CARBON CREDIT
and
CARBON MARKET
VIETNAM LAW OUTLOOK

For more information, please contact VTN's key persons below:

NGUYEN THANH NGHIEP
Partner

+84 982 450 996
nghiep.nguyen@vtn-partners.com

NGUYEN HUNG HA
Managing Partner

+84 365 888 396
ha.nh@vtn-partners.com

TABLE OF CONTENTS

Abbreviations *1*

I. *Carbon credit, carbon offset, and carbon market: An overview* *2*

1. Carbon credit and carbon offset: History 2

2. Carbon credit and carbon offset: Definitions and differences 2

3. Carbon credit's vintage 3

4. Carbon market 4

4.1. *Compliance and Voluntary Market: Definitions and Differences* *4*

4.2. *Operation of carbon market* 6

4.3. *Major compliance markets* 7

II. *Carbon credit production and validation* *8*

1. Carbon credit production 8

2. Carbon credit project development process 9

3. Carbon credit validation 10

III. *Carbon market in Vietnam* *11*

1. Legal framework 11

2. Carbon market roadmap 13

3. Carbon credit certification 13

4. New and potential agreements and programs 14

5. Statistics and notable cases 15

IV. *Process to issue the carbon credit* *16*

1. Carbon credit project registered under CDM 16

2. Carbon credit project registered under Gold Standard 18

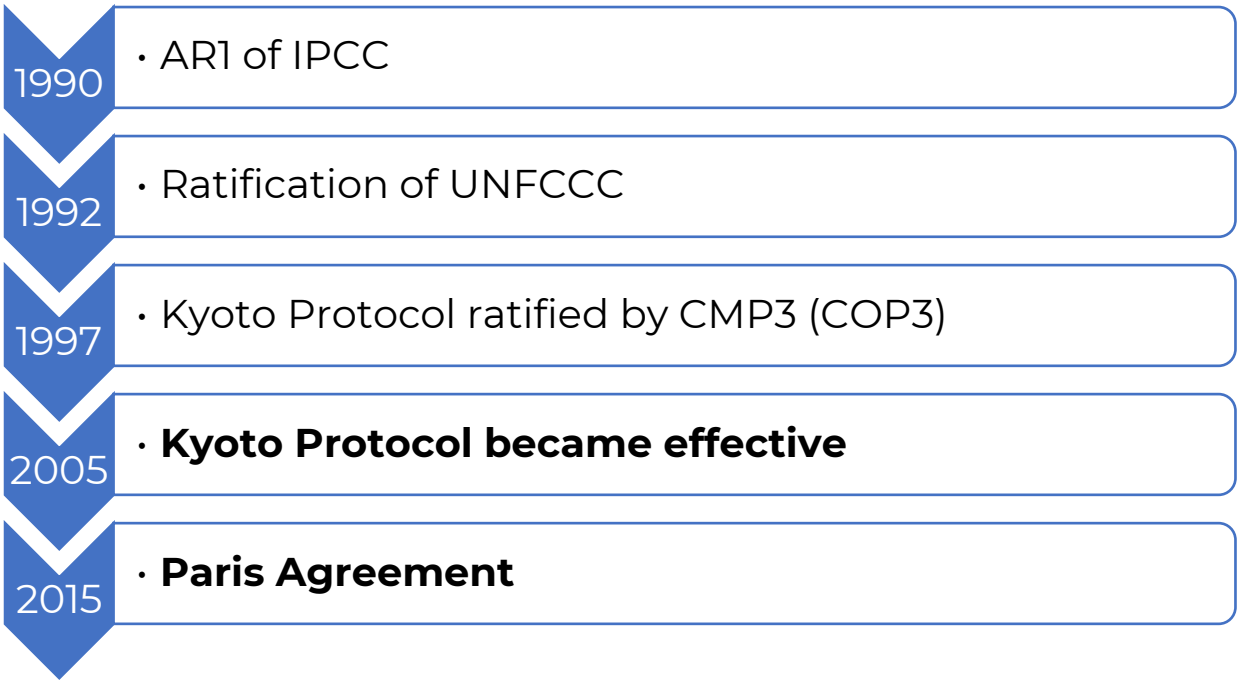
3. Carbon credit project registered under the Validated Carbon Standard (VCS) 18

Abbreviations

AR: Assessment Report
CDM: Clean Development Mechanism
CTX: Carbon trading exchange
ETS: Emission Trading Systems
GHG: Greenhouse gases
GS: Gold Standard
IPCC: Intergovernmental Panel on Climate Change
JI: Joint Implementation
KP: Kyoto Protocol
MRV: Measurement, Reporting, and Validation
UNFCCC: United Nations Framework Convention on Climate Change
VCS: Verified Carbon Standard
VCU: Verified Carbon Unit
VVB: Validation and Verification Body

I. Carbon credit, carbon offset, and carbon market: An overview

1. Carbon credit and carbon offset: History



The Kyoto Protocol of 1997 and the Paris Agreement of 2015 are international accords that laid out international CO_2 emissions goals. With these new regulations in force, the pressure on businesses to find ways to reduce their carbon footprint is growing. Most of today's interim solutions involve the use of carbon markets. What the carbon markets do is ***turn CO_2 emissions into a commodity by giving it a price.***

These emissions fall into one of two categories: Carbon credits or carbon offsets, and they can both be bought and sold on a carbon market. It's a simple idea that provides a market-based solution to a thorny problem.

