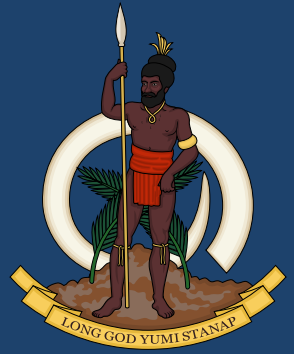


Vanuatu National Carbon Cooperation Framework





Vanuatu National Carbon Cooperation Framework

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DISCLAIMER

This National Carbon Cooperation Framework is prepared for the Vanuatu Government based on best available information and stakeholder consultations results gained between July 2023 and August 2024 and it is noted that underlying information used to prepare the National Carbon Cooperation Framework and results presented are subject to change.

Information and conclusions presented in this National Carbon Cooperation Framework may not necessarily represent those of the Regional Pacific NDC Hub and its implementing partners, including the implementing partners member states.

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FOREWORD

The Government of Vanuatu is committed to engaging in carbon cooperation with international partners, including in carbon market activities, as a way to ratchet up ambition on greenhouse gas emission reductions to slow the catastrophic effects of climate change being felt in our island communities. As such, these activities will be regulated to ensure that they meet our core climate and sustainable development interests and are conducted in a way that aligns with Vanuatu's cultural and environmental management contexts.

Vanuatu's Nationally Determined Contribution to the Paris Agreement is renown globally as one of the most ambitious and holistic, covering mitigation, adaptation and loss and damage targets. But in all cases, the means of implementation is lacking. Vanuatu requires not only additional funding to realise these goals, but also deeper partnerships to enable technology transfer and capacity building. In this context, carbon cooperation and investment is one approach to fulfil this gap, and take us closer to our goal of a Fossil Fuel Free Pacific.

Vanuatu sees significant potential to benefit from the additional investment that can be derived from international carbon markets and other forms of carbon cooperation. By both reducing emissions and increasing carbon sequestration capacity, investments in carbon can help support our adaptation, resilience building, energy access and security, livelihood diversification, and food and water security objectives.

The Framework addresses a range of Paris Agreement and voluntary carbon cooperation approaches, and covers all sectors from renewable energies to forest carbon and other nature based solutions. The Framework lays out the governance mechanisms that are aligned to the existing National Advisory Board on Climate Change & Disaster Risk Reduction, and ensures inclusive decision-making with the voices of civil society and the private sector.

This Framework provides an important overview of carbon market options, opportunities, risks, and priority actions which will help guide further policy development in Vanuatu and provide a basis for our interactions with new market and non market-based opportunities that support national mitigation and adaptation priorities.

Carbon cooperation is an additional rather than primary means to increase investment in sustainable development and must be carefully navigated by our national stakeholders. The Framework acknowledges that carbon cooperation activities involve risks that must be considered and evaluated against potential benefits. Government oversight and regulation are required to ensure Vanuatu can derive equitable benefits from the evolving international carbon cooperation ecosystems.

Vanuatu is ready to further engage in carbon markets and carbon cooperation, and wishes to explore all opportunities that our status as a net negative emissions country can bring to our people and our sustainable development.

Hon. John Salong
Minister of Climate Change



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ACKNOWLEDGEMENTS

The Government of Vanuatu expresses its gratitude to the Global Green Growth Institute (GGGI) and the Pacific NDC Hub for its efforts to develop this Carbon Framework alongside numerous individuals and organizations whose current work and experiences bring the richness and grounding required to move forward with carbon cooperation in this space.

Thanks to the Department of Energy, the United Nations Development Programme (UNDP), the Government of Switzerland and Subbarao Consulting for their outstanding efforts to design and implement Article 6.2 activities and guidance for Vanuatu.

Thanks to the Department of Forestry, the World Bank's Forest Carbon Partnership Facility (FCPF), the German Agency for International Cooperation (GIZ), the Pacific Community (SPC) and the Live and Learn Nakau Programme for their years of planning and implementation of REDD+ forest carbon cooperation in Vanuatu.

Thanks to members of the private sector, including Pacific Advisory, the Vanuatu Business Resilience Council and GEOobjects for their concrete proposals and recommended approaches to ensure that Vanuatu's carbon cooperation meets the highest standards of environmental integrity, and has the opportunity to generate significant revenues for sustainable development.

Thanks to the dedicated team at the Ministry of Climate Change for their commitment to address the complexities of carbon management, and leading the work to develop this comprehensive policy framework.

Additionally, grateful acknowledgement to Dr. Christopher Bartlett who synthesized the elements of carbon cooperation into the present Framework, and to Mr. Antony Pollack for his initial work on the Vanuatu Carbon Market Guide. Their essential support, guidance and insights into global best practices have significantly enriched the policy framework.

The Government of Vanuatu is appreciative of all inputs from national and international stakeholders that have supported the information gathering and consultations required to develop Vanuatu's first Carbon Framework, including community leaders, non-governmental organizations, and industry representatives, who provided critical feedback and on-the-ground perspectives. Their engagement and cooperation have ensured that the policy is not only robust and effective but also aligned with the unique needs and challenges of our communities. We are particularly grateful for the constructive dialogues and collaborative spirit that have characterized our interactions, which have been crucial in achieving a Framework that is both inclusive and actionable.

As Vanuatu moves forward with the implementation of this Framework, all stakeholders must remain committed to ongoing collaboration and continuous improvement, building on the foundation laid by the collective efforts of all contributors.



1.0

VANUATU'S COMMITMENT TO ADDRESS THE CLIMATE CRISIS

INTRODUCTION

Vanuatu is highly committed to tackling the underlying driver of climate change, namely the anthropogenic emissions of greenhouse gasses, as well as supporting ni-Vanuatu communities cope with the increasing impacts through expanded adaptation action and additional efforts to address climate loss & damage¹.

To demonstrate its ambitious commitment to the global goals of the Paris Agreement, Vanuatu revised and enhanced its Nationally Determined Contribution (NDC) in August 2022², and affirmed its national target to reduce business as usual (BAU) emissions in the electricity sub-sector by 100%³, as well as 12 other mitigation targets (see [Annex I](#)) in Energy (i.e., Energy Industries-Electricity; Generation/RE; Transport; Residential, Institutional and Commercial)⁴, Agriculture, Forestry and Other Land Use (i.e., Livestock), and Waste (i.e., Solid Waste and Wastewater), covering a range of Greenhouse gases (GHGs) including Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (NO₂)⁵. Vanuatu's climate commitments are fully conditional, and based on the availability of external finance, which has not yet been mobilised or provided at the scale required.

In planning the finance needs for Vanuatu's NDC achievement, the government has prioritised accessing a broad range of finance, including carbon markets as well as carbon finance⁶ from non-market approaches.

¹ <https://www.nab.vu/document/vanuatu-national-ccdr-policy-2022-2030-2nd-edition>

² <https://unfccc.int/sites/default/files/NDC/2022-08/Vanuatu%20NDC%20Revised%20and%20Enhanced.pdf>

³ Republic of Vanuatu aims to reduce total energy sector emissions by 30%: ~72 GgCO₂e by 2030. Those emissions totalled approximately 130 GgCO₂e in 2010 but are expected to rise to 240 GgCO₂e by 2030 (3% per year).

⁴ Vanuatu's energy targets would replace nearly all fossil fuel requirements for electricity generation in the country and be consistent with the National Energy Road Map (NERM) target of 65% renewable energy by 2020.

⁵ Vanuatu does not include all IPCC sectors, sub-sectors and categories. According to its national circumstances and its status as a small-island state, with limited technical, financial and skilled resources to collect, process and analyze data, Vanuatu has decided that at this time, other sources and sinks of emissions (most negligible for Vanuatu) would not be included in the NDC.

⁶ Carbon finance refers to finance mobilized from the use of carbon market based measures including participation in carbon markets without applying corresponding adjustments.

2.0

INTERNATIONAL CARBON AND CLIMATE COOPERATION

2.1 | GREENHOUSE GASSES AND CLIMATE MITIGATION

The 2023 Intergovernmental Panel on Climate Change's Sixth Assessment Report (AR6)⁷ finds that

“

"human activities, principally through emissions of greenhouse gases, have unequivocally caused global warming.... Global greenhouse gas emissions have continued to increase, with unequal historical and ongoing contributions arising from unsustainable energy use, land use and land-use change, lifestyles and patterns of consumption."

The IPCC's Special Report: Global Warming of 1.5 °C⁸ found that

“

"Impacts on natural and human systems from global warming have already been observed. Many land and ocean ecosystems and some of the services they provide have already changed due to global warming," and that "some impacts may be long-lasting or irreversible, such as the loss of some ecosystems."

As there is a direct relation between global average temperatures and the concentration of greenhouse gases in the atmosphere, an essential solution to the climate change problem rests in decreasing the amount of emissions released into the atmosphere and in reducing the current concentration of carbon dioxide (CO₂) by enhancing sinks (e.g. increasing the area of forests). Efforts to reduce emissions and enhance sinks are referred to as "mitigation".

Greenhouse gas mitigation activities can, when conducted in accordance with appropriate methodologies, reduce the amount of greenhouse gases that would normally be released into the atmosphere by:



REDUCING (REDUCTION)

The amount of greenhouse gases that would normally be released as pollution



AVOIDING (AVOIDED EMISSIONS)

The emission of greenhouse gases that would normally be released



CAPTURING (SEQUESTRATION)

Storing greenhouse gases already in the atmosphere to lock them away so that they can no longer contribute to greenhouse gas pollution

There are a number of greenhouse gasses, each with a different global warming potential¹⁰. For simplicity in accounting, the effect of performing carbon mitigation activities is often measured by converting the greenhouse effect severity of each individual gas into the equivalent amount of effect that would be caused if it was carbon dioxide gas, and are expressed as tonnes of CO₂e (Carbon dioxide equivalents). Most units involved in carbon markets and cooperation activities represent 1 tonne of CO₂e mitigation each.

⁷ https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf

⁸ <https://www.ipcc.ch/sr15/chapter/spm/>

⁹ <https://unfccc.int/topics/introduction-to-mitigation>

¹⁰ Chapter 7.SM [1] provides updated GWP values for relevant substances <https://www.ipcc.ch/report/sixth-assessment-report-working-group-ii/>

For comparative purposes one tree sequesters approximately 0.04 tonnes of CO₂ per year, while one automobile emits about 4.6 tonnes of CO₂ annually. A 400W solar panel saves around 0.39 tonnes of CO₂ per year, while one hectare of seagrass can sequester up to 83 tonnes of CO₂ annually.

Because greenhouse gas emissions are a form of pollution of the atmosphere, and as the atmosphere is shared across the planet, mitigation undertaken anywhere in the world can be counted against emissions produced anywhere in the world, even if the two events occurred far apart.

International cooperation in carbon markets facilitates the exchange of carbon credits between countries and entities, enabling them to meet their emission reduction targets collaboratively. These carbon markets may operate under frameworks such as the Paris Agreement, encouraging investment in emission reduction projects in developing countries while providing cost-effective compliance options for developed nations. In addition to regulated markets, the voluntary carbon market allows businesses and individuals to purchase carbon credits to offset their emissions, generating significant revenue potential for projects that sequester or avoid carbon emissions.

In all cases, international carbon cooperation enhances global efforts to mitigate climate change and leverages new, additional and diverse resources and capabilities across borders. Importantly for environmental integrity, once emissions are offset against a mitigation outcome, that unit must be retired, and thus never used or sold again (avoidance of double counting).

Participation in the new carbon economy requires offset procurers (buyers) and net carbon sequesterers (sellers). Legislation must be in place to enable trade in carbon commodity units, and for carbon offsets, abatement, and sequestration to be quantified, verified, and commodified. Quantification is the process of assessing how much carbon did not become an emission, in the given mitigation scenario. Verification is the process of checking some, or all, of the quantification claims that are asserted, to give assurance that carbon units are associated with real emissions reductions have been properly policed and are governed by the appropriate authorities. Commodification is the process by which an amount of carbon value is converted into a standard, tradeable fiscal commodity unit, such as a “carbon credit”. All three processes (quantification, verification, and commodification) must be practised reliably in order for the tradeable carbon units to have credibility and thus value in the international marketplace.

At the present time Vanuatu will consider all carbon cooperation proposals that meet key principles outlined in the Framework, Vanuatu does not have any negative list of sectors or activities excluded from carbon cooperation. However the Carbon Cooperation Steering Committee may, as data and information become available, create a negative list to flag activity types identified as having a high risk of overselling or other unacceptable impacts, are not visible in the national inventories, fall outside the NDC, violate or are non-compliant with Vanuatu's sustainable development goals or environmental and social safeguards. Inclusion on a potential future negative list may also help Vanuatu avoid replacing low cost or accessible mitigation activities with higher-cost ones to meet and enhance the ambition of its current NDC.

2.2 | THE PARIS AGREEMENT AND CARBON COOPERATION

To address climate change multilaterally, 196 Parties adopted The Paris Agreement¹¹ as a legally binding international treaty on climate change with an overarching goal to pursue efforts “to limit the temperature increase to 1.5°C above pre-industrial levels.”

Article 6¹² of the Paris Agreement clarifies, maintains and modifies the international carbon market and non-market instruments to unlock green investments for the collaborative achievement of Nationally Determined Contributions, increase private sector participation and contribute to the global mitigation goal to limit temperatures to 1.5°C.

Article 6 of the Paris Agreement replaces the older Clean Development Mechanism under the UNFCCC which enabled emission-reduction projects in developing countries through the issuance of certified emission reduction credits, which could be used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol. Vanuatu had one CDM project which is now ended¹³.

While some technical elements of the Article 6 guidance and rules remain under negotiation, there is already enough direction for Vanuatu to develop the current Framework, and work further to put in place the appropriate legal, policy, and institutional frameworks required.

Beyond multilateral processes, voluntary carbon markets (VCMs) are utilised across the world and are based on decentralised systems of carbon offsetting, through a seller (that reduces or removes emissions to accumulate carbon credits) and a buyer (who is attempting to become net-zero or carbon neutral but are unable to eliminate excess emissions due to cost or technology limitations, and acquires credits to voluntarily offset their carbon footprint). This type of carbon cooperation is considered “voluntary” in the sense that the use of carbon credits for reducing emissions is not legally required or regulated.

¹¹ <https://unfccc.int/process-and-meetings/the-paris-agreement>

¹² <https://unfccc.int/process/the-paris-agreement/cooperative-implementation>

¹³ <https://cdm.unfccc.int/ProgrammeOfActivities/Validation/DB/8BKLMUAT1G84R85S48ACQO2WEHPXIV/view.html>

3.0

DOMESTIC CARBON COOPERATION TARGETS

DOMESTIC CARBON COOPERATION TARGETS

Vanuatu's highest level development policy "Vanuatu 2030, The People's Plan: National Sustainable Development Plan 2016 to 2030"¹⁴ includes carbon cooperation relevant goals such as:

SOC 1.7	Safeguard the traditional economy as a valued means of contributing to the wellbeing of the population and complementing the formal economy
ENV 2.1	Increase access to knowledge, expertise and technology to enact our blue-green growth strategies
ENV 2.3	Promote renewable sources of energy and promote efficient energy use
ENV 2.6	Ensure adequate financial resources to support our sustainable development aspirations
ENV 4.2	Protect vulnerable forests, watersheds, catchments and freshwater resources, including community water sources
ENV 3.4	Promote and ensure strengthened resilience and adaptive capacity to climate related, natural and man-made hazards
ENV 3.5	Access available financing for climate change adaptation and disaster risk management
ENV 4.3	Prevent land degradation
ENV 4.5	Reduce and prevent the degradation and erosion of foreshore and coastal areas
ENV 4.6	Reduce deforestation and ensure rehabilitation and reforestation is commonplace
ENV 4.7	Build capacity and support local communities to manage natural resources
ENV 5.2	Create and manage conservation and protected areas
ENV 5.6	Enhance environmental monitoring, evaluation and research with relevant, open and transparent data sharing among relevant agencies
ECO 1.2	Improve government revenue generation
ECO 1.3	Ensure public debt is sustainably managed and finances are directed towards projects with positive economic returns
ECO 1.4	Increase trade and investment opportunities and reduce barriers
ECO 1.5	Increase access to markets for Vanuatu exports
ECO 1.7	Stimulate economic diversification to spread the benefits of growth and increase economic stability
ECO 2.1	Increase access to safe, reliable and affordable modern energy services for all that are increasingly generated from renewable sources and reduce reliance on imported fossil fuels
ECO 4.1	Create an improved business environment with a stable regulatory framework, which promotes competition, protects consumers, attracts investment, and reduces the costs of doing business
ECO 4.3	Increase production and processing of niche commodities, and value addition to commodities in which Vanuatu enjoys a comparative advantage
ECO 4.9	Strengthen dialogue between government and the private sector, and enact a robust governance framework for effective partnerships

¹⁴ <https://www.gov.vu/images/publications/Vanuatu2030-EN-FINAL-sf.pdf>

SOCIETY PILLAR		ENVIRONMENT PILLAR		ECONOMY PILLAR	
SOC 1	Vibrant cultural identity	ENV 1	Food and Nutrition Security	ECO 1	Stable and Equitable Growth
SOC 2	Quality Education	ENV 2	Blue-Green Economic Growth	ECO 2	Improve Infrastructure
SOC 3	Quality Health Care	ENV 3	Climate and Disaster Resilience	ECO 3	Strengthen Rural Communities
SOC 4	Social Inclusion	ENV 4	Natural Resource Management	ECO 4	Create jobs and business opportunities
SOC 5	Security, Peace and Justice	ENV 5	Ecosystems and Biodiversity		
SOC 6	Strong and Effective Institutions				

Figure 1: Article 6 Accounting for the Transferring Country

Of particular importance to Vanuatu, as outlined in the NSDP, is the goal to access new and financing for climate action, which is currently hampered at all levels and in all sectors by a severe lack of means of implementation.

<div>ENV 3.5</div> <div>Access available financing for climate change adaptation and disaster risk management</div> <div>13.a 13.a.1 (R) (Tier 3)</div>	<div>ENV 3.5.1</div> <div>Proportion of annual spending on climate change adaptation and disaster risk management funded with budget support from donor partners to the government</div>	50% of NAB-endorsed project funding is channelled through government systems
	<div>ENV 3.5.2</div> <div>Number of climate and disaster finance funds to which Vanuatu is formally accredited</div>	Vanuatu is accredited to at least two climate and disaster finance funds, the Adaptation Fund and the Green Climate Fund
	<div>ENV 3.5.3</div> <div>Amount of climate and disaster finance used for community programs and activities through external support</div>	VT10 Billion of external climate and disaster finance used for community programs and activities

Vanuatu’s Nationally Determined Contribution to the Paris Agreement includes activity-based mitigation targets, sectoral and policy targets in key sectors, including emissions reduction in some sub-sectors. With implementation of these mitigation measures outlined under the enhanced NDC, the total GHG emissions from all the mitigation sectors is expected to be around 550.32 Gg CO2e in 2025 and around 524.33 Gg CO2e by 2030 (which is approximately 12.5% less than the estimated total GHG emissions form in the BAU Scenario). See [Annex I](#) for details on NDC targets in various sectors.

According to Vanuatu’s National Climate Finance Review¹⁵ and Vanuatu’s draft Nationally Designated Authority NDA Project Development Handbook, from 2010-2014 an estimated US\$ 50 million in grant finance was allocated to Vanuatu with an additional US\$ 150 million allocated through ODA that included climate change as a “significant” but not primary objective. Of the US\$ 50 million in grants to Vanuatu for climate change, US\$ 28 million (57%) was for mitigation, US\$ 20 million (40%) was for adaptation, and US\$ 1.4 million (3%) was for cross-cutting projects.

Between 2013-2017, an estimated US\$ 200 million was committed for climate investments in Vanuatu, with US\$ 178 million (89%) for adaptation, US\$ 18 million (9%) for mitigation, and US\$ 4 million (2%) for cross-cutting projects¹⁶. Most of this climate finance (56%) went towards infrastructure-related investments post-Cyclone Pam (e.g., climate proofing of major roads and wharfs), environment (27% e.g., agriculture, water, biodiversity, conservation), and energy (8%). Multilateral channels accounted for most of the finance (63%), nearly double what bilateral channels provided (37%). Instruments utilised were primarily concessional loans with some grants and technical support.

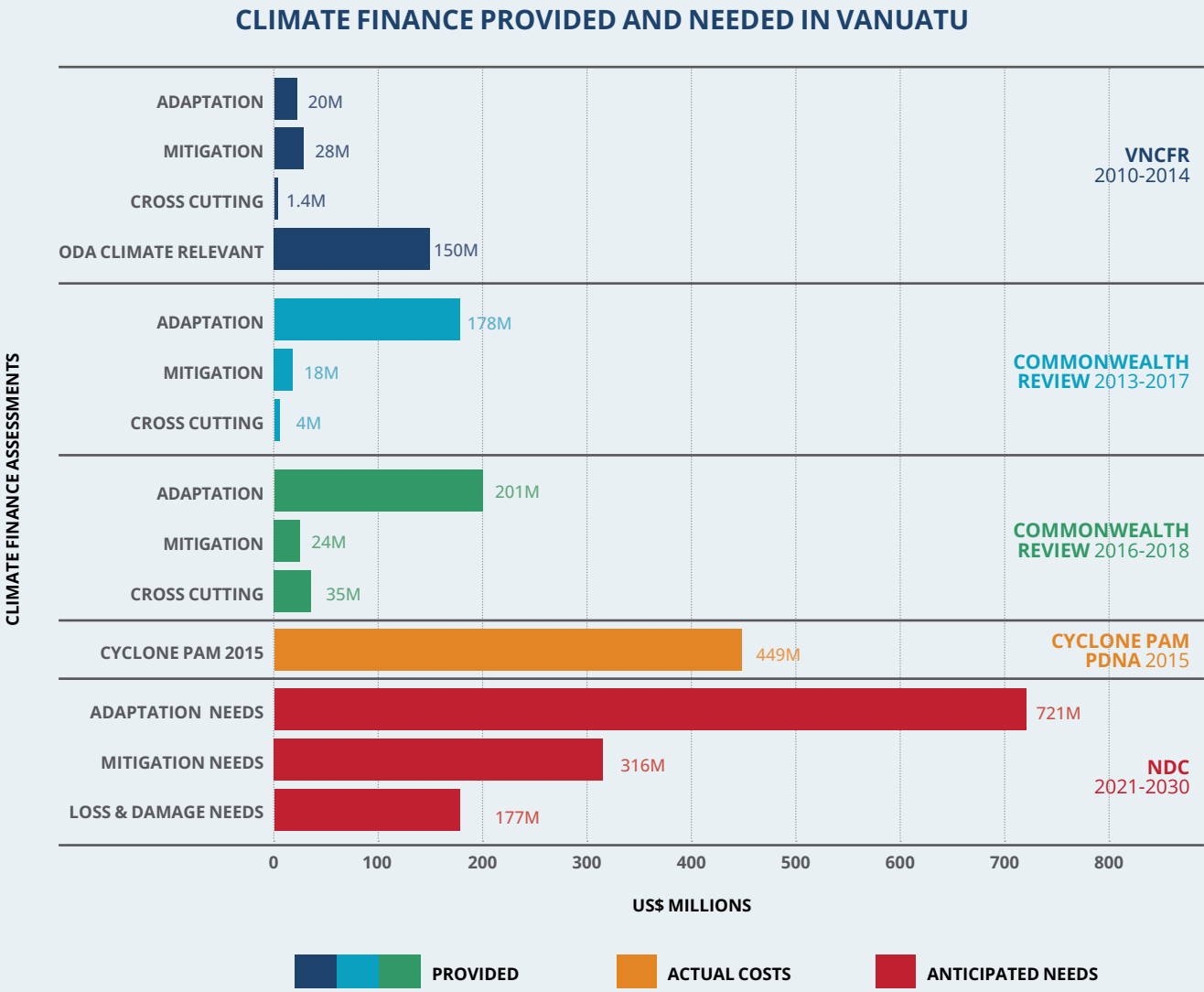


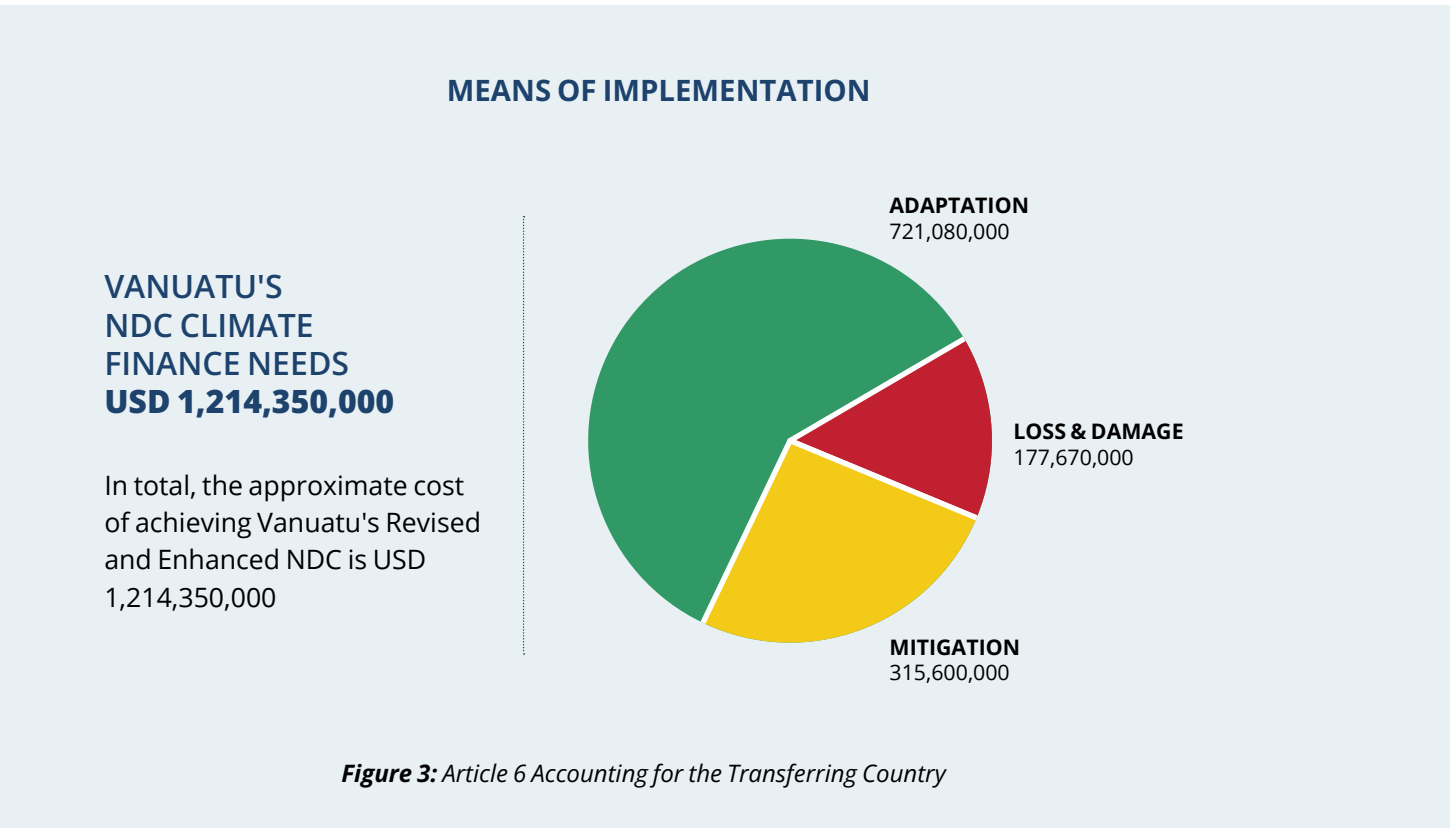
Figure 2: Article 6 Accounting for the Transferring Country

¹⁵ https://www.pacificclimatechange.net/sites/default/files/documents/Vanuatu_2018%20-%20Climate%20Change%20Finance%20Review%20Report.pdf
¹⁶ <https://mediamanager.sei.org/documents/Publications/Climate/SEI-WP-2017-04/SEI-WP-2017-04-Pacific-climate-finance-flows-FM.pdf>

The Commonwealth Secretariat's Assessment of Vulnerable Sectors in Vanuatu¹⁷ estimated figures of climate finance received between 2016- 2018 of US\$ 259 million, with US\$ 201 million (77%) for adaptation, US\$ 24 million (9%) for mitigation, and US\$ 35million (14%) for cross-cutting projects. They found that Multilateral channels (e.g., GEF, LDCF, WB, EDF) accounted for most of the finance provided, followed by bilateral channels (e.g., Australia, New Zealand, France, Canada).

Vanuatu's Revised and Enhanced Nationally Determined Contribution to the UNFCCC¹⁸ calculated the costs of meeting its 144 climate targets at over US\$1.2 billion through 2030, made up of conditional mitigation targets estimated to cost USD 315,600,000, conditional adaptation targets estimated to cost USD 721,080,000 and loss and damage targets estimated to cost USD 177,670,000.

In the context of mounting climate losses and damages, the amount and scope of climate and disaster finance does not even match a small percentage of the need. Substantial scaling up of finance for all of Vanuatu's climate action and sustainable development priorities is required.



Vanuatu's 2021 revised and enhanced Nationally Determined Contribution to the Paris Agreement NDC sets the priority mitigation targets and outlines the key sectors and activities See [Annex I](#) which require new and additional finance, technology and capacity development support, including through carbon cooperation. In addition, Vanuatu's REDD+ Strategy highlights priority activities for forest carbon cooperation See [Annex I](#) and Vanuatu's updated National Energy Road Map 2016-2030¹⁹ includes updated targets and initiatives to enable affordable electricity as well as to promote renewable energy and energy efficiency.

Vanuatu's Low Emissions Development Strategy²⁰ indicates that Vanuatu is already net negative emissions as the country's large forest area removes more than 10 times the greenhouse gas (GHG) emissions generated from human activity.

¹⁷ <https://www.thecommonwealth-ilibrary.org/index.php/comsec/catalog/book/985>
¹⁸ <https://unfccc.int/documents/578782>
¹⁹ <https://www.nab.vu/sites/default/files/documents/NERM2016-30.compressed.pdf>
²⁰ <https://unfccc.int/documents/628243>

The guiding vision for the Vanuatu LEDS is to “reduce emission across all sectors in a way that supports resilient, sustainable, and equitable growth for its people”.

Vanuatu's LEDS provides sector by sector review of alignment with the vision for reduced emissions mitigation, resilience, and adaptation. It assists mainstreaming of emissions mitigation and adaptation in key sectors like energy, transport, waste management, livestock, forestry and agriculture and water and health, while identifying new and complementary actions those outlined in short- and medium-term policies and development strategies.

The following table includes a non-exhaustive list of strategies and policies in Vanuatu that relate to carbon markets and carbon cooperation.

TITLE	DESCRIPTION
Long-term low emission development strategy (LEDS) 2022	Moves Vanuatu from BAU to low emission pathway by 2050 to meet Paris Agreement obligation to formulate and communicate a long-term low GHG emission development strategy.
Vanuatu's Revised and En-hanced 1st Nationally Deter-mined Contribution 2021-2030	Communicates the actions Vanuatu will take to reduce its GHG emissions to reach the goals of the Paris Agreement in the energy, agriculture, forestry and other land use, and waste sectors.
Vanuatu Climate Change and Disaster Risk Reduction Policy 2022 – 2030	Vanuatu's national climate change and disaster risk reduction policy articulates its vision, principles, strategic goals, priorities and strategies for climate change and disaster risk reduction.
Third National Communication to the UNFCCC	Describes national GHG inventories: measures, actions and strategies to reduce GHGs and adapt to climate change impacts.
National Forest Policy Statement from the National Forest Policy 2013-2023	<ul style="list-style-type: none">» Strictly prohibit the commercial conversion of natural forest to forest plantations including for forest carbon schemes» Entrust, strengthen and build institutional capacity of the DNA as responsible party for forest carbon projects (NAB)» Regulate forest carbon rights and their transfer» Regulate forest plantations for carbon credits» Assess value of Community Carbon Credit Schemes» Develop national REDD+ initiative, policies, strategies and legislation with governance structures» Prioritize REDD+ mechanisms where additionality can be verified, and economic returns are maximized» Encourage international investment in forest carbon projects
National REDD+ Strategy of Vanuatu	Dense forests with the highest conservation values could be prioritized for forest carbon market projects. Consult with and promote NGO voluntary carbon market projects as a priority. An active role for the private sector and CSOs in developing initiatives to restore or maintain forest carbon that can nest into, support implementation of, and finance the National REDD+ Strategy. ²¹
Submission on Matters Relating to Article 6 of the Paris Agreement – Article 6 Paragraph 2, Government of the Republic of Vanuatu	Sets out Vanuatu's view on Article 6.2 of securing additional abatement and resources for adaptation needs, capacity building and institutional strengthening, support to enable voluntary market mechanisms, and recognizing that the challenges in terms of capacity and national systems to support implementation.

²¹ Nakau's Loru Forest Project, a jurisdictional project addressing forest loss on Erromango, blue carbon projects in the VCM operating on Epi, Malekula, and other islands, and an agroforestry project on Malekula, operating in partnership with private sector and impact investors are examples.


