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GUIDE FOR CONDUCTING VOLUNTARY CARBON MARKET (VCM) NEEDS ASSESSMENT

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Contents

Acronyms and Abbreviations

ACR	American Carbon Registry
BUR	Biennial Update Report
CAR	Climate Action Reserve
CDM	Clean Development Mechanism
ERRs	Emission reductions or removals
GCF	Green Climate Fund
GHG	Greenhouse gas
MRV	Measurement, reporting, verification
NAMA	Nationally Appropriate Mitigation Action
NDC	Nationally Determined Contribution
NGO	Non-governmental organization
REDD+	Reducing Emissions from Deforestation and Forest Degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
UNFCCC	United Nations Framework Convention on Climate Change
VCM	Voluntary carbon market

Glossary

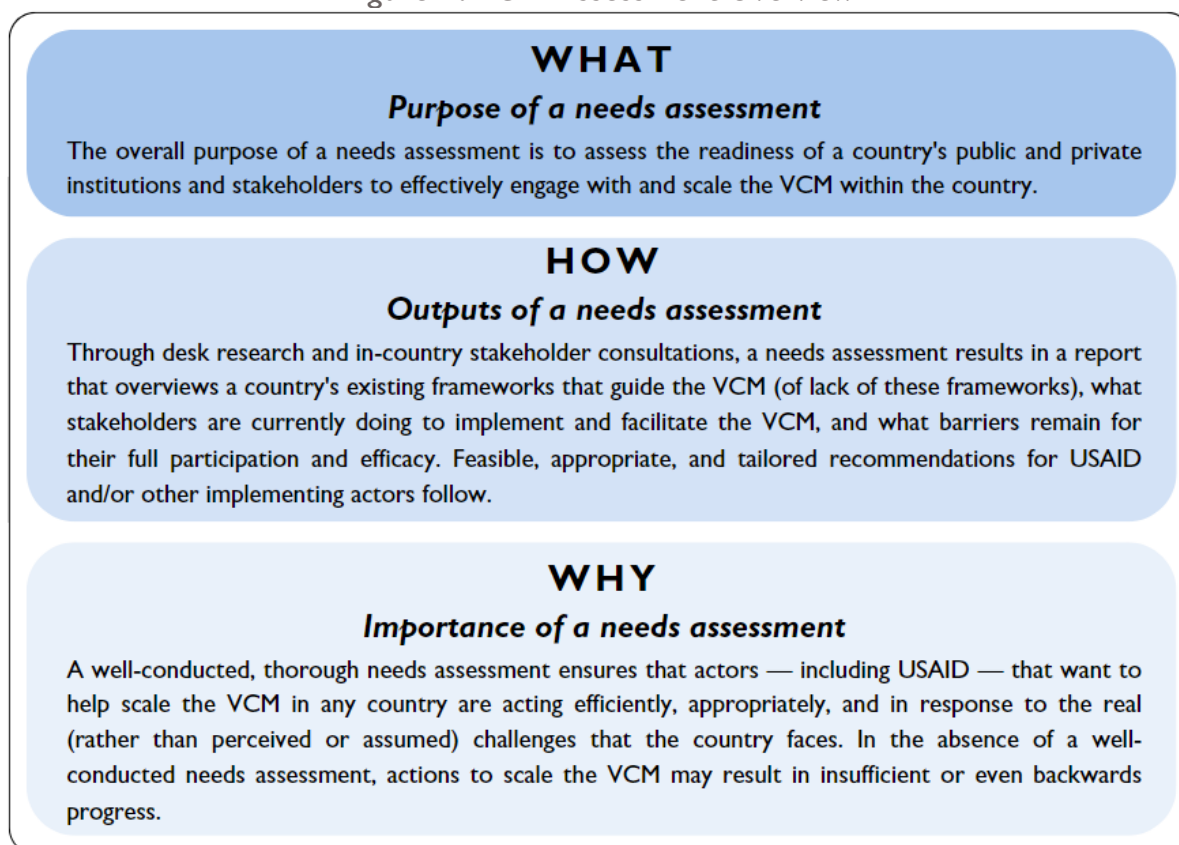| Term	Definition
Activity-level emissions	Amount of GHG emissions associated with a specific activity or measure in a country.
Article 6 of the Paris Agreement	Article 6 of the Paris Agreement establishes three approaches for countries to voluntarily cooperate in achieving their nationally-determined contributions (NDCs). The first two are market-based approaches which includes Article 6.2 defining rules surrounding the trading of emission reductions and removals bilaterally or multilaterally. Emission reductions and removals traded under Article 6.2 need to be authorized as Internationally Traded Mitigation Outcomes (ITMOs) for them to be traded and counted in the buyer country's NDC. Article 6.4 Mechanism is considered the successor of the Clean Development Mechanism, serving as a framework for a global carbon market overseen by the United Nations, with the aim of contributing to reducing greenhouse gas emissions while supporting sustainable development. The third approach, Article 6.8 is a non-market-based approach which promotes mitigation through finance, technology, and capacity transfer.
Baseline emissions	A baseline estimates the quantity of emissions that would have occurred in the absence of an intervention. Baseline emissions are used as a reference point to estimate the quantity of emissions that a carbon project or activity reduces, avoids, or removes, and therefore, how many carbon credits the project can generate.
Cap-and-trade system or emissions trading system	The foundation of most emissions trading systems lies in governmental establishment of emission caps for regulated sectors or company groups. Each company within these sectors or groups is required to submit tradable "allowances" corresponding to their greenhouse gas emissions. These allowances can be purchased from other companies or the government, with the possibility of some being distributed at no cost.
Carbon credit	A carbon credit represents one metric ton of CO2, eligible for exchange between an entity with continued emissions and another entity reducing its own emissions or actively removing carbon dioxide (CO2) from the atmosphere. Often used synonymously with "carbon offsets," although, in principle, a carbon credit may be used for purposes other than emissions offsets. For instance, entities are increasingly purchasing carbon credits to use for "beyond value chain mitigation" or "mitigation contribution" purposes.
Carbon offset	Carbon credits used to compensate an entity's own emissions for an equivalent amount of GHG emission reduction or removal from a carbon project or activity elsewhere.
Carbon registry	A registry refers to the technical infrastructure or database that records and tracks carbon credit issuances and transactions. Carbon standards have registries to keep track of all credits issued, purchased and retired by projects they have certified.
Carbon standard	An independent certifying body that develops rules and methodologies that carbon projects have to meet and adhere to in order to issue carbon credits. Standards monitoring the transactions of offset projects and officially validating carbon offsets by confirming the reduction, avoidance, or removal of a specified amount of CO2 by a project. The primary entities in the voluntary carbon market playing this role include Verra, Gold Standard, the American Carbon Registry, and the Climate Action Reserve.
Clean development mechanism (CDM)	An international mechanism established by the Kyoto Protocol, enabling developed nations to fulfill portions of their obligatory climate commitments