2. Carbon credit and carbon offset: Definitions and differences

Carbon credit *(carbon allowances)* is defined as a commercially tradable certificate that represents the right to emit 01 metric ton of CO_2 or greenhouse gas (GHG) (Article 3.35 Law on Environmental Protection). When a company buys carbon credit, usually from the government, they gain permission to generate one ton of CO_2 emissions. With carbon credits, carbon revenue flows vertically from companies to regulators, though companies who end up with excess credits can sell them to other companies[1].

[1] https://carboncredits.com/the-ultimate-guide-to-understanding-carbon-credits/#2, last accessed July 12 2023.

Carbon offset is an instrument representing the reduction, avoidance, or sequestration of one metric ton of carbon dioxide or greenhouse gas equivalent. They flow horizontally, trading carbon revenue between companies. When one company removes a unit of carbon from the atmosphere as part of its normal business activity, it can generate a carbon offset. Other companies can then purchase that carbon offset to reduce their own carbon footprint.

The two terms are sometimes used interchangeably, and carbon offsets are often referred to as *"offset credits"*.

	Carbon Credit	**Carbon Offset**
Subject of issue	Government	Independent third-party bodies
Ways of obtaining	Government's emission quotas	Carbon projects: Reforestation, forest management, renewable energy, wetland restoration, etc[2]
Place of trading	Generally in compliance market	Generally in voluntary market
Validators	The Government	Independent third-parties
Carbon Validation	CDM	GS, VCS, Plan Vivo, etc

3. Carbon credit's vintage

A carbon credit's "vintage" is the year an emission reduction occurred or the offset was issued. The vintage of a carbon credit can have an impact on its quality and pricing. Generally speaking, the older the vintage, the cheaper the price per credit will be.

Carbon credit vintage matters for a number of reasons. The protocols and monitoring methodologies have improved over time and have become much more rigorous, so the quality of carbon credit has generally gotten better—there's typically more confidence in a ton of carbon that's been registered more recently. For older vintages, can we confidently say that the carbon credit really represents a metric ton of CO_2, as verified? While that may have been true at the time of verification, perhaps new standards in use would not agree.

Older vintages may trigger quality concerns when the carbon credits remain unsold for a long time. Additional concerns arise if the developer has not gotten the credits third-party verified and has a large number of unsold credits.

[2] More details in Section II.1

There's the risk when buying up older vintage credits that they may not be effectively reducing emissions as intended if the project does meet current quality criteria.

4. Carbon market

4.1. Compliance and Voluntary Market: Definitions and Differences

In a nutshell, carbon markets are trading systems in which carbon credits are sold and bought. Companies or individuals can use carbon markets to compensate for their greenhouse gas emissions by purchasing carbon credits from entities that remove or reduce greenhouse gas emissions.

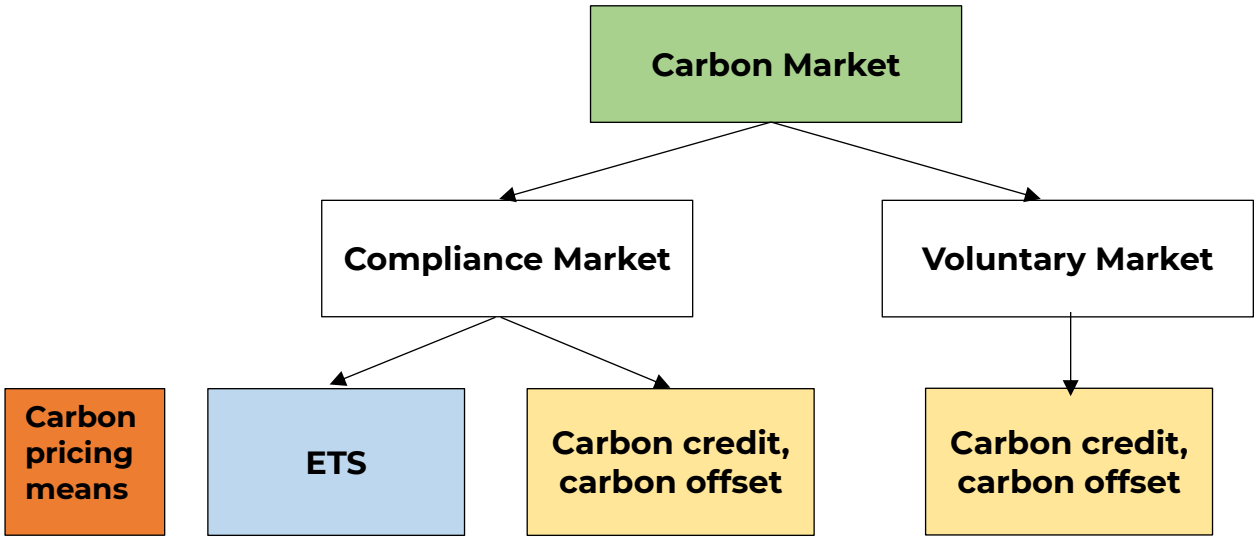
Compliance market is driven by the government's mandated caps on greenhouse gas emissions. Compliance carbon markets are marketplaces through which regulated entities obtain and surrender emissions permits (allowances) or offsets in order to meet predetermined regulatory targets. In the case of cap-and-trade programs, participants – often including both emitters and financial intermediaries – are allowed to trade allowances in order to make a profit from unused allowances or to meet regulatory requirements[3].

