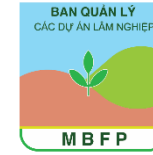


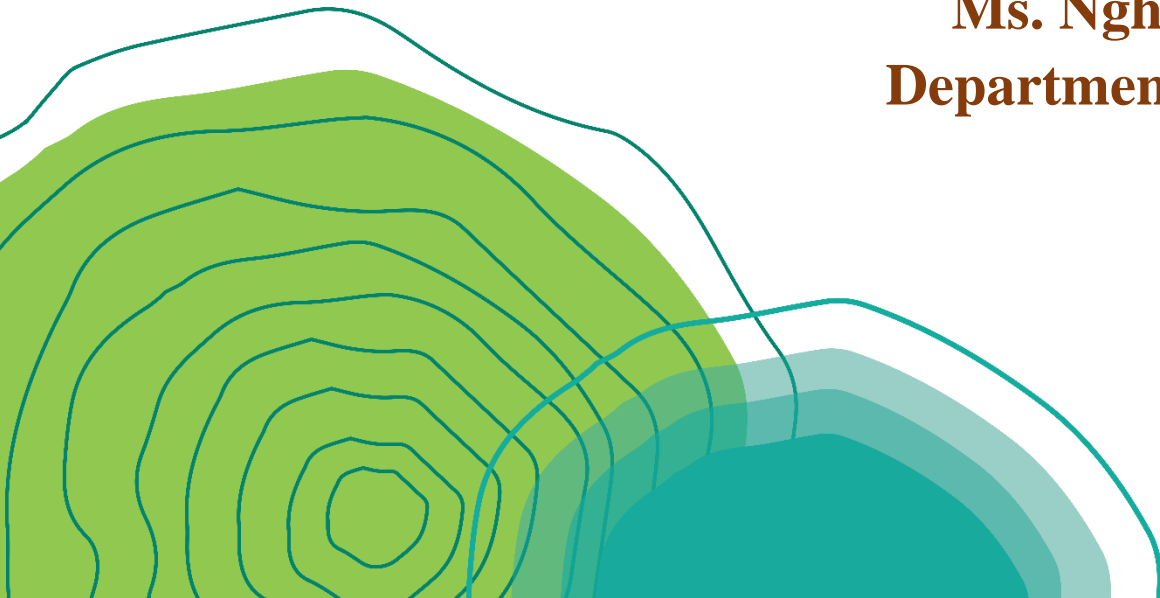


Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



FOREST CARBON TRADING

Ms. Nghiem Phuong Thuy
Department of Forestry, MARD



REDD+ IMPLEMENTATION

Phase 1: Ready

Formulate national strategies, action plans, policies, measures and build technical and organizational capacity

Phase 2: Implementation

Implement the above-mentioned policies; Continue capacity building, technology development and transfer; Conduct results-based demonstration activities

Phase 3: Results-based payment

Implement on a large scale and completely based on results (measurable, reportable and checkable).



Results-based payment

Emission Reductions
Payment Agreement
(ERPA)

North Central Region(FCPF-WB)

Central Highlands and South Central
Region (LEAF-Emergent)

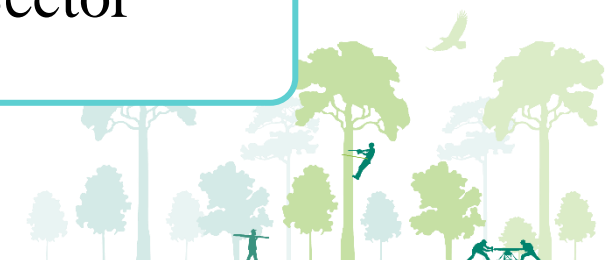
Propose to REDD+ results-
based payment

Results-based Payment Pilot Program
of GCF

Propose, study other pilots

Localities

Pilot Project by the Private Sector



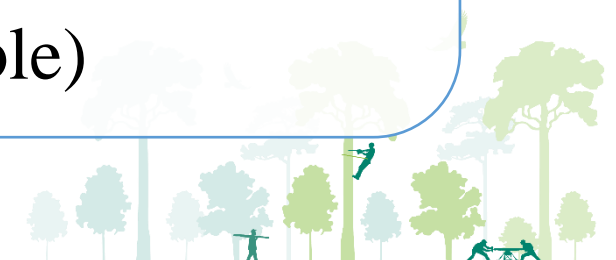
ERPA conditions and process

Credits

- Register
- Develop project document
- Report monitoring/results
- Validate and verify result reports
- Certify and issue credits