Article 6, paragraph 2, Initial Report (AIR), referred to in Decision 2/CMA.3, Annex, Chapter IV.A. In respect of ITMOs Authorization from the Cooperative Approach between the Republic of Vanuatu and the Swiss Confederation, Republic of Vanuatu

Outlines Vanuatu's cooperative approach under Article 6.2 which is the "Electrification of Vanuatu's Inhabited Islands through Solar Power ITMO Program" to help contribute to the achievement of its NDC target of a 72 GgCO₂e reduction by 2030. Vanuatu has adopted a single-year target approach to 2030, including updates on 2025 targets. For each authorized ITMO project, 5% of verified ITMOs will be withheld by the government into a buffer account so that it may potentially use these credits towards its own NDC compliance or OMGE.

Policy Objective 5.3 of the National Gender Equality Policy 2020-2030: To nurture community-owned and locally led solutions to resilience building

Priority Action 5.3.2: Fund and support women-led initiatives that contribute towards low carbon growth and adaptation strategies in food, water, health and energy security. Targets 2020-2024: Women-led initiatives on low carbon growth and adaptation strategies funded and implemented by government and non-government partners by 2024.

Source: T Pollack, Carbon Markets Guide for Vanuatu 2024



4.0

OBJECTIVES
OF THE
FRAMEWORK

FRAMEWORK PURPOSE

Vanuatu aspires to leverage international carbon cooperation opportunities to attract international finance for the achievement of mitigation outcomes, and use these resources to finance climate action, sustainable development and the just transition towards a fossil fuel free future²².

In Vanuatu's NDC, the Government has recognised the potential for international market-based cooperation, and other cooperative programmes with others nations, as a means to support long term decarbonisation, expand emissions reduction activities, expedite technology development and transfer, increase financial flows, and support capacity building. These cooperative approaches, and resulting financial flows, can be used for Vanuatu's sectors and targets that are conditional in the NDC, as well as for desired activities which not achievable with the means currently available.

This Carbon Market and Carbon Cooperation Framework is intended to support NDC implementation by consolidating and providing policy guidance on how Vanuatu intends to pursue carbon market and carbon cooperation initiatives. The Framework achieves this by clarifying and synthesizing institutional arrangements, general guidelines and procedures in response to market participants' and investors' interest in Vanuatu carbon-related opportunities. The Framework links existing activities on carbon market and carbon pricing initiatives which are already underway, and places due consideration on Article 6.2, Article 6.4 and Article 6.8 of the Paris Agreement as well as voluntary carbon trading schemes in Vanuatu.

The premise of carbon cooperation in Vanuatu rests on the nation's status as a net carbon sink, absorbing more carbon dioxide than it produces, thus freely providing a critical environmental service to carbon emitting countries and entities around the world. It is therefore possible and desirable for Vanuatu to monetise these benefits and fill the growing gaps in finance, technology and capacity required to fulfil national climate targets and sustainable development aspirations. International carbon cooperation opportunities essentially take advantage of Vanuatu as a "host" of carbon sequestration, as the nation has significant opportunities to reduce emissions in the short term but without resources to quickly undertake the required reductions and the interest of international emitting "partners" who have financial resources but limited short-term opportunities to meet their own mitigation commitments.

By creating new sources of revenue through global carbon markets and international carbon cooperation, this Framework ensures Vanuatu will be able to take full advantage of the growing carbon industry before the sunrise window closes, leverage local public and private expertise, attract new investment, bring confidence to the market through policy certainty and transparency, and guide decision-making towards a streamlined and comprehensive approach to achieving overall mitigation in global emissions and a slowing of runaway climate change. While there are inherent risks in any international cooperation endeavor, the opportunity to engage in a well-managed and regulated carbon industry is now available to Vanuatu.

The Framework seeks to take advantage of these opportunities and fulfil the following objectives:

1



Establish the enabling conditions for Vanuatu to engage effectively and meaningfully in carbon cooperation programmes, providing a set of guiding principles, approaches and outlining more detailed decisions, mandates, and instructions required in the future.

2



Mobilize new and additional climate finance through carbon cooperation, technology and capacity, as a means to support Vanuatu's long term decarbonisation and resilient development.

3



Establish carbon market-oriented and non-market approaches, enabling foreign direct investment, domestic leveraging, private and state-owned enterprise identification and investment in new climate-relevant services, products and opportunities in Vanuatu.

4



Support implementation of Vanuatu's Nationally Determined Contributions (NDC) and greenhouse gas (GHG) reduction targets by stimulating action in specific sectors and for specific decarbonisation activities and technologies.

5



Provide guidance to ministries, agencies, civil society, the private sector and resource owners in Vanuatu which may be involved in the identification, promotion, or approval of carbon market and cooperation activities

6



Translate the principles, obligations and procedures of Article 6 of the Paris Agreement into practical policy and strategic and operational information for project owners, activity developers, service providers, & participating parties

7



Facilitate the fulfilment of international requirements as well as reflect the national objectives and strategy for participation in Article 6 of the UNFCCC

8



Introduce an efficient and legitimate national mechanism for carbon cooperation engagements by establishing:

- » Policy interlinkages between Vanuatu's NDC, Article 6 cooperative approaches, and voluntary approaches.
- » Governance arrangements for decision-making, mitigation activity approval procedures and institutional arrangements that support carbon transactions and cooperation.
- » Criteria and eligibility of mitigation activities, methodology, independent assessment, and fees.
- » Carbon Accounting and Reporting infrastructure, including carbon registry maintenance and corresponding adjustment application.
- » Entry points, roles and responsibilities for engaging in carbon cooperation in Vanuatu.
- » Safeguard and grievance mechanisms to ensure the interests of carbon property rights holders are protected and upheld.

²² www.VanuatuCJ.com/call

5.0

INTEGRITY IN CARBON COOPERATION

INTEGRITY IN CARBON COOPERATION

In achieving the objectives of this Framework, Vanuatu will ensure carbon co-operators strictly adhere to best-practice science-based principles such that activities yield real, high-quality, measurable and verifiable climate mitigation outcomes, while safeguarding Vanuatu's human and natural resources, and keeping us on a pathway aligned with the 1.5°C limit²³.

There is a risk, as evidenced recently in other Pacific island countries, that climate cooperation - if not well regulated - may generate potentially perverse incentives to prioritize short-term economic gains from international crediting over long-term decarbonisation and the ambition of the NDC. Carbon cooperation, must not undermine the Paris Agreement by creating mitigation outcomes that fail to represent real and additional emission reductions and removals (ERRs). Accurate greenhouse gas (GHG) accounting across the full value chain of carbon credits and avoiding perceptions of misleading claims of how credits are used, will be increasingly important to the integrity of carbon markets. This requires that emission reductions and removals underpinning carbon credits are real, measurable, additional, and permanent, and avoid double counting and leakage. Recent global issues related to the poor quality of offset credits in the voluntary carbon market, requires national coordination and regulation of carbon cooperation activities and the resulting mitigation outcomes.

To maintain the highest levels of integrity, Vanuatu carbon cooperation programmes shall adhere to the internationally recognized Core Carbon Principles²⁴ including:

1. **Effective governance:** have effective program governance to ensure transparency, accountability, inclusivity, continuous improvement and the overall quality of mitigation outcomes.
2. **Tracking:** make use of a registry to uniquely identify, record and track mitigation activities and units issued to ensure mitigation outcomes can be identified securely and unambiguously.
3. **Transparency:** provide comprehensive and transparent information on all cooperative mitigation activities, in a publicly available and electronic format, to enable scrutiny of mitigation activities.
4. **Robust independent third-party validation and verification:** have program-level requirements for robust independent third-party validation and verification of mitigation outcomes.
5. **Additionality:** ensure that greenhouse gas (GHG) emission reductions or removals from mitigation activities shall be additional, i.e., they would not have occurred in the absence of the incentive created by carbon cooperation
6. **Permanence:** ensure that GHG emission reductions or removals from the mitigation activities shall be permanent or, where there is a risk of reversal, there shall be measures in place to address those risks and compensate reversals.
7. **Robust quantification of emission reductions and removals:** ensure that the GHG emission reductions or removals from mitigation activities shall be robustly quantified, based on conservative approaches, completeness and scientific methods.
8. **No double-counting:** ensure that the GHG emission reductions or removals from the mitigation activities shall not be double counted, i.e., they shall only be counted once towards achieving mitigation targets or goals. Double counting covers double issuance, double claiming, and double use.

²³ A corresponding adjustment is an adjustment in national carbon accounting to reconcile mitigation outcomes imported and exported. A selling/exporting country must add back to its inventory the volume of mitigation outcomes sold/transferred and an importing country that uses the mitigation outcomes for its NDC achievement to subtract the exact same amount from its NDC balance.

²⁴ The Core Carbon Principles: <https://icvcm.org/core-carbon-principles/>

9. **Sustainable development benefits and safeguards:** ensure that design, approval, authorisation and implementation of carbon cooperation programs shall have clear guidance, tools and compliance procedures to ensure mitigation activities conform with or go beyond widely established industry best practices on social and environmental safeguards while delivering positive and equitable economic, sustainable development impacts (See [Annex VII](#)).
10. **Contribution toward net zero transition:** avoid locking-in levels of GHG emissions, technologies or carbon-intensive practices that are incompatible with the Vanuatu's fossil fuel free future objective, or the 1.5°C limit set in the Paris Agreement.

Additionally, Vanuatu carbon cooperation programmes shall:

11. **Sustainability and Inclusivity:** Recognize that the resilience of Vanuatu is intrinsically linked with the natural environment, and that depletion of these resources undermines both human rights and economic development. Carbon cooperation must ensure the restoration of ecosystems while developing extended producer responsibility and green supply chains, procurement and technological innovation in ways that meaningfully include and respect women, youth, the elderly, people with disabilities, customary authorities, LGBTQIA+ individuals, and local communities.
12. **Multi-sectoral approaches:** Ensure that initiatives are not siloed in single sectors, but seek to engage horizontally for more holistic outcomes beyond carbon sequestration
13. **Multilateral partnerships:** Collaborate as appropriate and feasible, with regional and international partners, the private sector, international organisations, academic organisations, development partners and non-government organizations (NGOs).
14. **Polluter Pays Principle:** Apply the internationally recognized polluter pays principle in the implementation of initiatives, placing the costs and other burdens on those seeking emission offsets and not Vanuatu carbon sequesterers.
15. **Inter-and Intra-generational equity:** Operationalise the principles of inter-generational and intra-generational equity to safeguard the country's natural assets for both current and future generations, recognising the diversity of needs and access opportunities, goods, services and privileges.
16. **Recognition of the Customary Landowners:** Improve and enhance the existing customary stewardship of natural resources, including by enabling social and cultural practices, and promoting Vanuatu's cultural approaches to land, property and carbon management. The Framework includes information, policy alignment and step by step guidance on the following elements of Vanuatu's market and non-market carbon cooperation contexts, as organized by activities related to Article 6 of the Paris Agreement, as well as voluntary carbon markets.

6.0

ELEMENTS OF THE FRAMEWORK

ELEMENTS OF THE FRAMEWORK

- 1. **Article 6.2:** Allows Vanuatu to exchange mitigation outcomes bilaterally and to report their trade and use towards their nationally determined contributions (NDCs). The system operates under bi or plurilateral governance.
- 2. **Article 6.4:** Establishes a new UNFCCC mechanism for the validation, verification and issuance of high-quality carbon credits. The system operates under the governance of the Conference of the Parties to the UNFCCC.
- 3. **Article 6.8:** Provides opportunities for Vanuatu to cooperate towards the achievement of its NDCs without relying on carbon markets. The system operates under domestic governance.
- 4. **REDD+:** Provides clarity on forest carbon cooperation through Vanuatu’s nested jurisdictional approaches, including a centralised REDD+ mechanism and project and are-based activities.
- 5. **Voluntary Carbon Markets:** Facilitate emissions reductions by individuals, companies, or organizations which cannot completely reduce their GHG footprint, by enabling the transfer of verifiable and certified credits from host communities. The system operates under arrangements between buyers and sellers of credits, often through intermediaries and international certifiers.

Across these core elements and annexes, the Framework attempts to clarify, in the context of Vanuatu,

- » Establishment of acceptable carbon cooperation approaches
- » Processes for determining eligible activities
- » Approval of carbon cooperation activities
- » Processes for the issue and verification of mitigation outcomes
- » Authorization of use and transfers of mitigation outcomes
- » Process for managing the tracking, measurement, reporting, and verification of mitigation outcomes
- » Application of corresponding adjustments, cancellations or expiry of mitigation outcomes
- » Processes for integrating Article 6 reporting and accounting in the national system for the UNFCCC reporting
- » Provisions for non-compliance of different actors in the carbon activity generation cycle
- » Provisions for benefit sharing with carbon rights holders
- » Governance arrangements and entry points for different stakeholders

7.0

ARTICLE 6 OF THE PARIS AGREEMENT



ARTICLE 6 OF THE PARIS AGREEMENT

7.1 | MULTIPLE OPTIONS FOR CARBON COOPERATION IN THE PARIS AGREEMENT

Article 6 of the Paris Agreement recognizes that countries may cooperate voluntarily in the implementation of their NDCs more effectively than they could on their own, and thus accelerates progress towards limiting global warming to 1.5 degrees Celsius.

The provisions in Article 6 allow Parties to authorize and internationally transfer mitigation outcomes for use toward a purchasing party's NDC achievement or for other mitigation purposes. Critically, Article 6 emphasizes environmental integrity and the avoidance of double counting in the transfer of emission reductions.

The Article 6 decisions and rulebook detail a set of tools and mechanisms, such as cooperative approaches and the transfer of Internationally Transferrable Mitigation Outcomes (ITMOs) that can stimulate investments into mitigation activities and NDC implementation.

This article includes provisions for a market-based mechanism (Article 6.2) and a non-market approach (Article 6.8), allowing for flexibility in how countries can reduce emissions and promote sustainable development. The article also creates a new centralized system for trading emission reductions (Article 6.4), overseen by a supervisory body, to ensure standardized and transparent transactions.

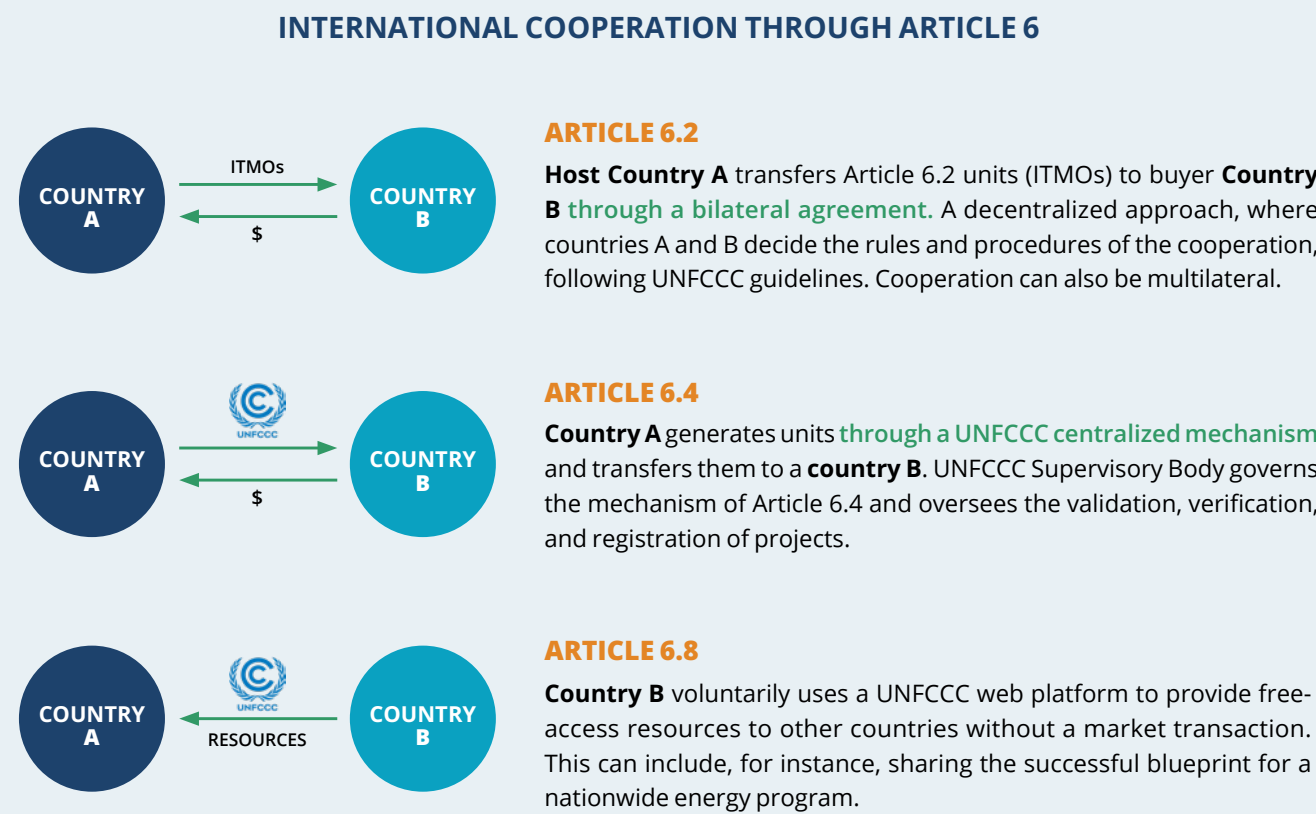


Figure 4: International Cooperation through Article 6

As the Paris Agreement is a Party-driven process, the Government, through an Authorizing Entity (AE) shall provide approval/authorization to project participants in all Article 6 activities which will be counted towards a Party NDC (Vanuatu NDC or another country's NDC). Vanuatu plans to meet this requirement by issuing a Letter of Approval (LoA), confirming that the project activity contributes to sustainable development, that Vanuatu has ratified the Paris Agreement, that participation in Article 6 mechanism and other carbon cooperation approaches is voluntary, and that corresponding adjustments will be made to Vanuatu's NDC achievement reporting.

This Framework stipulates that the Government, through a carbon oversight steering committee, shall regulate all carbon cooperation activities in Vanuatu, including for Article 6 activities and beyond, ensuring adequate coordination, and enabling the long-term support of initiatives for successful outcomes. Not all of Vanuatu's carbon cooperation activities will be counted towards our NDC or require a corresponding adjustment to our greenhouse gas emissions reports.

At the United Nations Framework Convention on Climate Change (UNFCCC) 26th Conference of the Parties (COP26) in November 2021, parties to the Paris Agreement adopted guidance on cooperative approaches referred to in Article 6.2²⁵, ²⁶, and rules, modalities, and procedures for the mechanism established in Article 6.4²⁷, ²⁸ including host country participation requirements²⁹.

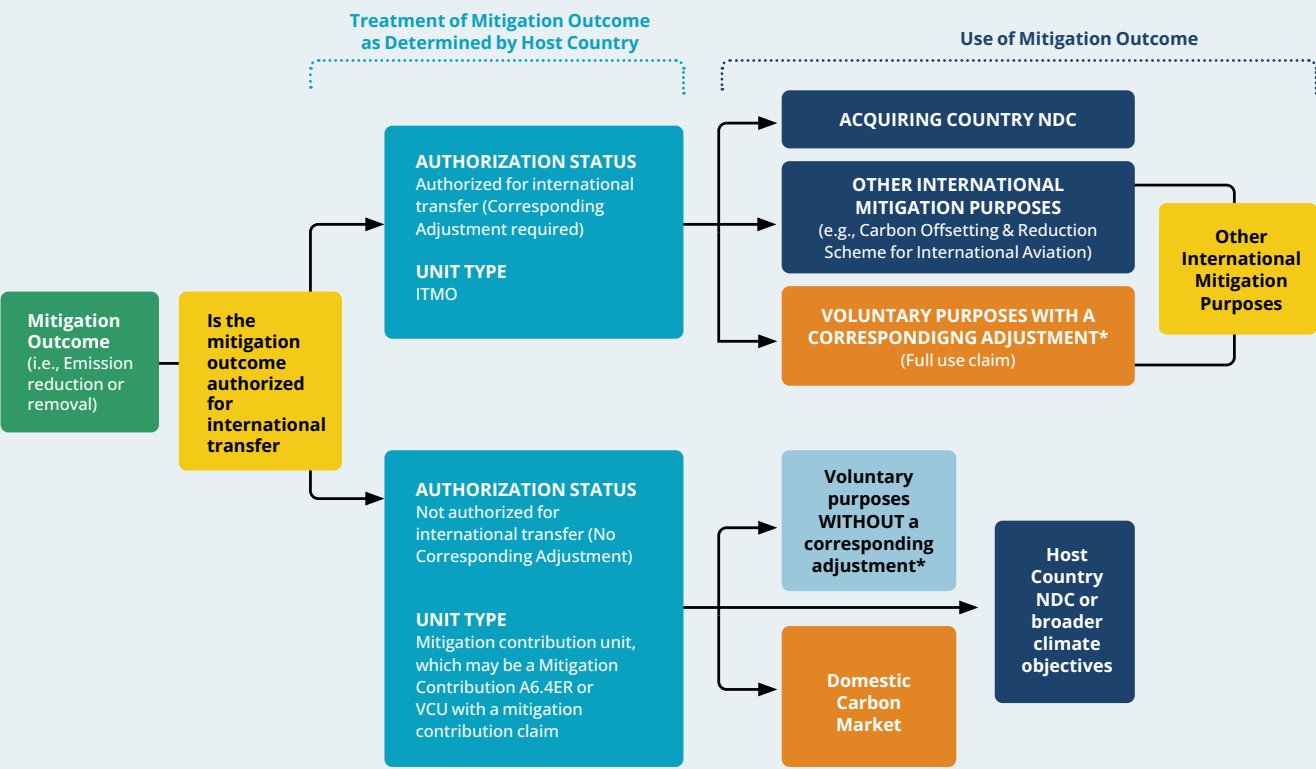


Figure 5: Article 6 Accounting for the Transferring Country

²⁵ https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=11
²⁶ https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf
²⁷ https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=25
²⁸ https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf
²⁹ <https://unfccc.int/sites/default/files/resource/A6.4-FORM-GOV-001-v01.0.docx>

7.2 | ARTICLE 6.2 – BILATERAL MARKET APPROACHES

Article 6.2 of the Paris Agreement enables two or more countries to engage directly in cooperative approaches for the implementation of their nationally determined contributions (NDCs), facilitating the transfer of emission reductions between countries through internationally transferred mitigation outcomes (ITMOs). A key feature of Article 6.2 is the concept of corresponding adjustments, which ensure that emission reductions are accurately reflected in both the transferring and receiving countries' greenhouse gas inventories. This mechanism promotes cost-effective mitigation efforts and enhances overall ambition in reducing greenhouse gas emissions. It requires robust accounting to ensure environmental integrity, transparency, and the avoidance of double counting of emission reductions. Through Article 6.2, countries can collaborate more effectively, leveraging each other's strengths to meet their climate goals while maintaining the integrity of their commitments.

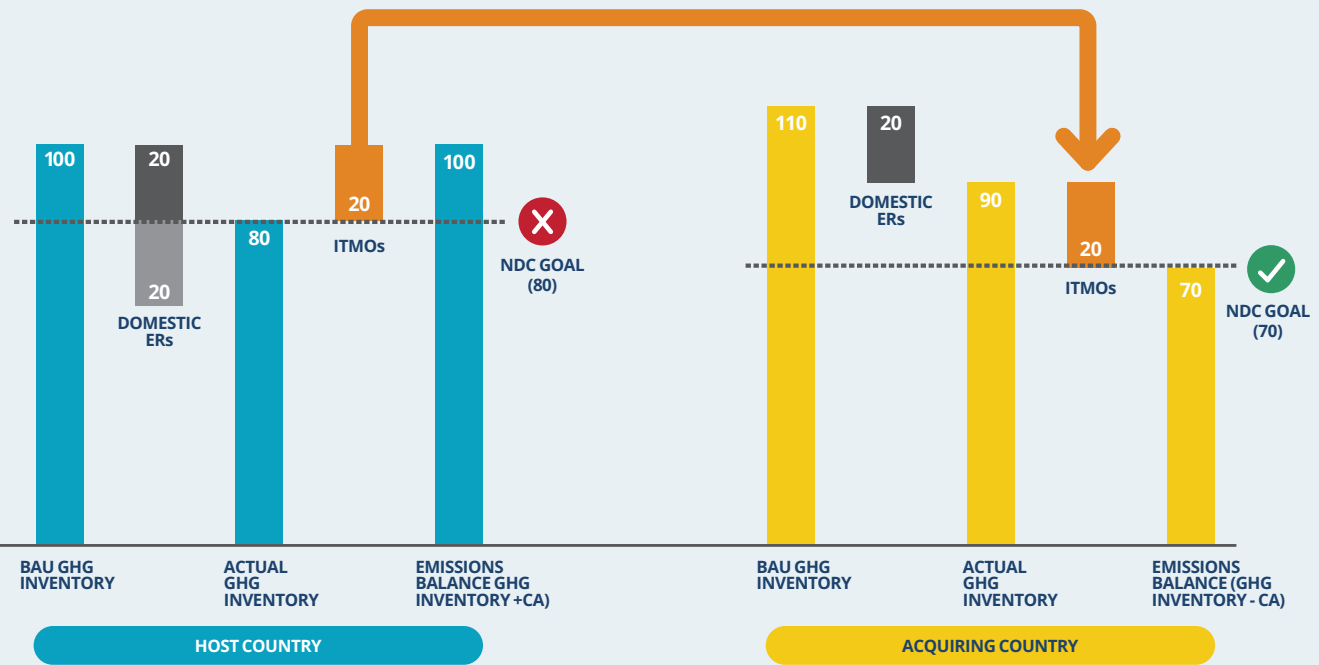


Figure 6: Schematic on Corresponding Adjustments required under Article 6.2

The figure above demonstrates how parties may use of high-integrity market approaches of Article 6.2 to achieve their NDCs, provided that corresponding adjustments are made to prevent double counting. The Article 6.2 and 6.3 provisions involve the use of internationally transferred mitigation outcomes (ITMOs), such that developed countries with relatively low emissions mitigation potential, can finance mitigation opportunities in developing countries and count those mitigation outcomes toward their NDCs, with a finance flows from developed to developing countries.

To enable no-regret crediting transactions, Vanuatu as a host country must carefully analyze and strategize its NDC compliance and take into consideration its long-term low carbon planning. In a first step it needs to establish the marginal abatement cost curve for Vanuatu's economy and determine the marginal cost of compliance with its NDC target.

From there different options are available including:

- 1. Earmarking;
- 2. Domestic crediting frameworks;
- 3. Sectoral/policy/jurisdictional crediting.

There are two explicitly eligible methods to undertake corresponding adjustments for Vanuatu's single-year NDC targets:

- 1. **Averaging:** "Calculating the average annual amount of ITMOs first transferred and used over the NDC implementation period, by taking the cumulative amount of ITMOs and dividing by the number of elapsed years in the NDC implementation period and annually applying indicative corresponding adjustments equal to this average amount for each year in the NDC implementation period and applying corresponding adjustments equal to this average amount in the NDC year."
- Or
- 2. **Trajectory:** "Providing a multi-year emissions trajectory, trajectories or budget for the NDC implementation period that is consistent with implementation and achievement of the NDC, and annually applying corresponding adjustments for the total amount of ITMOs first transferred and used for each year in the NDC implementation period."

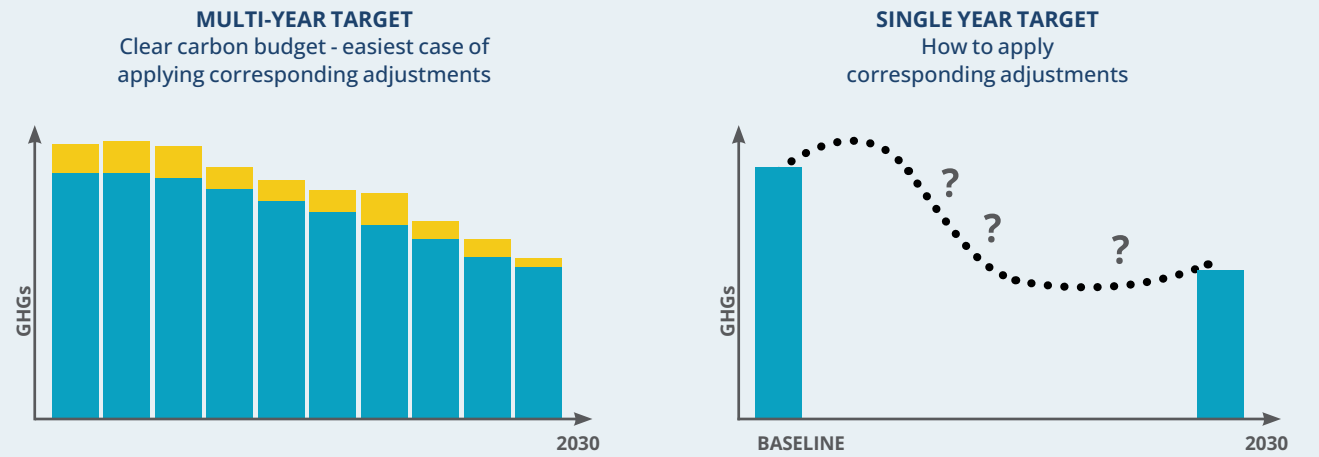


Figure 7: Article 6 Accounting for the Transferring Country

Article 6.2 offers a "decentralised" and country-led approach to the governance of cooperative approaches, but includes safeguards at the level of the UNFCCC to ensure the integrity of mitigation outcomes when they are transferred internationally, such as promoting sustainable development, ensuring environmental integrity and transparency, requiring authorization, corresponding adjustments, reporting and applying robust accounting to avoid double counting.

All transfers of mitigation outcomes that are used by the acquiring party for NDC compliance require that the transferring (host) and acquiring (buyer) countries apply "corresponding adjustments" to avoid double-claiming, or double-counting. This is reported in an "emissions balance" as follows:

- » A country that transfers ITMOs (host party) will add back that amount to its GHG inventory covered by the NDC when reporting adjusted emissions for purposes of NDC compliance.
- » The acquiring (buyer) country will subtract the ITMOs from its actual NDC covered emissions when reporting adjusted emissions for NDC compliance.
- » Transfers used for other international compliance purposes (e.g., CORSIA) will also require corresponding adjustments for the transferring (host) country.

In order to comply with Article 6.2 rules on corresponding adjustments, Vanuatu must

- » Choose one of the eligible methods (averaging or trajectory method) and indicate that choice in its initial report. The initial report is due before authorizing the first ITMO transfer and needs to demonstrate that the country fulfils all Art. 6.2 participation requirements
- » Annually report indicative corresponding adjustments (in case of averaging method) or Corresponding Adjustments (in case of the trajectory method) to the UNFCCC secretariat-maintained Article 6 database.
- » Biennially report indicative corresponding adjustments (averaging method) or Corresponding Adjustments (trajectory method) in the BTRs.
- » In case of averaging method undertake the Corresponding Adjustments in NDC target year. In case of trajectory method CAs are undertaken annually.

Importantly, Article 6.2 guidance does not specify the type of activities or how an activity cycle should be designed. The design of the cooperation is left to the participating countries. It is a host country's prerogative to decide under what circumstances a mitigation outcome used for the achievement of the NDC or other international mitigation purpose, requires national authorization and a corresponding adjustment to the NDC. Thus Article 6.2 cooperative approaches allow Vanuatu and another participating Party to lay out the processes for mobilising key national stakeholders to co-create and adopt a legally binding agreement for carbon cooperation.

In this regard, Vanuatu has engaged bilaterally with Switzerland (see agreement signed in 2021³⁰) and has built considerable capacity and learning from this experience³¹. Based on its bilateral agreement with the Switzerland, the Government of Vanuatu has developed an ITMOs Manual which is intended to set and assist Vanuatu to establish and operationalize the national Institutional arrangement for setting up the enabling environment for future ITMOs issuance and transfers, including a 1. Manual of Procedure for mitigation activity cycle 2. Emission transaction registry and third-party verification system for Vanuatu and 3. Corresponding Adjustment in GHG accounting and avoidance of double counting.