Voluntary market encompasses all transactions of carbon offsets that are not purchased with the intention to surrender into an active regulated carbon market. It does include offsets that are purchased with the intent to re-sell or retire to meet carbon neutral or other environmental claims. Voluntary demand for carbon offsets is driven by companies and individuals that take responsibility for offsetting their own emissions, known as purely voluntary buyers, as well as entities that purchase pre-compliance offsets before emissions reductions are required by regulation. Purely voluntary offset buyers are driven by a variety of considerations related to corporate social responsibility, ethics, and reputational or supply chain risk. Pre-compliance buyers speculatively procure offsets before a compliance carbon market start date, hoping to obtain a lower price than what the same offset may eventually fetch in the compliance program[4].

	Compliance/Regulated/ Compulsory market	**Voluntary market**
Compliance	The carbon market is established through the obligations of the countries that have signed and ratified the KP, so projects under the KP mechanisms are also considered as the compliance carbon markets.	The carbon market permits facilities to offset their inevitable extra GHG emissions by buying carbon credits created by carbon projects.

[3] https://www.ecosystemmarketplace.com/marketwatch/carbon/
[4] Id.

	Facilities that are subject to GHG inventory development participate in trading, transferring emissions quotas, and carbon credits. The mitigation of GHG emissions is in accordance with national, regional, or international regulations.	
Purpose	Markets for carbon credits created by the need to comply with a regulatory act	Corporations, governments, and individuals volunteer to offset their emissions by purchasing carbon credits - Environmentally conscious - Investment potential
Operation	Generally running by ETS (cap-and-trade programs): carbon credits are allocated or auctioned to companies which can then trade credits to comply with the cap on their emissions. Companies with low emissions level can sell their extra credits to larger emitters	Implementing projects to avoid, reduce, and remove GHG emissions that include: Reforestation, forest management, renewable energy, wetland restoration, etc
Regulators	The government	Independent standards bodies
Validators	Government, regulators	Independent standards bodies



4.2. Operation of carbon market

a. Compliance market

When it comes to the regulatory market, each company operating under a cap-and-trade program is issued a certain number of carbon credits each year. Some of these companies produce less emissions than the number of credits they're allotted, giving them a surplus of carbon credits.

On the flip side, some companies (particularly those with older and less efficient operations) produce more emissions than the number of credits they receive each year can cover. These businesses are looking to purchase carbon credits to offset their emissions because they must.

To illustrate: Company 1 and Company 2, are only allowed to emit 300 tons of carbon. However, Company 1 is on track to emit 400 tons of carbon this year, while Company 2 will only be emitting 200 tons. To avoid a penalty comprised of fines and extra taxes, Company 1 can make up for emitting 100 extra tons of CO_2e by purchasing credits from Company 2, which has extra emissions room to spare due to producing 100 tons less carbon this year than they were allowed to.

b. Voluntary market

Companies in this marketplace have the opportunity to work with businesses and individuals who are environmentally conscious and are choosing to offset their carbon emissions because they want to. It might be an environmentally conscious company that wants to demonstrate that they're doing their part to protect the environment. Or it can be an environmentally conscious person who wants to offset the amount of carbon they're putting into the air when they travel.

