consistent implementation of Article 6 activities in practice.

(3) Enforcement, sanctions, and regulatory integrity

As the regulatory framework for international carbon cooperation evolves, provisions related to compliance and regulatory integrity may also require further elaboration. While the Draft Decree establishes the general framework for project approval, issuance, and transfer of mitigation outcomes, additional clarity may be beneficial regarding mechanisms to address implementation risks.

Areas that may warrant further development include:

- Procedures for addressing violations or non-compliance in project implementation or credit transactions.
- Possible sanctions, suspension, or revocation mechanisms applicable to projects or entities that do not comply with regulatory requirements.
- Processes for addressing situations such as misreporting of mitigation outcomes, credit invalidation, or fraud in carbon transactions.
- Mechanisms for managing disputes between domestic entities and international partners involved in Article 6 cooperation.

Further strengthening these aspects of the regulatory framework could help enhance transparency and regulatory credibility while ensuring that international carbon transactions remain consistent with Viet Nam's climate commitments and the environmental integrity principles of the Paris Agreement.

5.3 Institutional arrangements and governance

Effective implementation of Article 6 mechanisms requires clear institutional arrangements, well-defined roles among government entities, and coordinated procedures for project oversight,

accounting, and reporting. In Viet Nam, the institutional foundation for climate governance is already in place, with the Ministry of Agriculture and Environment (MAE), particularly the Department of Climate Change, playing a central role in developing policies related to greenhouse gas mitigation and carbon markets. Sectoral ministries and other government bodies are also expected to play important roles in facilitating mitigation activities within their respective sectors.

As the regulatory framework evolves toward operationalising international carbon market cooperation, further clarification of institutional responsibilities and coordination mechanisms may help support effective implementation.

(4) Institutional roles and inter-ministerial coordination

The implementation of Article 6 activities involves multiple ministries and agencies with responsibilities spanning climate policy, sectoral mitigation activities, financial management, and international cooperation. In this context, clearer delineation of roles and coordination mechanisms may help facilitate efficient implementation and avoid institutional overlap. In particular, aspects that may benefit from further clarification include:

- Institutional responsibilities for negotiating and concluding Article 6.2 cooperative agreements, including the lead role among relevant ministries.
- The respective roles of sectoral ministries, including the MOIT, the MOC, and the MOF, in areas such as technical oversight, sectoral policy alignment, and financial aspects of international carbon transactions.
- Coordination mechanisms between MAE and sector ministries in relation to:
 - project approval and technical review,
 - application of corresponding adjustments,
 - reporting of mitigation outcomes, and
 - cross-ministerial tracking of internationally transferred mitigation outcomes (ITMOs).
- The role of provincial authorities in facilitating project implementation, monitoring activities, and supporting local-level engagement.

Providing greater clarity on these institutional arrangements could help strengthen inter-ministerial coordination and support the effective governance of Article 6 cooperation.

(5) Procedures: complexity, overlap, and sequencing

In addition to institutional roles, the operational procedures associated with Article 6 activities may require careful coordination across multiple administrative processes. The Draft Decree outlines procedures related to project registration, issuance of mitigation outcomes, authorisation of international transfers, renewal of crediting periods, and other implementation steps.

As these procedures interact with existing legal frameworks governing investment and project development, further clarification may help ensure that administrative processes remain streamlined and consistent with other relevant legislation. Areas that may benefit from further elaboration include:

- The sequencing of procedures between the processes established under the Draft Decree and those required under related legislation, including the Law on Investment, the Law on Public-Private Partnership (PPP), and the Law on Public Investment.
- Clarification of administrative timelines and consultation processes, including the roles of relevant ministries and agencies during project review and approval.
- Greater transparency regarding the criteria and basis for technical assessments, consultations, and decision-making steps during project registration and authorisation.
- Clearer articulation of pathways related to validation, verification, and recognition of mitigation outcomes within the broader regulatory framework.

Ensuring that these procedures are clearly defined and well-coordinated across relevant regulatory instruments could help reduce administrative complexity and facilitate the effective implementation of Article 6 activities in practice.

5.4 MRV and accounting readiness

A robust system for MRV, together with transparent accounting procedures, is essential for ensuring the environmental integrity of international carbon market mechanisms under Article 6 of the Paris Agreement. Viet Nam has already established important components of a national MRV framework through its greenhouse gas inventory system and facility-level reporting obligations under the Law on Environmental Protection and related implementing regulations. These systems provide a foundation for tracking mitigation outcomes and supporting climate policy implementation.

As Viet Nam moves toward participation in international carbon market cooperation, additional technical and procedural elements may be required to ensure that mitigation outcomes transferred internationally are accurately accounted for and consistent with international transparency requirements.