The following summary, steps and elements constitute the Framework for Vanuatu's current and future engagement in Article 6.2 activities:

- » Vanuatu is a Party to the Paris Agreement and can voluntarily engage in the Article 6.2 cooperative approach as it meets the participation requirement listed in UNFCCC decision 2/CMA.3³².
- » This Framework establishes, as per section 1(c) of the Annexe to Decision 2/CMA.3, Vanuatu's national arrangements for Article 6.2 authorisation, tracking of ITMOs and reporting.
- » Vanuatu's competent authority for authorizing the use of Article 6 modalities, including ITMOs and other carbon credits, is the National Advisory Board on Climate Change & Disaster Risk Reduction with guidance from its Carbon Cooperation Steering Committee and day to day operational support from the Carbon Unit at the Department of Climate Change.
- » The competence of the NAB to perform this role must be legislated in a new Carbon Cooperation Act, which must include eligibility requirements for the ITMOs authorization.
- » Vanuatu has submitted its latest NDC to the registry in 2022, and aims, inter alia, to mitigate an absolute 72 GgCO₂eq by 2030, in the electricity generation sector, as a conditional target

- » Vanuatu is willing to continue to engage other Parties on Article 6.2 activities in the future, striking a strategic balance between attracting additional carbon finance through the sale of ITMOs and ensuring that Vanuatu can meet its own NDC targets, as well as ratchet ambition upward over time.
- » Mitigation Outcomes (MOs) from eligible mitigation activities listed in [Annex I](#), shall be developed through processes, eligible methodologies and procedures outlined in [Annex II](#) and these ITMOs are created based on changes in the current state of the National Greenhouse Gas Inventory versus the baseline reference levels.
- » Each eligible mitigation activity aiming to create authorised Mitigation Outcomes (MOs) for an international transfer to an acquiring participating Party as ITMOs under a cooperative approach, shall demonstrate high environmental integrity as required in UNFCCC decision 2/CMA.3, and meet sustainable development and safeguard criteria according to [Annex VII](#) of this Framework.
- » Project participants shall submit a preliminary Mitigation Action Idea Note (MAIN) and, once reviewed by the Carbon Cooperation Steering Committee, a comprehensive Mitigation Action Design Document (MADD) for comprehensive review, verification, validation and approval. These documents must include key requirements and safeguards, including:
 - » Stakeholder inclusive design
 - » Robust monitoring plan
 - » Estimated climate and sustainable development impacts
 - » Approval results on Portal for public/partners etc.
- » An independent validation and verification body (VVB), appointed by the Carbon Cooperation Steering Committee, must validate an eligible mitigation activity (See [Annex I](#)), though both a desktop review and a field visit. Vanuatu and the participating Party shall jointly review and approve the verification report.
- » The Government of the Republic of Vanuatu, through the National Advisory Board based on recommendations of the Carbon Cooperation Steering Committee, shall then approve and issue MOs according to the eligibility requirements of this Framework, insofar as the associated emission are covered in the recent national greenhouse gas inventory, and as determined by the participating Parties for the current NDC period.
- » ITMOs can be created either on the VCR operated by the Carbon Unit and/or international registries managed under carbon crediting standards, commercial companies, or co-shared registries.
- » ITMOs created in the VCR shall have unique serial number/project information number associated with information including, inter alia, data identifying Vanuatu as the providing country, the year of the underlying ITMO and the type of ITMO activity required by chapter II 4a-f of the [Annex](#) to Decision 2/CMA.3³³.
- » The Government of Vanuatu, on the recommendation of the Carbon Cooperation Steering Committee, shall authorise and transfer ITMOs in the tCO₂eq unit to meet the requirements under section 1 (c) of the [Annex](#) to decision 2/CMA.3.
- » Vanuatu's Carbon Unit shall submit an Article 6.2 initial report³⁴ to the UNFCCC no later than authorising of ITMOs consistent with chapter IV. paragraphs 18 and 19 of the [Annex](#) to decision 2/CMA.3.

³⁰ <https://drive.google.com/file/d/1ydonwSjfluLiLEcRrdMmtd3XSxd4i4f0/view>

³¹ <https://youtu.be/XlPiQfQMPW8?feature=shared>

³² <https://unfccc.int/documents/460950>

³³ <https://unfccc.int/documents/460950>

³⁴ See Vanuatu's Initial Report in respect of ITMOs Authorization from the Cooperative Approach between the Republic of Vanuatu and the Swiss Confederation https://unfccc.int/sites/default/files/resource/1-%20Initial%20Report%20Template%20Vanuatu_FINAL.pdf

- » All international transfers of Vanuatu-issued MOs shall be recorded in the Vanuatu Carbon Registry (VCR) following the procedures outlined in [Annex III](#) and also may be listed on external registries linked to International or independent credit schemes, to enhance overall accounting and reporting.
- » Following the transfer, Corresponding Adjustments shall be applied, at the point of first international transfer, and reported as specified in section III-IV of the [Annex](#) to Decision 2/CMA.3 for all ITMOs first transferred and used towards achievement of the acquiring participating Party's NDC, IMP, OMP and OMGE
- » Mitigation activities developed in Vanuatu shall not be registered under more than one national or international carbon crediting scheme to avoid double issuance.
- » The commencement of MO activities shall be during the implementation period of Vanuatu's first NDC ending 31 December 2030
- » When the end date of an MO activity is later than 1 January 2031, Vanuatu shall count and adjust such ITMOs against the first NDC target in 2030 and shall NOT carry over to the second NDC commitment period.
- » At each stage in the Article 6.2 engagement, Vanuatu shall comply with all monitoring and reporting requirements involving the creation of MO from eligible mitigation activities and the ensuing transfer of the corresponding ITMOs under each cooperative, including the preparation and submission of Article 6.2 reports, annual information, and regular information as required under Decision 2/CMA.3.
- » Vanuatu shall publish all documents related to the authorisation any MO activities on the Vanuatu Carbon Registry and any relevant international websites

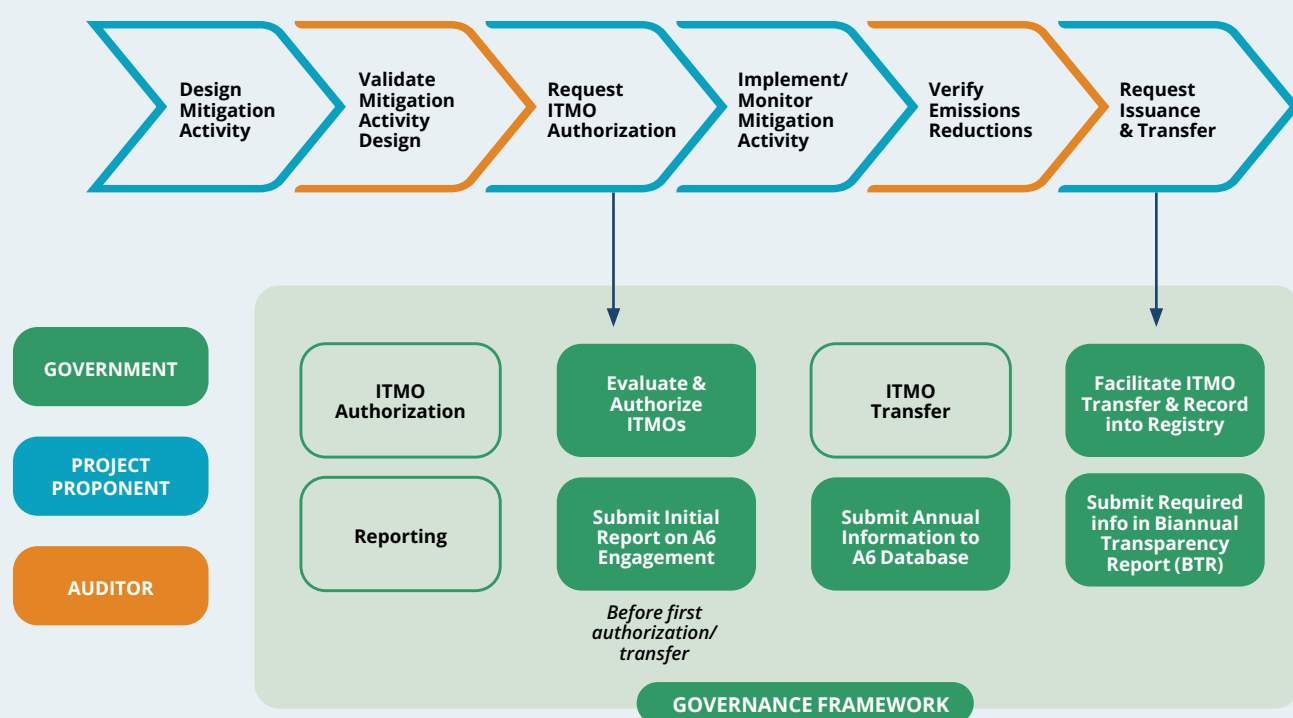


Figure 8: Activity Cycle of Article 6.2 activities with responsibilities of multiple actors

7.3 | ARTICLE 6.4 INTERNATIONAL CENTRALIZED MARKET MECHANISM

Article 6.4 of the Paris Agreement establishes a centralized mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development. This mechanism, often referred to as the Sustainable Development Mechanism (SDM), allows for the generation of tradable emission reduction credits from projects in countries that are Parties to the Paris agreement. It aims to incentivize and facilitate emission reduction activities while ensuring environmental integrity and transparency. The SDM is designed to build on the experience of the Clean Development Mechanism (CDM) under the Kyoto Protocol, but with enhanced governance and stronger safeguards. By promoting robust project-based activities, Article 6.4 helps drive global emissions reductions and supports countries in achieving their nationally determined contributions (NDCs).

Vanuatu has some experience in engaging in international multilateral carbon transfer programmes, with one project Clean Development Mechanism of the Kyoto Protocol, focusing on emission reductions from efficient cookstoves.³⁵

The new Article 6.4 mechanism will require projects or programs, and their respective methodologies, to be approved by both the country where it is implemented and the Supervisory Body based before it can start issuing UN-recognised credits (known as A6.4ERs) which can be bought by countries, companies, or even individuals.

The Article 6.4 mechanism requires that a 5% share of proceeds of the issued A6.4ERs will be transferred to the Adaptation Fund to help vulnerable countries meet the costs of adaptation, as well as the automatic cancellation of at least 2% of all A6.4ERs to deliver overall mitigation of global emissions.

While the international infrastructure for full implementation of Article 6.4 is still being negotiated by parties, this Framework outlines the preliminary steps and elements for Vanuatu's current and future engagement in Article 6.4 activities:

- » As a Party to the Paris Agreement with an updated NDC maintained in the NDC registry, Vanuatu is eligible to participate in the mechanism established under Article 6 paragraph 4 of the Paris Agreement as it pertains to Vanuatu's engagements with the Mechanism.
- » The rules, modalities and procedures for Article 6.4 require that the Vanuatu, prior to participation in the mechanism, "has designated a national authority for the mechanism and has communicated that designation to the secretariat".
- » This Framework confirms that the National Advisory Board on Climate Change & Disaster Risk reduction shall serve as Vanuatu's competent authority for authorizing the use of Article 6.4 modalities and perform the functions of a designated national authority for the mechanism established under Article 6.4 of the Paris Agreement under the guidance of its Carbon Cooperation Steering Committee.
- » The competence of the NAB to perform this role must be legislated in a new Carbon Cooperation Act.
- » The Government intends to confirm, through a formal communication to the Supervisory Body of the Article 6.4 Mechanism, that
 - » Vanuatu's participation in the Mechanism contributes to sustainable development.
 - » There are a range of types of Article 6 activities that Vanuatu would consider approving or authorizing (See [Annex I](#)), including how such types of activity and any associated emission reductions would contribute to the achievement of Vanuatu's NDC and low GHG emission development strategies pursuant to Article 4.19 of the Paris Agreement

³⁵ <https://cdm.unfccc.int/ProgrammeOfActivities/Validation/DB/8BKLMUAT1G84R85S48ACQO2WEHPXIV/view.html>

- » Baseline approaches and other methodological requirements, including additionality, must be applied for Article 6.4 activities that Vanuatu intends to host with an explanation of how those approaches and requirements are compatible with its NDCs or long-term low GHG emission development strategies (See [Annex II](#)).
- » Crediting periods shall be applied aligned to Article 6.4 activities that Vanuatu intends to host, including whether the crediting periods may be renewed with an explanation of how those crediting periods are compatible with Vanuatu's NDC and or any long-term low GHG emission development strategy

» **Vanuatu's National Advisory Board on Climate Change and Disaster Risk Reduction, according to a recommendation from the Carbon Cooperation Steering Committee, shall Approve the 6.4 activities prior to a request for registration consistent with the elements in paragraph 40 of Decision 3/CMA.3³⁶ of the UNFCCC.**

- » Vanuatu's Carbon Unit shall provide to the Supervisory Body authorization of public or private entities to participate in the activity as activity participants under the mechanism;
- » Statements specifying whether Vanuatu authorizes A6.4ERs issued for the activity for use towards the achievement of NDCs or other international mitigation purposes as defined in decision 2/CMA.3³⁷ according to the elements in paragraphs 41 and 45 of Decision 3/CMA3³⁸ of the UNFCCC, where applicable defines "first transfer" consistently with paragraph 2(b) of the annexe to decision 2/CMA3³⁹ of the UNFCCC.

7.4 | ARTICLE 6.8 NON MARKET APPROACHES

Article 6 of the Paris Agreement enables voluntary international cooperation via both market-based mechanisms (MBMs) and non-market approaches (NMAs), which are the focus of Article 6.8.

While market-based approaches enable mitigation by one entity to be transferred to, or used by, another entity (crediting programmes), the non-market approaches refer to any actions that drive cost-effective mitigation without relying on market-based approaches or mechanisms (i.e. without resulting in transferable or tradable units). NMAs could therefore address adaptation and be complementary to market-based approaches. Non-market approaches enable developed countries, donors, philanthropy, corporations and others who can afford to do so, to contribute to the costs of climate action in Vanuatu in a meaningful, transparent and cost-efficient manner.

Article 6.8 states that the Parties to the Paris Agreement recognise the 'importance of integrated, holistic and balanced non-market approaches ... [which] assist in the implementation of [national NDCs]', and which may include 'mitigation, adaptation, finance, technology transfer and capacity-building'. Article 6.8 further provides that such approaches should promote mitigation and adaptation, enhance the participation of the public and private sector and enable coordination opportunities.

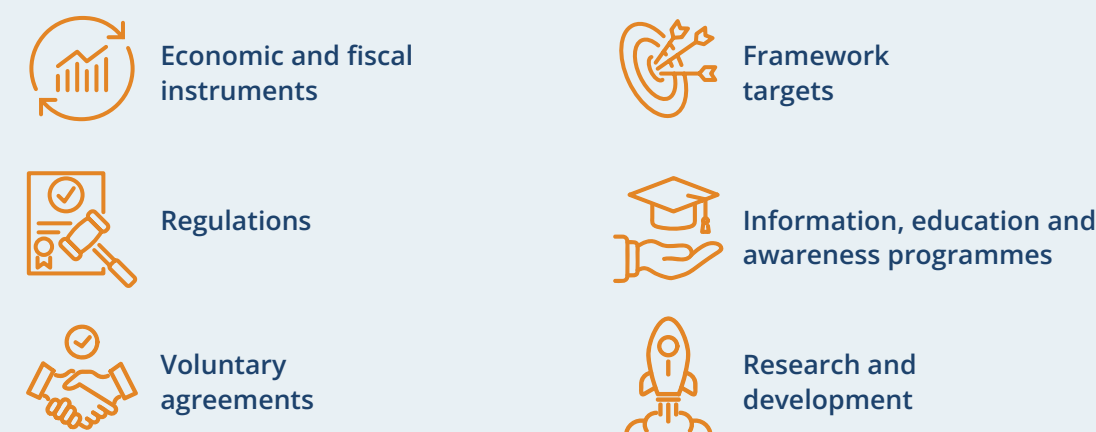
The decision outlines that NMAs under Article 6.8 shall be voluntary, involve more than one party, not involve the transfer of mitigation outcomes, facilitate NDC implementation and contribution to the achievement of the Paris Agreement targets, respect human rights and minimise or avoid, adverse environmental, social and economic impacts. Article 6.9 established a framework for non-market approaches.

At the global level, initial NWA focus areas have been identified:

- » **Adaptation, resilience and sustainability;**
- » **Mitigation measures to address climate change and contribute to sustainable development;**
- » **Development of clean energy sources;**

International negotiations continue with a Glasgow Committee on Non-market Approaches, and a dedicated work program 2023-2026, which aims to increase participation of the private sector, public sector and civil society, and will launch a UNFCCC web-based platform for information sharing and gathering on NWAs.

The UNFCCC Secretariat produced a technical paper on NMAs for SBSTA 41⁴⁰, which helps clarify what these NMAs could be in practice for international cooperation, including the following broad classifications of non-market-based policies and measures:



The paper also suggests that REDD+ mechanisms with results-based finance may be an example of a non-market-based approach that contains a market-based track because the benefit flows to joint mitigation and adaptation activities for the sustainable management of forests.

Vanuatu made a submission to the UNFCCC⁴¹ on activities it considers a priority under Article 6.8 non-market mechanisms, including:

- » **Blue Carbon and Marine Sequestration**
- » **Social Inclusivity and Human Rights Protection**
- » **Fossil Fuel Import Taxes and Airline Levies**

Another priority for Vanuatu's non-market approaches is the Adaptation Benefits Mechanism (ABM) which will generate Certified Adaptation Benefits (CABs) that are designed for purchase and immediate cancellation (not secondary trading and speculation). Because the Certified Adaptation Benefits are not fungible or tradable, there is no transfer of any unit and therefore the ABM can be presented as a non-market approach.

³⁶ <https://unfccc.int/documents/460950>

³⁷ <https://unfccc.int/documents/460950>

³⁸ <https://unfccc.int/documents/460950>

³⁹ <https://unfccc.int/documents/460950>

⁴⁰ <https://unfccc.int/resource/docs/2014/tp/10.pdf>

⁴¹ <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202202281655---Vanua-tu%20Submission%20on%20the%20Matters%20relating%20to%20Article%206.8%20of%20the%20Paris%20Agreement.pdf>

The following summary, steps and elements constitute the Framework for Vanuatu's current and future engagement in Article 6.8 activities:

- » As a Party to the Paris Agreement, with a goal to enhance implementation of the NDC, Vanuatu encourages international collaboration through integrated, holistic and balanced non-market approaches that enable mitigation, adaptation, finance, technology transfer and capacity-building
- » Vanuatu seeks expanded participation in Article 6.8 activities with public and private sector stakeholders, and commits to improved coordination through the NAB and the governance mechanisms outlined in this Framework
- » All international climate cooperation with Vanuatu that enables mitigation, adaptation, finance, technology transfer and capacity-building, without including a market component, and that are NOT addressed elsewhere in the UNFCCC system, will be tracked as NMAs under Vanuatu's Article 6 reporting. For example:
 - » REDD+ activities or blue carbon in Vanuatu that focus on sustainable resource management and do not involve a trade or exchange in mitigation outcomes or emissions reductions, will be considered a form of NMA, and tracking accordingly.
 - » Vanuatu's international Legal initiatives, such as climate litigation, which may result in flows of finance or damages payments, will be considered a form of NMA, and tracking accordingly.
 - » Any new solidarity or climate levies that Vanuatu implements, will be considered a form of NMA, and tracking accordingly.
- » Vanuatu will engage in the Adaptation Benefits Mechanism (ABM) as a form of non-market approach in order to generate financial flows for activities that build resilience. The Carbon Cooperation Steering Committee will consider and approve ABM projects that meet the criteria outlined in [Annex V](#).

7.5 | FOREST CARBON, REDD+ AND BLUE CARBON

REDD+ is reducing greenhouse gas emissions from deforestation, forest degradation, the sustainable management of forests, conservation of forest carbon stocks, and enhancement of forest carbon stocks. Preserving and restoring rainforests are a critical climate solution in and of itself. However, the benefits that planet perceives as a result of their conservation and restoration go beyond carbon.

Blue carbon refers to the carbon stored in coastal and marine ecosystems. Coastal ecosystems such as mangroves, tidal marshes and seagrass meadows sequester and store more carbon per unit area than terrestrial forests and are now being recognised for their role in mitigating climate change. These ecosystems also provide essential benefits for climate change adaptation, including coastal protection and food security for most coastal communities in Vanuatu. However, if the ecosystems are degraded or damaged, their carbon sink capacity is lost or adversely affected, and the carbon stored is released, resulting in emissions of carbon dioxide (CO₂) that contribute to climate change. Due to Vanuatu's huge marine boundary, dedicated blue carbon efforts can ensure that coastal ecosystems continue to play their role as long-term carbon sinks, as well as generate carbon cooperation opportunities.

REDD+ and Blue Carbon are results-based, meaning that financial incentives can only be received after emission reductions and/or removals are fully measured, reported, and verified under the UNFCCC⁴². Once this occurs, the UNFCCC Secretariat posts these results on the Lima Information Hub⁴³ for REDD+.

At COP28, the UAE Consensus Agreement achieved a milestone for the Paris Agreement by recognizing the need to reverse deforestation by 2030 in accordance with Article 5 of the Paris Agreement, and using Article 6 carbon markets as the tool to provide climate finance to developing nations for conserving rainforests.

The implementation guidance, rules and modalities for Article 6 embrace all sectors and do not exclude any activities or methodologies. Negotiations are ongoing however surrounding the inclusion of "conservation enhancement" activities under Art 6.4, and potentially opening the doorway for nature-based solutions like REDD+ and avoided deforestation or avoided conversion, afforestation and reforestation, or sustainable forest management, as well as Blue Carbon and marine ecosystem management.

Vanuatu has been working on REDD+ since 2007⁴⁴, and made forest and climate commitments in its NDC, which identifies areas where REDD+ could assist achieving the NDC goals: community- based adaptation (specifically, how forests relate to community vulnerability assessments and comprehensive profiles) and ecosystem-based approaches ('Implementing sound land use planning approaches and policy documents (e.g. Land Use Planning Policy)' and 'Quantifying and building into adaptation planning and budgeting the value and benefit of ecosystem services'.

There are a range of studies and documents related to Vanuatu's REDD+ engagement with the Forest Carbon Partnership Facility⁴⁵:

- » Vanuatu NTFP Value Chain Study Findings: Final Report
- » Vanuatu Sandalwood Value Chain Case Study
- » National Forest Inventory of Vanuatu - Draft report (until July 2020)
- » National Forest Monitoring System (NFMS) Vanuatu - Draft report
- » Final report: Strategic Environmental and Social Assessment of REDD+ Activities in Vanuatu
- » [SESA Annex I](#): SESA Workshops Report: Preliminary identification of social and environmental risks associated with the proposed REDD+ activities
- » [SESA Annex II](#): Situational Analysis: Environmental and Social issues identified through the assessment of Vanuatu's legal and institutional framework relevant to Cancun safeguards

The Government's vision for Vanuatu's National REDD+ programme, outlined in the National REDD+ Strategy, is to safeguard and restore forest landscapes, facilitate climate- and forest-friendly production of goods and services, build resilience in forest-based communities, and support additional livelihood opportunities from sustainable forest management for the benefit of current and future generations.

Vanuatu's 2021 National REDD+ Strategy details the background of forest carbon initiatives, cross-sectoral planning and coordination, and engaging counterparts at the Provincial, island, and community levels.

⁴² Decision 9/CP.19, paragraph 3

⁴³ <https://redd.unfccc.int/info-hub.html>

⁴⁴ Including through the World Bank's Forest Carbon Partnership Facility (FCPF), the Pacific Community (SPC), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Live and Learn International and the Nakau Programme.

⁴⁵ <https://www.forestcarbonpartnership.org/country/vanuatu>

The REDD+ Strategy identifies strategic actions which are prioritised for REDD+ in Vanuatu are grouped into:

- 1. Reducing deforestation risk and increasing economic value derived from forests;
- 2. Enhancing tree cover on degraded lands,
- 3. Agroforestry,
- 4. Ecosystem conservation and watershed management.

The Vanuatu REDD+ Strategy includes both enabling elements and strategy actions:

Strategy Elements Stemming pressures of cropland expansion into forests

- » Land Use Planning
- » Enforce minimum standards for a % tree cover on cattle plantations
- » Policy coherence across the land use sectors
- » Institutional strengthening

Strategy actions:

- » Reduce deforestation risk and increasing economic value derived from forests
- » Enhance tree cover on degraded lands (pasture, areas with invasive species, coastal stabilization, plantations for timber and firewood)
- » Enhance tree cover on agricultural lands through agroforestry
- » Ecosystem conservation (CCAs and CFCAs) and watershed management

Vanuatu is currently developing the Forest Reference Level (FRL)⁴⁶ to take stock of emissions and removals from the forest sector and report progress on reducing emissions from forest loss and degradation and enhanced sequestration. The FRL result is important for carbon cooperation, as it provides the benchmark against which REDD+ countries measure their results from REDD+ implementation and develop solid tools for on-going forest carbon management.

The data is housed in the National Forest Monitoring System⁴⁷, collected from the National Forest Inventory and Sample Based Activity Data Approach. Vanuatu’s NFMS is operational and already contains important information for project reporting, including the national FRL and related data.

Vanuatu’s laws have adopted a landowner-based approach to sustainably managing natural resources and ecosystems, honouring Constitutional commitments to customary land rights, while supporting ni-Vanuatu to derive economic, ecological, social and spiritual benefits from the forests, lands, and marine ecosystems in which they thrive.

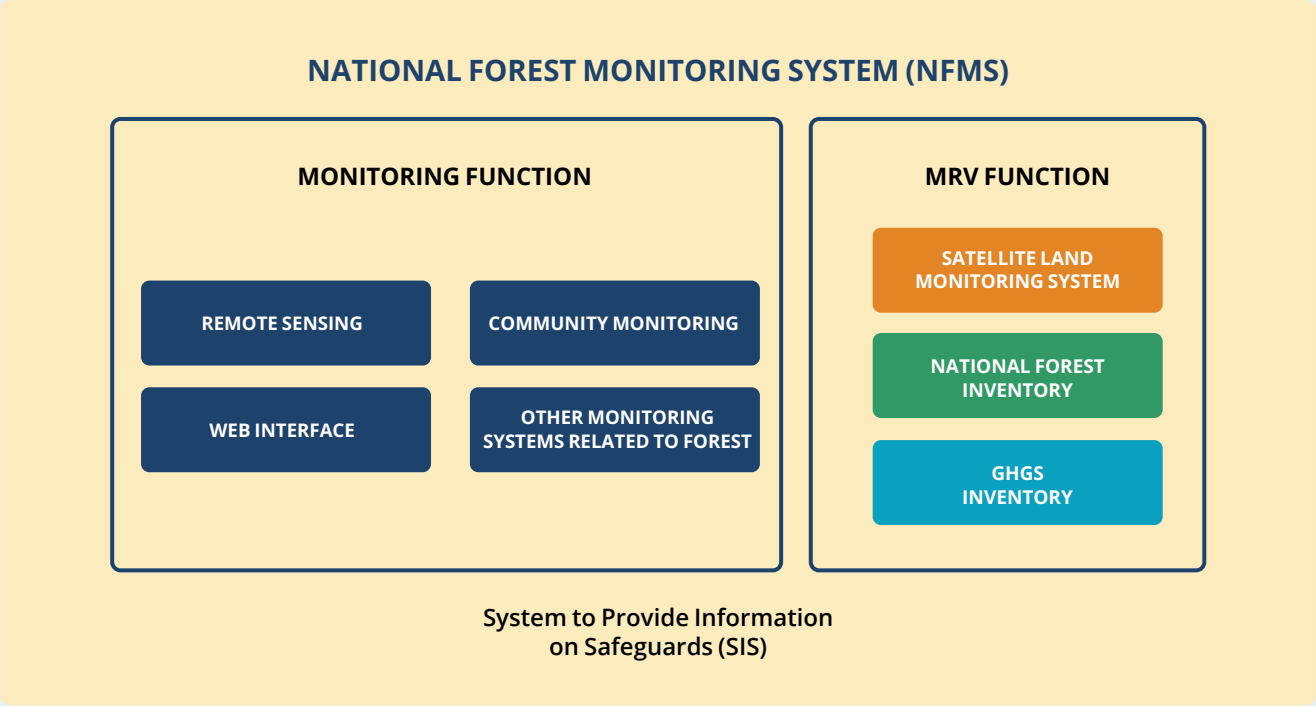


Figure 9: Functions of Vanuatu’s National Forest Monitoring System

In Vanuatu there remain significant barriers to large-scale REDD+ market-based approaches including: generally low deforestation rates (little additionality), limited feasible sites for project-based REDD+ approaches considering the area requirements for offsetting transaction costs (e.g. MRV), un-leased, unclear, non-surveyed and often disputed customary ownership rights, capacity constraints for landowners and indigenous groups to join together as legally recognized entities that can deal with forest carbon rights.

Thus there is a strong demand for smaller, projectized REDD+ initiatives in Vanuatu. However the existence of REDD+ initiatives on multiple scales within Vanuatu, and with access to various sources of financing can prove challenging for coordination, and the use of multiple accounting and reporting frameworks can represent a risk to environmental integrity.

Vanuatu recognizes that accounting and reporting emission reductions (ERs) of REDD+ initiatives on multiple scales, and creating opportunities to access multiple sources of financing on different scales requires a systematic or “nested” approach. Nesting refers to aligning REDD+ implementation across different scales as it is reflected in the accounting of greenhouse gas (GHG) emissions and removals; claims to emission reductions (ERs); and the related legal and institutional arrangements.

⁴⁶ The FRL construction follows guidance and guidelines of FCPF Carbon Fund Methodological Framework, Version 3 and United Nations Framework Convention on Climate Change (UNFCCC) Decisions 4/CP.15, 1/CP.16, 12/CP.17 and 13/CP.19. The Reference level is expressed as tonnes of CO2 equivalents per year for the reference period 2008 – 2017. It is envisaged that the FRL will eventually provide sub-national (jurisdictional) Reference Levels.

⁴⁷ The National Forest Monitoring System (NFMS) of Vanuatu has been designed in line with the decisions of the UNFCCC Warsaw Framework on REDD+ (Decision 11/CP.19), which outlines the modalities for developing a national forest monitoring system that is flexible and built on existing systems to enable monitoring and reporting on forest resources and be flexible to enable improvement

VANUATU'S HYBRID NESTING APPROACH TO REDD+

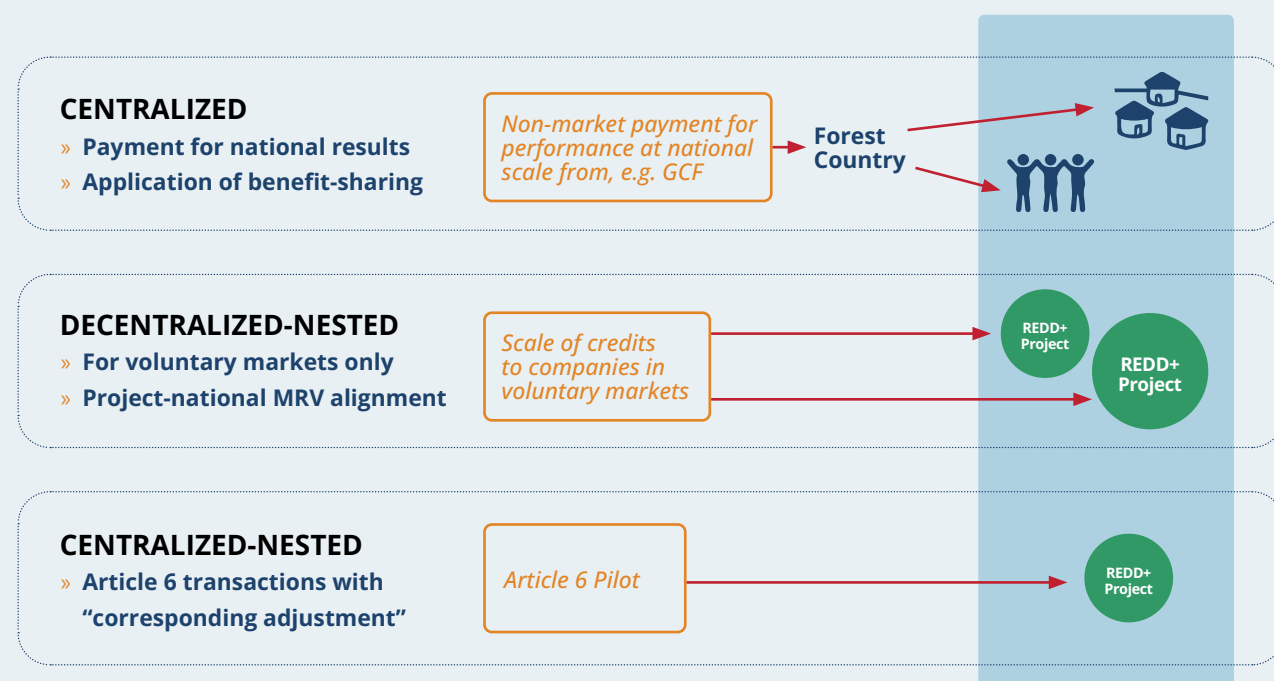
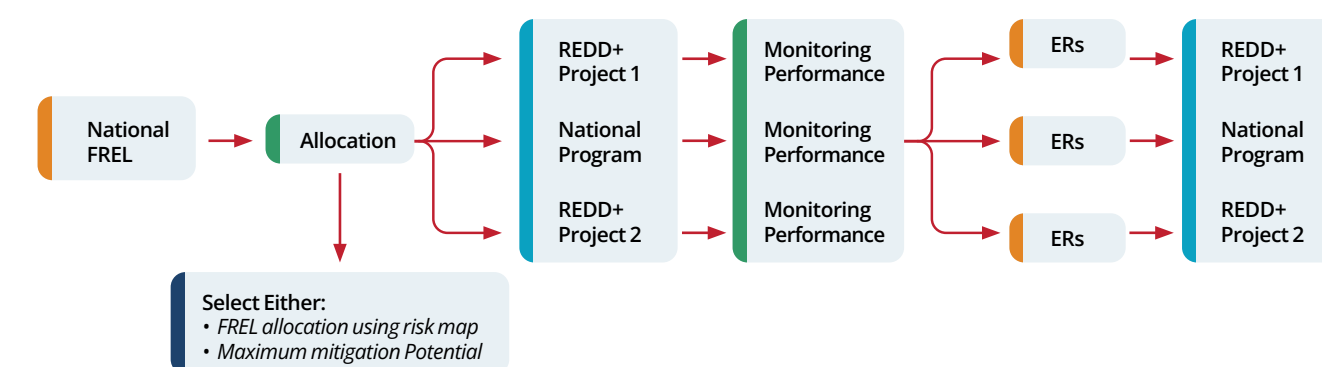


Figure 10: Vanuatu's Hybrid Nesting Approach to REDD+

The following diagram visualises the decentralised nesting approach and workflows for national and local



REDD+ programmes, and involve the four main elements related to measurement, reporting and verification: The following summary, steps and elements constitute the Framework for Vanuatu's current and future engagement in REDD+ activities:

- » In consideration of work completed to date, experiences generated and the systems in place, as articulated in the National REDD+ Strategy, Vanuatu is open for REDD+ Projects and Programmes to continue and expand.
- » Vanuatu's REDD+ scheme takes a jurisdictional or nested approach, with both activity- and area-based REDD+ activities at centralized levels, local project levels and hybrid initiatives
- » The nesting framework integrates scenarios where projects will want to issue voluntary units alongside compliance-grade units, with environmental integrity, eligible for a domestic market and/or international transfer.
- » The Nesting approach includes adherence to voluntary carbon standard requirements to create an enabling environment to mobilize private sector finance whilst not compromising National government commitments submitted in the Nationally Determined Contribution, and maximise access to the various carbon finance mechanisms.
- » The nesting approach specifically enables forest-related voluntary carbon market projects to develop their MRV in line with voluntary carbon market standards and reporting. The transfer of emissions reductions would occur through the VCM between landowning communities and private buyers, with government registering activities
- » REDD+ projects will support expanded forest cover in Vanuatu and deliver a range of development benefits for the country (e.g. SDGs, climate adaptation, and new NFTP markets).
- » Forest carbon cooperation should focus on actions to address deforestation, forest degradation, sustainable forest management and improvement of forest carbon stocks, as per the National REDD+ Strategy (See Annex I).
- » To ensure environmental integrity and no double counting, all forest carbon cooperation programs will require pre-implementation approval by the government's carbon cooperation governance mechanisms (See Annex III).
- » Vanuatu's national centralized REDD+ Scheme is based on an investment program into sustainable land use activities, with the national government steering REDD+ in-kind benefits to individuals and communities at the provincial level, including providing extension services and up-front investments for sustainable land use activities, e.g. seedlings or fertilizer for agricultural intensification.