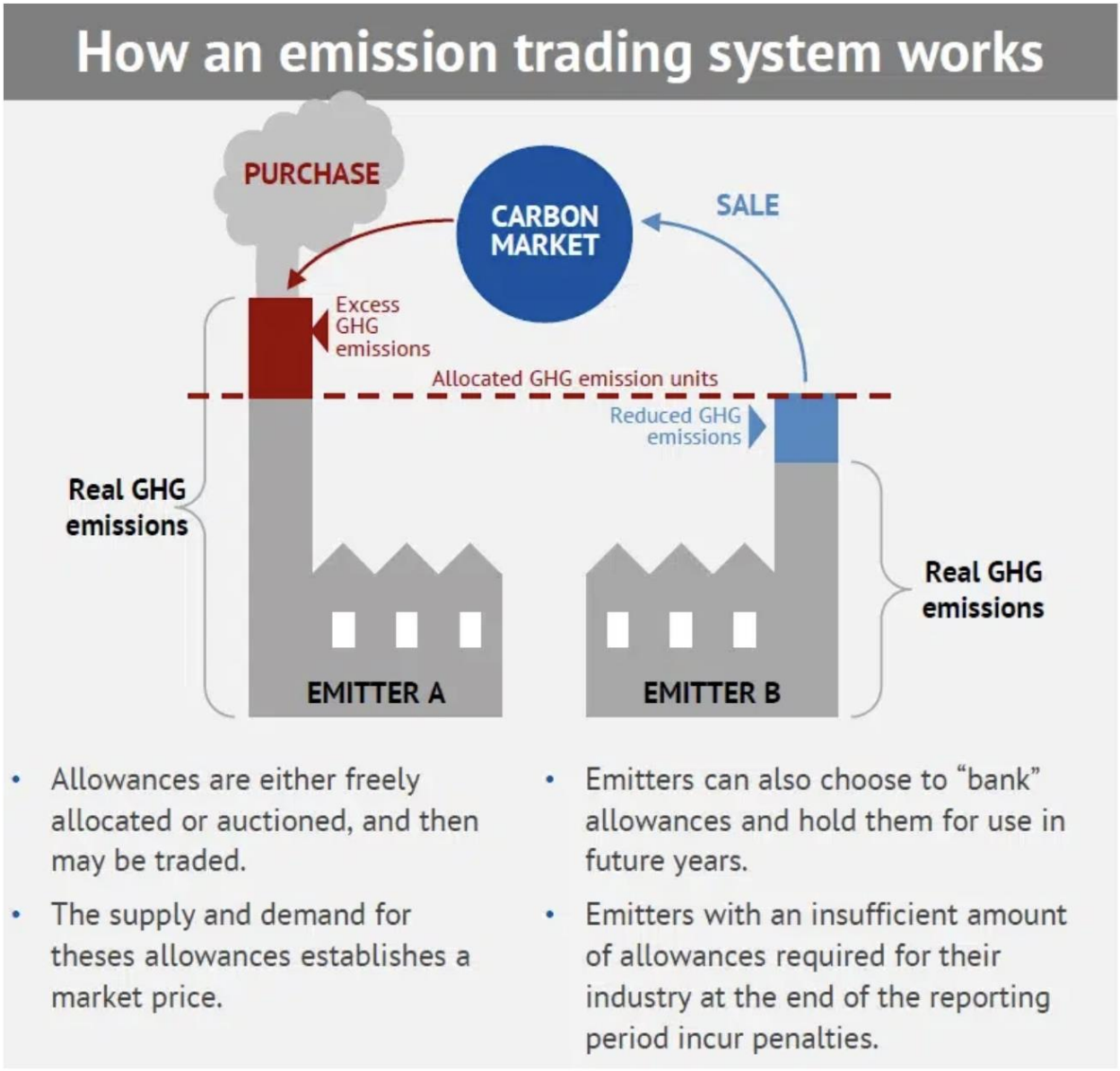


Figure: Carbon Cap and Trade Diagram (Carbon Streaming Corporation, Compliance credits)

4.3. Major compliance markets[5]

	EU-ETS	**California Global Warming Solutions Act**	**China's Carbon Compliance Market**
Year of establishment	2005	2012	2021

[5] https://carboncredits.com/a-guide-to-compliance-carbon-credit-markets/#the-european-union-ets, last accessed August 01, 2023

Total GHG emissions	3,893 Mt	425 Mt	12,301 Mt
$/ton	80-100	30	9
Total entities	10,569 power plants and manufacturing facilities	550	2225
Commitment	(1) Reduce GHG emissions to at least 55% below 1990 GHG levels by 2030 (2) Achieve net-zero GHG emissions by 2050	(1) Return to 1990 GHG levels by 2020 (2) 40% reduction from 1990 GHG levels by 2030 (3) Achieve carbon neutrality by 2045.	(1) Reduce carbon emissions per unit of GDP by 18% compared to 2020 levels by 2025 (2) Reach peak CO2 emissions and lower CO2 emissions per unit of GDP by over 65% compared to 2005 by 2030 (3) Achieve carbon neutrality by 2060

II. Carbon credit production and validation

1. Carbon credit production

Many different types of businesses can create and sell carbon credits by reducing, capturing, and storing emissions through different processes. These are some popular ways to produce carbon credits:

Renewable energy projects have already existed long before carbon credit markets came into vogue. Many countries in the world are blessed with a natural wealth of renewable energy resources. Countries such as Brazil or Canada that have many lakes and rivers, or nations like Denmark and Germany with lots of windy regions. For countries like these, renewable energy was already an attractive and low-cost source of power generation, and they now provide the added benefit of carbon offset creation.

Energy efficiency improvements complement renewable energy projects by reducing the energy demands of current buildings and infrastructure. Even simple everyday changes like swapping your household lights from incandescent bulbs to LED ones can benefit the environment by reducing power consumption. On a larger

scale, this can involve things like renovating buildings or optimizing industrial processes to make them more efficient, or distributing more efficient appliances to the needy.

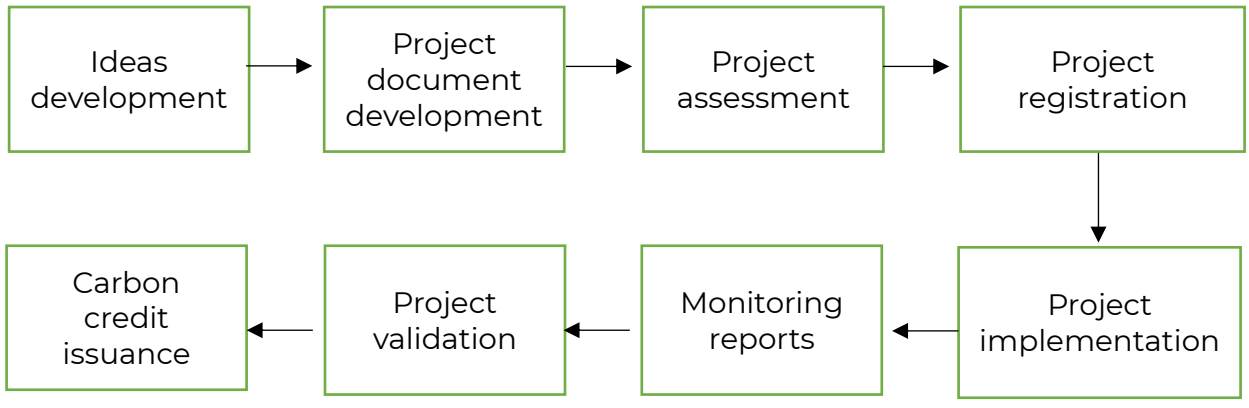
Carbon and methane capture involves implementing practices that remove CO_2 and methane (which is over 20 times more harmful to the environment than CO_2) from the atmosphere.