(6) Corresponding adjustments and technical alignment with UNFCCC systems

One key aspect relates to the operationalisation of **corresponding adjustments (CA)**, which are required under Article 6 to ensure that mitigation outcomes transferred internationally are not counted toward more than one mitigation target. While the Draft Decree introduces the principle of corresponding adjustments, further clarification may be beneficial regarding the technical and institutional arrangements for their implementation. Areas that may warrant additional specification include:

- The technical procedures for applying corresponding adjustments, including how adjustments are calculated and recorded within national greenhouse gas accounting systems.
- Institutional responsibilities across relevant ministries for authorising and applying corresponding adjustments.
- Conditions under which international transfers may proceed in situations where progress toward NDC targets is uncertain or evolving.

- Mechanisms to ensure that double counting is effectively prevented, beyond the general principles set out in the Draft Decree.
- The alignment and interoperability between Viet Nam’s national systems and the international accounting and reporting architecture established under the UNFCCC for Article 6.2 and Article 6.4 mechanisms.

Clarifying these aspects could help ensure that internationally transferred mitigation outcomes are accounted for in a manner consistent with international transparency requirements.

(7) Roles of validation and verification bodies

Another important component of the MRV system concerns the role of validation and verification bodies responsible for assessing mitigation outcomes generated by projects. Clear procedures for recognising and overseeing these entities can help ensure the credibility and reliability of mitigation outcomes used in international carbon transactions.

In this regard, several aspects of the institutional framework for validation and verification may benefit from further clarification, including:

- Procedures for the recognition or accreditation of validation and verification bodies eligible to operate under the regulatory framework.
- The scope of responsibilities and professional standards expected of these entities when conducting validation and verification activities.
- Institutional arrangements for oversight and quality assurance of validation and verification processes.
- The liability framework applicable to validation and verification bodies in the event of errors, misreporting, or other irregularities.

Strengthening these elements could help ensure that MRV processes meet internationally recognised standards and support confidence in the environmental integrity of mitigation outcomes generated in Viet Nam.

(8) Non-adjusted transfers

A further area that may benefit from clarification concerns the treatment of mitigation outcomes that are transferred internationally without the application of corresponding adjustments. As Article 6 mechanisms allow for different types of mitigation outcomes and uses, clearer guidance may be helpful regarding the circumstances under which non-adjusted transfers may occur and how they interact with domestic climate policy objectives.

In particular, additional clarification may be useful regarding:

- The criteria or categories of mitigation activities for which corresponding adjustments may not be required.
- The relationship between such transfers and the integrity of Viet Nam’s NDC.
- How non-adjusted transfers may interact with the development of the domestic carbon market and other mitigation policies.

Providing greater clarity in this area could help ensure that international carbon transactions remain consistent with national climate objectives while maintaining transparency in the accounting of mitigation outcomes.

5.5 Registry and tracking infrastructure

A transparent and reliable registry system is a central component of any carbon market architecture. Registries serve as the digital infrastructure for recording, tracking, and managing mitigation outcomes and carbon credit transactions, ensuring that transfers are properly documented and that risks such as double counting or inconsistent reporting are avoided. Viet Nam is currently in the process of developing a national carbon registry as part of the broader infrastructure supporting the domestic carbon market and international carbon cooperation.

As the regulatory framework for Article 6 implementation evolves, further clarification of the institutional and technical aspects of the registry system may help ensure that it can effectively support both domestic carbon market operations and international transfers of mitigation outcomes.

(9) Registry, data transparency, and IT systems

In particular, several elements related to registry governance, data management, and technical infrastructure may benefit from further specification. These include:

- The institutional responsibilities associated with the operation and governance of the national carbon registry, including roles related to system administration, data management, and regulatory oversight.
- Rules governing data access, data sharing, and transparency, including the extent to which information related to projects, credit issuance, and transfers should be publicly accessible.
- Security requirements and data integrity safeguards necessary to ensure the reliability of registry records and protect against unauthorised system access or data manipulation.
- Mechanisms for cross-system data validation and synchronisation, particularly in relation to the interaction between Viet Nam's national registry and international systems associated with Article 6.2 cooperative approaches and the Article 6.4 mechanism.
- The underlying technical architecture of the registry system, including aspects such as data formats, system interfaces, and time-stamping protocols that may be required to facilitate interoperability between different registry platforms.

Clarifying these elements could help support the development of a registry system that is transparent, secure, and capable of facilitating both domestic carbon market operations and international carbon transactions under Article 6.