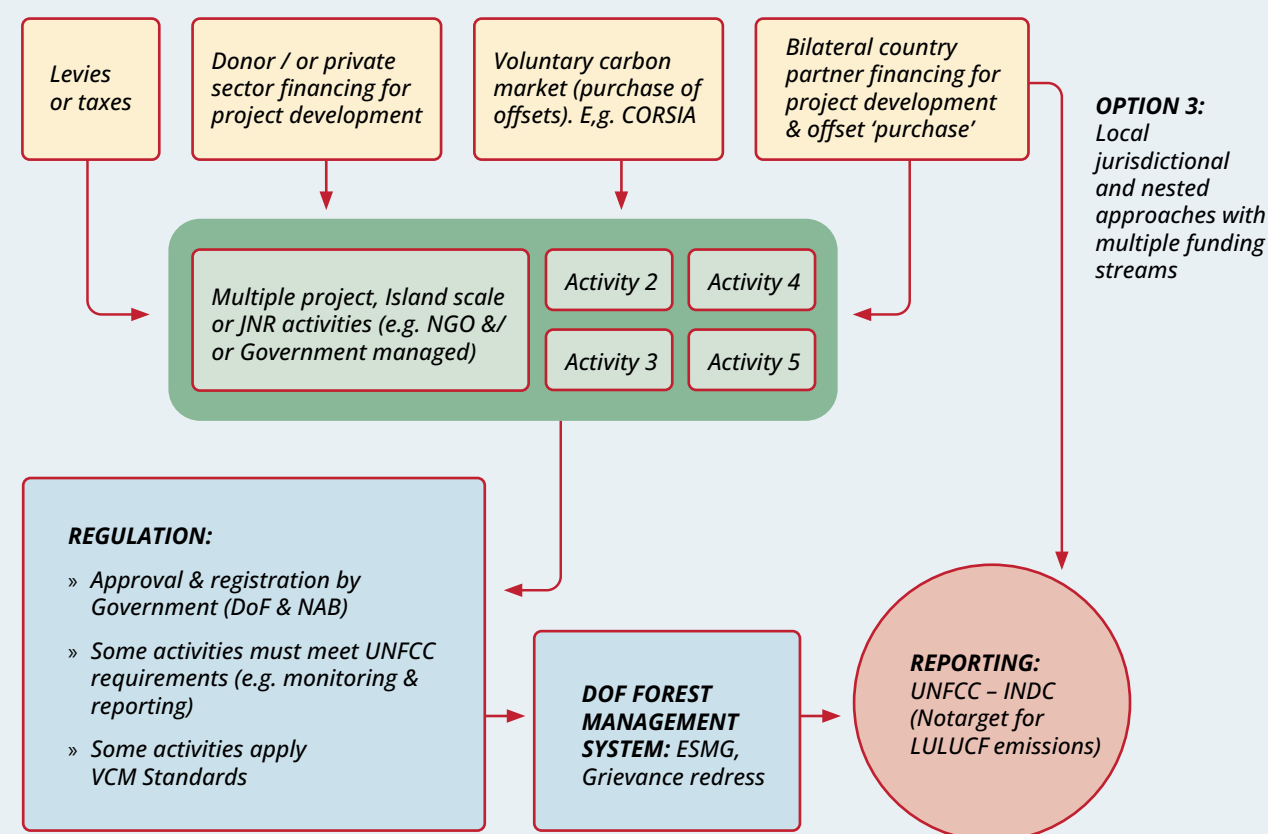


Figure 11: Visualisation of how the Jurisdictional Nested approach to REDD+ includes various private sector and Ngo actors, all regulated by Government of Vanuatu

- » Centralized REDD+ carbon accounting will take place at the national level, with the Provinces (or sub-national jurisdictions) developing sub-national financial benefits distribution systems. Such an activity-based sub-national approach would mean baselines, crediting schemes, safeguards management and an internal allocation program would be developed at the national level, with the provincial governments administering the main REDD+ activities. Communities would request these investment services from the responsible provincial authorities and/or government departments, thus ensuring the approach is demand-driven and ensuring local ownership.
- » Within the nested structure the government must authorize the implementation of all REDD+ projects and programs, which may then be carried out at sub-national/provincial or island level, often with the participation of private actors to directly market and monetize emissions reductions by sale of ERs in voluntary markets. These authorised projects will have a degree of autonomy from national government oversight, and thus may be more attractive to private sector investment, as risks are contained at the project scale.
- » Decentralised location and project-based REDD+ projects involving voluntary markets may proceed, but must seek prior approval from Government, and must comply with all REDD+ relevant guidelines, safeguard standards, and MRV approaches.
- » According to the REDD+ Strategy and Nesting Guideline, Government will allocate the Forest Reference Emission Level FREL, from which point projects may, with approval from the Carbon Cooperation Steering Committee, generate, issue, and sell their project ERs. Any credits issued by projects will need to be reported to the Registry and national databases (See Annex III).
- » In the decentralized model, the rights of community and private landowners to benefit from ERs that result from reducing deforestation on their land shall be recognised.
- » Customary rights align with Vanuatu's legal arrangements for carbon property rights. Vanuatu's Planted Forests Act⁴⁸ (repealing the Timber Rights and Registration Act) provides for the registration of planted forests, regulation of harvesting of planted forests and carbon rights. The separate property right for carbon can be decoupled from the land. It provides for the sharing of benefits arising from carbon rights, subject to the agreement of the customary land owners.
- » To ensure environmental integrity, the MRV system developed for projects must align with the national MRV systems including the National Forest Monitoring System NFMS and other tools and methodologies (See Annex VII) .
- » Government shall standardize methods for forest carbon accounting and monitoring at the national and project levels, with the data and information captured by the NFMS adopted by all REDD+ projects. Carbon pools and associated emissions factors (and other related estimation parameters) captured through the National Forest Inventory (NFI) must also be adopted by Projects.
- » Carbon pools included currently included in Vanuatu's FRL in the estimates of ERs include:
 - » Aboveground biomass
 - » Belowground biomass
 - » Deadwood
- » All forest carbon cooperation activities within the country will report changes in forest cover, biodiversity and safeguards monitoring outcomes to the Vanuatu Carbon Registry, as well as the NFMS at the Department of Forests to allow national level reporting.

- » Early mover REDD+ projects are expected to continue with their current FRL baselines until the end of their current credit periods. At the end of this period, they are expected to adopt new national Forest Reference Level baselines for the next crediting period.
- » The National Forest Management System shall be used by project proponents of voluntary carbon projects to certify forest climate solution projects in Vanuatu, and ensure an effective alignment between national and sub-national REDD+ programs and projects by providing a consistent MRV platform.
- » International standards (See Annex II and Annex IV) including The Carbon Standard (under the broader VERRA Standards Framework) REDD+ Jurisdictional Standard has already published its guidelines for developing jurisdictional REDD+ projects or programs, which is the same as implemented in Vanuatu at the national level
- » For a jurisdictional sub-national, island-based Forest Reference Level in Vanuatu, a higher densification of sample plots should be undertaken as compared to the national Satellite Land Monitoring System (SLMS) studies with results integrated into the NFMS databases and dashboard. The same should be done for using NFI data and results to obtain emission factors, with the NFI methodology should be applied to densify the grid of sample plots in a carbon project area to determine ERs.

7.6 | DOMESTIC CARBON PRICING SYSTEMS

In the future, Vanuatu may decide to implement domestic compliance carbon pricing policies, either in the form of a carbon tax (putting an explicit carbon price on emissions) or an emissions trading system (ETS)⁴⁹ which sets a quantitative limit or cap on emissions at the domestic level and requires stay below their allowance by emissions reduction or trade with others who have not exceeded their allowance.

At the present time this approach is not being considered, although some developing countries such as Mexico and India are in the process of implementing these modalities.

7.7 | VOLUNTARY CARBON MARKETS (VCMS)

Voluntary Carbon Markets *(VCMS) encompass the collection of standard bodies, voluntary buyers, and carbon credit generators that sell verified carbon credits to be used for voluntary purposes. Carbon crediting programs or standards set the requirements for delivering and measuring emission reductions and removals resulting from a mitigation activity. The voluntary market is driven primarily by corporate demand for credits to meet voluntary climate targets (e.g., net zero by 2050) and those that see the trade of carbon credits as an investment opportunity.

Voluntary Carbon Markets can be considered a manifestation of the polluter pays principle, in which industries take responsibility for causing greenhouse gas pollution to the atmosphere. To ensure holistic accounting of corporate goods and services, and ensure negative externalities are accounted for, all greenhouse gas pollution must be remediated by the producer, either by preventing its release or by reclaiming it, either as a part of the production process, or by paying someone else to do so. In this way, carbon abatement is a key component of all future industry.

⁴⁸ <https://faolex.fao.org/docs/pdf/van189680.pdf>

⁴⁹ New Zealand has an ETS covering electricity generation, industry, waste, and transport

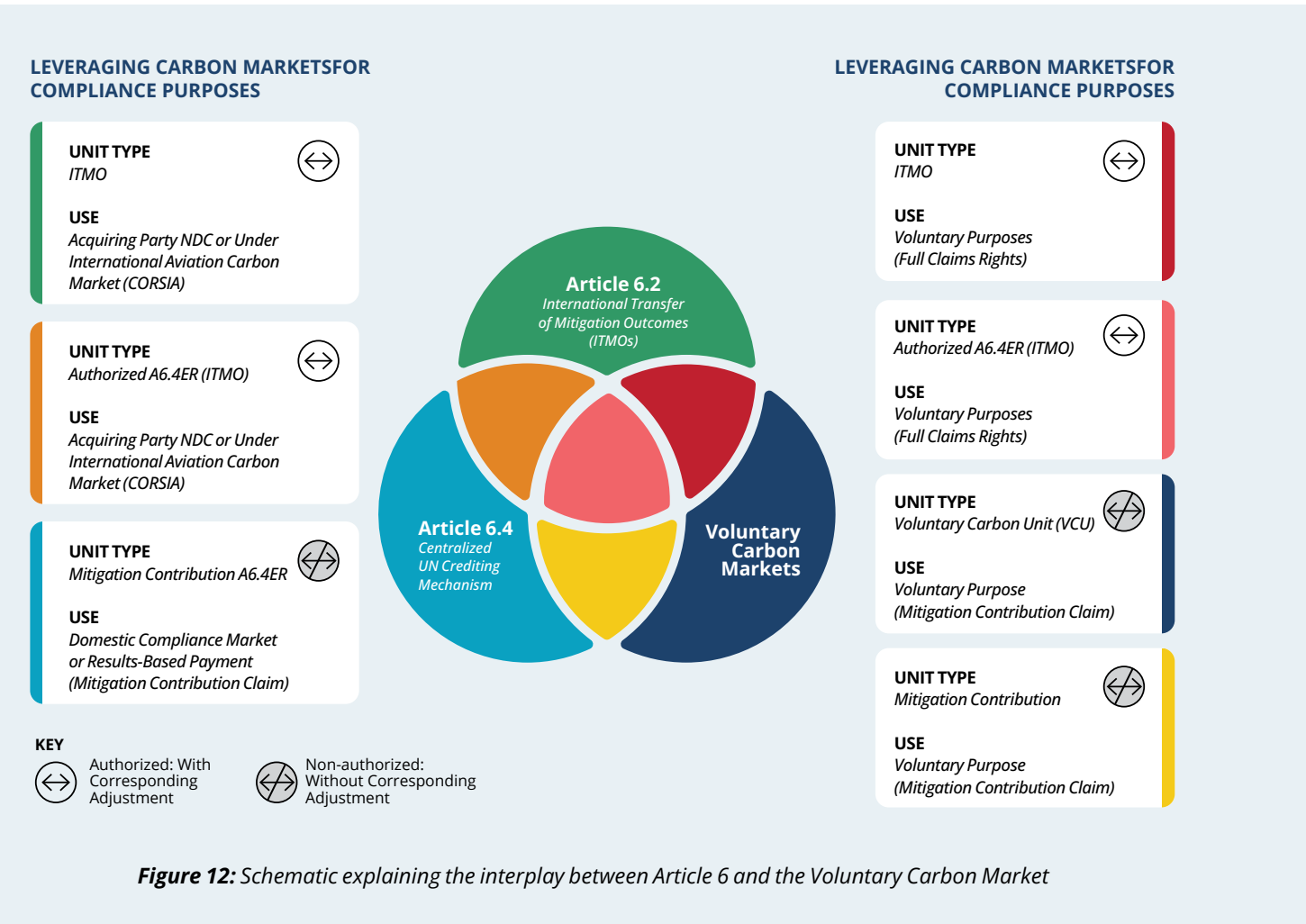
Carbon abatement is based on the recognition of carbon (and other greenhouse gases) as a negative asset: carbon is positively produced during production, but must be cancelled out by removal or avoided emissions. Like other assets, carbon as a negative asset is tradeable. Producers need to purchase (negative) carbon, which creates the market demand, and consequently, a commodity price for carbon. Because carbon emissions transit the atmosphere, and the atmosphere is global, the trade in carbon units is, by nature also global. Carbon emitted to the atmosphere in the United States can be sequestered in Vanuatu. Carbon is a global traded commodity without attendant shipping costs.

The presently emerging global carbon market presents a vast commercial opportunity open to all countries. For countries with an advanced economy, the opportunity is to buy carbon units and to invest in the carbon mitigation industry. For countries with a developing economy like Vanuatu, the opportunity is to produce and sell abatement, offsets, and sequestration. There are important linkages between Article 6 mechanisms and VCMs.

While providing information to the Government system may seem initially burdensome, there is also great benefit to voluntary carbon market participants to see, on the Registry, which areas of the country and which sectors contain untapped opportunities for investment, that are not yet engaged in carbon market activities. There is also a degree of legitimacy for voluntary market participants to be able to point investors to their inclusion on the government's Registry.

The following summary, steps and elements constitute the Framework for Vanuatu's engagement in Voluntary Carbon Market activities:

- » **Voluntary Carbon Market (VCM) activities being undertaken within the sovereign territory of the Republic of Vanuatu, including on land and within the Exclusive Economic Zones (EEZ) of the nation⁵⁰ shall be managed by the Carbon Unit and regulated by the National Advisory Board on Climate Change and Disaster Risk Reduction based on the recommendations of the Carbon Cooperation Steering Committee**
- » **VCM project developers aiming to generate carbon credit offsets shall obtain formal recognition by the Carbon Unit (See [Annex III](#)), in order to ensure credibility to carbon units from Vanuatu, assuring buyers and cooperating partners that they deliver the mitigation value that they represent.**
- » **Project developers have the option of utilising Vanuatu-authorized credits, or credits registered by external standards, but must update the Vanuatu Carbon Registry with all relevant details regardless of the pathway selected.**
- » **VCM activity developers must be properly incorporated legal entities (not individuals or persons), and be registered with the Carbon Unit**
- » **Registration shall identify all activity developers or VCM project owners involved in designing and implementing mitigation activities and brokering (buying, selling) for carbon units.**
- » **The Carbon Unit will receive and process applications for VCM activity approval, and ensure that methodological, MRV, double counting and safeguarding requirements are met, as well as undertake inspection and compliance activities.**
- » **VCM projects can be potentially created from mitigation sectors within the NDC (See [Annex I](#)) and outside the NDC insofar as the resulting emission reductions are not correspondingly adjusted.**
- » **VCM mitigation projects shall base their work on a greenhouse gas mitigation methodology listed within Vanuatu's Register of Approved Mitigation Activity Methodologies (ROAM) outlined in [Annex II](#).**
- » **VCM projects shall submit a preliminary Mitigation Action Idea Note (MAIN) and, once approved by the Carbon Cooperation Steering Committee , a comprehensive Mitigation Action Design Document (MADD)**
- » **The Carbon Unit will receive requests for the certification of units under national authority: Vanuatu National Carbon Credits (or VNCCs), assign credits based on the CO₂e value of the mitigation achieved to the account of their owner in the national registry, and record sales and retirements in the registry using the steps in [Annex III](#).**



VCMs can include mitigation outcomes that have been authorized by Vanuatu for international transfer (and thus subject to a corresponding adjustment in Vanuatu's national carbon accounts) as well as non-authorized mitigation outcomes which are not subject to a corresponding adjustment. Only Vanuatu, as a sovereign government, may make the authorization and corresponding adjustment decisions.

All carbon cooperation activities in the voluntary market must be included on the Vanuatu Carbon Registry, as an important assurance for environmental integrity and to avoid double counting. For clarity, even those projects registered under international systems must also submit information to and be included in the Vanuatu Carbon Registry. For those projects already operating in Vanuatu that are not yet in the Vanuatu Carbon Registry, an acceptable grace period will be established by the Carbon Cooperation Steering Committee for these projects to provide the requisite information and become compliant.

⁵⁰ <https://pacificdata.org/dashboard/maritime-boundaries/vanuatu>

- » All credits created in the VCR shall have unique serial number/project information number associated with information including, inter alia, data identifying Vanuatu as the providing country, the year of the underlying mitigation activity, the project developer, carbon rights owners and the type of mitigation activity as per the detailed Mitigation Action Idea Note (MAIN) and Mitigation Action Design Document (MADD)
- » Vanuatu National Carbon Credits (VNCCs) shall be retired no later than the end of 2030 regardless of when they are created, which corresponds to the implementation period of Vanuatu's revised and enhanced 1st NDC 2021-2030
- » VCM offsets shall be included in the enhanced transparency reporting Vanuatu submits to the UNFCCC

8.0

VANUATU'S CARBON COOPERATION GOVERNANCE MECHANISMS

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VANUATU’S CARBON COOPERATION
GOVERNANCE MECHANISMS

Vanuatu’s ‘Meteorology, Geological Hazards and Climate Change Act No. 25 of 2016 (Climate Change Act)’⁵¹ mandates the now well-established joint governance arrangements for climate change and disaster risk reduction programming, policy and action alongside additional guidance by the Climate Change and Disaster Risk Reduction (CCDRR) Policy 2nd Edition 2022-2030⁵² and National Sustainable Development Plan (NSDP):2016-2030.

The Act provides a legal mandate for the **National Advisory Board (NAB) on Climate Change and Disaster Risk Reduction**, as tasked by the Council of Ministers in 2012, to act as Vanuatu ’s highest level ’ policy making and advisory body for all climate change and disaster risk reduction programs, projects, initiatives and activities’.

The NAB assembles high-level representatives of key Vanuatu Government departments and agencies, and is co-chaired by the Directors General of the Ministry of Climate Change⁵³ and the Ministry of the Prime Minister’s Office.

According to the CCDRR Policy⁵⁴, the NAB has the following core composition:

NATIONAL ADVISORY BOARD (NAB)	MEMBER
CO-CHAIRPERSONS	Directors General: Ministry of Climate Change & Prime Minister’s Office
CORE MEMBERS	Director, Vanuatu Meteorological and Geo-hazards Department
	Director Finance
	Director Department of Local Authorities
	Director Vanuatu Project Management Unit
	Chamber of Commerce
	Representative of Non-governmental Organizations
	Manager NAB Secretariat

The Director, Department of Forestry has been added to the NAB core group recently, which will enable NAB to better consider REDD+ priorities in its decision making, and for coordination on financing aspects for implementation, and for providing an oversight role for the REDD+ Technical Committee.

VANUATU’S CLIMATE CHANGE ACT LISTS ADDITIONAL NATIONAL ADVISORY BOARD (NAB) MEMBERS:	Director General
	Director of the Department of Climate Change
	Director of the Department of Meteorology
	Director of the Department of Geological Hazards
	Director of the Department of Forestry
	Director of the Department of Energy

⁵¹ <https://www.vmgd.gov.vu/vmgd/images/admin-media/docs/Official-Gazette-No.-6-of-2017-dated-1-February-2017.pdf>
⁵² <https://www.nab.vu/document/vanuatu-national-ccdr-policy-2022-2030-2nd-edition>
⁵³ The Director General of the Ministry of Climate Change is also Vanuatu’s National Designated Authority (NDA) to the Green Climate Fund, the Nationally Designated Entity (NDE) to the Climate Technology Center and Network, and the focal point of the Global Environment Facility.
⁵⁴ <https://www.nab.vu/sites/default/files/documents/National%20CCDRR%20Policy%202022-2030.pdf>

CONT'D	Director of the Department of Local Authority
	Director of the Department of Environment
	Director of the Department of Foreign Affairs
	Director of the Department of Strategic Management
	Director of the National Disaster Management Office
	Director of the Department of Finance
	Director of the Department of Woman's Affairs
	Director of the Department of Public Works
	Chief Executive Officer of the Vanuatu Non-Government Organizations (VANGO)

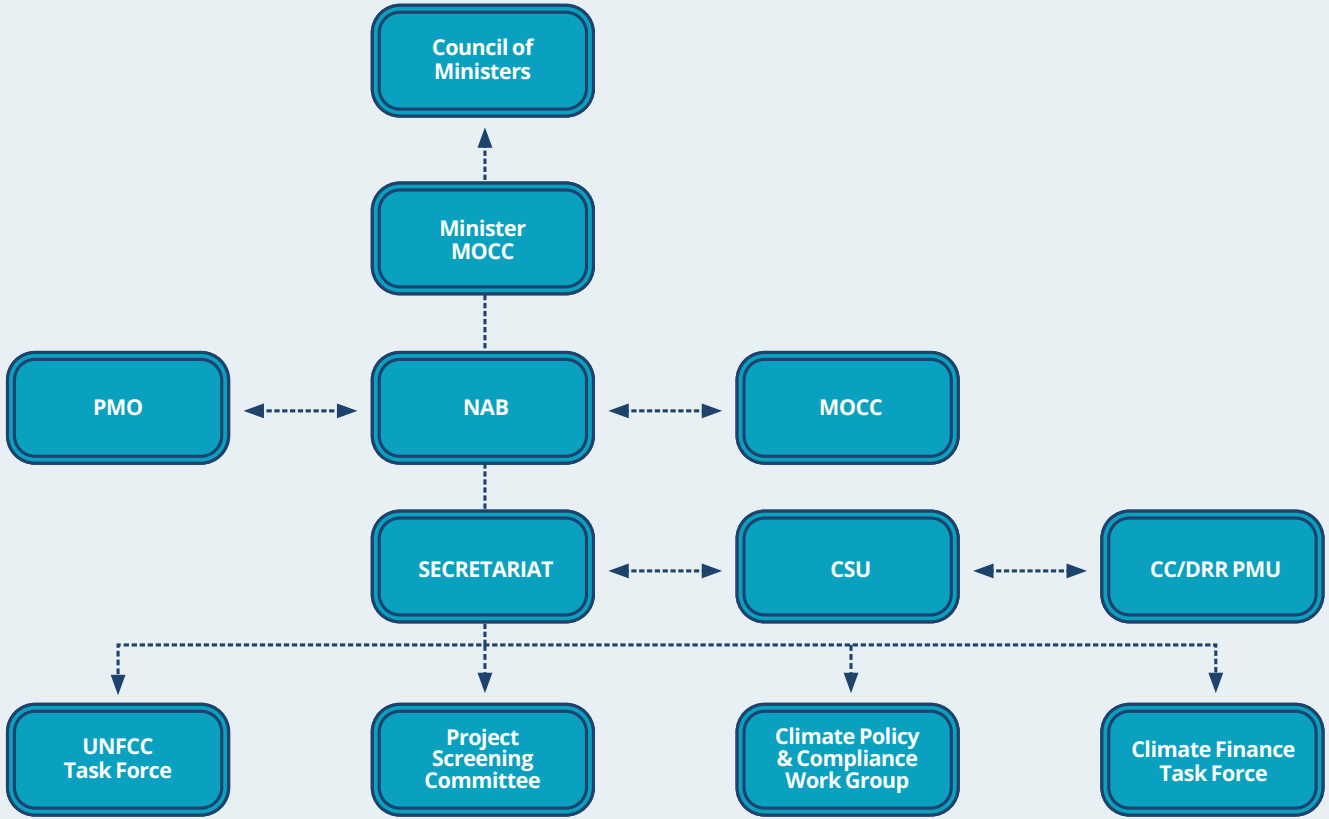


Figure 12: Schematic explaining the interplay between Article 6 and the Voluntary Carbon Market

The NAB is supported by a **Secretariat**, which sits within the **Ministry of Climate Change Adaptation, Meteorology & Geo-Hazards, Energy, Environment and National Disaster Management**.

The NAB Secretariat prepares reports on key climate projects to the Council of Ministers on behalf of the NAB, reports on projects through the government reporting system, and is the lead for all official communications to the UNFCCC. The NAB Secretariat also plays a strategic policy and coordination role.

The NAB Secretariat has several standing working groups including the UNFCCC Taskforce, the Adaptation and Loss & damage Working group, the Project Screening Committee, the Climate Policy and Compliance Working group, the REDD+ Technical Committee and the Climate Finance Taskforce.

8.1 | GOVERNANCE OF ARTICLE 6 & CARBON COOPERATION ACTIVITIES

To comply with Article 6 provisions, host parties need to choose institutions to perform specific Article 6 responsibilities, and must define the different roles, functions, and bodies and document and present this information to the UNFCCC.

The starting point for implementing this requirement is that the host party informs the UNFCCC as to which entity has authority for authorization, transfer, and reporting

Vanuatu's competent authority for authorizing the use of Article 6 modalities, including ITMOs and other carbon credits, as Vanuatu's Authorizing Entity (AE), is the National Advisory Board on Climate Change & Disaster Risk Reduction. The competence is delegated to the NAB in this Framework, and will eventually be legislated in Vanuatu's Carbon Cooperation Act, which must include eligibility requirements for the authorization process.

In the context of the Paris Agreement, an Authorizing Entity is the organization granted responsibility by the Government of Vanuatu to communicate authorization and approval of participation in Article 6 projects (mitigation actions/activity). The key function of the AE is to facilitate Government assessment of potential mitigation projects to determine whether they will assist the Government of Vanuatu in achieving its NDCs commitments and sustainable development goals, and to provide a letter of approval to project participants in Article 6 projects.

The relevant functions of the **National Advisory Board** shall include, inter alia:

- » Approve projects and activities under all carbon cooperation modalities, ensuring they align with national priorities and commitments.
- » Authorize ITMOs and authorize 'entities who participate in Article 6 project'
- » Approve Letters of Approval (LOA) for Article 6 and carbon cooperation activity applications
- » Approve the issuance and transfer of ITMOs and other units generated in Vanuatu
- » Approve new Methodologies to be added to Vanuatu's Register of Adopted Mitigation Activity Methodologies (or ROAM)
- » Endorse the regulatory frameworks for the implementation of Article 6 and voluntary carbon cooperation mechanisms, including approving guidelines, standards, and procedures.
- » Certify the implementation of corresponding adjustments to avoid double counting of emission reductions, ensuring that international transfers of mitigation outcomes and other units are accurately reflected in national inventories.
- » Monitor the financial aspects of carbon cooperation activities, including the management of funds generated from emission reduction credits and ensuring their proper use in line with national development goals.
- » Establish a Carbon Tribunal with jurisdiction in Vanuatu to address disputes related to carbon cooperation activities

A cross-ministerial **Carbon Cooperation Steering** Committee shall be constituted under the authority of the National Advisory Board (NAB) and Council of Ministers (COM) to provide it with recommendations for decision-making, coordination, rulemaking, technical advisory and guidance for Article 6 and carbon cooperation activities in Vanuatu.

The Steering Committee must ensure that carbon cooperation activities align with Vanuatu's NDC, as well as other policies, plans and strategies, meet safeguard and benefit sharing standards as well as obligations to the Paris Agreement and other multilateral agreements, as well as are in the best interest of Vanuatu and its carbon rights owners.

The Carbon Cooperation Steering Committee shall include high-level technical representatives and experts, which then report to the NAB. The Steering Committee shall be co-chaired by the Director of the Department of Climate Change and the Director of the Department of Forests, and include senior representatives from the Department of Energy, Department of Environment, Department of Finance and Treasury, the NAB Secretariat, the Vanuatu Association of Non Government Organisations, and the Vanuatu Business Resilience Council.

In order to assist with sector-specific scrutiny of carbon cooperation projects, the Steering Committee shall call upon the support of members on the Roster of Experts (RoE) for consideration of projects by Carbon Cooperation Steering Committee. The Roster of Experts should include members from, at minimum, the Department of Strategic Policy Planning and Aid Coordination, the Reserve Bank of Vanuatu, the Department of Women's Affairs, the Vanuatu Cultural Center, the Department of Lands, the Department of Urban Affairs & Planning, the Department of Local Authorities, the Vanuatu Climate Action Network, the Vanuatu Chamber of Commerce and Carbon Market buyers.

The functions of the **Carbon Cooperation Steering Committee** include, inter alia:

- » Review and provide guidance to projects and activities under all carbon cooperation modalities, ensuring they align with national priorities and commitments.
- » Make a recommendation to the National Advisory Board on the 'authorization of ITMOs' and the 'authorization of entities who participate in Article 6 project', which will be communicated via the Carbon Unit at the Department of Climate Change
- » Review Letters of Approval (LOA) for Article 6 and carbon cooperation activity applications, to be communicated by the Carbon Unit
- » Review and make recommendations to the NAB on new Methodologies to be added to Vanuatu's Register of Adopted Mitigation Activity Methodologies (or ROAM)
- » Make recommendations to the NAB on the regulatory framework for the implementation of Article 6 and voluntary carbon cooperation mechanisms, including approving guidelines, standards, and procedures.
- » Oversee the monitoring and reporting of emission reductions and other relevant metrics to ensure transparency, accuracy, and compliance with international standards.
- » Review and make recommendations to the NAB on the implementation of corresponding adjustments to avoid double counting of emission reductions, ensuring that international transfers of mitigation outcomes and other units are accurately reflected in national inventories.
- » Guide the support and training provided to local stakeholders, including project developers, government agencies, and private sector participants, to enhance their understanding and capabilities regarding Vanuatu's carbon cooperation mechanisms.
- » Guide stakeholder consultation and engagement processes to ensure feedback is meaningfully incorporated and ensure that the interests of diverse and marginalised groups are considered in the implementation of carbon cooperation activities.
- » Review and make recommendations to the NAB on the financial aspects of carbon cooperation activities, including the management of funds generated from emission reduction credits and ensuring their proper use in line with national development goals.