Methane is simpler to deal with, as it can simply be burned off to create CO_2. While this sounds counterproductive at first, since methane is over 20 times more harmful to the atmosphere than CO_2, converting one molecule of methane to one molecule of CO_2 through combustion still reduces net emissions by more than 95%.
For carbon, capture often happens directly at the source, such as from chemical plants or power plants. While the injection of this captured carbon underground has been used for various purposes like enhanced oil recovery for decades already, the idea of storing this carbon long-term, treating it much like nuclear waste, is a newer concept.

Land use and reforestation projects use Mother Nature's carbon sinks, the trees and soil, to absorb carbon from the atmosphere. This includes protecting and restoring old forests, creating new forests, and soil management.

Plants convert CO_2 from the atmosphere into organic matter through photosynthesis, which eventually ends up in the ground as dead plant matter. Once absorbed, the CO_2 enriched soil helps restore the soil's natural qualities – enhancing crop production while reducing pollution.

2. Carbon credit project development process



(i) Ideas development: It is a preliminary step to develop a development idea project development (emission reduction activities of the project, scope, etc.)

(ii) Project document development: After assessing the validity, potential, and public consultation on the project, the project document will be arranged based on templates of each carbon standard including financial analysis, technical and benefits of the project.

(iii) Project assessment: The project assessment will be carried out by a third party authorized by the carbon standards to ensure the project meets the conditions of the carbon standard (validity, addition, etc.)

(iv) Project registration: The completed project document will be submitted to the standards registration portal and after the review period, if the criteria are met, it will be approved to be implemented under the mechanism that corresponds to carbon credit.

(v) Project implementation and monitoring reports: After successful project registration, the project will be implemented similarly to the registered document and reports will also be made to monitor emission reduction parameters.

(vi) Project validation: Similar to project assessment, project validation will also be carried out by a third party authorized by carbon standards to validate the project's emission reductions.

(vii) Carbon credit issuance: Upon successful validation, the project will be issued based solely on the actual (ex-post) emissions reductions of the project.

3. Carbon credit validation

To trade carbon credits on the carbon marketplace, providers have to prove the validity of their carbon credits and buyers are in need to know the quality of the carbon credits they tend to purchase. This is where a mechanism of carbon verification and verifiers are significant.

Carbon verification is when a third-party verification organization inspects a carbon offset program and ensures it meets its standards (verification standards). If the program meets the standards, the carbon offset credits are verified, making them safe for consumers to purchase and offset their own carbon footprint.

Examples of the most popular verification standards:

- The VERRA Verified Carbon Standard (VCS), introduced in 2007, now accounts for 90% of transactions. VCS is often used to develop projects and confirm forest carbon credits generated from new afforestation,

reforestation of large timber forests, afforestation of special-use forests and protection forests, restoration of natural forests; reduce emissions from combating deforestation and forest degradation; wetland restoration and conservation. According to this standard, the number of certified forest carbon credits in Vietnam has a high chance of being obtained.

- The ART/TREES (The REDD+ Environmental Excellence Standards) standard, launched in 2021, is used to develop projects, and validate forest carbon credits generated from anti-deforestation, anti-degradation, and reforestation on land have had forests for at least 5 years, or zoning and promoting forest regeneration on bare land (1a, 1b, 1c), poor forests. According to this standard, the number of forest carbon credits earned is lower than the VCS standard. In October 2020, the Ministry of Agriculture and Rural Development and the Organization for Forest Finance Enhancement (Emergent), which is the trusteeship agency of the Alliance for Emission Reduction through Enhancement of Forest Finance (LEAF), signed a Letter of Intent (LOI) to transfer 5.15 million tons of CO2e from forests of the South Central and Central Highlands provinces according to standards ART/TREES.

- Gold Standard (Gold Standard - GS) was established in 2003, is used to develop projects and certify forest carbon credits formed from new afforestation on unforested land and long-term reforestation. This is a standard that can be suitable for the afforestation of special-use forests and protection forests in Vietnam. Thus far, to the best of our knowledge, there is no forest carbon credit project applying this standard in Vietnam.