5.6 Private sector participation and investment environment

Private sector participation is expected to play a central role in the development of mitigation projects capable of generating carbon credits for both domestic and international carbon market mechanisms. In Viet Nam, interest in carbon market opportunities has been increasing across a range of sectors, including renewable energy, agriculture, waste management, industrial

decarbonisation, and emerging low-carbon technologies. As the regulatory framework for international carbon cooperation develops, ensuring a clear and predictable investment environment will be important to support project development and attract both domestic and international investment.

In this context, several elements of the enabling framework for private sector participation may benefit from further clarification, particularly in relation to financial arrangements, benefit-sharing mechanisms, and social safeguards associated with mitigation activities.

(10) Financial mechanisms, taxation, and benefit-sharing

International carbon transactions may involve a range of financial flows associated with the generation, transfer, and use of mitigation outcomes. Clear rules governing these aspects can help provide certainty for project developers, investors, and participating institutions. Several areas may benefit from further elaboration within the regulatory framework, including:

- The treatment of taxation and financial obligations associated with the transfer of carbon credits or mitigation outcomes.
- Possible fees or administrative charges related to project registration, authorisation, or transfer processes.
- Approaches for valuation of mitigation outcomes and carbon credits, particularly where transactions involve state assets or public investment.
- Mechanisms for the distribution of revenues generated from carbon credit transfers, including potential arrangements involving project developers, government entities, and other stakeholders.
- The relationship between carbon market revenues and national fiscal frameworks, including relevant provisions under the State Budget Law and regulations governing the management of public assets in projects involving state capital.

Greater clarity in these areas could help create a more predictable financial environment for carbon market activities while ensuring consistency with broader public finance regulations.

(11) Equity, safeguards, and community participation

In addition to financial considerations, the development of carbon market activities also raises broader questions related to environmental and social safeguards. Many mitigation projects—particularly in sectors such as forestry, agriculture, and land use—may involve local communities and require careful consideration of potential environmental and social impacts.

In this context, provisions related to safeguards and stakeholder engagement may benefit from further elaboration, including:

- Measures to ensure that mitigation projects respect the rights and interests of local communities, including ethnic minority groups where relevant.
- Approaches to benefit-sharing arrangements that allow local stakeholders to participate in and benefit from mitigation activities implemented in their areas.

- Procedures for evaluating the environmental and social sustainability of mitigation projects beyond their emission reduction performance.
- Alignment with international safeguard frameworks and good practices commonly applied in international carbon market mechanisms.

Strengthening these aspects of the regulatory framework could help ensure that the development of carbon market activities contributes not only to emission reductions but also to broader sustainable development objectives.

5.7 Strategic positioning in international carbon markets

Beyond the establishment of regulatory, institutional, and technical systems, participation in international carbon markets also involves broader strategic considerations. Countries engaging in Article 6 cooperation must balance opportunities for international mitigation partnerships with the need to safeguard the achievement of their Nationally Determined Contributions (NDCs) and long-term decarbonisation objectives. As Viet Nam continues to develop its domestic carbon market and climate policy architecture, the strategic positioning of the country within emerging international carbon markets may benefit from further articulation.

(12) Overarching political, legal, and market rationale

In this context, further clarification of the broader policy rationale and strategic objectives underpinning the Draft Decree could help support consistent implementation and stakeholder understanding. Several aspects may warrant further elaboration, including:

- The overall policy justification for establishing a dedicated regulatory framework for international carbon credit transfers at the current stage of carbon market development.
- The relationship between international carbon cooperation mechanisms and the development of Viet Nam's domestic carbon market, including how both systems are expected to evolve in parallel.
- An assessment of domestic market readiness and institutional capacity to support the implementation of Article 6 activities.
- The strategic role that international carbon cooperation is expected to play in supporting national mitigation priorities, technology transfer, and investment mobilisation.
- The broader legal and political context for advancing Article 6 cooperation, including how the Draft Decree complements existing climate policies and contributes to Viet Nam's long-term climate commitments.

Providing a clearer articulation of these strategic considerations could help strengthen policy coherence and provide greater certainty for government institutions, market participants, and international partners engaging in Article 6 cooperation with Viet Nam.

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 Key conclusions from the assessment

This report assessed Viet Nam's readiness for participation in international carbon markets through three complementary analyses: (i) a review of international experience with Article 6 mechanisms, (ii) an assessment of the current national policy and institutional framework, and (iii) a gap analysis of the **draft Government Decree on the international exchange of GHG emission mitigation outcomes and carbon credits (Decree on ITMOs)**.

The international review indicates that Article 6 mechanisms of the Paris Agreement are rapidly evolving, and countries preparing to participate in Article 6 cooperation are increasingly establishing national frameworks that combine regulatory clarity, robust accounting systems, and transparent institutional arrangements. These frameworks typically define clear procedures for authorising mitigation outcomes, establish national registries capable of tracking transfers, and integrate international carbon transactions with domestic climate policy instruments.