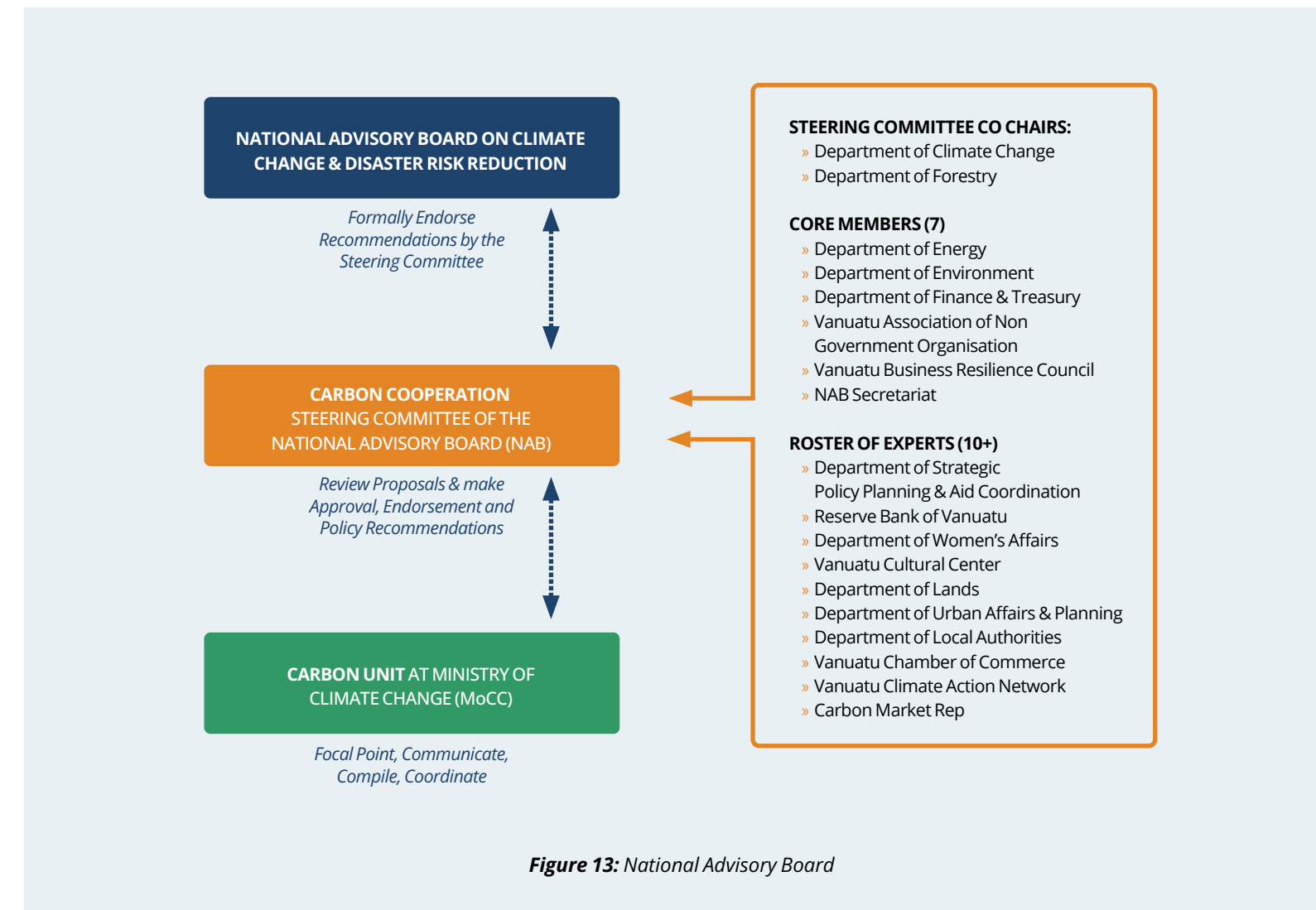
- » Guide the implementations of regular evaluations and reviews of carbon cooperation activities to assess their effectiveness, identify areas for improvement, and ensure continuous enhancement of the national oversight system.
- » Guide the work of the Carbon Tribunal to adequately address disputes related to carbon cooperation activities

The **Ministry of Climate Change** shall establish a **Carbon Unit**, which will serve as the Secretariat to the Carbon Cooperation Steering Committee.

To effectively undertake the functions of a **Carbon Unit**, the MoCC shall establish staffing and capacities which will provide day-to-day management, implementation and operationalisation of Article 6 and carbon cooperation activities, and have the specific following responsibilities:

- » Review, update and keep current Vanuatu's Carbon Market & Cooperation Framework
- » Develop a shared work plan for economy-wide implementation of Article 6 and carbon cooperation activities in Vanuatu
- » Serve as the primary point of contact for Participants in Article 6 and carbon cooperation activities, including ITMOs Project participants, VCM project developers, Vanuatu owners of carbon property rights
- » Update, as often as necessary and before all meetings, the **National Advisory Board and the Carbon Cooperation Steering Committee** on the status, progress and workplan for implementation of Article 6 and carbon cooperation activities.
- » Prepare for Steering Committee meetings, including organising meeting dates, venues, documents invitations and meeting minutes.
- » Receive and assess requests/applications for user registration, project registration, activity approval, credit claims or credit retirements for approval by the Steering Committee
- » Establish working groups or Rosters of Experts to assist the Steering Committee's performance of its functions, from other government entities or external stakeholders as necessary.
- » Draft and transmit Letters of Approval (LOA) as instructed by the Steering Committee approval
- » Manage and instruct mitigation activity inspectors to visit project sites and ensure compliance with agreements, conditions, rules and regulations
- » Online Registry maintenance, including to register users, projects, approvals, credit generation, transfers, and retirements on the public registry
- » Process the issuance and transfer of ITMOs, pending Steering Committee approval
- » Administer share of proceeds, and ensure timely disbursements to carbon rights owners
- » Consider and make recommendations on new Methodologies to be added to Vanuatu's Register of Adopted Mitigation Activity Methodologies (or ROAM)
- » Consider and make recommendations on new Verification and Validation Bodies (VVB)
- » Consider and make recommendations on templates and forms (e.g. the Mitigation Action Idea Note (MAIN) and Mitigation Action Design Document (MADD))
- » Consider and make recommendations on Safeguards, Dispute Resolution, Benefit Sharing and other protocols relevant to carbon cooperation
- » Undertake capacity development, communications and promotion of Article 6 and carbon cooperation initiatives, with a view to expanding participation in these mechanisms among ni-Vanuatu stakeholders, a range of line agencies and international partners

- » Technical support to stakeholders, so that carbon rights owners and activity developers can efficiently initiate and successfully operate projects and programmes
- » Liaise with international bodies, such as the UNFCCC and other countries' oversight bodies, to ensure coherence and alignment with global standards and practices.
- » Provide comprehensive information to meet UNFCCC reporting obligations and support those responsible for the Enhanced Transparency Framework (ETF) implementation



8.2 | ROLES AND RESPONSIBILITIES OF OTHER AGENCIES AND STAKEHOLDERS

While the Steering Committee is responsible for the overall implementation of this Framework for Vanuatu, all must urgently begin to consider how to operationalise carbon cooperation across Ministries, Departments and Agencies, particularly in the development, revision and execution of their respective sector action plans.

Ministry of Climate Change Adaptation, Meteorology & Geo-Hazards, Energy, Environment and National Disaster Management has the mandate to coordinate the preparation and implementation of Vanuatu's Nationally Determined Contributions and its Department of Climate Change shall host the **Carbon Unit**. **The NAB**, which is co-chaired by the Directors General of the Ministry of Climate Change and the Prime Minister's Office, shall serve as the **Authorizing Entity (AE)** of Article 6 activities under the Paris Agreement.

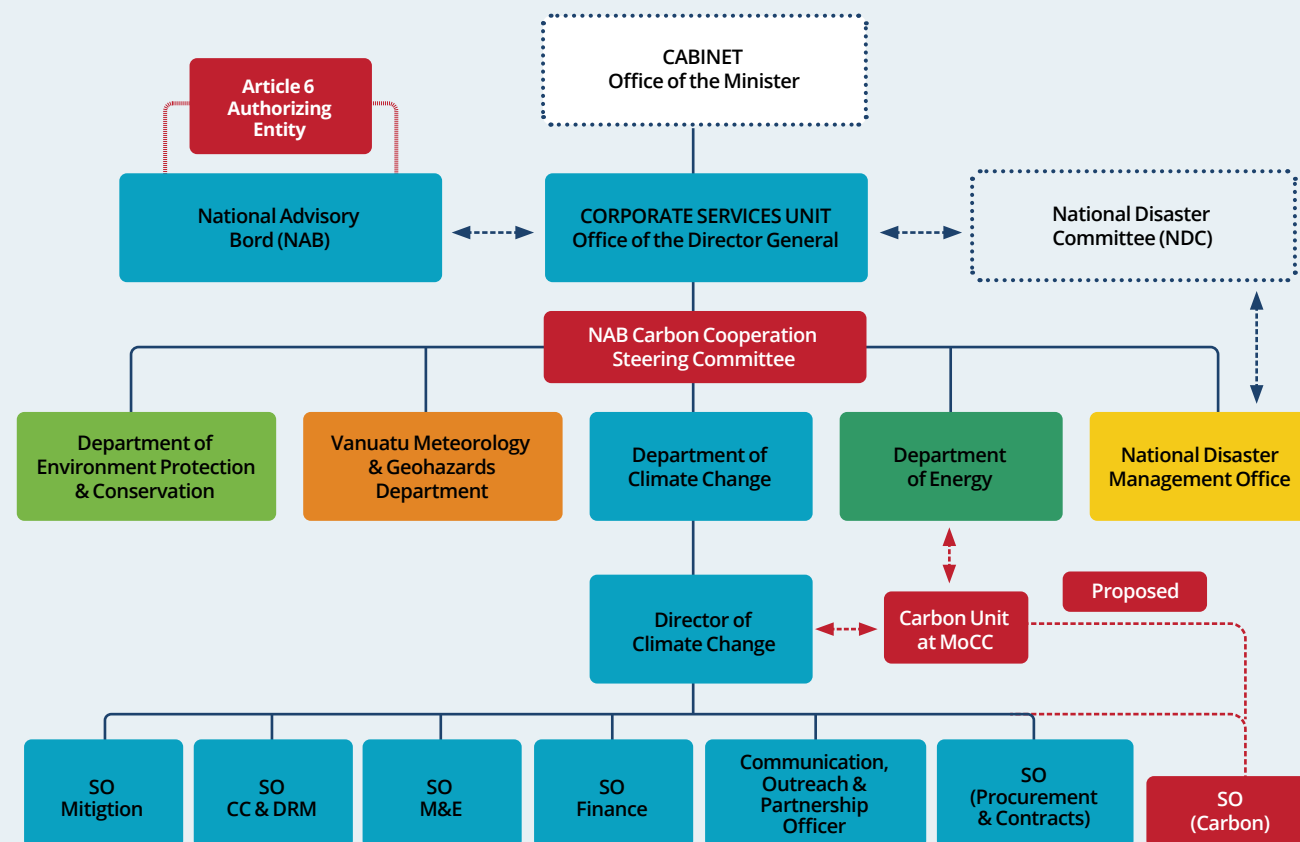


Figure 14: New Proposed Carbon Unit

To further operationalise the governance of carbon cooperation, the MoCC shall submit a New Policy Proposal (NPP) according to the National Planning Framework⁵⁵ to ensure adequate staffing and resourcing for the new Carbon Unit.

The Department of Climate Change (DoCC) within the MoCC is mandated to: ensure that high quality services are provided in relation to climate change in Vanuatu; promote capacities of governments, communities and organizations to understand and respond to risks arising from climate change; and ensure that the government and the public are informed of matters related to climate change, and are able to make effective use of such information and data, to respond to such events, in order to protect the environment and the safety and welfare of the community.

The DoCC is also responsible for ensuring that climate change programmes and projects are carried out within their specified timeframes and for ensuring activities meet the necessary public participation and stakeholder requirements. The DoCC also has the authority to act as a Financial Management Agent for externally funded programmes and projects and will thus, on behalf of the NAB and the MoCC, be responsible for project financial management and administration

Under the MoCC Corporate Plan⁵⁶, the DoCC has a Program 2: Climate Change Mitigation (Low Carbon Development), with an objective to implement Sustainable development opportunities that reduce carbon emission and support and develop mitigation interventions for realistic assessment of climatic change and climate action impacts.

The Department of Energy is responsible for the development of energy policies, legislations and regulations to guide the development of energy services in Vanuatu. The Department and the **National Energy Taskforce** have a role, as outlined in the Vanuatu National Energy Roadmap 2012-2030, in collecting carbon relevant data in the electricity generation sector, including indicators and reporting modalities. The Department is also the key focal point for all energy related emissions reductions, including development of renewable energy strategies and programmes, and houses an extensive database on carbon relevant reports⁵⁷.

Department of Forestry and National REDD+ Unit: The National REDD+ Unit, under the DoF, will lead the implementation of the National REDD+ Strategy, in collaboration with the REDD+ Technical Committee and the National Advisory Board, and the Provincial Technical Advisory Committees. DoF hosts the National REDD+ Unit, staffed with a REDD+ Coordinator and a REDD+ CSO Coordinator. It is envisioned the DoF will expand its staff capacity to enable leadership and implementation of key REDD+ activities, including in relation to cross-sectoral coordination, future forest monitoring and NDC reporting responsibilities and environmental and social safeguards management, FGRM and stakeholder engagement.

Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity (MALFFB) Programme Management Unit (PMU): The Programme Management Unit (PMU) established in the MALFFB PMU will be responsible for the fiduciary aspects of the implementation of the REDD+ strategy. The role of the PMU is to manage all the projects under MALFFB. The PMU can support the REDD+ Unit in the cross-sectoral coordination that will be necessary for successful implementation of this strategy. The capacity of the PMU is being built, and can further be supported through REDD+ operational funding. The PMU Manager would be the primary focal point for the National REDD+ Strategy. The Primary Producers Authority Act of 2018 mandates the establishment of a network of primary producers represented through associated forums, by area, and according to primary products. The Authority established in 2020 may consider carbon products in the future.

REDD+ Technical Committee (TC) is governed by the NAB and chaired by the DoF, under MALFFB, and is comprised by the key implementation actors at the technical level. The TC will constitute the main inter-institutional coordination platform representatives from key departments in MALFFB, other government departments, CSOs that have a role in forest carbon implementation (e.g. Nakau Programme) and private sector representatives (e.g. cooperatives). The TC will fulfil an oversight, coordination and implementation role during for Vanuatu's National REDD+ Strategy. A legislative mandate is required.

Civil Society Organization (CSO) Platform: Is constituted by the REDD+ Unit and CSO members from the TC and supported by the REDD+ CSO Coordinator under the REDD+ Unit. The CSO Platform serves as a networking and information dissemination platform at national level and plays a role during the implementation of REDD+ activities.

⁵⁵ https://rti.gov.vu/images/PDFs/NSDP/National_Planning_Framework.pdf

⁵⁶ <https://mocca.gov.vu/images/publications/corporate/MoCC%20Corporate%20Plan%202022-2026.pdf>

⁵⁷ <https://doe.gov.vu/index.php/documents/reports>

Provincial Technical Advisory Committees (PTAC) are chaired by the respective Regional Forest Officer (RFO), representing the DoF, and are constituted by representatives of the Department of Agriculture, Horticulture, Fishery, Livestock, Provincial Administration, CSO, Youth and women groups and CSO Network at the provincial level. The PTAC will have the overall responsibility for implementing the REDD+ Strategy Actions at the province level, including both decision-making on strategic and technical direction, with the guidance of the REDD+ PMU and CSO Platform. The PTAC coordinates closely with Councils of Chiefs, Provincial Planners, the DoCC's Provincial Climate Change Officers, and other agencies.

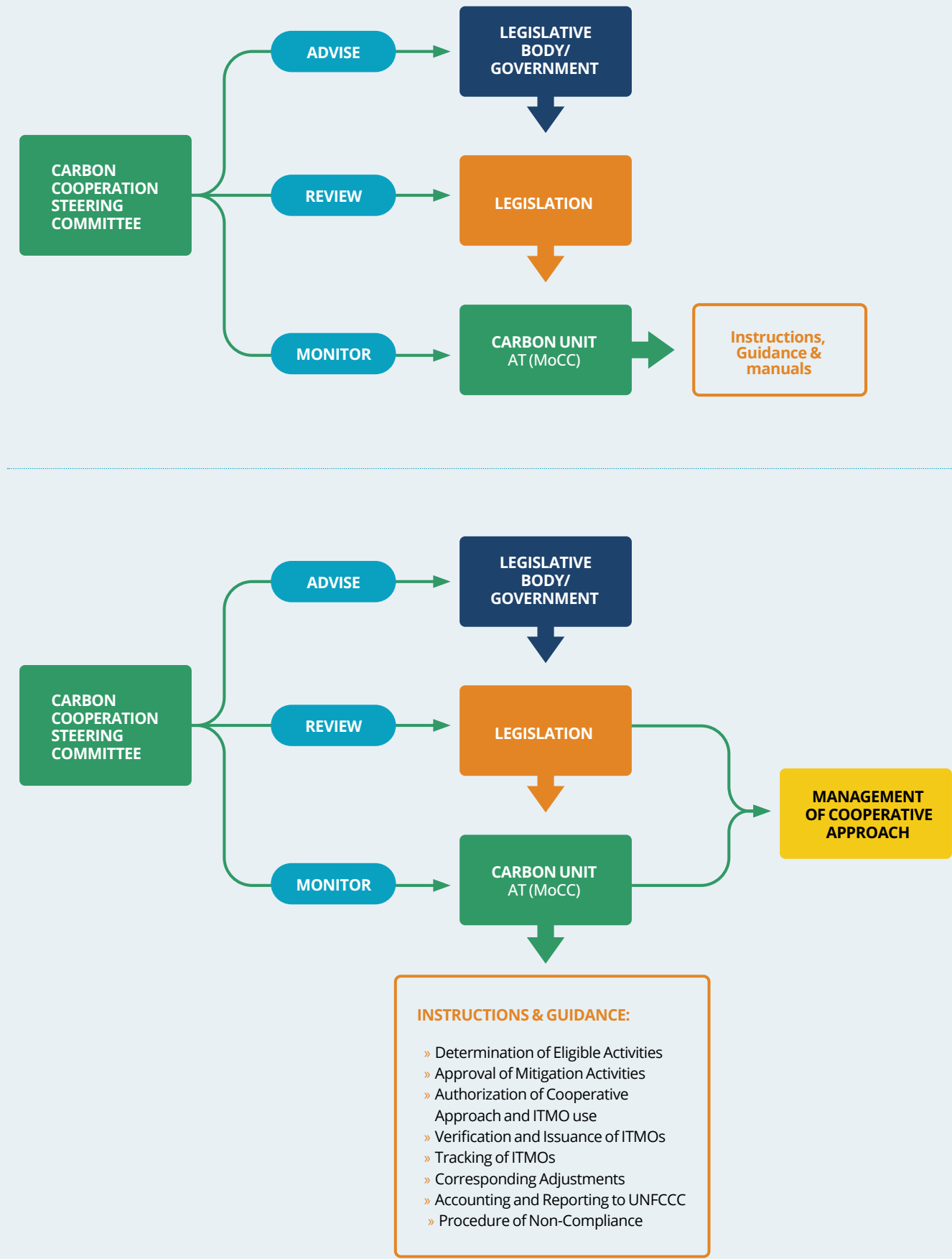
Malvatumauri National Council of Chiefs will be consulted at regular intervals. **Island Chiefs, Area Chiefs, and Community Chiefs** will have key roles, such as coordinating island-level planning among communities, ensure that decision-making is participatory and representative of all sectors in the community, including vulnerable groups, in all project activities.

The private sector plays a crucial role in engaging in carbon markets and carbon cooperation in Vanuatu. By investing in sustainable projects and initiatives that reduce greenhouse gas emissions, private companies can generate carbon credits that contribute to national and global climate goals. These credits can be traded in both voluntary and compliance carbon markets, providing financial incentives for further investment in green technologies and practices. Private sector engagement also fosters innovation and brings technical expertise, software and business efficiency to carbon cooperation which enhances the effectiveness and scalability of mitigation activities. Additionally, collaboration between private entities and local communities ensures that carbon projects align with the cultural and socio-economic context of Vanuatu, promoting sustainable development and resilience against climate change impacts.

NATIONAL GUIDELINES ON NESTING OF REDD+ INITIATIVES

Strategy Endorsement	Council of Ministers/ Cabinet		
Governing body for high level and Strategic Coordination of the REDD+ Strategy and Financing	National Advisory Board (NAB)	Communication with UNFCC	NAB Secretariat
Responsible for the Fiduciary Aspects of REDD+ Strategy Implementation & Support for Cross-Sectoral Coordination	Programme Management Unit (in MALFFB)		
Oversight and Implementation of REDD+ Strategy, Coordination with PMU, TC and PTAC, Cross-Sectoral Coordination	National REDD+ Unit (DoF)	Management and implementation responsibility	REDD+ Technical Committee
Responsible to Implement SOs at Provincial level, Liaise with Island-Level Council of Chiefs, Provincial Planners	Provincial Technical Advisory Committees (PTAC)	Oversight and guidance at regional level	CSO Platform/ farmers associations
Develop and Implement SOs at Local Level, Liaise with Island-level Council of Chiefs	Community/Ward/ Area Council Committees	Design implementation and stewardship at local level	

CARBON COOPERATION STEERING COMMITTEE



9.0

MONITORING AND REPORTING

MONITORING AND REPORTING

9.1 | VANUATU CARBON REGISTRY (VCR)

As a Party to the Paris Agreement, the Government of Vanuatu is obliged to fulfil the commitments made under the agreement. Article 4.13 of the Paris Agreement reads “Parties shall account for their nationally determined contributions. In accounting for anthropogenic emissions and removals corresponding to their nationally determined contributions, Parties shall promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and ensure the avoidance of double counting (...)” thereby emphasizing the avoidance of double counting of the emissions reductions.

In order to ensure that emission reductions credits that are being marketed from Vanuatu’s sovereign territory are not double counted (by Government or others), each mitigation activity, credit generated and transferred unit shall be included in a national registry. Additionally, to enable cross sectoral coordination and public transparency, the Vanuatu Carbon Registry (VCR) shall contain information on all carbon cooperative activities undertaken in Vanuatu, both within and beyond Article 6, both counted against and beyond Vanuatu’s NDC. The primary objective of the Vanuatu Carbon Registry is to scale-up and shape the future of cost-effective domestic GHG mitigation actions; however, this will also be an effective tool for tracking ITMOs and other credits and units, as well as provide a channel to design and pilot any new domestic/regional/international market-based instruments.

The VCR will perform the following main functions:

- » Serve as a central database covering all carbon cooperation activities occurring in Vanuatu
- » Keep records of information on the development of eligible mitigation activities implemented in Vanuatu with the view to both track and create authorised MOs, ERs, carbon credits or other fungible units for carbon cooperation
- » Host accounts for eligible mitigation activity under each cooperative market or non market approach, including in voluntary carbon activities with unique mitigation activity identification numbers
- » Hold information on actions relating to mitigation activities, including:
 - » authorisation,
 - » first transfer and transfers,
 - » acquisitions,
 - » use toward NDCs,
 - » authorisation for use toward other international mitigation purposes and
 - » voluntary cancellation including for OMGE, if applicable.
- » Document information on carbon transactions, including tracking, maintaining and accounting for transfers with unique identifiers.
- » Track the various stages of the mitigation project cycle, as well as accounting for units generated, transferred or retired.
- » Track other information such as co-benefits and financing,
- » Detailed information about the Carbon Right Owner(s), the project developer(s) and the Buyers/purchasers of the credits.

- » For area-based terrestrial or maritime activities, the registry must include detailed information on
 - » Land/Marine plot size
 - » Mapp and location coordinated (can later be converted into GPS coordinates
 - » Shapefile (ERSI geographical data storage format) and/or aerial imaging
 - » Ground-level imaging
 - » Customary Landowner or Carbon Right holder details
- » Enable transparency by making some information publically available regarding ongoing or past mitigation actions, including the information, documents and templates required by developers and other stakeholders to support projects.
- » Comply with Chapter VI. paragraph 29 of Article 6.2 of the Paris Agreement and the bilateral agreements Vanuatu signs with participating Parties.
- » Link to other databases already existing in Vanuatu, including the Article 6.2 Registry and the National Forest Monitoring System

The technical and administrative arrangements for managing the VCR will be based on secured software that enables the tracking and recording of carbon cooperation activities. As much as possible this monitoring should be done automatically, utilizing artificial intelligence.

Carbon cooperation activities and resulting units shall be uniquely identified in a way that renders the units traceable to the mitigation outcomes they represent.

The Vanuatu Carbon Registry shall have the capacity to hold information about credits and units generated on external registries, such as CDM, Gold Standard, Verra's Verified Carbon Standard or others meeting ISO 14064 requirements.

The Vanuatu Carbon Registry will not in and of itself house or transfer credits as financial instruments, which should be done on other app-based online platforms at the Reserve Bank or elsewhere. It is critical that a stand-alone and dedicated financial institution manage carbon-related financial transactions, manage risks including by implementing anti-money laundering and counter-terrorist financing (AML/CFT) measures.

It is proposed that the VCR be linked automatically to such a stand-alone Platform for Tradeable Financial Instruments which incorporates applications, software and other tools that support the secure online transfer of units. A small percentage of trading volume (~1%) could be withheld to cover costs of designing, maintaining and operating such a financially-focused platform system.

The Vanuatu Carbon Registry will keep an up to date record of these financial credit creations, transactions and retirement for transparency purposes.

As this type of monitoring and trading system is not yet operational in the Pacific, Vanuatu may invest in its development with consideration of one day providing such registry and financial instrument services to other Pacific nations. Exporting carbon cooperation capacities and tools regionally would bring additional benefit to Vanuatu.

» VANUATU REGISTRY - KEY FEATURES

- » A standardized electronic database that contains, inter alia, common data elements relevant to the issuance, holding, transfer, acquisition, and cancellation of ITMOs.
- » The Department of Climate Change (DoCC, GoV) acts as Article 6.2 secretariat and “registry administrator” to maintain ITMOs issuance and transaction, including issuance, transfer and acquisition and cancellation of ITMOs.
- » The registry conforms to the national technical standards of Vanuatu, bilateral partners, COP, and UNFCCC (if any)
- » The registry has the following accounts:
 - » Pending account,
 - » Holding account,
 - » Cancellation account, etc.
- » Publicly accessible information through a cloud-based online system
- » The automated checks and manual checks for the transaction/transfer/cancellation process.
- » Each ITMOs with a unique serial number will be held in only one account in the registry at a given time.
- » National Consolidated GHG Inventory Report
- » National Ledger for GHG Accounting, Corresponding Adjustment and Avoidance of Double Counting
- » The registry will be Audited by the third-party Auditor appointed by National Advisory Body (NAB or National Accounts Auditor).

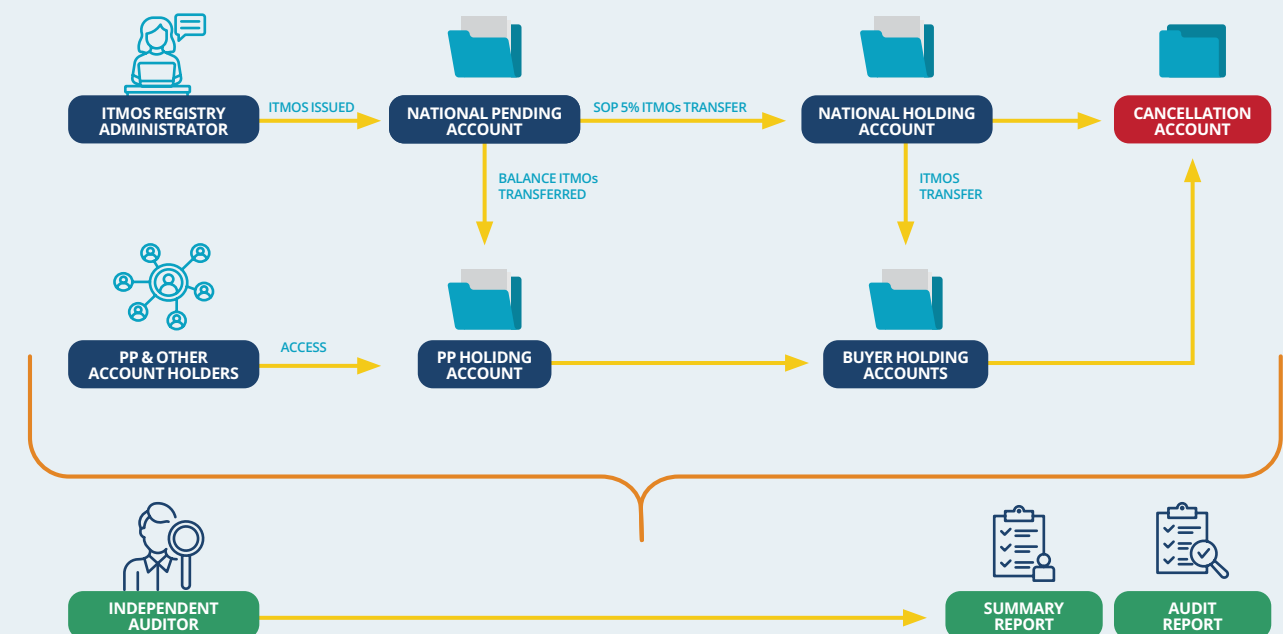


Figure 15: Vanuatu Registry

» ACCOUNT CREATION

Each activity developer shall request a VCR account from the Carbon Unit related to its plans to undertake MOs.

The developer's account shall contain data on the mitigation activity and records of its transactions. The account will contain all issued MOs, internationally transferred MOs, carbon credits or other units as well as reconciliation records.

» TRACKING MOs, CARBON CREDITS OR OTHER UNITS

If the activity developer decides to have credits issued beyond the authority of the Republic of Vanuatu, all relevant information about the project, including the credits issues and transferred, should be uploaded to the Vanuatu Carbon Registry.

The purpose of housing information about all carbon cooperation activities in Vanuatu in one online location is to ensure transparency, environmental integrity, and ensure there is no double creation or double accounting of real mitigation outcomes.

» ISSUING AUTHORISED MOs, CARBON CREDITS OR OTHER UNITS

Following a positive examination of an independent verification report by the Carbon Cooperation Steering Committee and the project proponent, the Carbon Unit or a linked registry shall issue the recognised quantity of units with unique serial numbers into the registry account of the activity developer. These units can then be traded on a stand-alone Platform for Tradeable Financial Instruments after approval of the NAB upon recommendation of the Carbon Cooperation Steering Committee.

The issuance of units on the VCR by the Carbon Unit shall require

- » Account on the VCR.
- » Authorisation statement for the mitigation activity.
- » Verification report covering the mitigation activity.
- » Positive examination notification on the verification report.
- » Request for issuance of MOs.
- » Notice of issuance of MOs.

A project developer seeking to create authorised units listed on the VCR or a registry linked to a recognised registry shall submit an issuance request form to the Carbon Unit or follow the issuance protocols of the recognised international registry. All relevant information, regardless of provenance, must be uploaded into the Vanuatu Carbon Registry.

» ISSUING MOs ON THE VCR

When the Carbon Unit receives the MOs issuance request, it will perform an initial completeness check on the request before submitting it to the Carbon Cooperation Steering Committee for pre-issuance endorsement, and approval by the National Advisory Board.

The Carbon Unit shall record all issuances on the VCR with unique identifiers for the issued units, including information on the cooperative approach, the project proponents, the location (country and subnational location), the authorisation status, the date of issuance, the date of transfer, the date of retirement, the serial number, and the vintage of the underlying mitigation outcome.

The Carbon Unit will work out the operational modalities for conforming or adopting common serial numbering methods with other registries to reduce the risk of double claiming.

» RESERVATION OF UNITS ON THE VCR

The Government of Vanuatu shall apply a % reservation formulae to each unit listed on the VCR as a form of payment for regulatory and oversight services provided.

Thus the VCR administrator shall automatically earmark a yet to be determined percentage % (e.g. 5% would be 50 out of every 1000 units) of the units to be labelled as "reserve" for the national account per every issuance. In the 5% example, ONLY 950 of every 1000 units will be available for transfer on the VCR to the acquiring participating Party.

All the reserve units shall be transferred to a fund as decided by the Steering Committee (e.g. to the the National Green Energy Fund or the National Loss & Damage Fund) after the last issuance before the end of the crediting period.

When an authorised unit is issued on a registry linked to an international registry, the administrator shall mark the agreed % units out of every 1000 units as reserved on the VCR after every issuance.

The administrator of the ICS-linked registry shall notify the administrator of the VCR through the Carbon Unit via email of the quantity and details, including the label of the units that are retained for the national buffer account after every issuance.

In the last issuance before the end of the crediting period, the VCR shall request the transfer of all retained units earmarked for the Government from the registry administrator linked to the ICS.

The administrator of the VCR shall reflect all the transfers from international registries and apply the necessary reconciliations.

» ISSUING UNITS ON OTHER INTERNATIONAL REGISTRIES

Activity developers who choose to issue units on a registry linked to a recognised international carbon standard⁵⁸ shall satisfy the conditions listed above, and follow requirements of the international registry.

The international registry shall issue the quantity of units with unique serial numbers consistent with the unique serial numbering approach adopted by VCR following the publication of positive examination notification in Vanuatu and the acquiring participating Party.

The international registry shall send unit issuance information for each mitigation activity to the Carbon Unit at most seven days after the issuance via secured email.

The Carbon Unit shall maintain the information in the unit issuance message from international registries in the MAP account of the activity developer on the Vanuatu Carbon Registry for transparency record keeping and consistency checks.