Agreement
(ERPA)

- Sign a Letter of Intent with the buyer
- Ask for negotiation directions
- Negotiate
- Sign ERPA
- Fulfill ERPA validity conditions (if applicable)



Emission Reductions Payment Agreement of North Central Region (FCPF-WB)



Development and implementation process

6/2014: FCPF approved ER-PIN

- Developed ERPD and documents
- 2/2018: FCPF approved ERPD
- Developed technical documents (ESMF, BSP...)
- Developed MR1 (2018,2029)
- Submitted MR1
- Validated and verified MR1
- Issued credits
- Transferred credits
- Receive money and make payments

2014-2015

2015-2/2018

2018-10/2020

10/2020-2023

Present

1/2015: MARD and WB signed LoI

- Prepared, negotiated ERPA
- Signed ERPA
- Formulated and issued Decree 107
- Benefits Sharing Plan



Program Documents(ERP D)

Implementing
area

6 provinces in the North Central region: Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, Thua Thien Hue

Forest area

2.8 million ha of forest, natural forest: 2.1 million ha

Reference Phase

2005-2015

Implementation
Phase

2/2018-2024

Expected results
MR1

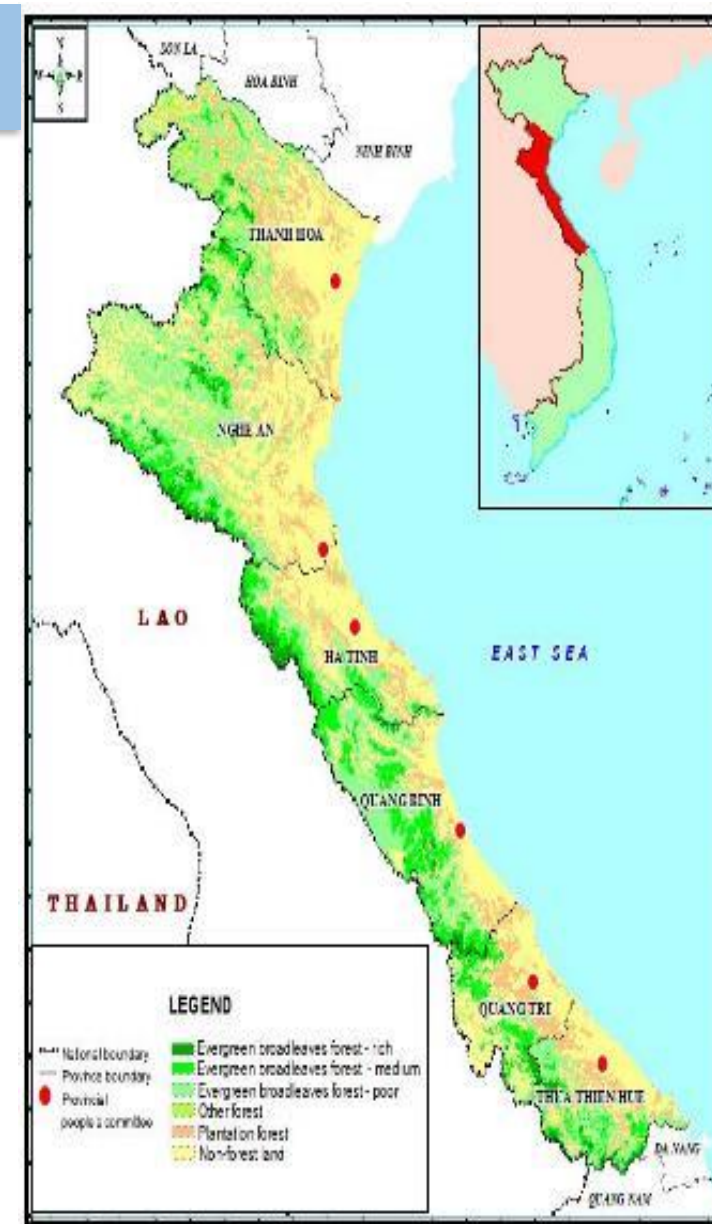
25 million tons of CO₂

Results Phase 1
(2018,2019)

16.2 million credits have been granted by FCPF

Total investment

US\$312.8 million



Emission Reductions Payment Agreement(ERPA)



Signed between MARD and IBRD-WB



Amount of official credits: 10.3 million tons of CO2
(95% NDC)



Unit price: 5USD/ton



Amount of additional credits: 5 million tons of CO2



ERPA validity conditions: Regulations on transfer of
emission reduction rights and benefit-sharing plan



Decree 107/2022/NĐ-CP

Chapter I. GENERAL PROVISIONS

- **Đ1.** Scope, subjects of application
- **Đ2.** Interpretation of terms
- **Đ3.** Principles of transfer and ERPA financial management