	by acquiring carbon credits primarily generated through low-carbon energy initiatives in developing nations.
Compliance carbon market	Regulated carbon markets where the trade of carbon offsets is authorized and regulated by the government.
Corresponding adjustment	Executing a corresponding adjustment entails that, as part of cooperative approaches under Article 6 of the Paris Agreement, when Parties transfer a mitigation outcome internationally to contribute to another Party's mitigation commitment, the Party making the transfer must retract the counting of this mitigation outcome from its own records.
Credit issuance	Carbon credit issuance is the last step of carbon credit creation, before it is sold to a buyer or user. Once a carbon project or program has been registered and undergone successful validation and verification, the carbon standard under which it is registered will issue the emissions reductions or removals as certified carbon credits.
Internationally transferred mitigation outcomes (ITMO)	Mitigation outcomes refer to the emissions reductions and removals resulting from an Article 6.2 activity, while under the Article 6.4 mechanism, these are referred to as A6.4ERs. These reductions or removals become ITMOs when they are authorized by the host country for use to count again another NDC, other international compliance purposes, for example, Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), or other purposes.
Measurement, reporting, verification (MRV)	MRV refers to a multi-step process and procedures of measuring the emission reduction achieved by a mitigation activity, its reporting to an accredited third party and the verification of these achievements. MRV processes and systems are crucial infrastructure for climate and carbon finance.
Nationally-determined contribution (NDC)	Nationally-determined contributions represent the efforts of individual countries to decrease national emissions and adapt to the effects of climate change. According to the Paris Agreement (Article 4, paragraph 2), each participating Party is obligated to develop, communicate, and continually update successive NDCs outlining their intended achievements.
Reducing Emissions from Deforestation and Forest Degradation in developing countries (REDD+)	The Warsaw Framework for REDD+ is an initiative under the UNFCCC which provides a comprehensive guidance for the implementation of activities to reduce deforestation and degradation in developing countries, and ensuring the finance flows to enable these efforts through readiness and results-based finance. Additionally, REDD+ projects and activities certified by carbon standards have become a significant component of the voluntary offset market.
Safeguards (environmental and social)	Environmental and social safeguards assist the activity developer in recognizing, assessing, preventing, and alleviating unintended negative environmental and social impacts and risks arising from the activity in its surroundings during both implementation and operation phases. They also aid in the identification of project impacts on the Sustainable Development Goals (SDGs), national targets and priorities of host countries.
Validation and Verification	Validation involves designated entities, often third-party auditors, ensuring that a project complies with relevant design requirements, documentation, activity standards and guidelines for it to be registered with a certain registry or standard. Verification involves ascertaining whether a project delivers its proposed/stated greenhouse gas (GHG) emission reductions or net GHG removals. It is required for the issuance of credits.
VCM project cycle	The VCM project cycle encompasses the stages of designing VCM activities, generating climate benefits, and issuing and trading carbon credits. It generally consists of the following phases: 1) planning; 2) design; 3) validation; 4) registration; 5) implementation; 6) monitoring; 7) verification; 8) issuance.