⁵⁸ See example of a registry listing Vanuatu's CDM project which ran from 2014-2021.
<https://data.climateactiondata.org/project?id=6129a489-cfdd-4395-b236-81a2e45d2cf0&searchFlow=project>

» CONNECTING TO OTHER REGISTRIES FOR THE FIRST TRANSFER OF MOs UNDER 6.2

Where it is possible to connect the VCR to the registry system of the participating 6.2 Party or a registry linked to ICS, the exchanges and tracking of transfers of authorised and recognised MOs will take place electronically on the two registry systems.

If it is possible to link the Vanuatu registry with other Article 6.2 registries, the system can permit a seamless first international transfer of MOs; Vanuatu will use the debit and credit method to reconcile the quantities of MO transferred. When the registries of two or more cooperating entities are not linked, the cancellation will be done in one registry and creation in another before effecting a transfer.

For the electronic transfer of MOs across the registry system, the Carbon Unit registry linked to ICS and the participating Party will develop the protocols, including a common format of appending unique serial numbers, means of communication and recompilation, to facilitate regular exchange and tracking of MOs.

9.2 | VANUATU INTEGRATED MRV TOOL

Linked to the Vanuatu Carbon Registry is the Vanuatu integrated MRV Tool⁵⁹ which was launched in 2019, and includes the following functions and key features:

- » Preparation of national GHG inventory of Vanuatu according to 2006 IPCC Standards for National Greenhouse Gas Inventories
- » Pre-defined default IPCC guidelines methods, fixed Co2 equivalent types for separate categories as per IPCC AR5
- » Trend analysis of GHG emissions over time
- » User friendly interface for data input and automatic analysis
- » Inputs of NDC actions
- » Monitoring and tracking of NDC action performance
- » Unique IDs for each NDC action, and tracking of GHG emission reductions from each mitigation activity (avoid double counting)
- » Project finance tracking, budget and expenditure monitoring
- » Environmental Integrity and sustainable development impact assessment and monitoring
- » Report generation to satisfy international and domestic transparency requirements

STRUCTURE OF VANUATU'S INTEGRATED MRV FRAMEWORK

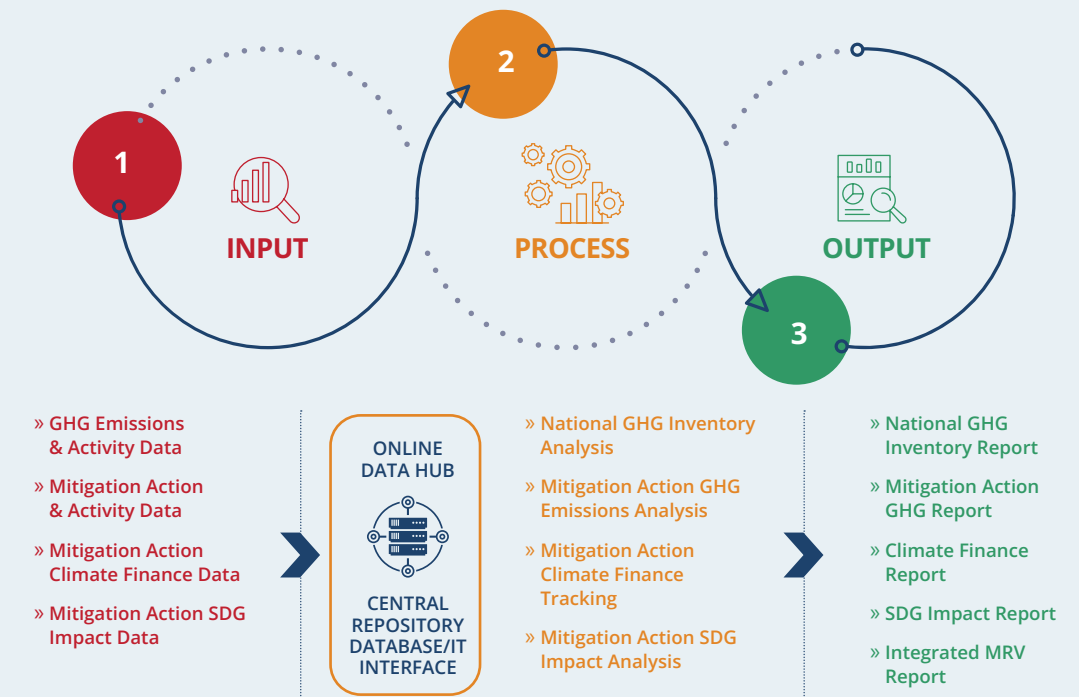
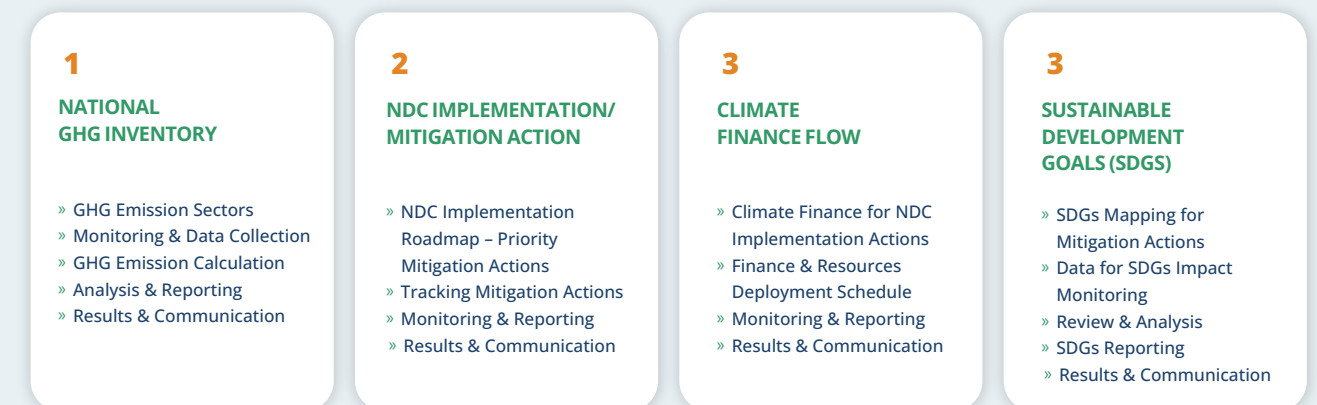


Figure 16: Structure of Vanuatu's Integrated MRV Framework

The integrated MRV tool is a first of its kind initiative which enables tracking, reporting and verification:

- » GHG emissions
- » Impact of Climate Change mitigation (including NDC) actions
- » Climate finance flows and
- » SDG impacts (Based on the UNDP Climate Action Impact Tool-CAIT)



Integrated MRV Report, NDC Report (National GHG Inventory Report (NIR), National Communications (NC), Biennial Reports (BR) and Biennial Update Reports (BUR), International Financial & Technical Support

Integrated Monitoring, Reporting and Verification (MRV) Framework


Integrated MRV framework for implementation of NDC designed as per the guidance and requirement under PA notably - Article 4, Article 6, Article 11, Article 12, Article 13, Article 14.


Fulfil requirements of "Transparency Framework" under the Paris Climate Change Agreement and Potential use for market and non-market-based approaches under Article 6.


Figure 19: Components of Integrated MRV Framework


⁵⁹ <https://library.sprep.org/sites/default/files/monitoring-reporting-verification-tool-climate-change-tracking.pdf>


SCREENSHOTS OF VANUATU'S EXISTING INTEGRATED MRV TOOL



National GHG Inventory


NDC Action Tracking


Climate Finance Flow


SDG Tracking


Reports



MRV Tracking Report


Integrated Monitoring Reporting and Verification (MRV) Framework for Vanuatu


NDC ACTION TRACKING REPORT (CONSOLIDATED)


Project Identifier	Mitigation Action	Sector	Sub-sector	Mitigation Activity	Implementing Agency	Commissioning Date (yyyy-mm-dd)	Status	Expected GHG Reduction over Lifetime(tCO2e)	GHG Reduction since Commissioning(tCO2e)
VA-EN-RE-1 Undine solar PV plant	Undine solar PV plant	Energy	Energy Industries	Renewable Energy	UNELCO	2016-04-01	Operation	4391	367
VA-EN-RE-2 Parliament Building and Meteo complex solar PV plants	Parliament Building and Meteo complex solar PV plants	Energy	Energy Industries	Renewable Energy	UNELCO	2016-04-01	Operation	6605	551
VA-EN-RE-3 Kawene solar PV plant	Kawene solar PV plant	Energy	Energy Industries	Renewable Energy	UNELCO	2018-04-01	Operation	12915	0
Total								23911	918


Integrated MRV Tool - NDC Goal Tracking Report (Consolidated)



National GHG Inventory


NDC Action Tracking





Climate Finance Flow



SDG Tracking



Reports



MRV Tracking Report


SDG REPORT (CONSOLIDATED)


Project Identifier	Mitigation Action	Sector	Sub-sector	Mitigation Activity	Implementing Agency	Status	Location	Stakeholder Engagement	Enviornmental & Social Screening	Impact Summaries
VA-EN-RE-1 Undine solar PV plant	Undine solar PV plant	Energy	Energy Industries	Renewable Energy	UNELCO	Operation	Undine Bay, Efate	Yes	Yes	
VA-EN-RE-2 Parliament Building and Meteo complex solar PV plants	Parliament Building and Meteo complex solar PV plants	Energy	Energy Industries	Renewable Energy	UNELCO	Operation	Port Vila, Efate	Yes	Yes	
VA-EN-RE-3 Kawene solar PV plant	Kawene solar PV plant	Energy	Energy Industries	Renewable Energy	UNELCO	Operation	Devil's Point, Efate	Yes	Yes	



National GHG Inventory


NDC Action Tracking


Climate Finance Flow


SDG Tracking


Reports


MRV Tracking Report

MRV TRACKING REPORT

☒ GHG

GHG Reduction	Expected Value	2016	2017
Electricity Generation (MWh)	714	676	220
Total Electricity generation since commissioning (MWh)		896	
GHG emission reduction (tCO2e)	293	277	90
Total GHG emission reduction since commissioning (tCO2e)		367	

☒ Climate Finance Flow

Expenditure	2015	2016
Estimated Expenditure (USD)	733400	733400
Actual Expenditure (USD)	476850.0	0
Unutilized Funds (USD)	256550	733400

Integrated MRV Tool - NDC Climate Action MRV Report - 2 (Individual Project)

9.3 | VANUATU NATIONAL FOREST MONITORING SYSTEM

Vanuatu has developed the National Forest Monitoring System for Vanuatu serving as the Measurement, Reporting and Verification (MRV) System for REDD+, The system is accessed online only via validated users through logins, with different users assigned different access rights. It is possible for the NFMS to be utilised as a broader land use information portal beyond REDD+, and thus is suitable for other land-based carbon projects to use the NFMS to nest their projects within the national program

The NFMS includes the following components:

- » **The Satellite Land Monitoring System (SLMS)** is linked to a web-based **Forest Information System (FIS)**. The SLMS provides a standard process to periodically assess activity data. The FIS provides analysis and aggregation tools needed to report forest and other land use change information for a defined period in a web-based database environment. The first period assessed was 2008 to 2017 representing the Reference Period for the development of the Forest Reference Level (FRL).
- » **The National Forest Inventory (NFI)** was designed, personnel trained, and implemented under the supervision of the Department of Forestry between 2019 and 2021. Among many other parameters, the NFI collects all information needed to quantify forest and other land use carbon stocks. The NFMS database then provides the analytical tools relevant for analyzing and reporting the aggregated Emission factors (EF). The Forest Carbon Registry presents carbon stock information while the emission factors are directly linked with the FIS.
- » **The Safeguard Information System** is a platform for distribution of benefits, recording impacts, and governance safeguards. The SIS platform in the NFMS will collect and manage information on how REDD+ safeguards (Cancun Safeguards) are being addressed and respected in the next phase of REDD+ implementation in Vanuatu.
- » The final main component is the **NFMS Dashboard**, the central monitoring and reporting platform of the System. The dashboard is a web application that combines and allows access to specific results from the individual components for national and sub-national stakeholders for reporting. This includes standard automated reports and GIS-based visualization.

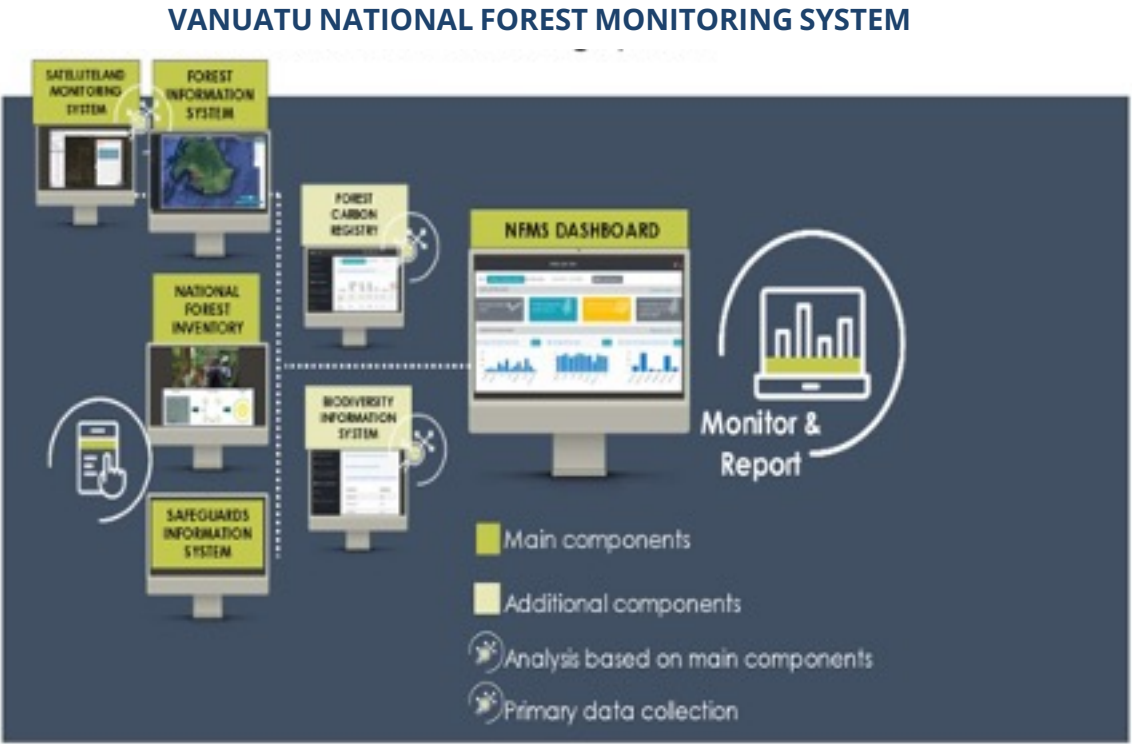


Figure 17: Framework for the NFMS for REDD+ in Vanuatu

VANUATU NATIONAL FOREST MONITORING SYSTEM - FUTURE COMPONENTS

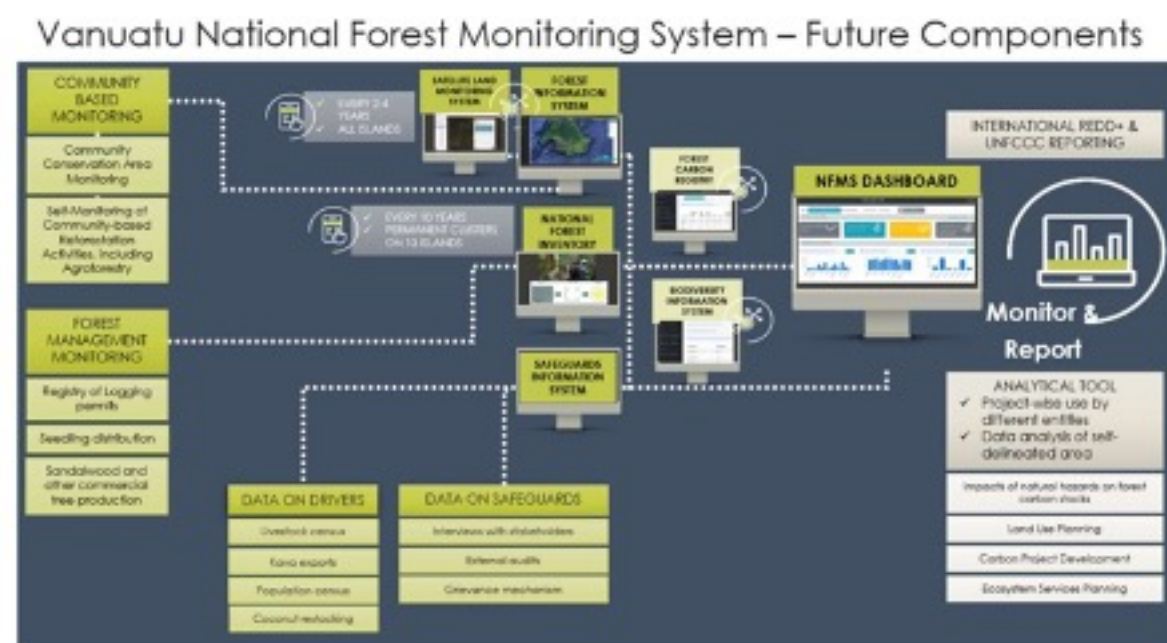


Figure 21: NFMS in Vanuatu with identified additional monitoring components

9.4 | ENHANCED TRANSPARENCY FRAMEWORK (ETF)

The ETF under the Paris Agreement⁶⁰ builds on the current, solid measurement, reporting and verification (MRV) system under the Convention, which for developing countries is the International Consultation and Analysis (ICA)⁶¹.

All Parties to the Paris Agreement must report biennially on their progress towards their NDC targets in their biennial transparency report (BTR) and will also need to submit a national GHG inventory report, with first biennial transparency report (BTR1) by 31 December 2024 at the latest.

Vanuatu has completed its first Biennial Update Report in 2021⁶², and is currently working to prepare its first Biennial Transparency Report with support from the Global Environment Facility⁶³.

The ETF offers flexibility to any country in light of its capacity (Article 13, paragraph 2), and small island developing states (SIDS) can submit the required reports “at their discretion” (decision 18/CMA.1, paragraph 4) while developing countries can invoke “flexibility” (decision 18/CMA.1. Annex. Section C) depending on their needs.

The need for flexibility is self-determined and can be related to the scope, frequency, and level of detail of reporting as well as to the scope of the review, where such flexibility is granted at a provision level. As an example, countries shall submit GHG inventory reports no later than two years after the reported year, but countries that need flexibility may do so three years after the reported year (decision 18/CMA.1, paragraph 58).

» REPORTING AS REQUIRED UNDER ARTICLE 6.2 INITIAL REPORT

A country participating in a cooperative approach does not have to report anything relating to Article 6.2 ex ante, i.e., before it is engaged in the transfer of ITMOs. When the country is on the verge of transferring ITMOs it has to submit an initial report, showing that it fulfils the participation requirements (CMA decision 3, paragraph 18 (a)). Vanuatu has submitted its Initial Report⁶⁴ in respect of ITMOs Authorization from the Cooperative Approach between the Republic of Vanuatu and the Swiss Confederation.

» REGULAR INFORMATION TO BE INCLUDED IN THE BTRS

Once the cooperative approach has been initiated and the initial report submitted, a country has to report on the cooperative approach in the BTR (called regular reporting in the Article 6.2 guidance).

» ANNUAL INFORMATION TO BE SUBMITTED TO THE VANUATU CARBON REGISTRY / ARTICLE 6 DATABASE

The country shall submit registry information, such as quantitative information on transfers, holdings, etc., no later than the 15th of April every year for the activities during the year before (called annual information in the Article 6.2 guidance).

For BTRs, Parties should implement an overarching framework for enhanced transparency, including but not limited to, monitoring, reporting, and verification (MRV) of mitigation outcomes at various levels (national, sectoral, and activity levels), and tracking progress toward NDC achievement.

OBJECTIVE OF THE ENHANCED TRANSPARENCY FRAMEWORK TO CAPTURE REALISATION OF THE PARIS AGREEMENT

OBJECTIVE Strengthen the global response to the threat of Climate Change		
Long-term temperature goal (2°C/1.5°C)	Ability to adapt, climate-resilient and low-emission development strategy	Financial flows consistent with long-term low GHG and climate resilient development
ACTION » Adaptation » Mitigation		MEANS OF IMPLEMENTATION » Finance » Technology development & transfer » Capacity-building
ACCOUNTABILITY (Individual and aggregated level)		
» Transparency of action & support		» Facilitating implementation and promoting compliance
» Global Stocktake		

Figure 18: Objective of the Enhanced Transparency Framework to capture realisation of the Paris Agreement

⁶⁰ <https://unfccc.int/enhanced-transparency-framework>

⁶¹ <https://unfccc.int/node/11771/>

⁶² <https://unfccc.int/documents/403573>

⁶³ <https://climate-transparency-platform.org/gef-enabling-activities/preparation-first-biennial-transparency-report-btr-and-fourth-national-8>

⁶⁴ https://unfccc.int/sites/default/files/resource/1-%20Initial%20Report%20Template%20Vanuatu_FINAL.pdf

The following summary, steps and elements constitute the Framework for Vanuatu's reporting of carbon cooperation in the Enhanced Transparency Framework of the Paris Agreement:

- » Vanuatu's Carbon Unit shall supply information on all carbon cooperation activities in Vanuatu, including those inside and outside the NDC, to the NAB Secretariat in time for it to be included in the Biennial Transparency Reports.
- » Vanuatu's Carbon Unit shall submit an Article 6.2 initial report to the UNFCCC no later than authorising any eligible mitigation activity consistent with chapter IV. paragraphs 18 and 19 of the [Annex](#) to decision 2/CMA.3⁶⁵
- » The Article 6.2 initial report shall be prepared based on the outline for the initial report and the updated initial report referred to in decision 2/CMA.3, annexe
- » In line with Chapter IV.B (a-b) of the [Annex](#) to Decision 2/CMA3, Vanuatu will annually, no later than 15 April, submit a quantitative report to the UN Climate Change Secretariat in an electronic format for recording in the Vanuatu Carbon Registry / Article 6 database.
- » Vanuatu shall prepare the annual information using the agreed electronic format referred to in decision 2/CMA.3 annexe, chapter IV.B adopted by CMA.4
- » Vanuatu shall include Regular Information (RI) on Article 6.2 transactions as an annexe to its Biennial Transparency Report (BTR) submitted to the UNFCCC Secretariat per paragraph 10(b) of the annexe to decision 18/CMA.1 and no later than 31 December of the relevant year.
- » The RI shall be prepared according to the outline for annexe 4 (information in relation to the Party's participation in cooperative approaches, as applicable) to the biennial transparency report, as referred to in the decision 2/CMA/3, annexe, chapter IV.C, paragraph 21-22 adopted by CMA.4 during COP27
- » Vanuatu information on carbon cooperation supplied in BTRs should include, at minimum:
 - » information about how the mitigation activity links to the NDC (target, target years or periods, types of targets, reference levels, implementation periods, scope and coverage, intention to use cooperative approaches, etc).
 - » accounting of units, and links to accounting of the NDC (e.g. method for applying corresponding adjustments, and the method for quantification of the NDC).

ANNEX

⁶⁵ <https://unfccc.int/documents/460950>

MITIGATION SECTORS AND ACTIVITIES ELIGIBLE FOR CARBON COOPERATION

10.1 | SECTORS AND ACTIVITIES IN VANUATU'S NDC

Vanuatu's enhanced NDC includes activity-based mitigation targets, sectoral and policy targets in key sectors, including emissions reduction in some sub-sectors. With implementation of these mitigation measures outlined under the enhanced NDC, the total GHG emissions from all the mitigation sectors is expected to be around 550.32 Gg CO₂e⁶⁶ in 2025 and around 524.33 Gg CO₂e by 2030 (which is approximately 12.5% less than the estimated total GHG emissions form in the BAU Scenario).

Vanuatu intends to explore opportunities for climate resilient socio-economic development with international cooperation and support including carbon market under Article 6.

Vanuatu's NDC priorities, and opportunities for Carbon cooperation, include the following sectors and activities:

- » **Energy Industry (Electricity Generation):** By 2030, Renewable Energy Capacity Addition and substituting (replacement) of fossil fuels with Coconut (Copra) Oil based Electricity Generation: transitioning to close to 100% renewable energy in the electricity generation sector⁶⁷.
- » **Transport:** By 2030, 10% improvement in transport (land and marine) energy efficiency; Electric Vehicles (e-Mobility): by 2030, (a) Introduce Electric Vehicles (e-buses) for public transportation (10% of total Public Buses); (b) Introduce Electric Cars (e-Cars) in Vanuatu (10% of government fleet); and (c) 1000 Electric Two wheelers (e-bikes) /Three Wheelers (e-rickshaw); By 2030, 20 % Bio-diesel (bio-fuel) Blending in Diesel; and By 2030, Mileage and Emission Standards for Vehicles.
- » **Other Sectors - Commercial, Institutional and Residential:** By 2030, (a) 100% electricity access by households in off-grid areas; (b) 100% electricity access by public institutions (on- and off-grid); (c) 13% electricity sector end-use efficiency; (d) 14% improve biomass end use (improved cook stoves and drying) efficiency; (e) 65% renewable electricity use by rural tourism bungalows; By 2030, installation of 1000 numbers of Biogas Plants for Commercial and Residential Use; By 2030, Increase Energy Efficiency in Commercial and Residential Sector, (a) 5% increase in Energy Efficiency in Commercial and Residential Sector; and (b) 10 Numbers of Energy Efficient Building (Green Building); and By 2030, Increase Ecotourism Supported by Local Communities
- » **Livestock:** By 2030, Training and capacity building for livestock farming and pasture management; By 2030, Converting Pastures to Silvopastoral Livestock Systems; and By 2030, International Collaboration to Improve Livestock Efficiency.
- » **Forestry:** Vanuatu is committed to maintaining its forest cover in the country and is expected to remain net carbon negative in future as well. The REDD+ programme is currently being implemented in Vanuatu to improve sustainable forest management practices.
- » **Solid Waste (Municipal Solid Waste):** By 2030, Implement Waste to Energy Plant for Municipal Solid Waste (MSW): (a) Waste to Energy Plant for Port Villa; (b) Waste to Energy Plant for Luganville; and (c) Waste to Energy Plant for Lenakel. By 2030, Introduce Composting for municipal organic waste to produce soil enhancer; By 2030, Implement Collect, Sort and Export of Recyclable Materials (first phase) for Port Vila; and By 2030, Develop and Implement National Plastics Strategy.

- » **Waste Water:** By 2030, Implement Waste Water Management System in Vanuatu: (a) Centralised Waste water collection and treatment system in municipal area including awareness and capacity building; and By 2030, Improvements to Public and Communal Toilet Facilities including Bio- Toilets.

It is important to note that the GHG emission reduction targets in listed above are all conditional upon international support (financial and technical support) made available. Thus these activities are ideal for carbon cooperation as Vanuatu has not made any binding commitments to undertake theme, and new investment would be considered "additional" and not present a high overselling risk.

Vanuatu's NDC Implementation Roadmap⁶⁸ of 2019 also includes a list of mitigation interventions proposed and already implemented.

At the present time, Vanuatu does not have any negative list sectors or activities for carbon cooperation. However the Carbon Cooperation Steering Committee may, as data and information become available, create a negative list to flag activity types identified as having a high risk of overselling or other unacceptable impacts, are not visible in the national inventories, fall outside the NDC, violate or are non-compliant with Vanuatu's sustainable development goals or environmental and social safeguards. Inclusion on a potential future negative list may also help Vanuatu avoid replacing low cost or accessible mitigation activities with higher-cost ones to meet and enhance the ambition of its current NDC.

ACTIONS PRIORITIZED IN THE VANUATU REDD+ STRATEGY

ACTION	PRIORITIES	ISSUES
Refine priority actions in the 529,000 ha of dense forest in forest blocks greater than 5 ha	<ul style="list-style-type: none"> Ambae, Efate and Espirito Santo had most agricultural clearing coming from dense forest (between 2008-2018). Anthropogenic risk should be considered to prioritize areas to affect driver pressures + areas where there is low anthropogenic disturbance (implementation may be easier) 	<ul style="list-style-type: none"> Spatially define priorities, and then consult with Area Council of Chiefs, planners and local communities to define their interests to safeguard forests (e.g. CCA and CFCA areas, watershed catchment protection, designate tabu areas) The 65,000 ha of dense forest in the coastal zone and mangrove areas are prioritized Consult with and promote NGO voluntary carbon market projects in these dense forest areas
Refine priority areas when NFI is complete	More information will be available on ecologically significant forest areas	<ul style="list-style-type: none"> Information sharing and consultations with Area Council of Chiefs, planners and local communities
Canarium (Nangai) and Indian Almond (Natapoa)	<ul style="list-style-type: none"> Timber, conservation, adaptation, livelihood value Farmer income: Nangai nuts (250-300 VT/kg). Cracking nangai nuts at village level yields 1,500 to 1,800 VT/person/day. Prices of processed nuts have high value. 	<ul style="list-style-type: none"> Identify communities willing to plant nangai and natapoa, and utilize accessible wild trees Work with Department of Trade and Vanuatu Bureau of Standards on product standards for canarium and tamanu oils
Pandanus for handicraft and women's income generation	<ul style="list-style-type: none"> Women gain income from leaf production-weaving handicrafts and leaves for sale Up to 90% of tourist souvenirs are imported. If 20% of the current imported products could be substituted with local items, it generate approximately 200 million vatu per year. 	<ul style="list-style-type: none"> Emphasis on leaf quality Producers need assistance to target town markets and exports that have high prices Address customs & quarantine requirements to enable tourist to purchase handicrafts.

⁶⁶ 1 Gg = 1000 metric tonnes

⁶⁷ The single target of transitioning to close to 100% renewable energy in the electricity sector by 2030 would replace nearly all fossil fuel requirements for electricity generation in the country and be consistent with the National Energy Road Map (NERM), this contribution would reduce GHG emissions in the energy sector by 72Gg CO₂e by 2030 in comparison to 240 Gg CO₂e in BAU scenario

⁶⁸ https://library.sprep.org/sites/default/files/ndc-implementation-roadmap_0.pdf

CONT'D

ACTIONS PRIORITIZED IN THE VANUATU REDD+ STRATEGY

ACTION	PRIORITIES	ISSUES
Palms for building materials	<ul style="list-style-type: none"> Income from natangura palm (Metroxylon warburgii) thatch roof panels is high, but orders irregular No formal market outlets in urban areas No extension/training material exists in DoF for palm production. Provincial DoF offices unaware of the business and market structure 	<ul style="list-style-type: none"> Facilitate natangura plantings Facilitate inter-island trade DoF offices to keep records of plantations, producers to help them link with buyers.
Trees on pasture Lands	<ul style="list-style-type: none"> Pasture management is greatly improved with shade and nutrients from tree Cattle benefit from increased shading, especially in hot temperatures Trees with aromatic grasses of economic value such as vetiver (Chrysopogon zizanioides) 	<ul style="list-style-type: none"> Dept of Livestock plans to coordinate with farmers. Coordination of Dept of Forestry and Dept of Livestock to provide technical support seedlings to support tree planting and pasture management
Trees for coastal Stabilization and resilience	<ul style="list-style-type: none"> Timber, conservation, adaptation, livelihood value Scope for export markets Supply is abundantly available Farmer income: tamanu (30 VT/kg) and nangai nuts (250-300 VT/kg). Cracking nangai nuts at village level yields 1,500 to 1,800 VT/ person/day. 	<ul style="list-style-type: none"> Based on spatial priorities, identify coastal communities to plant tamanu, and tree stewardship plans especially in windward areas and subject to cyclone impacts + and CFCAs Priority islands based on anthropogenic and cyclone risk: Efate, Pentecost, Aoba, Malekula, and Espiritu Santo
Tree plantations for timber	<ul style="list-style-type: none"> Timber for domestic use, such as homebuilding, can replace imported timber Coconut palm stems are underutilized 	<ul style="list-style-type: none"> Degraded lands are priority areas for plantations, especially in areas where sawmilling and processing is accessible Revive the Industrial Forest Plantations (Santo, Malekula, Erromango and Aneityum) and Local Supply Plantations Identify priority areas to replant in existing plantations Identify priority coconut tree-sourcing areas based on lease-holder willingness and processing facility considerations
Tree planting for sandalwood products	<ul style="list-style-type: none"> Low prices in Vanuatu: farmer price of 1,500 VT per kg and a Licensee price of 2,500 VT per kg for grade A quality, yet global market prices still strong at USD \$41 (4,500 VT) per kg of heartwood of mixed grade. Farmers need income while waiting for trees to mature 	<ul style="list-style-type: none"> Promote open trading in place of licensing. Develop network of sandalwood producer associations/coops and link to overseas buyers to capture value Provide Vanuatu Bureau of Standards with gas-chromatography testing for oil standards in heartwood logs as part of sales procedures Royalties on sandalwood export duties to be reinvested in the sector
Tree plantations for firewood	<ul style="list-style-type: none"> Demand is strong and could grow with growth of urban areas Fuelwood could serve as transition fuel until incomes improve and new technologies are adopted and preference for dean fuels grow 	<ul style="list-style-type: none"> Promote firewood planting near urban areas, create 'urban based firewood plots' Public-private-partnership to assess commercial potential for Renewable Natural Gas (RNG) from wood products

CONT'D

ACTIONS PRIORITIZED IN THE VANUATU REDD+ STRATEGY

ACTION	PRIORITIES	ISSUES
Fruit, rattan and bamboo production from agroforestry	<ul style="list-style-type: none"> Forest fruits (e.g mangoes and tamarind), rattan and bamboo raw materials are underutilized Lack of processing technologies 	<ul style="list-style-type: none"> Seedlings, technical advice, landscape approaches to increasing tree cover Market development Technology and training, particularly building skills at local levels for value-added processing of rattan and bamboo for furniture
Agroforestry with commercial crops - vanilla, pepper, coffee, cocoa	<ul style="list-style-type: none"> Some islands already producing and selling domestically and exporting 	<ul style="list-style-type: none"> Cocoa suited to Malekula, high quality production and supply chains beginning, Seedlings, technical advice on landscape approaches to increasing tree cover
Agroforestry with timber species - whitewood, sandalwood, blue water (Pterocarpus) and others	<ul style="list-style-type: none"> Limited markets Sandalwood depleted by 2008, current stock is young and of poorer quality 	<ul style="list-style-type: none"> Start with producers, help them access markets directly, cultivate more foreign buyers Reactivate sandalwood associations Support sandalwood certification, open market sales and small scale oil processing
Community Conservation Areas (CCAs), Custom Forest Conservation Areas (CFCAs) and Watershed Protection	<ul style="list-style-type: none"> Affect on direct drivers: Affect on underlying drivers: Could target dense forest areas or hot spot areas of deforestation and forest degradation, and work with communities to build support for CCAs and CFCAs to address drivers Affect on underlying drivers: Supports livelihoods and derives value from the forest, if CCA/CFCA is combined with actions supporting agroforestry, forestry and NTFP activities 	<ul style="list-style-type: none"> This type of CCA or CFCA envisions all community land coming into a long-term plan for multiple uses with benefits to customary management and stewardship

REGISTER OF APPROVED MITIGATION ACTIVITY METHODOLOGIES (ROAM)

10.2 | PRIORITY REDD+ ACTIONS

Mitigation and Carbon cooperation projects in Vanuatu shall base their work on a greenhouse gas mitigation methodology from a list, known as the Register of Approved Mitigation Activity Methodologies (or ROAM), which is approved and endorsed by the Government of Vanuatu.