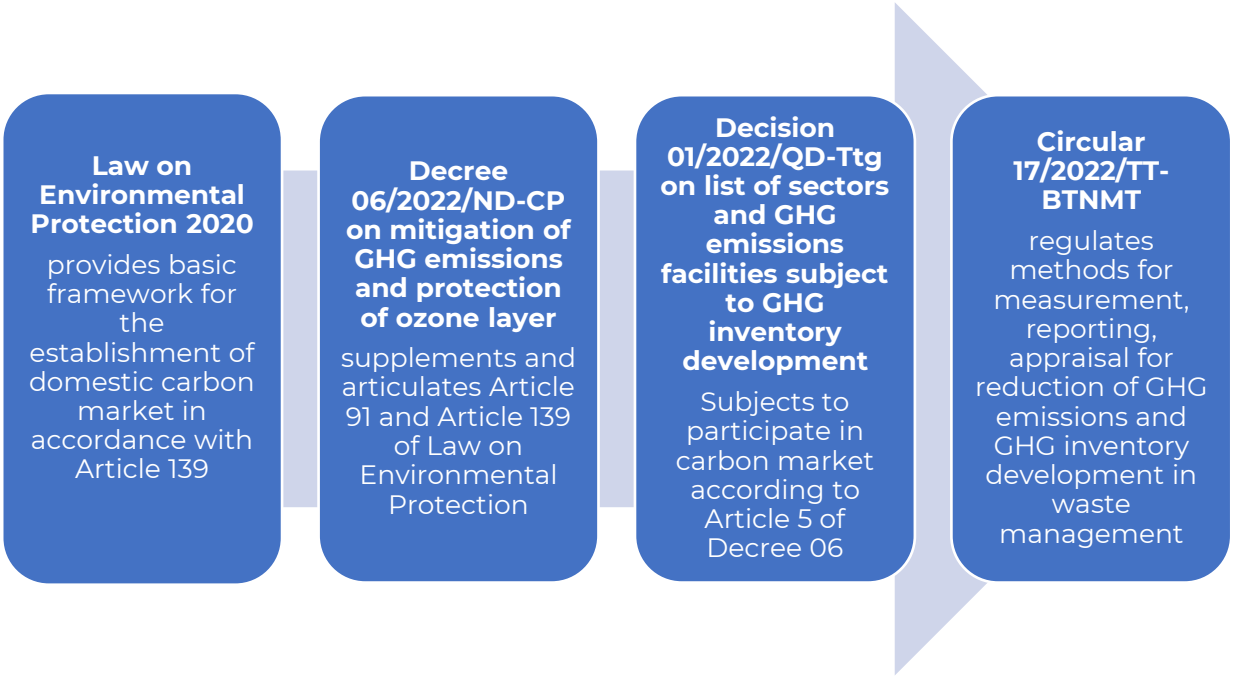
III. Carbon market in Vietnam

1. Legal framework[6]

In compliance with international and regional regulations on mitigation on GHG emissions, Vietnam has recently promulated a number of legal documents guiding on the establishment of a domestic carbon market in order to tackle urgent international climate challenges.

These legal guides are demonstrated below:

[6] https://nature.org.vn/vn/wp-content/uploads/2023/03/BTCS-33_FINAL.pdf, last accessed July 12 2023



(i) The Law on Environmental Protection is passed, providing for the first time regulation on the organization and development of the domestic carbon market (Article 139), in which the Ministry of Natural Resources and Environment (MONRE) is tasked with setting total emission quotas for ETS of Vietnam and identify the quota allocation method as well as the carbon offsetting credit mechanisms to be applied in the ETS.

(ii) The Government continues to issue Decree No. 06/2022/ND-CP ("**Decree 06**") on GHG emission reduction and ozone layer protection, which details Article 91 (reduction of GHG emissions) and Article 139 (formulation and development of carbon market) of the Law on Environmental Protection 2020.

(iii) The Government issued Decision 01/2022/QD-TTg stipulating the list of sectors and establishments that must carry out GHG inventory, according to which 1,912 establishments will participate in the domestic carbon market.

(iv) Circular No. 17/2022/TT-BTNMT stipulating techniques for measurement, reporting, and validating GHG emission reductions and GHG inventory development in the waste management sector continues to be promulgated in order to create a premise to achieve GHG emission reduction targets in the field of waste management in the coming time. With the issued normative documents, especially Decree 06, it can be seen that the domestic carbon market has gradually been shaped more clearly despite its immature status quo.

2. Carbon market roadmap

Vietnamese government developed a development roadmap and deployment time of domestic carbon market as follows (Article 17 of Decree 06/2022):

<table>
<tr><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th><th>2026</th><th>2027</th><th>2028</th><th>2029</th><th>2030</th><th>...</th></tr>
<tr><td colspan="7">Preparation phase:
- Formulating carbon credit management regulations, GHG emission quota exchange, and carbon credits; formulating operation rules of the CTX;
- Guiding on methods for measurement, reporting, and validation (MRV)
- Experimenting with carbon exchange and offsetting mechanisms in potential sectors and provide guidance on the operation of domestic and international carbon exchange and offsetting mechanisms in accordance with law and the international treaties to which the Socialist Republic of Vietnam is a signatory.
- Carrying out activities in order to improve capacity and raise awareness about carbon market development.</td><td></td><td></td><td></td></tr>
<tr><td colspan="4"></td><td colspan="3">Piloting phase:
Establishing and organizing trial operation of the CTX</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="7"></td><td colspan="4">Operation phase:
Organization of official operation of the CTX in 2028
Regulations of carbon credit connected and exchange between domestic, regional, and global carbon market.</td></tr>
</table>

3. Carbon credit certification

Article 18.2 of Decree 06 also regulates the procedure of certificating carbon credit by submitting an application according to Form No. 01 of Appendix V. Within 15 working days, the Ministry of Natural Resources and Environment shall organize verification, issue the certificate and send a notification to the applicant; if the application is

rejected, an explanation must be provided. The certificate of traded carbon credits or GHG quotas shall be issued according to Form No. 02 of Appendix V of the Decree.

4. New and potential agreements and programs

Vietnam has made multi-dimensional efforts to achieve its net zero greenhouse gas emission targets by 2050 as committed at COP26. In 2023, Vietnam set four goals for the energy transition: no new coal-fired power plants after 2030; an increase in renewable energy sources; early access to technologies using new primary energy sources such as green hydrogen and green ammonia; and an improvement of the transmission and distribution infrastructure of the national electricity system.

(i) The Just Energy Transition Partnership

The signing of the Just Energy Transition Partnership (JETP) between International Partners Group and Vietnam in December 2022 will support the country's ambitious climate targets and a substantial increase in renewable energies. This further reiterated that the governments, private sector, banks, and all major institutions with a stake in energy have agreed that its negative environmental impacts far outweigh short-term economic gains.