Executive Summary

This guidance is for USAID missions and teams aiming to assess a voluntary carbon market (VCM) within a given county. Drawing from and building on previous needs assessments processes, this document outlines the key steps, activities, and considerations to determine viable and strategically important donor-supported interventions that can accelerate VCM.

Conducting a needs assessment is a crucial, foundational step that ensures that USAID and other actors take careful, targeted action to make the most impact for the VCM landscape and avoid duplicating the efforts of other public and private actors. As of 2022, the VCM is estimated to have mobilized over $1.2 billion in investments, making it an important driver of finance towards projects that mitigate emissions in efforts to curb climate change. The VCM generally refers to the marketplace on which carbon credits are issued, purchased, and retired for voluntary purposes, such as to offset or compensate for an entity's emissions within their value chain.[1] The VCM is distinct from "regulatory" or "compliance" carbon markets, on which credits are transacted for entities to comply with government regulations, like emissions trading systems.

Figure 1: VCM Assessment Overview

WHAT

Purpose of a needs assessment

The overall purpose of a needs assessment is to assess the readiness of a country's public and private institutions and stakeholders to effectively engage with and scale the VCM within the country.

HOW

Outputs of a needs assessment

Through desk research and in-country stakeholder consultations, a needs assessment results in a report that overviews a country's existing frameworks that guide the VCM (of lack of these frameworks), what stakeholders are currently doing to implement and facilitate the VCM, and what barriers remain for their full participation and efficacy. Feasible, appropriate, and tailored recommendations for USAID and/or other implementing actors follow.

WHY

Importance of a needs assessment

A well-conducted, thorough needs assessment ensures that actors — including USAID — that want to help scale the VCM in any country are acting efficiently, appropriately, and in response to the real (rather than perceived or assumed) challenges that the country faces. In the absence of a well-conducted needs assessment, actions to scale the VCM may result in insufficient or even backwards progress.

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[1] Terminology related to the VCM continues to evolve. This Learning Guide uses the term *carbon credits* rather than *carbon offsets*. This is because carbon credits – though frequently used for emissions offsetting purposes – are increasingly used for purposes other than emissions offsets. For instance, entities are increasingly purchasing carbon credits to use for "beyond value chain mitigation" purposes.

This guide is organized in four sections mirroring the phases of the VCM assessment process (Figure 2). Each section delves into the aims, activities, and outputs under each phase. Lessons drawn from experience are incorporated throughout, which flag important considerations as a phase is planned and implemented.