Validity condition 1 of ERPA

Chapter II. TRANSFER OF GPT RESULTS AND ERPA FINANCIAL MANAGEMENT

- **Đ4.** Transfer GPT results
- **Đ5.** Receive revenue sources and beneficiaries
- **Đ6.** Contents to be paid
- **Đ7.** Identify amount of payment
- **Đ8.** Benefit sharing ERPA
- **Đ9.** Develop benefits sharing plan
- **Đ10.** Disbursement of payments
- **Đ11.** Reporting mechanism
- **Đ12.** Settlement
- **Đ13.** Audit
- **Đ14.** Inspection, monitoring, financial disclosure

Validity condition 2 of ERPA

Chapter III. IMPLEMENTATION ORGANIZATION

- **Đ15.** Responsibilities of ministries and sectors
- **Đ16.** Responsibilities of provincial People's Committees
- **Đ17.** Enforcement Terms

04 Annexes:

(Annex I) Participating in forest management (Annex II) Identifying amount of money and payment from ERPA;
(Annex III) Form of planning;
(PL IV) Form of reporting

**Emission reductions purchase
agreement in the South Central
and Central Highlands (LEAF-
EMERGENT)**





Coalition formed with the goal of halting tropical deforestation by financing large scale tropical forest protection ($\geq 2,5$ million ha)

Brings together forest nations, companies, and donor governments to **facilitate transactions of high integrity TREES Credits**

The **LEAF Coalition is NOT a GHG program or standard**. All credits transacted by LEAF are issued by the ART program under the TREES standard



The REDD+ Trading Platform (ART) is a global initiative to encourage governments to reduce emissions from deforestation and forest degradation (REDD), restore forests and protect intact forests. TREES is the ART Standard for measuring, monitoring, reporting and verifying GPT from REDD+ activities.



Non-profit organization providing a transaction platform for TREES Credits.

