

Policymakers should consider policy and strategic decisions on the role of VCMs in NDC achievement, and may utilise legislation to achieve these goals



Understand the opportunity for engaging in the VCM

- Review the existing carbon crediting in country
- Assess the emission reduction/removal potential from carbon crediting



Plan how to achieve and finance Nationally **Determined** Contribution (NDC)

- Determine overall needs and map different finance sources across all covered sectors
- Develop financing strategy
- Develop implementation & governance strategy



Determine how much NDC achievement can be supported by carbon finance

- Consider the sources & scale of demand for carbon credits
- Consider the costs & benefits to the NDC of Article 6 trading, including application to particular sectors



Develop carbon markets strategy

- Consider how to enhance supply and access demand
- Develop a strategy that covers (amongst other things):
- 1. Role of government in creating or enabling supply
- 2. Policy on corresponding adjustments
- 3. Interaction with other policies and goals



Review and develop legal frameworks

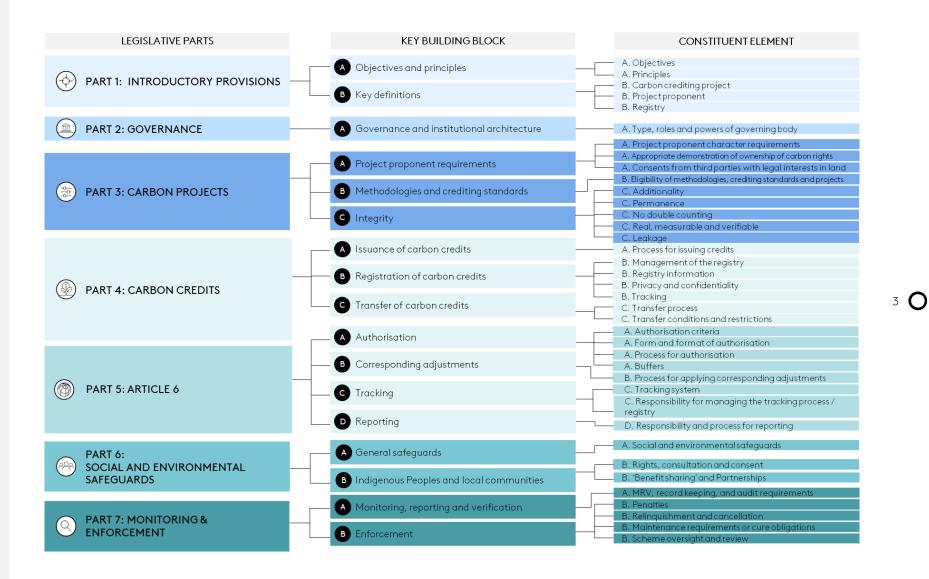
 Assess gaps in existina legal frameworks and governance that are slowing carbon finance

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- Develop VCM legislation
- Consultation in accordance with public law

VOLUNTARY CARBON MARKET LEGAL PRINCIPLES HANDBOOK

The Handbook covers the 'supply side' legal building blocks for countries to establish a domestic crediting scheme or utilise international carbon crediting standards



ADB DMCS ESTABLISHING A DOMESTIC CARBON **CREDITING SCHEME**

- ✓ Process for developing and approving methodologies
- ✓ Eligibility criteria for carbon crediting projects and a process for assessing and approving projects against these
- ✓ Requirements for carbon crediting projects to demonstrate additionality
- ✓ Requirements to mitigate against the risk of leakage

- ✓ Project proponent requirements
- ✓ Requirements to ensure that emissions reductions or removals achieved by projects are long-lived, real, measurable and verified
- ✓ Requirements to mitigate against the risk of double counting
- ✓ Requirements to ensure permanence

ADB DMCS UTILISING **INTERNATIONAL CARBON CREDITING STANDARDS**

✓ Process for approving international carbon crediting standards (and potentially specific methodologies) that can be used in the country



Fundamental building blocks in VCM legislation likely to be required for MRV and enforcement

ADB DMCS ESTABLISHING A DOMESTIC CARBON CREDITING SCHEME

- ✓ Monitoring, reporting and verification, record keeping and audit requirements
- ✓ Scheme oversight and review mechanisms

ADB DMCS UTILISING INTERNATIONAL CARBON CREDITING STANDARDS

- ✓ Powers to request information
- ✓ Ability to audit

✓ Enforcement powers

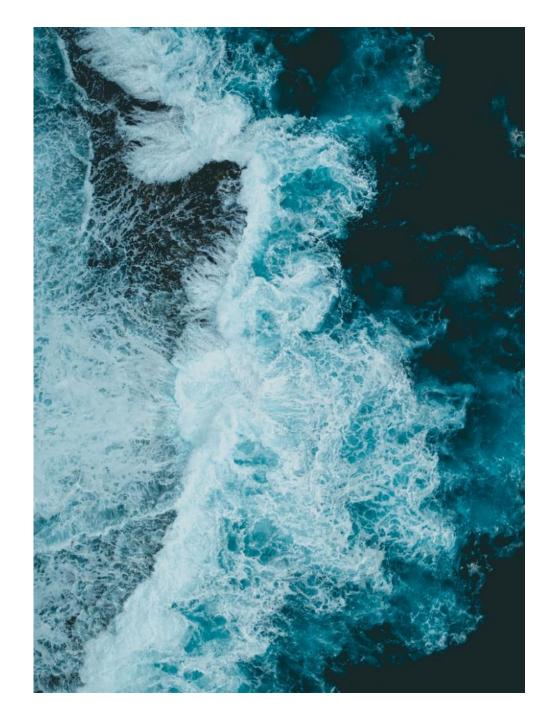
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We bring together world leaders in finance, investment, technology, law and policy, to connect the dots and see around corners. We are solely focused on delivering sustainable solutions.

Working in partnership with our clients, we will – with imagination and courage – lead the transition to a net zero, nature positive and resilient future.



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