The JETP could create a huge number of carbon credits to unlock rich countries' financial support for the switch from coal to clean energy in emerging economies. Currently in the late stage of development, the JETP – offsetting scheme is linked to the early closure of coal plants and their replacement with renewable energy. The greenhouse gas emissions avoided in the transition would be monetized through carbon credits. Nations or companies will be able to buy them to compensate for their direct greenhouse gas emissions in the pursuit of their own climate targets.

At scale, coal-to-clean offsets could in fact rise to dominate the carbon market. Each coal plant closure is expected to generate tens of millions of credits. Fewer than twenty of the world's biggest forest protection offsets produce a similar volume of offsets.

This is a mechanism allowing countries to exchange offsets through bilateral agreements and count them towards their climate goals, or nationally determined contributions (NDCs).

(ii) The Vietnam Low Emission Energy Programme II

The Vietnam Low Emission Energy Programme II (V-LEEP II), which is worth 36 million USD and funded by the US Agency for International Development (USAID), was kicked off in Hanoi on June 3, 2022.

The primary goal of V-LEEP II is to advance the transition of Vietnam to a clean, secure, and market-based energy sector by increasing the deployment of advanced energy systems, improving energy sector performance, and increasing competition in the energy sector.

V-LEEP II will support the domestic carbon market. The coexistence of a carbon market (and more specifically, an emission allowance) can create a dual incentive for companies to reduce emissions, specifically by using V-LEEP II. This approach can help indirectly funnel corporate capital into renewable energy projects, creating the dual benefit of decarbonizing the sector while encouraging the construction of more renewable power.

5. Statistics and notable cases

Vietnam signed the KP on December 3, 1998, ratified it on September 25, 2002, and Vietnam is not included in Appendix I, so there is no obligation to commit to quantitative emission reductions of GHGs in the prescribed effective time of KP. During this period, Vietnam developed many projects under the CDM mechanism to receive international support in implementing emission reduction measures. This mechanism allows parties to receive credits in the form of "certificates of emission reductions", abbreviated as CERs (1 CER = 1 ton of CO2 equivalent)[7].

According to the database from UNFCCC, as of December 5, 2022, the total number of carbon credit projects under the CDM mechanism in Vietnam is 258 projects and 15 projects have been successfully registered. The total amount of credits issued from CDM projects in Vietnam is 30,736,808 CERs[8].

In Vietnam, carbon credit projects are mostly registered under the Gold Standard (GS) and the Validated Carbon Standard (VCS). As of November 2022, more than 9 million credits have been issued under the voluntary carbon market, of which there are 20 projects registered under GS standards and issued to the market more than 7,047,529 credits, 27 projects. projects according to VCS standards and issued 2,402,415 credits[9].

For the type of forest project, Vietnam currently has only one project registered under Plan Vivo's voluntary carbon standard - a mechanism that only focuses on forest protection, development, and ecological sustainability of forest-based communities.

[7] https://cdm.unfccc. int/Reference/Guidclarif/ glos_CDM.pdf
[8] https://cdm.unfccc. int/Projects/projsearch. html
[9] https://gspp. berkeley.edu/ research-andimpact/centers/cepp/ projects/berkeleycarbon tradingproject/offsetsdatabase

The project is implemented in Hieu commune, Kon Plong district, Kon Tum province with an area of more than 1,238 hectares of natural forest under the REDD+ mechanism with the goal of forest protection and combined livelihood development for 150 ethnic minority households. M'nam in 3 villages: Dak Lom, Dak Lieu and Vi Chring were successfully registered project in 2021 but not issued credits[10].

IV. Process to issue the carbon credit

1. Carbon credit project registered under CDM

CDM Project cycle:

(i) **Step 1:** Project Design (by Project Participant): Project participant prepares the project design document, making use of the approved emissions baseline and monitoring methodology.

(ii) **Step 2:** National approval (by Designated National Authority (Ministry of Natural Resources and Environement of Vietnam, Department of Climate Change) – DNA): Project participant secures a letter of approval from DNA.

(iii) **Step 3**: Validation (by DNA): Project design document is validated by accredited designated operational entity, private third-party certifier.

(iv) **Step 4**: Registration (by Executive Board): Valid project submitted by Designated Operation Entity (DOE) to CDM Executive Board with request for registration.