Vanuatu aims to pre-authorize existing internationally-recognized standards as well as establish national procedures for designating new methodologies and standards.

New methodologies may be added to the ROAM at any time, upon endorsement by the Carbon Cooperation Steering Committee.

A project developer must choose a methodology from the ROAM, before seeking approval for the activity.

To fast-track carbon collaboration, the Steering Committee has pre-approved the methodologies under the following existing internationally crediting standards:

- » Applicable approved methodologies under CDM⁶⁹
- » Applicable approved methodologies under Gold Standard⁷⁰
- » Applicable approved methodologies under Verra's Verified Carbon Standard⁷¹
- » ISO 14064 standards - Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements⁷².
- » Activity developers may have the option to use other existing methodologies that fully comply with ISO 14064
- » Approved method methodologies under the REDD+ Environmental Excellence Standard (TREES)⁷³

The project proponent may use any of the above approved standards to establish baseline and monitoring methodologies; however the specific circumstances of Vanuatu shall apply making it necessary for the Carbon Unit to assess the applicability of these methodologies on a case by case basis, taking into account revisions or changes made to the approved methodologies.

To ensure greater environmental integrity, the specific circumstances (including but not limited to underlying assumptions and quantitative figures used in Vanuatu's NDC baseline) shall apply while using these methodologies.

New baseline and monitoring methodologies approved under international crediting standards other than those listed above may be proposed by project proponents, but cannot be utilised until scrutinised and approved by the Steering Committee. Scrutiny must be robust and undertaken fairly with the inclusion of experts involved in various economic sectors involved with carbon mitigation.

The Carbon Unit, on the recommendations and approval of the Steering Committee, will regularly update the ROAM list of recommended approved methodologies under existing international standards, including those acceptable by Vanuatu, to determine the ex-ante potential of mitigation activities.

To realise results-based mitigation outcomes or credits, the project proponents must describe the activities performed, how they complied with the chosen methodology, and how they produced the quantity of CO₂e mitigation offset claimed.

⁶⁹ <https://cdm.unfccc.int/methodologies/index.html>

⁷⁰ <https://www.goldstandard.org/project-developers/standard-documents>

⁷¹ <https://verra.org/methodologies/>

⁷² <https://www.iso.org/standards.html>

⁷³ <https://www.artredd.org/trees/>

ANNEX PROCEDURE FOR COMMUNICATING WITH THE SECRETARIAT ABOUT MITIGATION ACTIVITY APPROVAL/ CREDIT CLAIM/TRANSFER/RETIREMENT

As highlighted in the Framework, all carbon cooperation activities occurring in Vanuatu must be included in the Vanuatu Carbon registry for transparency, to ensure environmental integrity and to avoid double counting of mitigation outcomes and emission reductions.

To ensure the regular and comprehensive flow of information, all project developers shall provide initial and ongoing updates about their projects to the Vanuatu Carbon Registry through the Carbon Unit at the MoCC.

The steps and requirements below outline the process for the various communications related to Mitigation Projects, Activities, Approvals, Credit Claims/Transfer/Retirement:

- » Applications for user registration, project registration, activity approval, credit claims or credit retirements shall be submitted electronically to the Carbon Unit at the MoCC.
- » The Carbon Unit at the MoCC shall use, upon endorsement of the Steering Committee, existing, off-the-shelf tools, applications, and marketplace solutions for processing carbon marketplace transactions to significantly reduce development time, costs, and technical risks associated with building a carbon credit platform from scratch.
- » Fees shall be levied for all interactions necessary for facilitating carbon transactions, including application fees, project registration fees, credit creation/transfer/retirement fees
- » The application must detail anticipated/actual emission reductions at the activity level, utilizing accepted accounting methodologies listed on Vanuatu's Register of Adopted Mitigation Activity Methodologies (ROAM) in [Annex II](#).
- » Approval will be contingent upon the preparation and submission of a Mitigation Action Idea Note (MAIN) that aligns with prioritised Mitigation Activities in [Annex I](#).
- » The application must detail the Carbon Right Owner(s), the project developer(s) and the Buyers/purchasers of the credits.
- » For area-based terrestrial or maritime activities, the application must include detailed information on
 - » Land/Marine plot size
 - » Mapp and location coordinated (can later be converted into GPS coordinates)
 - » Shapefile (ERSI geographical data storage format) and/or aerial imaging
 - » Ground-level imaging
 - » Customary Landowner or Carbon Right holder details
- » Applications may only be submitted after formal signoff by a designated officer from a line-agency of the Public Service, or member of the Carbon Cooperation Steering Committee, to represent the technical alignment with Government policy and priorities
- » Applications may only be submitted after formal signoff by a representative (s) of carbon rights owners to demonstrate inclusive and comprehensive local agreement and alignment with local plans and priorities
- » Application materials will undergo an eligibility check and completeness review by the Carbon Unit, and then forwarded to the Carbon Cooperation Steering Committee for consideration

- » In the case of Steering Committee approval, a Letter of Approval is sent to the applicant outlining the terms and conditions.
- » If the application includes the crediting of units, these are granted to the designated owner, and this is reflected in the Registry
- » In the case of Steering Committee rejection, a Letter of Rejection is sent to the applicant, with justification/explanation of why the application is not adequately complaint
- » Vanuatu may authorise ITMOs or other units created from any mitigation activity outside the latest NDC if the emissions avoided or removals attributed to the activity are included in the latest national greenhouse gas inventory report and agreed to by the participating Parties.
- » Mitigation activity developers must be properly incorporated legal entities (not individuals or persons) with the Vanuatu Financial Service Commission, and be registered account holders with the Carbon Unit.

APPROVED VALIDATORS AND VERIFIERS

Independent 3rd party validation and verification bodies (VVBs) shall be appointed by the Steering Committee and utilised to validate and verify Article 6 or VCM project proposals or verify whether implemented projects have achieved planned greenhouse gas emission reductions.

- » **Validation:** assessing whether a project proposal meets the eligibility requirements and subsequently recommend registration of the project by the Secretariat
- » **Verification/certification:** verifying GHG emission reductions from a project, certifying as appropriate, and recommended to the Steering Committee the amount of ITMOs or Credits that should be issued.

For projects >50,000 tons CO₂e, different VVBs must be used for Validation and Verification to avoid conflict of interest.

However for small project, and upon request, the Secretariat may allow a single VVB to perform both functions (validation and verification/certification).

The Secretariat may appoint/enlist local private firms as VVBs or utilize internationally recognized bodies, such as those approved by Verra or Gold Standard, provided they appoint a local (national) expert in their validation/verification team.

- » VVBs approved by Gold Standard: <https://globalgoals.goldstandard.org/approved-auditors/>
- » VVBs approved by Verra: <https://verra.org/validation-verification/>

VANUATU ADAPTATION BENEFITS MECHANISM (VABM)

Vanuatu's Adaptation Benefits Mechanism will generate Certified Adaptation Benefits (CABs) that are designed for purchase and immediate cancellation (not secondary trading and speculation).

Vanuatu's Certified Adaptation Benefits are to be issued under the authorization of the Article 6/ Carbon Cooperation Steering Committee

This certificate certifies a voluntary contribution from [entity X] towards the financial, capacity building or technology needs of adapting to climate change in Vanuatu.

The CAB issuance must be approved based on a methodology that includes the additional resources mobilized in Vanuatu to generate unique adaptation outputs, outcomes and impacts.

The Certificates have no resale value and cannot be used to offset or meet any legal obligations.

As the certificate is issued in association with a Vanuatu letter of approval, it may be used by Parties to the Paris Agreement to report support given and support received for genuine adaptation needs in the Enhanced Transparency Framework of the Paris Agreement.

Upon cancellation the purchaser receives a unique certificate detailing:

- » the amount of money, capacity building or technological support provided to the project developer / Vanuatu government;
- » details of the additional resources mobilised by the project developer, including finance, but also other non-financial resources such as land, labour, indigenous technical knowledge, biodiversity, or local governance regimes; and
- » a narrative of the kind of outputs, outcomes or impacts that the project has generated.

The nature of the adaptation benefit shall be defined in an ABM Methodology, to be reviewed and endorsed by the Carbon Cooperation Steering Committee, which must be made publically available and include inter alia, a theory of change demonstrating how inputs are linked to outputs, outcomes and ultimately desirable adaptation impacts.

This process ensures that all parties involved are happy with the definition of the adaptation benefit and in particular, that Vanuatu confirms that the adaptation benefits as defined will contribute to its own adaptation and resilience needs. This certification will enable these CAB contributions to be reported in Vanuatu's reports to the Enhanced Transparency Framework.

The price of a CAB and the duration of the benefiting period is to be designed to ensure that the project developer receives just enough finance to make the project attractive.

For example, a mangrove planting voluntary carbon project will extract revenues from the sale of VERs for as long as 20 years, long after the initial investment has been repaid. Structured as an ABM project, a the developer of a mangrove adaptation project may receive payments up to the point of time at which 30% crown cover has been achieved and the mangroves may be considered established. The payments will total to cover project, finance and transaction costs as well as a return on equity for the developer. Thereafter the developer can relocate and repeat the project in a new area.

While Vanuatu's ABM focuses on adaptation, it can easily be adopted for biodiversity conservation.

The African Development Bank hosts the ABM Secretariat, Executive Committee and Methodology Panel since 2019. Guidelines are available for the preparation of methodologies and activity design documents and the ABM Secretariat is currently working to develop the validation and verification.

CARBON TRANSFER BENEFIT SHARING AND FEES

As a core benefit of carbon cooperation is the new and additional flow of finance for climate action, these activities should ideally have financial benefits for Vanuatu carbon rights owners, and at minimum, in kind benefits like access to technologies and capacity.

Benefit sharing in the context of carbon cooperation ensures that the financial and non-financial gains from carbon credit projects are equitably distributed among all stakeholders, particularly local communities. At the national level, The Government of Vanuatu aims to generate carbon market revenues to support sustainable development initiatives and environmental conservation. At the project level, benefit-sharing agreements can include direct payments, infrastructure development, capacity building, and improved access to resources for the communities involved.

Effective benefit sharing also requires transparent processes, inclusive decision-making, and regular monitoring to ensure that the intended benefits reach the target beneficiaries

Existing benefit sharing agreements relevant to carbon cooperation include Vanuatu's passage of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation to the Convention on Biological Diversity (Ratification) Act No. 7 of 2014⁷⁴, with the Department of Environmental Protection and Conservation as the focal point. The Act identifies monetary and non-monetary benefits to be considered.

Vanuatu's National Biodiversity Strategy and Action Plan (NBSAP) 2018-2030 Target⁷⁵ sets a goal that "By 2020, government has put in place relevant legislations and policies and Access and Benefit-Sharing (ABS) protocols to support NBSAP implementation" in reference to Aichi Strategic Goal A, Target 4. In mid 2024 however, these targets and associated activities have not yet been achieved.

Vanuatu's natural resource management and environmental control laws and regulations defer to constitutional provisions that lands and natural resources are owned by custom owners and cannot be dealt with without their consent.

The Constitution restores perpetual land rights to the "indigenous custom owners and their descendants" and proclaimed that the "rules of custom shall form the basis of ownership and use" in the country⁷⁶. As such, actions related to natural resources, including the carbon therein, is left to the discretion of the custom owners.

In general, benefits derived from improvements to land, or agricultural activities, planted forests and other systems are owned by the individual or group involved in making the improvements. In the context of carbon on customary lands, Vanuatu's legal frameworks do not yet contain benefit-sharing processes or mechanisms.

Vanuatu's Planted Forests Act 2018 provides for the registration of planted forests, including the regulation of harvesting of planted forests and carbon rights on leased lands. The separate property right for carbon can be decoupled from the leased land itself, and provides for the sharing of benefits arising from carbon rights, subject to the agreement of the customary land owners.

⁷⁴ <http://macbio-pacific.info/wp-content/uploads/2017/08/Nagoya-Protocol-Ratification-Act-No.-7-of-2014.pdf>

⁷⁵ <https://www.cbd.int/doc/world/vu/vu-nbsap-v2-en.pdf> pp52-54

⁷⁶ Constitution of the Republic of Vanuatu, Sections 73-75

Not all land in Vanuatu is under lease, however. Vanuatu has experienced a land lease rush with over 10% of all customary land leased in 2012⁷⁷, with 43.6% of land leased on Efate Island, and over 10% of Santo Island held under lease⁷⁸. Leases contain provisions on the activities that can occur on or with these lands, with rights afforded to both the lessor and the lessee. Benefit-sharing in relation to land leases varies across Vanuatu and is not well-documented⁷⁹.

However, on the approximately ninety percent of customary land that remains unleased, customary landowners have unalienable rights to use their land according to their own terms, and these terms are aligned to customary practices.

The Customary Lands Management Act of 2013 details the procedures for identifying customary land owners, which is determined by according to custom rules and determined within that custom area. As such, the customary rights guiding the distribution of benefits from the land are not uniform. These resource rights and practices are diverse, and often depend upon oral histories, 'memory culture', complex local categories, and varying inheritance practices. The colonial-era clustering of the population into villages, plantation communities and towns has also meant that many customary landowners and users no longer live within their traditional boundaries or even with their own communities. Because of this, boundaries and rights have inevitably become less certain over time, making the application of carbon rights and benefits systems complex.

The following summary, steps and elements constitute the Framework for Vanuatu's Benefit Sharing approaches to carbon cooperation:

- » To ensure that maximum benefits are accrued by customary carbon rights holders, the Government, through the mitigation activity registration process shall scrutinize and approve proposed benefit sharing arrangements.
- » The Carbon Cooperation Steering Committee shall prescribe standard fees related to any aspect of the carbon market and cooperation cycle, and shall review fee schedules at least every two years, with an advance notice of at least four weeks before applying new fees.
- » Service providers, carbon credit brokers, or validation/verification entities aiming to receive a letter of identification and unique identification number shall be required to pay a fee
- » Mitigation activity participant application fees are one-time ex-ante payments, and shall be charged when the mitigation activity developer or VCM project owner seeks to obtain a mitigation activity identification number on the VCR and/or obtain a letter of intent
- » Issuance of MOs fees shall be charged at ex-post, and shall remain unchanged over the crediting period unless the activity experiences material variations from the terms of the authorisation.
- » Vanuatu shall impose a corresponding adjustment fee on all eligible mitigation activities seeking to create authorised MOs to compensate for the opportunity cost to the Vanuatu NDC and the marginal cost of creating authorised MOs for transfer to an acquiring participating Party.
- » For each mitigation activity aiming to receive authorised ITMOs for transfer through the VCR and reporting, as required in this framework document, the Carbon Unit shall apply a listing fee retainer basis to cover the cost of registry services

- » Voluntary carbon market projects are able to develop their own benefit sharing arrangements with carbon rights owners. This arrangement avoids the government needing to fund and build additional infrastructure and legislation to share benefits. The approach places this responsibility on the Projects with annual reporting requirements to the Government.
- » Voluntary market projects can independently take decisions on when, how, and for what price to market ERs.
- » Community development agreements shall be the tool by which Government regulates the relationship and obligations of the project proponents with impacted communities in carbon trading projects. Community development agreements must expressly provide for: i) a contribution to the community as a percentage of aggregate earnings – 40% in land based projects, and 25% in non-land based projects, to be managed and disbursed for the benefit of the carbon rights owner; ii) sharing of the benefits from carbon credits between the project proponents and the impacted communities; and iii) development of communities around the project.
- » The Carbon Unit will require reports on Project performance, including detailed breakdowns on benefits accrued and dispersed (monetary or in kind) and alignment with the community development agreement.

Proposed Regulatory Fees:

The Carbon Cooperation Steering Committee shall agree on a proposed structure of fees and benefit sharing for carbon cooperation activities in Vanuatu, based on a careful consideration of the following factors:

- » The costs of managing and regulating carbon cooperation, including staff and resource costs at the Carbon Unit of the Department of Climate Change, and the Carbon Cooperation Steering Committee of the National Advisory Board.
- » The need to ameliorate cost burdens falling on certain departments and agencies that manage the bulk of carbon cooperation activities (including but not limited to the Department of Climate Change and the Department of Forests).
- » An aspiration to encourage more carbon projects, which may involve a fee-free initial period to incentivise investment as market opportunities are nascent
- » The importance of not discouraging investors in Vanuatu by introducing too-high fees that are non competitive or market distorting
- » A critical overarching priority to ensure that carbon rights holders are compensated fairly, through economic or non-economic modalities

Options for further consideration and adoption by the Steering Committee

- » Fee for User/Project Registration in the Vanuatu Carbon Registry
 - » Proposed ~30,000VUV
 - » Purpose: to cover some overhead costs, as well as deter unnecessary project creation and signal a willingness/commitment of Project Developers towards project implementation
 - » Fees may be waived during an initial promotional period, or for grandfathered-in projects
 - » Fees may be adapted based on the size of the project (and potential economic returns to the country)

⁷⁷ <https://documents1.worldbank.org/curated/en/652341468124775547/pdf/699940BRIOP1170IOLeasing0Profile0BN.pdf>

⁷⁸ A significant proportion of other islands were held under lease in 2012 including: Bokissa Island (90%), Aore Island (65.3%), Aniteyum (21.3%), Epi Island (14 %), Malo Island (13%), Malekula (5.5%).

⁷⁹ REDD+ SESA Final Report, April 2020

- » Fee for amendments and updates to the Registry
 - » Proposed ~3,000vt per registry amendment, which may include new methodologies, new mitigation activities, MRV reports, issuance/transfer/retirement of credits, new project data (e.g. beneficiaries, GPS, imagery etc)
 - » As above, fees may be waived or amended based on project size
- » A minimum percentage benefit sharing for Vanuatu carbon rights holders
 - » This may be a fixed percentage or a variable rate based on the co-benefits of the project (e.g. water, health, education, infrastructure provision) or other criteria
- » Upon Transfer of ITMOS, ERs, Credits or other units the Steering Committee may deduct ~5% of unit value against the national accounting- Share of proceeds
 - » Proposed 5% of revenue from sales of ITMOS, ERs, Credits or Units from project proponent shall be deposited to the Vanuatu Government (either directly in the Green Energy Fund, the Loss & Damage Fund, or another account nominated by the Steering Committee.
- » As above, fees may be waived or amended based on project size

SOCIAL AND ENVIRONMENTAL SAFEGUARDS

Safeguards and Free, Prior, and Informed Consent (FPIC) are crucial in carbon cooperation and carbon credits to ensure that the rights and interests of local communities are respected and protected. These measures help to prevent exploitation and ensure that community members are fully informed and actively participate in decision-making processes regarding carbon projects. By implementing strong safeguards and adhering to FPIC principles, projects can achieve greater social legitimacy and sustainability, fostering trust and cooperation among all stakeholders involved.

Often safeguards and FIPC principles are upheld when individual carbon rights holders are able to self-organise into community associations or networks. IN this way they are better able to negotiate with project developers and carbon buyers for the most favourable terms and conditions, as well as utilise collective action to maximise carbon volumes.

It is most common to see sustainable development co-benefits emerge from carbon projects when individuals and communities work together, and can assure that carbon mitigation activities also address food and water security, biodiversity conservation, jobs and livelihoods, education and more.

There are several relevant safeguard standards and protocols which carbon cooperation activities should utilize in their design and implementation.

REGULATION/STANDARD	DESCRIPTION AND PROVISION
Environmental Protection and Conservation Act 2002 and its subsequent amendments	<p>The Act establishes the protection of the environment within Vanuatu and makes provision for the conservation, sustainable development and management of the environment and the regulation of related activities. This includes land, air and water.</p> <p>Specifically, the Act introduces the requirement for environmental assessment and provides for the conservation of biodiversity and the establishment of protected areas in Vanuatu.</p>
Environment Impact Assessment Regulations 2012 ⁸⁰	<p>The Regulations (amended in 2012) establishes the procedures for undertaking the environmental assessment of Prescribed Activities. The developer is required to first submit a development consent application following which the DEPC will conduct a preliminary environment assessment (PEA) which determines whether</p> <ul style="list-style-type: none">v. no further assessment is required,vi. no further assessment is required but an environmental management and monitoring plan is required, orvii. where major projects are considered such as logging, large agricultural developments, mining and other prescribed activities as noted above, an EIS is required. <p>The DEPC prepares a term of reference for the EIA which would include technical, economic, environmental and social investigations. The EIA also requires public consultation.</p>

⁸⁰ The Environment Impact Assessment Regulations (Amendment) Order N° 102 2012 replaced the original Environmental Impact Assessment Regulations Order N° 175 of 2011.

REGULATION/STANDARD	DESCRIPTION AND PROVISION
Pollution (Control) Act No.10 of 2013	<p>A steering committee reviews the EIA and recommends to the Director of the DEPC for approval, refusal or for more information. The Director can approve a prescribed activity with or without conditions.</p> <p>No development can commence without an approval from the DEPC. The Director of the DEPC may issue a notice to stop or restrict the activity if the approval conditions are not being met.</p> <p>The objectives of this Act are to minimize and manage the discharge and emission of pollution and encourage all levels of government to work together to control the discharge and emission of pollution.</p> <p>Clause 8 imposes a requirement on owners and occupiers of premises to comply with prescribed standards for the discharge of pollution, wastewater and the emission of noise, odour or electromagnetic radiation and Clause 9 establishes a permit scheme for the discharge or emission of pollutants and creates offences for the discharge or emission of pollutants without a permit.</p>
Waste Management Act No.24 of 2014	<p>An Act to provide for the protection of the environment through encouragement of effective waste services and operations.</p> <p>A designated waste management operator must prepare and submit reports relating to any aspect of waste management under its responsibility to the Department, the Ministry of Health and the Department of Biosecurity.</p>
Water Resources Management Act 9 of 2002 (Water use rights)	<p>The Water Resources Management Act (2002) provides for the protection, management and use of water resources in Vanuatu.</p> <p>The act allows for the designation of policies to protect water resources; and provides for water conservation zones to be established. Section 7 of the Act states that a person must apply to the Director for the right to construct, operate or maintain works for any purpose that does not comply with Section 4 or 5, including: a) any work in or adjacent to any water or any bore; or) any work whose purpose is to supply water to any other person</p> <p>The application of the act mandates for an application to the Director for Water Works and Water Use Permits prior to works commencing.</p>
Land Leases Act (CAP.163], 1984 and its subsequent amendments	<p>This Act provides for the creation and disposition of leases of land, for their registration and for matters connected therewith. There shall be a Land Leases Register for the registration of each lease required to be registered by this Act. The Act defines various conditions applying to a registered lease and the effects of registration. Other provisions of this Act concern other titles in land such as mortgages and easements, co-ownership, transmission, trusts, and cautions.</p>
Land Reform Act (Cap. 123)	<p>This Act provides for the creation and disposition of leases of land, for their registration and for matters connected therewith. There shall be a Land Leases Register for the registration of each lease required to be registered by this Act. The Act defines various conditions applying to a registered lease and the effects of registration. Other provisions of this Act concern other titles in land such as mortgages and easements, co-ownership, transmission, trusts, and cautions.</p>
Land Leases Act (CAP.163], 1984 and its subsequent amendments	<p>This Act makes provisions for the alienation of private (custom) land and the use of public land by custom users, the development of public land and various other matters relative to land titles, use and management.</p> <p>The Act consists of 24 sections divided into 13 Parts: Interpretation (1); Encumbrances (2); Alienated Land (3); Negotiations and Agreements Relating to Custom Land (4); Management of Land (5); Public Land (6); Compensation (6a); Registered Leases (7); Rights of Entry (8); Land Corporations (9); Roads (10); Use of Force and Damage (11); Regulations and Offences (12).</p>

REGULATION/STANDARD	DESCRIPTION AND PROVISION
Land Acquisitions Act No.5 of 1992	<p>An Act to make provisions for the acquisition of land and easement in the public interest and to provide for matters connected there-with.</p> <p>Customary Land Tribunal Act No.7 of 2001.</p> <p>The object of this Act is to provide for a sys-tem based on custom to resolve disputes about customary land. This Act provides for the establishment of land tribunals to resolve disputes about customary land and prescribes the procedures to be followed by those land tribunals in resolving such disputes and rules of appeal for parties who are dissatisfied with decisions of land tribunals.</p> <p>Part 2 sets out how a village land tribunal is to resolve a customary land dispute. A village land tribunal can be a single or joint village land tribunal depending on where the land in dispute is situated. If all the parties accept the decision, the dispute is resolved, otherwise appeal can be had to custom sub-area land tribunals (see Part 3), custom area land tribu-nals (see Part 4) and island land tribunals (see Part 5). Parts 6 sets out the procedures to be followed by land tribunals</p>
Forestry Act [CAP 276] and Regulations	<p>This Act makes provision for the management, conservation and development of forestry re-sources in Vanuatu, establishes the Forests Board of Vanuatu, provides for the granting of rights relating to forest exploitation, for the declaration of Conservation Areas, for the pro-tection of the environment and the estab-lishment of the Forestry Project Fund for pur-poses of reforestation and regulates the export of timber.</p> <p>The Act introduces two main requirements for any commercial forestry operations, i.e., an agreement under Part 4 and a licence under Part 5.</p>
Employment Act, 1983 and its subsequent amendments	<p>The Act takes into account the labour codes, general labour and employment conditions.</p>
Minimum Wage and Minimum Wages Board Regulations (Order No. 56 of 1987) and its subsequent amendments	<p>This Act sets the minimum wage rate in Vanuatu for workers in municipalities, agricultural workers and students and young workers.</p>
Public Holidays Act [Cap. 114] revised edition 1988 and its subsequent amendments Health and Safety at Work Act (Cap. 195).	<p>This Act provides for the days that are to be considered to be a public holiday.</p> <p>This Act deals with various aspects of occupa-tional health and safety. Specifies duties of employers to ensure health, safety and wel-fare at work of the employees, as well as du-ties of employees and manufacturers.</p>
Convention on the Rights of the Child (Ratification) Act [Cap 219] (Act No. 26 of 1992).	<p>The Act recognize the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.</p>
Abolition of Forced Labour Convention (Ratification) Act 2006 (Act No. 5 of 2006)	<p>An Act to provide for the ratification of the Abolition of Forced Labour Convention, 1957.</p>
Convention on the Elimination of All Forms of Discrimination against Women (Ratification) Act No. 3 of 1995	<p>This Act provide for the ratification of the Convention on the Elimination of all Forms of Discrimination Against Women.</p>
Explosives Act [Cap. 6] (JR 1 of 1917)	<p>This Act controls the use, importation and storage of explosives.</p>
National Energy Policy Framework 2007	<p>The Vanuatu National Energy Policy Framework is focused in areas such as the promotion of energy efficiency and conservation, promotion of renewable energy sources and the provision of electricity to rural and remote areas.</p> <p>The policy focuses on providing a long- term development plan for the energy sector and the provision of reliable and affordable energy services to all people in Vanuatu.</p>

REGULATION/STANDARD	DESCRIPTION AND PROVISION
National Energy Road Map (2013- 2020) 2013	<p>The Government has developed a National Energy Road Map to put the sector on the path to achieving objectives shared by the Government, members of the public, development partners, and private energy sector operators.</p> <p>The Road Map provides a consistent basis for tracking energy sector challenges, recognizing that streamlining government policy, legislation, and investment is needed to enable Vanuatu to achieve its development objectives.</p> <p>The policy vision for the National Energy Road Map (2012-2020) is to energize Vanuatu's growth and development through the provision of secure, affordable, widely accessible, high quality, clean energy services for an Educated, Healthy, and Wealthy nation.</p>
National Rural Electrification Policy 2000	<p>The National Rural Electrification Policy of Vanuatu is to provide electricity to all rural people in Vanuatu. Specifically, the National Rural Electrification Policy has the following objectives:</p> <ul style="list-style-type: none">• To address the electricity needs of the consumers in the rural areas both for social and economic development.• Ensure the provision of electricity to rural consumers while clearly defining the overall level of Government subsidy:• Incorporate the Government Station, medical institutions such as health centre/clinic/aid posts and education institutions such as secondary schools, primary schools and rural training centres within the rural electrification network
Preservation of Sites and Artefacts (Amendment) Act No. 21 of 2008	To provide for the preservation of sites and objects of historical, ethnological or artistic interest.
Protection of Traditional Knowledge and Expressions of Culture Act 2019 (Act No. 21 of 2019)	The Act provides for the protection, regulation and management of traditional knowledge and expressions of culture in Vanuatu and for related matters.
Meteorology, Geological Hazards and Climate Change Act 2016 (Act No. 25 of 2016).	<p>The Meteorology, Geological hazards and Climate Change act sets the following objectives:</p> <ol style="list-style-type: none">1. To ensure a high quality services provided in relation to weather, climate, flood forecasting and geological hazards;2. To promote capacities of governments, communities and organisations to understand and respond to risks arising from weather events, climate change and geological hazards;3. Address the needs of operators of ships and aircrafts and of tourists to access all necessary weather forecasts, bulletins, alerts, warnings and information concerning geological hazards;4. Facilitate the use and application of relevant information, forecasts, bulletins and warnings generated to and by local, regional and international bodies.

It is common for major development projects to develop their own Environmental and Social Management Frameworks, often under departmental oversight, which can serve as examples to carbon cooperation developers.

The Department of Energy has developed an Environmental and Social Management Framework (ESMF)⁸¹as part of its implementation of the Vanuatu Rural Electrification Project Stage 2 (VREP II). The procedures outlined in the ESMF serve to ensure that potential adverse environmental and social impacts that may result from subproject activity are identified early, and appropriate safeguard instruments are prepared prior to implementation to avoid, minimize, mitigate and, in cases where there are residual impacts, offset or minimize adverse environmental and social impacts. The ESMF also contains guidance on safeguard instruments that may be triggered by certain activities, such as an Environmental Impact Assessments.

⁸¹ <https://doe.gov.vu/images/docs/reports/Environmental%20and%20Social%20Management%20Framework%20for%20the%20VREP%20Stage%20II.pdf>

A Resettlement Policy Framework (RPF)⁸² is a companion document of the ESMF of VREP II, and describes the strategies adopted by the project to access land. It also includes – if in the unlikely event that involuntary land acquisition is required –the policies and procedures leading to development of abbreviated resettlement action plans.

The Department of Energy has also developed, with the support of UNDP, an Environment and Social Management Framework (ESMF)⁸³ for four (04) identified areas for the Pico Hydro Project in Naone and Persena and Hybrid Projects in Lawa and Gaua.

The Government of Vanuatu’s REDD+ Unit has developed a Safeguards Information System, SIS which covers the seven social and environmental safeguards for REDD+⁸⁴ and carbon cooperation Projects will be expected to follow this National SIS for consistency. Specific Project reporting requirements are listed in [Annex II](#) of the SIS.

Vanuatu has developed an Environmental and social management framework (ESMF) for REDD+, to address environmental and social issues in the implementation of the forest carbon activities, and to ensure that any REDD+ activities will not create adverse impacts on the local environment and local communities and the residual and/or unavoidable impacts will be adequately mitigated.