In the case of Viet Nam, the national policy framework already provides several key elements necessary for the development of carbon market mechanisms. Viet Nam has established a strong basis through the LEP 2020, Decree No. 06/2022, and its amendment Decree No. 119/2025. These laws and subsequent regulatory instruments have established the foundations for GHG inventory systems, mitigation planning, and the development of a domestic emissions trading system. These measures demonstrate a strong policy commitment to implementing the country's NDC and preparing for market-based mitigation instruments.

The draft **Decree on ITMOs** represents a critical step toward operationalising these policy objectives. The Decree introduces provisions governing international transfers under Article 6.2 and Article 6.4 of the Paris Agreement, establishes procedures for project registration and authorisation of international transfers, and defines the responsibilities of the MAE in implementing corresponding adjustments and managing the national registry system.

At the same time, the gap analysis conducted in this report highlights several areas where further clarification or strengthening may be required. These include the definition of institutional coordination mechanisms, the alignment of international transfer rules with the domestic carbon market, the development of detailed MRV and accounting procedures, and the analytical justification for the mitigation activity list and transfer limits specified in Appendix I.

Addressing these issues will be important to ensure that the future regulatory framework provides both environmental integrity and policy predictability.

6.2 Key recommendations

This section consolidates findings from the review of international approaches and the assessment of Viet Nam's domestic policy context. It presents considerations that may inform the design of the Article 6 framework, together with priority actions that could support early implementation.

6.2.1 Strategic considerations

Prior to finalizing the regulatory framework, several issues may warrant particular attention to support long-term functionality and market participation:

- **NDC safeguarding and fiscal exposure:** The transfer of ITMOs may need to be assessed against Viet Nam's domestic mitigation needs and NDC delivery trajectory. The framework could consider potential fiscal exposure associated with transferring low-cost mitigation outcomes, which may increase the marginal cost of achieving domestic targets in later periods.
- **Market credibility and environmental integrity:** Market participation is likely to depend on the perceived integrity of Viet Nam's authorization process and accounting arrangements. Key elements may include clear additionality requirements, safeguards against double counting, and transparent authorization and tracking procedures.
- **Technical interoperability:** Given the international nature of Article 6 transactions, Viet Nam's MRV and registry systems may need to be designed with interoperability in mind, including compatibility with UNFCCC reporting and tracking requirements as well as relevant international standards.

6.2.2 Priority recommendations

Based on the gap assessment of the proposed ITMO Decree and current institutional readiness, the following actions could be considered as near-term priorities:

6.2.2.1 Strengthen the regulatory foundation

- **Clarify the corresponding adjustment (CA) approach:** Technical guidance could be developed to specify the accounting approach, timing, and trigger points for applying corresponding adjustments. This may improve predictability for partner countries and market participants.
- **Improve alignment with sectoral regulations:** A review may be required to identify inconsistencies or overlaps between the ITMO Decree and other relevant legal instruments (including forest carbon service regulations). Options such as a streamlined administrative procedure (e.g., single-window processing) could be explored to reduce duplication for project developers.

6.2.2.2 Enhance institutional governance

- **Establish an inter-ministerial coordination mechanism:** An inter-agency governance arrangement with a defined mandate and Terms of Reference (ToR) could support decision-making on project eligibility and authorization of international transfers.
- **Develop Standard Operating Procedures (SOPs):** SOPs for the issuance of Letters of Authorization (LoAs) and related approvals could be formalized. Publishing process steps and indicative timelines may support transparency and reduce uncertainty for investors and developers.

6.2.2.3 Advance technical infrastructure

- **Accelerate development of a national carbon registry:** Priority could be given to developing a secure national registry capable of tracking issuance, transfers, and

retirements. Registry design may need to support traceability and reporting requirements under Article 6.

- **Standardize national MRV protocols:** Sector-specific baselines and standardized MRV methodologies (notably for energy and forestry) could be developed in line with requirements under Article 6.2 and Article 6.4, with the aim of improving consistency and reducing transaction costs.

6.2.2.4 Support strategic market engagement

- **Implement pilot transactions under existing cooperation frameworks:** Existing MoUs (e.g., Japan under JCM, Singapore) could be used to pilot Article 6 transactions. Pilot implementation may provide practical inputs to refine administrative procedures and technical systems.
- **Develop a grievance redress mechanism (GRM):** A formal mechanism for handling grievances related to credit ownership, stakeholder impacts, and safeguard-related concerns could be established. This may support risk management and alignment with international expectations on integrity and transparency.

Detailed operational arrangements and management instruments will be further elaborated in **Deliverable 3** of this technical assistance.