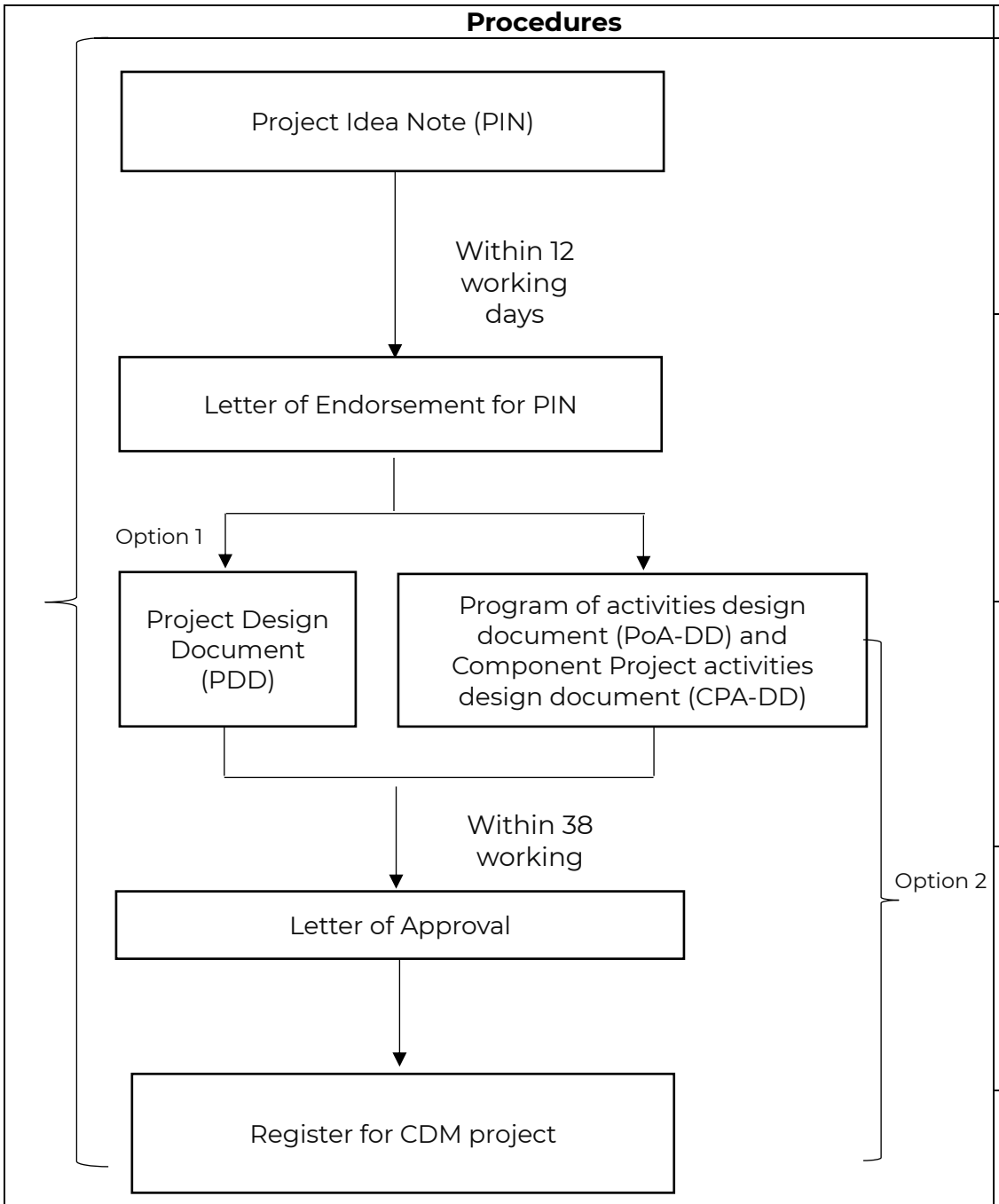
(v) **Step 5:** Monitoring (by Project Participant): Project participant responsible for monitoring actual emissions according to approved methodology.

(vi) **Step 6:** Verification (by DNA): DOE verifies that emission reductions took place, in the amount claimed, according to approved monitoring plan.

(vii) **Step 7:** Certified Emission Reductions (CER) issuance (by Executive Board): Designated operational entity submits verification report with request for issuance to CDM Executive Board.

[10] https://www. planvivo.org/ hieu-communedocuments

Vietnam DNA approval's procedures (According to Article 6.2 of Circular No. 15/2014/TT-BTNMT):



2. Carbon credit project registered under Gold Standard

Developers have multiple options for certifying the project under Gold Standard:

- Originate a project.
- Transition of an existing project from the UN CDM or other standards to Gold Standard.
- Certify the sustainable development impacts of a project issued under another standard.

Process to be certified Gold Standard:

(i) **Step 1:** Project design: Project participant prepares a Key Project Information note summarising the following information: the basic project design validation, Gold Standard safeguards assessments, and impact estimates of climate and sustainable development.

(ii) **Step 2:** Preliminary design review: Independent assessment conducted by an accredited validation and verification body (VVB). Then, SustainCERT reviews documentation and requests clarifications and resolutions of corrective actions where required. Approval of the Preliminary Review by SustainCERT results in "GOLD STANDARD PROJECT LISTED" status, giving the project the green light to move forward.

(iii) **Step 3:** Implementation – Project monitoring: Project Developer monitors the project according to the approved monitoring plan.

(iv) **Step 4:** Performance review: Independent assessment conducted by an accredited validation and verification body (VVB). Then, SustainCERT reviews documentation and requests clarifications and resolutions of corrective actions where required.

(v) **Step 5:** Performance certification.

3. Carbon credit project registered under the Validated Carbon Standard (VCS)

Process to be certified Validated Carbon Standard:

(i) **Step 1:** Open a Verra Registry account.

(ii) **Step 2:** Project is listed as under validation: Project proponent requests to list as under validation and submits documents to to Verra Registry. Then,

Verra Registry will review and create the the project record on the Verra Registry, list the project as under validation.

(iii) **Step 3**: Project validation and verification: Project proponent submits the documentation to validation/verification body. Then validation/verification body assesses project, GHG emission reductions for verification.

(iv) **Step 4:** Registration and issuance request: Project proponent submits the project documents to Verra.

(v) **Step 5:** Project review: The project review is a two-part process consisting of a completeness review and an accuracy review (undertaken at Verra's discretion) of the project registration, Verified Carbon Unit (VCU) issuance or project crediting period renewal request.

(vi) **Step 6:** Project registration and Initial VCU issuance: Verra Registry creates project and VCU records. Then Verra deposits VCUs into project proponent's account.