Figure 2: Phases of Conducting a VCM Needs Assessment
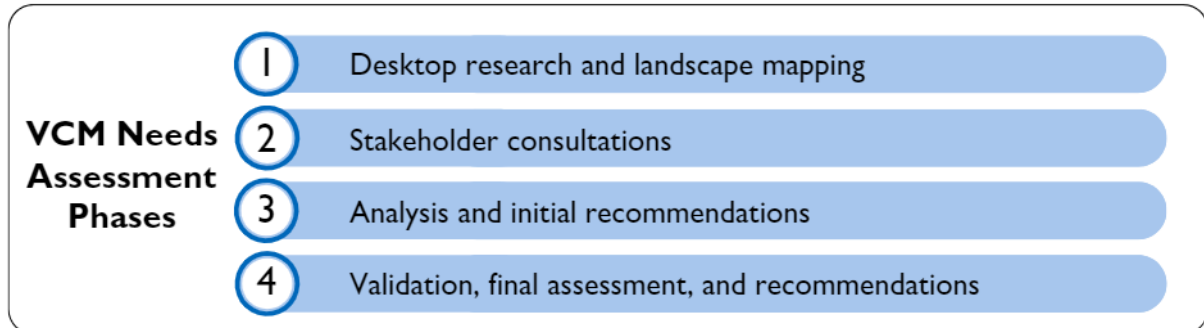
This guide was developed during the process of conducting a VCM needs assessment in Pakistan from July 2023 to November 2023. In addition to identifying barriers and opportunities for a successful deployment of the VCM in the country, it also provided targeted recommendations for USAID to support the scaling up and strengthening of the voluntary market in Pakistan. The summary of the VCM Pakistan assessment is linked in the Annex.

This learning guide *does not* provide technical background or overview of the voluntary or compliance carbon markets, the nature and functioning of the VCM, and the link between the voluntary and compliance carbon markets. This information is extensive and beyond the scope of this guidance. Some relevant resources are listed in the Annex.

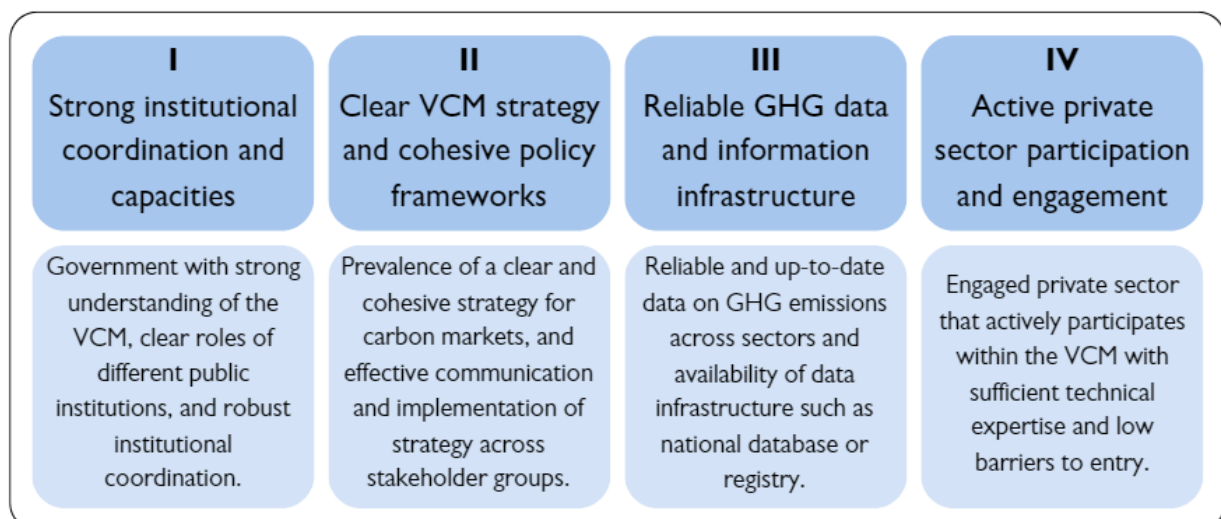# I. Overview of Process

Required Resources

Successfully implementing a needs assessment requires specific resources at the outset. Many of these resources may already be available or part of USAID presence in-country. These may include, but are not limited to:

- **A country-based consultant with experience in carbon markets.** To ensure that the assessment draws on valuable context and that the relevant actors and institutions are engaged, it is important to have a local consultant with experience in carbon markets involved. This consultant may support data collection and engage stakeholders.
- **In-country partner with logistics and operational experience**. Conducting in-country consultations, workshops and meetings can require additional logistical and coordination support. This role can also be played by the local consultant.
- **Clear person of contact (POC) within the relevant government ministries.** This person serves as the main liaison with the Ministry, ensuring that the relevant persons (at the technical and political levels) are aware of and involved in the needs assessment process and participate in the relevant stakeholder consultations (Phase 2) and validation (Phase 4). Ultimately, there needs to be ownership and buy-in of the needs assessment and its outcomes from the government, and the POC is responsible for enabling this.
- **Relationships with other donors.** Other donors may also be engaging in carbon-market related activities such as capacity building and technical assistance programs. Engaging with donors can provide an initial view of activities planned or ongoing in the country. Some may have also conducted a needs assessment; in these instances, USAID mission may seek to collaborate through sharing of information and findings to limit duplication of efforts.
- **Scoping visit to country at the start of the work**. If USAID staff conducting the assessment is not based in country, budget a scoping visit early in the process. In-person interviews and consultations are critical to get a proper picture and build trust.

Key Pillars

An in-depth VCM assessment at a national level necessitates an exploration of the key pillars that underpin a robust and well-functioning market. They are: 1) Strong institutional coordination and capacities, 2) Clear VCM strategy and cohesive policy frameworks, 3) Reliable greenhouses gases (GHG) data and information infrastructure, and 4) Active private sector participation (see Figure 3).

Figure 3: Pillars for Scaling the VCM

I Strong institutional coordination and capacities	II Clear VCM strategy and cohesive policy frameworks	III Reliable GHG data and information infrastructure	IV Active private sector participation and engagement
Government with strong understanding of the VCM, clear roles of different public institutions, and robust institutional coordination.	Prevalence of a clear and cohesive strategy for carbon markets, and effective communication and implementation of strategy across stakeholder groups.	Reliable and up-to-date data on GHG emissions across sectors and availability of data infrastructure such as national database or registry.	Engaged private sector that actively participates within the VCM with sufficient technical expertise and low barriers to entry.

1. STRONG INSTITUTIONAL COORDINATION AND CAPACITIES

A well-functioning market for VCMs requires strong institutional coordination and capacities. Within any country, this requires a clear allocation of VCM-related roles and responsibilities among different government institutions; a strong understanding of the VCM on the part of the government; and strong coordination between government institutions. It is important that the actions USAID takes to advance the VCM in a county – as recommended by a needs assessment – support the creation or enhancement of these institutional capacities, as they are a core prerequisite for the VCM to grow.

Public or private sector investment into the VCM are long-term investments which require a clear, stable, and reliable policy environment. Such an environment calls for a government that is knowledgeable about the VCM and its role in the market. A government that has a clearly defined allocation of tasks and the appropriate staff resources to carry these out can more effectively coordinate across relevant public institutions, and where relevant, between national and subnational governments.

For instance, strong capacities and clearly defined roles for the VCM – which, together, both support effective institutional coordination – can better enable the national government to highlight VCM opportunities to subnational government bodies when they arise; channel appropriate support to subnational governments; and facilitate subnational and national institutions to share knowledge and resources.

It is crucial for a needs assessment to identify – and ultimately, for USAID to understand – the specific functions of various government entities and how they relate directly or indirectly to the VCM. Through understanding the landscape of existing institutions, their current capacities, and potential gaps, the recommendations provided to USAID can be most appropriately developed to address the institutional strengths and weaknesses of a country's government. It is especially important for a needs assessment to base its recommendations on the findings of the pillar in order USAID's efforts to build on existing institutions rather than establishing completely new ones.

In addition to identifying the various public entities relevant for the VCM and clarifying their role, it is equally important to consider the government's level of technical expertise and overall understanding of carbon markets. If officials at different levels of government have a good understanding of the VCM, they can comprehend their roles in the VCM, jointly discuss VCM intricacies, and arrive more easily at shared conclusions. This familiarity with and proficiency in the VCM can serve as a basis for the government creating a VCM strategy.

Sufficient understanding of the VCM also helps government departments liaise effectively with relevant international and domestic stakeholders and put in place a coherent VCM strategy with diverse input. Ideally, the government has a fundamental understanding of the VCM and its project cycles, main integrity issues within the VCM, different market standards, and various project methodologies.