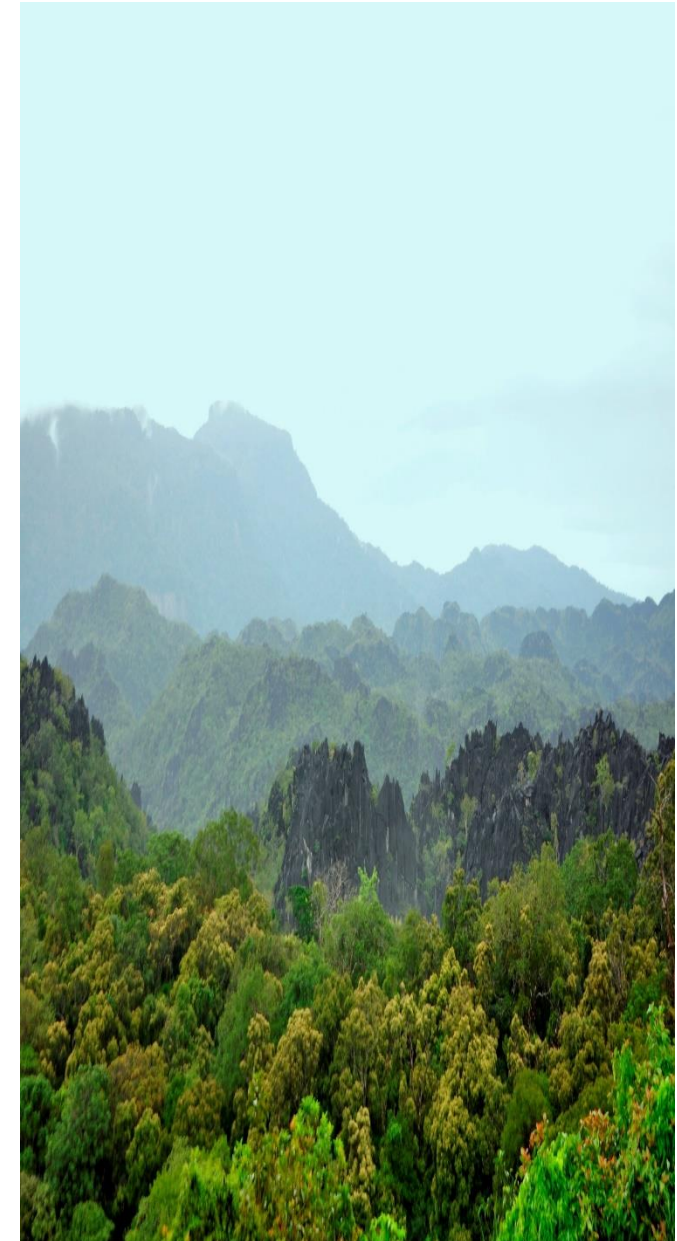
Emergent buy/pay for jurisdictional REDD+ carbon credits issued under TREES and sell those credits to corporate purchasers and sovereign donors

Emergent negotiates and concludes Emission Reduction Purchase and Sale Agreements (ERPAs) based on the needs of the buyer



Minimum requirements for National/Locality to join the LEAF Coalition

- Target **500K tCO₂e or more ERs over 5 years**
- Meet the **ART scale eligibility criteria**:
 - ✓ For local governments: at least 2.5 million hectares forest area is required to contribute.
 - ✓ For central government: no scale threshold applies.
- Implement **activities eligible to generate TREES credits**
- At minimum have in place the following:
 - ✓ An overall **NDC** target that includes forests
 - ✓ A **National Forest Monitoring System** that is closely aligned with TREES carbon accounting requirements
 - ✓ An existing **REDD+ strategy or Action Plan** in place at the national level that can be used to develop the TREES Implementation Plan
 - ✓ A **Safeguards Information System** (SIS) or an analogous system for providing information on addressing and respecting safeguards
 - ✓ A **Summary of Information** (Sol) (national governments) or report on safeguards at the appropriate scale that is consistent with national reporting to the UNFCC (Subnational governments)



Require LEAF for the credit

- ✓ **ART TREES** standard
- ✓ **Consultation and benefit sharing with IPLCs**
- ✓ **Robust control over the use of funds**
- ✓ **Strict criteria for buyers**



Transaction pathways of LEAF

Transaction Pathway	Buyer takes title to the ERRs	Counts towards HJ NDC	Corresponding adjustment in HJ NDC
1 SOVEREIGN CONTRIBUTORS		✓	
2 CORPORATE PAYOR		✓	
3 CORPORATE PURCHASER	✓	✓	
4 CORPORATE PURCHASER	✓		✓

By LoI, Viet Nam select the transaction 1 and 3 (100% of credit align with NDC), price: 10usd