The ESMF outlines a dedicated REDD+ Feedback Grievance Redress Mechanism (FGRM)⁸⁵ designed to be used to deal with REDD+ generated disputes, as well as monitoring and reporting arrangements for the ESMF, and a proposed design for the Safeguard Information System. The ESMF includes two annexes that outline the processes for involuntary resettlement and restriction of access to natural resources. The REDD+ Resettlement Policy Framework (RPF) outlines the screening processes, identification of project-affected people, entitlements and planning requirements for any activities that could result in the involuntary resettlement of people, including any loss of livelihood or access to assets. The REDD+ Process Framework outlines the screening processes, identification of project-affected people, entitlements and planning requirements for any activities that could result in people being restricted from accessing forests for livelihoods or subsistence purposes.

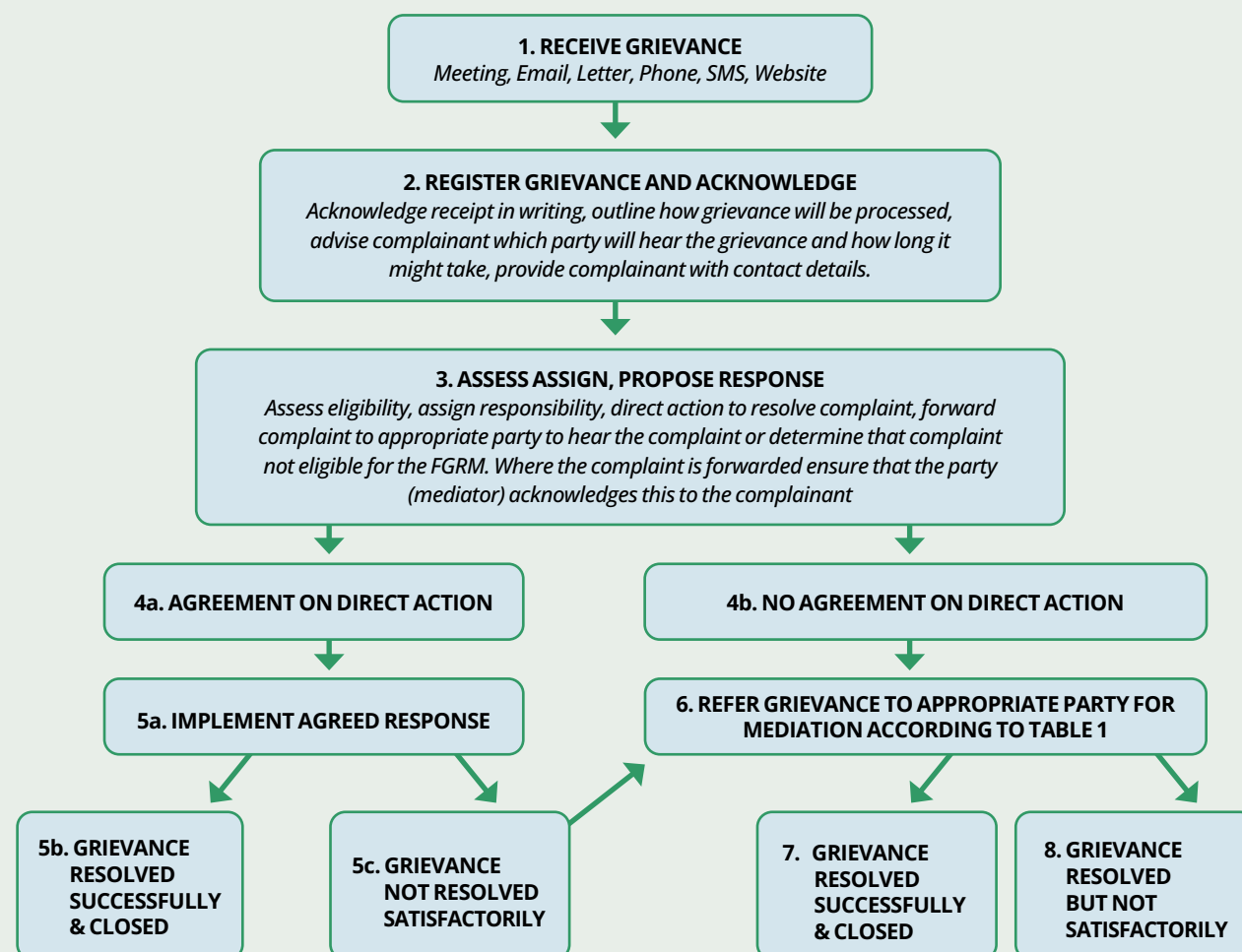
A dedicated REDD+ Feedback Grievance Redress Mechanism (FGRM) has been designed to be used to deal with REDD+ generated disputes. The Figure below outlines the FGRM procedure. The purpose of the FGRM is to provide an accessible, rapid, and effective response to concerned stakeholders, especially to vulnerable groups who often lack access to the formal legal system.

⁸² <https://doe.gov.vu/images/docs/reports/Resettlement%20Policy%20Framework%20for%20the%20VREP%20Stage%20II.pdf>

⁸³ https://www.undp.org/sites/g/files/zskgke326/files/2024-05/undp-vanuatu-final_esmf_pico_hydro_solar_hybrid_project.pdf

⁸⁴ COP-16 of the UNFCCC adopted safeguard guidelines for REDD+ to address the concerns and risks that REDD+ implementation could generate. To further promote the multiple benefits of REDD+ UNFCCC parties agreed in 2010 to seven social and environmental safeguards for REDD+.

⁸⁵ Climate Law and Policy, 2020. Environmental and Social Management Framework for REDD+ in Vanuatu. https://climatelawandpolicy.com/impact/projects/51/safeguards_assessments_in_vanuatu/



CRITERION	SAFEGUARD	DESCRIPTION
Robust, transparent governance	Alignment and compliance with the law	Alignment and compliance with international and national laws and treaties signed by the host party regarding climate change, sustainable development action and human rights.
	Governance structure	Governance structure that involves stakeholders from various sectors and effectively implements and supervises transactions under Article 6.
	Reporting and information system	Periodic reporting and information system about environmental and social impacts, to ensure transparency and accountability by all the stakeholders.
Negative environmental, economic and social impacts	Environmental and social risks assessments	Environmental and social assessments throughout the whole implementation cycle to identify, avoid, prevent and mitigate unexpected negative social and environmental impacts.
	Land use and involuntary resettlement	Avoid any involuntary resettlement of local communities and the misuse of land for climate mitigation activities.
	Community health and safety (SDG 8 3)	Avoid negative impacts on the health of communities and populations, avoid illnesses associated with pollution, and promote food security.

Additional safeguards may need to be designed and developed for Carbon Cooperation in Vanuatu according to the following checklist of international best practice⁸⁶:

⁸⁶ from: <https://gggi.org/wp-content/uploads/2023/12/SPAR6C-Guide-2-Developing-an-Article-6-host-party-strategy.pdf>

CRITERION	SAFEGUARD	DESCRIPTION
Respect for human rights	Indigenous peoples and cultural heritage	Respect for indigenous people's cultures, inclusion of their knowledge to protect the environment and fight climate change, as well as protect cultural heritage.
	Gender equality (SDG 5)	Ensure and promote the participation of women and girls, value their contributions in decision making processes, as well as equal access to resources.
	Labour and working conditions (SDG 8)	Comply with labour rights, prevent child abuse, and ensure sustainable livelihoods of local communities.
Sustainable development goals	Biodiversity conservation and resources management (SDGs 13, 14 and 15)	Preserve the existent biodiversity, sustainably manage natural resources such as water, energy and waste.
Consultation with stakeholders	Stakeholder engagement plan (SDG 17)	Ensure full participation of different stakeholders throughout the implementation cycle, identify and integrate their interests.

VII.I | CONSULTATION, FREE PRIOR INFORMED CONSENT AND GRIEVANCE MECHANISMS

Consultations are an important process through which a two-way dialogue is created between the project proponent and the stakeholders. Stakeholders are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/ or the ability to influence its outcome, either positively or negatively.

This annex presents a general stakeholder identification process and an outline of the Grievance Redress Mechanism process.

The Government of Vanuatu recognises the diverse and varied interests and expectations of carbon project stakeholders and seeks to develop an approach for reaching each of the stakeholders in the different capacities at which they interface with the Project.

Free, Prior, and Informed Consent (FPIC) is a crucial principle in carbon credit projects, ensuring that indigenous and local communities are fully informed about the project's nature, scope, and impacts before it begins. FPIC requires that communities voluntarily agree to the project without coercion, intimidation, or manipulation, and that this consent is obtained before any project activities commence. It involves transparent communication, providing communities with all relevant information in a language and manner they understand, and respecting their right to approve or reject the project. This process helps safeguard the rights and interests of communities, promoting equitable and sustainable outcomes in carbon credit initiatives.

The aim is to create an atmosphere of understanding that actively involves project-affected people and other stakeholders leading to improved decision making.

Overall, the objective and scope of Stakeholder Engagement is undertaken to,

- » Develop a plan for stakeholder engagement, including information disclosure and consultation based on the principles of Free Prior Informed Consent, throughout the project lifespan;
- » Undertake Stakeholder identification and analysis associated with the Project;
- » Plan engagement modalities through effective communication, consultations and disclosure;
- » Provide enabling platforms for influencing decisions;
- » Define roles and responsibilities for the implementation of the Stakeholder Engagement process;

- » Define reporting and monitoring measures to ensure the effectiveness as part of development of Stakeholder Engagement Plans (SEP) and periodical reviews of the SEP based on findings;
- » Elaborate on the Project Grievance Redress Mechanism (GRM).

During consultations, the following best practices should be considered:

- » Informing the community about the project and its activities including general walk through of the project area to assess the physical characterisation of the environment and socio-economic setting of the area and conduct informal discussions with households in the vicinity of the proposed sites.
- » Seeking consent from the community and discuss any concerns that the communities might have.
- » Community chiefs and leaders sign a certification form demonstrating their consent of understanding the project details and risks and impacts that might emerge including mitigation measures that would be proposed to minimise/mitigate the risks and impacts.
- » Attendance lists of the participants consulted during the engagement process at the respective sites should be kept on file
- » Voluntary Land Consent forms could be used with the potential landowners, who may individually consent to cooperation on carbon rights

Grievance Redress Mechanism (GRM)

The objective of a Grievance Redress Mechanism (GRM) is to assist in resolving complaints in a timely, effective and efficient manner. The GRM provides a transparent and credible process for fair, effective and lasting outcomes. It also builds trust and cooperation as an integral component of broader stakeholder engagement, that facilitates corrective actions and helps the community to have ownership of the carbon cooperation project.

The following principles of GRMs should be adhered to by all carbon cooperation project developers and implementers:

- » Site level GRMs can provide the most effective way for stakeholders to raise issues and concerns about the carbon project that affect them if it is designed in a culturally appropriate way so as to effectively respond to the needs and concerns of all parties involved.
- » The GRM must be well-publicized and known to all stakeholders, with project developers ensuring awareness campaigns are conducted among the widest possible demographics at the project site and surrounding areas.
- » The information provided about GRMs must include the scope of the mechanisms, the safety of the complainant, time of response, the referral and appeal processes.
- » The GRM will be clear, accessible to all Project stakeholders
- » The Mechanism should allow for multiple avenues of uptake of grievances
- » The system would be sensitive to women, men, boys and girls, as well as vulnerable populations such as persons with disabilities, elderly, displaced persons and other marginalized groups.
- » The GRM should be designed to protect beneficiaries and stakeholder's rights to comment and complain, and even raise their complaints to higher authorities if they are not satisfied with services or receive insufficient solutions. The mechanism would facilitate their sharing of concerns freely with understanding that no retribution will be exacted for their participation. To create a safe space, anonymous complaints will also be allowed.

- » The GRM shall provide for relaying regular information and feedback regarding the redress of the grievance to the aggrieved.
- » The Mechanism shall be responsive in redress of grievances by facilitating resolution with the concerned actor in the implementing chain.
- » The GRM would be based on transparency and accountability. All complainants will be heard, taken seriously, and treated fairly. The community and stakeholders will be aware of the expectation from the carbon cooperation project; the GRM procedures; understand its purpose, have sufficient information on how to access it.
- » The GRM will have provisions to appeal if the grievances are not resolved satisfactorily.
- » The GRM would not prevent access to judicial and administrative remedies.
- » The mechanism would provide for prompt time-bound redressal of grievances.
- » The mechanism may utilise formal, informal and traditional grievance process.
- » Grievances primarily will be resolved at the community level in the first instance and to the best possible extent.
- » Project developers and implementers should aim to address all grievances received, regardless of whether they arise from real or perceived issues.
- » The stakeholders affected by the carbon cooperation project activities will have access to this procedure at no cost or threat of any negative repercussions.
- » The statutory rights of the Complainant to undertake legal proceedings remain unaffected by participation in this process.

VII.II | ENVIRONMENTAL INTEGRITY REQUIREMENTS

Vanuatu requires that carbon cooperation achieve the highest levels of Environmental Integrity (EI), which will be assured if projects do not increase Vanuatu's GHG emissions through transfers as compared to the situation where such transfers did not occur.

Guidance on Environmental Integrity in chapter III D, paragraph 17, of the Annex to Decision 2/CMA.3⁸⁷ shall apply to assuring this principle is met.

The starting point for ensuring Environmental Integrity is determining whether the projected GHG emissions target is equal to or lower than expected under Business-as-Usual (BAU) conditions of Vanuatu's NDC.

As per the Greenhouse Gas Inventory (under the second National Communication Report), the net GHG emissions (excluding removals) for the base year, was 728. 359 Gg CO₂eq.

Vanuatu's direct GHG emissions from the following IPCC sectors is:

- » Energy: 122.44 Gg (122,440 metric tonnes) CO₂eq
- » AFOLU: 587.48 Gg (587,480 metric tonnes) CO₂eq
- » Waste: 10.75 Gg (10,750 metric tonnes) CO₂eq

⁸⁷ <https://unfccc.int/documents/460950>

To ensure environmental integrity, Vanuatu shall only authorise MOs generated from mitigation activities in the conditional NDC to achieve part of the conditional targets.

Vanuatu shall apply the corresponding adjustment to all authorised MOs from eligible mitigation activities listed in this framework document to ensure environmental integrity.

Vanuatu may grant authorisation to MOs created from mitigation activities outside the NDC insofar as the emissions/removals attributed to the activity are included in the latest national greenhouse gas inventory report and agreed to by the participating Parties or project proponents.

Before the issuance of authorised ITMOs or offset credits, the Secretariat shall confirm, through an independent verification report, the environmental integrity of these outcomes as described in the Paris Agreement Rulebook, especially:

1. No net increase in global emissions within and between the NDC implementation period occurred achieved through
 - » A robust and transparent governance arrangement for creating MOs.
 - » High quality of MOs is achieved through conservative reference levels; baselines set conservatively and below 'business as usual' emission projections, considering all existing policies and addressing uncertainties in quantification and potential leakage and;
 - » Minimising the risk of non-permanence of mitigation across several NDC periods and when reversals of emission removals occur, ensuring that these are addressed in full.
2. Mitigation activities are consistent with and contribute to the sustainable development objectives of Vanuatu, as outlined in the NSDP, the LT-LEDS, the NERM the REDD+ Strategy, and other sector policies, with specific reference made to how they contribute to achieving them.
3. Mitigation activities are consistent with the UN Sustainable Development Goals (SDGs), with specific reference made to how they contribute to achieving them utilizing the UNDP Climate Action Impact Tool⁸⁸
4. Project proponents and developers aiming to implement eligible mitigation activities under this Framework shall, as applicable, acquire or demonstrate that it has obtained an Environmental Impact Assessment⁸⁹ as a way of safeguarding any negative social or environmental-related impacts caused by the activity, including on air and water quality, biodiversity, and human wellbeing.
5. Where mitigation activities take place in ni-Vanuatu communities, or on or around customary land or sea, the project proponent shall undertake consultation with local and otherwise affected stakeholders regarding sustainable development and make available an established independent grievance process that stakeholders may access.

⁸⁸ <https://climateimpact.undp.org/>

⁸⁹ <https://environment.gov.vu/index.php/environment-impact-assessment>

CRITICAL PROCESSES AND POLICIES TO BE DEVELOPED AND URGENT ACTIONS TO BE TAKEN TO ENABLE CARBON COOPERATION

Carbon Cooperation

- » Urgently establish the governance structures outlined in this Framework, including the NAB Carbon Cooperation Steering Committee and allow for interim operationalisation through the existing Project Screening Committee of the NAB
- » Staff and resource the Carbon Unit at the Department of Climate Change
- » Establish a clear process for project approval and registration, including for all types of carbon cooperation activities in Vanuatu to ensure transparency
- » Improve Accounting-and-reporting infrastructure, including country NDC tracking and accounting infrastructure e.g registry operation, and corresponding adjustment application.
- » Establish the new Vanuatu Carbon Registry in a way that is interoperable with the existing Vanuatu Article 6.2 Registry, existing Integrated MRV Tool, as well as the Vanuatu National Forest Monitoring System to provide seamless integration.
- » Populate the Vanuatu Carbon Registry with past and existing carbon cooperation projects, and begin to record and track ITMOs, ERs and other units being generated in Vanuatu
- » Consider outsourcing some or all functionalities of the Vanuatu Carbon Registry to other registries or registry providers. Tracking of ERs requires significant administrative capacity and resources, and should be done by the GOV only after a careful cost- benefit analysis. The integration of private accounts into a national tracking system (whether a data management system or a registry) also calls for enhanced security and data protection.
- » Ensure that the tools used are able to include processes for undertaking corresponding adjustments to National Accounts when required.
- » Finalise the list of mitigation outcomes eligible for authorization for international trade
- » Consider additional needs and costs to government, including the administrative capabilities to facilitate carbon cooperation, undertake credit authorization and complete corresponding adjustments.
- » Enhance the capacity of Carbon Cooperation decision-making bodies, governance and coordination mechanisms across line agencies, and at all levels including with communities and carbon rights holders
- » Develop Roster of Experts (RoE) for consideration of projects by Carbon Cooperation Steering Committee
- » Clearly delineate the processes for carbon cooperation authorization, who is allowed to participate in transactions and under what conditions, and the procedures (including payment of taxes or fees if relevant) for participation.
- » Secure the specialist tools, including operating systems, procedural frameworks, and legislation required to equitably participate in global carbon cooperation opportunities.

Article 6.2

- » Develop of a toolkit for ITMOs projects including eligibility, process, forms templates, and other necessary documents etc. (available on-line, offline)
- » Ensure a transparent ITMOs approval process, including through the Vanuatu Carbon Registry's web-based application for ITMOs project application, approval process and ITMOs registry system.
- » Establish a grievance mechanism for ITMOs projects.
- » Finalize Mitigation Action Idea Note (MAIN) template
- » Assure the formalisation and legalisation of the Oversight body, with the following functions:
 - » Advise on Article 6.2 participation strategy at high government levels
 - » Monitor Article 6.2 framework implementation
 - » Coordinate and harmonize plans with other initiatives
 - » Ensure the sustainability of institutional arrangements
- » Ensure Article 6.2 forms a part of Carbon Unit at MoCC's daily operations, including:
 - » Defining and implementing the Article 6.2 framework
 - » Administrating Share of Proceeds
 - » Technical support
 - » Administrating the registry
- » Document processes for determining eligible mitigation activities
- » Document processes for approval of Article 6.2 activities
- » Documents processes for authorizations, issuance of MOs, and for managing the ITMO tracking infrastructure
- » Documents process for the application of corresponding adjustments
- » Documents process for informing Article 6.2 participation in view of tracking progress towards NDC implementation, taking into consideration overselling risks
- » Documents process for integrating Article 6.2 reporting and accounting into the national system for UNFCCC reporting (fulfilling UNFCCC reporting requirements for cooperative approaches)
- » Provisions for non-compliance of different actors in the activity generation cycle.

REDD+

- » A new Forestry Policy will be drafted, which provides an important opportunity to integrate REDD+ priorities (including climate change mitigation and adaptation, livelihoods, and coordination with other sectors) into the Forest Policy. As the review of the National Sustainable Development Plan will occur in the near future, the National REDD+ Unit will be in a good position to integrate REDD+ objectives into the NSDP.
- » Establish a legal mandate for the REDD+ Technical Committee, to enable their role in facilitating the cross-sector collaboration that will be required for REDD+ implementation. This may be accomplished through small changes to the existing legislative framework.

- » Finalise the Forest Reference Level report to serve as a baseline of forest sector emissions, and determine Result Based Payments.
- » Work alongside the Forest Carbon Partnership Facility to further develop an Emissions Reduction Project Document (ERPD) which demonstrates the reduction of emissions below the FRL including activities to avoid deforestation and degradation.
- » Establish a FRL allocation method in close consultation with the private sector, as projects require a baseline that is specific enough for the region in which they are operating. A National level FRL may not have sufficient detail to show the deforestation occurring at localised points and therefore a sub-national FRL allocation process may be more relevant
- » Generate a Nesting Rule book defining monitoring rules and procedures to aimed at maintaining environmental integrity as it is important to reduce mismatches between project and national monitoring and reporting as much as possible. This can promote alignment in ER claims and ensure that the efforts being made at small scale are reflected at a national level.
- » Establish legal basis upon which carbon rights are allocated, ensuring indigenous carbon rights are protected and Projects have a clear operational framework within which to enter agreements to develop projects. Clarify carbon rights on un-leased customary lands to give developers a green light

Voluntary Carbon Market

- » Describe actions to be taken to support or constrain voluntary market activities within Vanuatu's jurisdiction, including formal regulation of such markets.
- » Ensure that NGOs and private sector actors who have in the past or are currently operating in Vanuatu are registered by the Carbon Unit, and their activities scrutinized by the Steering Committee before further implementation is undertaken
- » Consider signing Memorandum of Agreements with private sector providers of tools and software required to effectively and efficiently implement this Framework

LEGISLATIVE AMENDMENTS REQUIRED

Legislative reform is required to operationalise many of the features of this Framework.

A new and standalone act (Vanuatu Carbon Cooperation Act) is required to provide a carbon market regulatory framework that would

- A.** Promote and finance climate compatible development, mitigation and adaptation through carbon cooperation
- B.** Promote development of a carbon industry in Vanuatu that includes production of carbon sequestration offerings, carbon trading, carbon export, carbon import and carbon abatement; and
- C.** Establish Vanuatu's national focal point for carbon cooperation and engagement, including the Authorizing Entity for Article 6, the Carbon Unit at the Department of Climate Change for the purposes of the operation, and administration of carbon value units and a national carbon marketplace;
- D.** Establish the Vanuatu national carbon registry and requires that every carbon trading project undergoes an environmental and social impact assessment as part of its registration
- E.** The competence of the Carbon Unit to be legislated in the new Act, which must include eligibility requirements for the ITMOS, A6.4ERs and other unit authorization.
- F.** Make it a requirement for all carbon cooperation activities to be included in the Vanuatu Carbon Registry
- G.** Establish legal basis for carbon property rights in all areas of Vanuatu, marine and terrestrial, essentially commodifying carbon to allow commercial transactions
- H.** The legislation must recognize explicit "carbon rights" as entitlements for certain actors to receive benefits, including (but not restricted to) tradable carbon credits from carbon emissions reductions, emissions avoidance or carbon sequestration. The act must provision the protection of indigenous carbon rights, including on un-leased customary lands, and in this context must clarify: 1) the property rights to sequester and store carbon, contained in land, trees, soil, marine habitats, etc. and 2) the right to benefits that arise from the transfer of these property rights (i.e. through emissions trading).
- I.** Establish issuance of verified carbon value units (carbon credits) as financial instruments on a potential new Vanuatu Carbon Trading Platform of the Reserve Bank of Vanuatu, where activities undertaken by Claimants may be verified and transferred
- J.** Stipulate that carbon trading on the new Vanuatu Carbon Trading Platform can involve two types of units,
 - » allowances allocated under emissions trading and
 - » GHG emission reduction certificates or carbon credits generated through carbon crediting mechanisms.
- K.** Clarification of the term 'carbon units' as evidence of carbon ownership in the form of a certificate, expressed in one ton of CO₂eq, as recorded in the Vanuatu Carbon Registry
- L.** establish the Carbon Cooperation Steering Committee to manage methods for generating greenhouse gas offsets;
- M.** Establish protocols for selecting national environmental analytics software; and provide for the implementation, operation, and administration of a greenhouse gas emissions trading scheme in Vanuatu, a national carbon marketplace, that supports and encourages global efforts to reduce greenhouse gas emissions; and for related purposes.

- N.** Introduce green washing offences against making of a) false statements in the required environmental and social impact assessment; and b) false representations or concealment of material facts to procure or attempt to procure a carbon credit trading permit
- O.** Make it an offence to willingly conduct unauthorised trade in carbon credits, give misleading information relating to environmental or financial gains from the carbon market, engage in money laundering through carbon trading, knowingly sell carbon credits to unauthorised entities, or fail to maintain carbon credit records.
- P.** Establish a Carbon Tribunal with jurisdiction over disputes arising out of regulatory functions under the Act, with all disputes arising from carbon credit trading operations under a carbon credit trading agreement being referred to alternative dispute resolution mechanisms in the first instance and thereafter to arbitration in accordance with the United Nations Commission on International Trade Law Arbitration Rules.
- Q.** Stipulate the requirements for registration of a carbon cooperation activity in Vanuatu
 - » A person or legal entity shall not operate a carbon trading activity that has not been registered with Carbon Unit at the Department of Climate Change and posted on the Vanuatu Carbon Registry
 - » For the activity to be registered, it needs to have the following elements:
 - » A letter of consent and participation of partners engaged in the activity
 - » Clearance of ownership of the property involved in the activity
 - » Local communities involved in implementing the activity
 - » Disclosure of relevant activity information, including costs incurred, verified emission reductions and estimated revenues
 - » An indication of expected employment creation for the national experts and local communities
 - » Commitment to corporate social responsibility indicated
 - » Adherence to national priority carbon trading sectors
 - » Conformity with national policies laws and strategies
 - » Evidence that the activity will contribute to the NDC
 - » Adherence to transparency and fairness in business
 - » Adherence to national investment priorities, ecological, social, cultural and economic Safeguards

GLOSSARY

A6.4ERS	Article 6.4 Emission Reductions
ABATEMENT	Means mitigation
ACCOUNT	Means any facility or arrangement in which a reporting entity does any of the following: <ul style="list-style-type: none">» contains project information» accepts deposits of funds;» allows withdrawals of funds;» pays negotiable or transferable instruments or cheques or payment orders drawn on behalf of any person, or collects negotiable or transferable instruments or cheques or payment orders on behalf of a person,
ADAPTATION	The process of adjusting to actual or expected climate and its effects to moderate harm or exploit beneficial opportunities.
ADDITIONALITY	The quality whereby the carbon offsets generated by a project are backed by emission reductions that would not have occurred without the financial and technical incentive of the award of carbon credits.
ADOPTION	To add a mitigation activity methodology to the Register of Adopted Mitigation Activity Methodologies.
AVOIDED EMISSIONS	Greenhouse gas emissions avoided versus a baseline or reference outcome by using a specific method without which the emissions would have occurred. To create abatement via avoided emissions
AUTHORIZED ENTITY (AE)	The organisation which provides approval/authorization to project participants in all Article 6 activities which will be counted towards a Party NDC
BAU:	Business as Usual.
CARBON	The molecule which is the base of the production of carbon offset value units, or the operation of a carbon sink, or the trading of carbon value units, and as applying to greenhouse gases including carbon to be counted in their equivalent effect as carbon emissions
CARBON CREDIT	A tradable financial instrument created after the recognition of completed activities that store, reduce, or avoid greenhouse gas emissions according to a mitigation activity.
CARBON MITIGATION	Mitigation of carbon emissions.
CDM	Clean Development Mechanism.
CERS	Certified Emission Reductions.
CLAIM	means a Mitigation Activity claim.
CLIMATE CHANGE	means long-term shifts in temperatures and weather patterns that are directly or indirectly related to human activity and are caused by changes in the composition of the gases in the atmosphere.
CO2E	CO2e means as defined in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change. p.2224 [IPCC 2021] with the GWP figures to be used with this definition being those given by The Second Assessment Report (SAR) of the Intergovernmental Panel on Climate Change (IPCC) 1995 as a global standard reference;
CONFLICT OF INTEREST	A situation where the concerns or aims of two or more interests of a person are incompatible, or a person derives personal benefit from actions or decisions made in their official capacity.
CORRESPONDING ADJUSTMENT	Ensures accurate accounting in carbon markets by adjusting national greenhouse gas inventories when mitigation outcomes are transferred between countries, preventing double counting of emissions reductions.
DATA	representations, in any form, of information or concepts.
DERIVATIVE INSTRUMENT	A financial instrument deriving its value from the value of a commodity it represents, such as tonnes of CO2e offsets.

DOCC	Department of Climate Change under the Ministry of Climate Change
EEZ	Exclusive Economic Zone.
ELIGIBILITY OF ABATEMENT	The method for achieving mitigation that the Committee for Approval of Mitigation Activities finds will create abatement.
EMISSION REDUCTIONS (ER)	Reductions in greenhouse gas emissions.
EMISSIONS	Greenhouse gas emissions.
EMISSIONS TRADING SCHEME (ETS)	A market-based approach to controlling pollution by providing economic incentives for reducing emissions.
FCPF	Forest Carbon Partnership Facility.
FPIC	Free, Prior and Informed Consent.
GGGI	Global Green Growth Institute.
GOLD STANDARD (GS)	A certification for carbon offset projects ensuring they adhere to high environmental and social standards.
GREENHOUSE GAS (GHG)	means any of the atmospheric gases that cause climate change by trapping heat from the sun in Earth's atmosphere producing the greenhouse effect.
GLOBAL WARMING POTENTIAL (GWP)	an index of relative potential of a greenhouse gas for causing global warming as given in The Second Assessment Report (SAR) of the Intergovernmental Panel on Climate Change (IPCC) 1995.
INSPECTION	A physical and on-site investigation of the situation, circumstances, materials, conditions, and other physical evidence relating to a claim.
INSPECTOR	A mitigation activity inspector.
INTERNATIONALLY TRANSFERRED MITIGATION OUTCOME (ITMO)	An artefact involved in a mechanism of exchange involving transfers of greenhouse gas emissions offset outcomes referenced to the national greenhouse gas inventory of two countries and is governed by Article 6 of the Paris Agreement.
IPCC	Intergovernmental Panel on Climate Change.
KASTOM	Traditional culture in Vanuatu including religion, economics, art, magic, names and words, beliefs, perspectives, social mores, and other cultural elements.
LANDOWNER	A person with traditional ownership or user rights over land or sea, or lawful occupancy of government land, or ownership or lawful occupancy of land other than customary or government land.
LOW EMISSIONS DEVELOPMENT STRATEGY (LEDS)	A strategy for sustainable development with a focus on reducing greenhouse gas emissions.
MITIGATION	Efforts to reduce or prevent emission of greenhouse gases.
MITIGATION ACTIVITY	an activity undertaken to reduce or prevent greenhouse gas emissions.
MITIGATION ACTIVITY CLAIM	A claim made regarding the outcome of a mitigation activity.
MITIGATION OUTCOME	The result of a mitigation activity.
MITIGATION PROJECT	A specific initiative or project aimed at reducing greenhouse gas emissions.
MITIGATION UNIT	A unit representing a specific quantity of greenhouse gas emissions reduced or avoided.
MOCC	Vanuatu's Ministry of Climate Change Adaptation, Meteorology & Geo-Hazards, Energy, Environment and Disaster Management, and host of the Carbon Unit

MRV	Measurement, Reporting, and Verification.
NAB	National Advisory Board on Climate Change & Disaster Risk Reduction
NATIONAL GREENHOUSE GAS INVENTORY	An inventory that quantifies a country's greenhouse gas emissions and sinks.
NDC	Nationally Determined Contribution.
NET ZERO	A state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere.
NEUTRALITY	Means a balance of emissions and offsets.
NON-FUNGIBLE	Unique and not interchangeable.
PIC	Pacific Island Country.
PPP	Public-Private Partnership.
PROGRAMME	A mitigation programme.
PROJECT	A mitigation project.
REGISTRY	The Vanuatu Carbon Registry or a register of adopted Mitigation Activity Methodologies.
REMOVAL	The act of removing greenhouse gases from the atmosphere.
REPORTING	The process of providing information on greenhouse gas emissions and mitigation activities.
RETIRE	To withdraw a carbon credit from circulation so that it cannot be traded or used again.
SALE	The transfer of ownership or control of a carbon credit or mitigation unit.
STANDARD	A publicly available specification.
TONNES OF CO2E	A unit of measurement representing the global warming potential of one metric ton of carbon dioxide equivalent.
TRANSACTION	The act of buying, selling, or exchanging carbon credits or mitigation units.
TRANSFER	The act of moving carbon credits or mitigation units from one account to another.
UNFCCC	United Nations Framework Convention on Climate Change.
UNIT	A unit representing a specific quantity of greenhouse gas emissions reduced or avoided.
VANUATU CARBON REGISTRY (VCR)	The Registry which contains all information about carbon cooperation activities in Vanuatu
VERIFIED CARBON STANDARD (VCS)	A global standard for certifying carbon emission reductions
VOLUNTARY CARBON MARKET (VCM)	A marketplace where individuals, companies, and other entities voluntarily buy and sell carbon credits.



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