2. CLEAR VCM STRATEGY AND COHESIVE POLICY FRAMEWORKS

VCMs require clear strategies and cohesive policy frameworks set forth by the government. Market actors benefit from clarity on the government's approach and strategy. This is especially important in case the country participates in the Article 6 market mechanism of the Paris Agreement. The government will need to provide clarity on how VCM credits will be treated in the context of Article 6 and in what cases corresponding adjustments will be applied.

Once a government has defined a strategy internally, its efficacy relies on it being clearly communicated externally in the form of a strategy, policy, or regulatory framework. This strategy

defines the rules for engaging in the VCM in the country and clarifies the link between the VCM and related carbon market components, such as domestic emissions trading (if any) and Article 6.

A clear government strategy on VCM engagement comprises several elements:

- Climate and other sustainable development goals and clarity on the role of the VCM in achieving these goals.
- Identification of specific sectors or activities where climate mitigation is hard to realize through public regulation and finance and can benefit from private sector engagement through the VCM.
- Appropriate incentives for private investments into VCM activities.
- Clear requirements on environmental and social safeguards and models for appropriate benefit-sharing.
- If desired: link of national VCM to compliance markets (e.g., Article 6 Paris Agreement; domestic cap-and-trade system).

Once there is a clear strategy on the VCM, the government should communicate the strategy to (potential) market participants in the form of guidelines, policies, or a regulatory framework. Such a framework should clarify the roles of public entities and rules of engagement for actors seeking to participate in the VCM.

3. RELIABLE GHG DATA AND INFORMATION INFRASTRUCTURE

A third pillar that enables increased VCM engagement is the availability of reliable GHG emissions data and, where necessary, a singular, unified national data infrastructure (e.g. registry) that provides information and transparency on VCM activities. This pillar encompasses not only the registry infrastructure (which collects, tracks, and verifies emissions data), but also the strong institutional arrangements to support (i.e., dedicated institution(s) with clear mandates to coordinate data collection and capacities to maintain the registry).

The availability of reliable and recent GHG emissions and removal data is important to facilitate VCM activities in a country. Data on sectoral emissions and mitigation potentials facilitates identifying relevant activities for VCM projects by project owners or developers and reduces the upfront costs of VCM project development. Additionally, sectoral GHG emissions data helps with establishing baseline emissions scenarios for VCM projects.[2] Transparency around GHG data from different sectors and levels is good practice for governments and helps VCM market development.

Further, transparency around VCM activities can help connect investors with project developers and identify synergies around project investments. The collection and disclosure of (non-confidential) project data through open VCM databases is recommended good practice. A national VCM registry can be a useful tool to enable a government to be fully informed of the VCM projects in the country, the emission reduction and removals (ERRs) generated by these projects and possibly also any transfers of such ERRs. Where such a database is linked to reporting under Article 6 of the Paris Agreement, the database can make available information on the ERRs that can be accounted for in the NDC and those that cannot be accounted for in the NDC.

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[2] Baseline emission scenarios means the projected GHG emissions that would have occurred in the absence of the VCM project. The baseline scenarios are used to calculate the emission reductions/removals generated by a project, which eventually determines the carbon credits generated by a VCM project.

4. ACTIVE PRIVATE SECTOR PARTICIPATION AND ENGAGEMENT

Private sector involvement is central for carbon credit production and a flourishing carbon market. The VCM benefits from an active private sector that has the technical capacities and resources to develop and implement carbon projects; that can nimbly channel finance to mitigation activities; and that meets all the environmental and social safeguards for high integrity VCM activities. The ability of the private sector to engage effectively in the VCM depends on sufficient technical expertise, manageable costs, and low investment risks. Private sector actors may invest in the VCM at significant upfront cost. For example:

- Establishing a VCM project requires technical expertise of the various steps required for project development.
- Setting up a VCM project involves significant upfront costs, which may only be recouped a few years after the project has been running. Operational costs differ across VCM project types, but for some, especially small-scale projects, these can be substantial and even prohibitive. Often, the costs of validation and verification prior to the issuance of carbon credits is a large burden for project owners.
- Project developers and investors are exposed to potential regulatory risks. In the absence of appropriate incentives, clear policy frameworks, and their consistent application and enforcement, companies may not be willing to venture into the VCM.