The progression

- LEAF Alliance formed
- LEAF calls for proposals
- DOF Submit a proposal
- Develop application documents (Registration documents and MR1)
- Submission of Application

2021

10/2021: MARD
and Emergent sign
LoI

2021 to present

- Emergent develops draft ERPA
- Technical discussion
- In-depth VNFF Review
- Update the draft ERPA
- Formulation of negotiation guidelines



Registration documents

Implementation area

11 provinces in the Central Highlands and South Central Vietnam: Lam Dong, Dak Nong, Dal Lak, Gia Lai, Kom Tum, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan, Binh Thuan

Forest area

4.26 million hectares of forest, of which 3.24 million hectares of natural forest and 1.02 million hectares of planted forest.

Reference period

2015-2020

Implementation stage

2021-2025

MR1 Expected Results (2021,2022)

8 million credits



Proposal to pay for REDD+ implementation results



REDD Performance Pilot Program - GCF

- Total pilot cost: \$500 million.
 - Calculation period for REDD+ payments: 2014-2018.
 - **Accessibility: Through a Licensed Organization (AE)**
 - Credit price: 5 USD/ton CO₂.
 - Required conditions:
 - Completion of REDD+: (i) National REDD+ strategy/action plan; (ii) Reference Emission Level (FREL/FRL); (iii) the National Forest Evolution Monitoring System (MRV); (iv) Security Information System (SIS), SoI.
 - Submitting NoL Payment Proposal
 - **Appendix of REDD+ Performance Report attached to BUR**
 - Submit a project proposal covering REDD+ implementation results and documents (safeguard reports, gender action plans and reports...).
- => No credits, no ERPA signing**



Construction process

- AE selection (JICA)
- Develop payment project proposal
- MPI issued NoL
- JICA submits proposal
- Develop an Appendix to report results 2014-2018
- Submit BuR3 with PL
- Develop project proposal documents

2020

2021-2022

.....

Board 28: GCF approves 8 proposals, \$496.8 million

- Waiting for GCF phase 2 approval
- Edit, finalize and submit proposals



Other proposals and pilot studies (in Quang Nam, Son La, private...)



Lessons learned

On conditions and sequence: Buyer dependencies (Selected carbon standards, SG requirements, benefit sharing, consultation and other requirements)

Long time for program development and negotiation; capacity and experience in negotiation (technical, legal, international law ...), VV experience (transparent database,...)

Technical assistance from international partners for development, negotiation and implementation

Seller, buyer, transaction method

Policy institutions: Revenue, transfer, financial management and benefit sharing => ERPA validity conditions

Credits from natural forests, mainly emission reduction credits. More credits are granted than expected
REDD implementation results



Advantages, opportunities

- Party guidelines (NQ 24, Directive 13, KL61), Legal policies (Forestry Law, Law on Environmental Protection), Government (amendment of ND06, NC decree on forest carbon, Directive 13..)
- Climate Change Strategy, Forestry Development Strategy, Rural Development Program, Forestry Planning...
- Preparation for the domestic carbon market
- Sector Emission Reduction Plan, Circular Regulating Inventory and Forestry MRV
- With the demand for domestic and international offsetting credits, many investors are interested in supporting forest development
- Forest carbon credit potential



Difficulties, challenges

- Media and public opinion on forest carbon credits
- Institutions and policies
- The readiness of the domestic market, the readiness of the forestry sector
- Demand for credits of the domestic market
- NDC contribution of the forestry sector, state investment for forest protection and development
- Mobilizing financial resources and technical assistance
- Capacity of related stakeholders



Orientation, plan for next period

- Continue to implement emission reductions programs and research on piloting carbon with high-quality (blue carbon...)
- Communication, technical training
- Study NDC quota allocation and credit potentials for localities
- Develop Vietnam Forest Carbon Standards and mechanisms for operating and piloting a number of potential projects
- Complete institutions and policies on transfer and financial management of revenues from forest carbon credits
- Mobilize direct and indirect resources to support stakeholders.



Thank you very much for your attention !