Thus, the government is critical for spurring effective private sector engagement. Their role involves creating a clear VCM strategy and policy framework (Pillars 1 & 2), clear signals inviting private sector participation, and targeted support in terms of technical expertise and capital to actors seeking to enter the market.

II. Conducting a VCM Needs Assessment

This section outlines the main phases of conducting a VCM assessment in a country. Each subsection represents a phase of the assessment, and contains steps, resources, and tips for effective implementation.

Phase 1: Desktop Research and Landscape Mapping

The aim of Phase 1 is to develop an initial understanding of the enabling environment (or lack thereof) for VCM activities. This phase is comprised of four steps, summarized in Figure 4. These steps are not meant to be sequential and rather should be conducted in parallel. Ultimately, the insights gathered across the steps of Phase 1 will culminate in a "Landscape mapping document," which synthesizes the main findings and serves as a basis for subsequent Phase 2 and Phase 3.

Figure 4: Overview of Phase 1
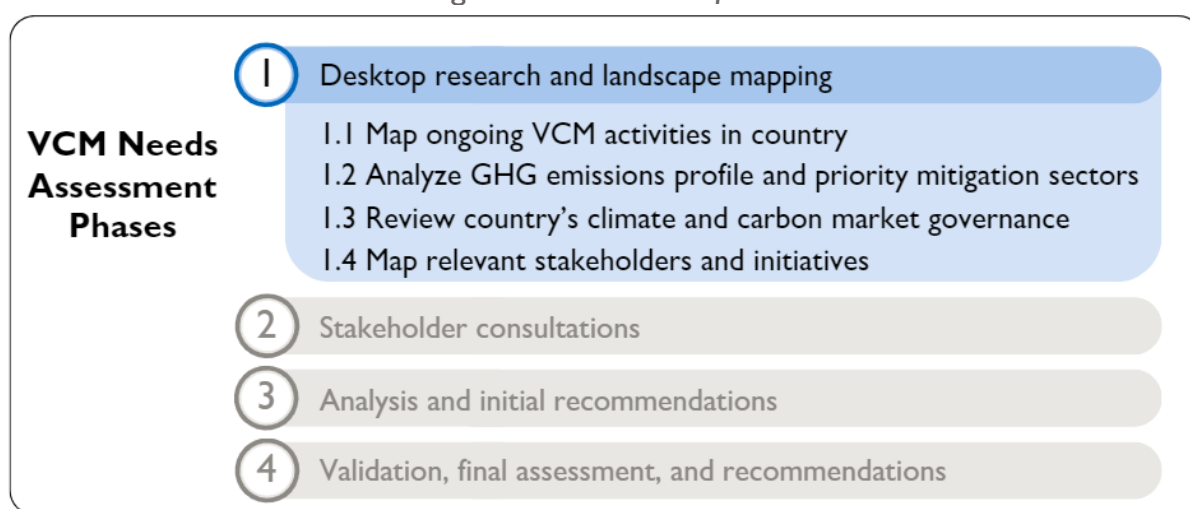
PHASE 1.1: MAP ONGOING VCM ACTIVITIES IN THE COUNTRY

Purpose: Taking account of current VCM activities within the country – including which sectors VCM activities are in, and the scale of emissions reductions and removals achieved through these activities.

*This step sheds light on **Pillar 4** (Active private sector participation) for scaling the VCM.*

This step synthesizes the ongoing and prospective VCM activities in the country. Some countries have an active market with many carbon projects across a variety of sectors. Others may have only a handful of projects, but they may generate large volumes of emission reductions or removals (ERRs). Gathering information of ongoing VCM activities helps illuminate for USAID the current scale and volume of projects and emissions reductions, the sectors in which this mitigation is taking place, and the actors currently engaged as project developers and carbon project implementors. This last component – who is engaged as project developers – also overlaps with Phase 1.4, which includes mapping relevant stakeholders and initiatives. This overlap illustrates the importance of conducting Phase 1.1, 1.2., 1.3, and 1.4 in parallel, rather than in isolation. Each of these activities benefits and informs the others.

To carry out Phase 1.1, collect data and information on current and prospective VCM projects in the country. This information is available on the websites of carbon registries (see box below) or VCM data aggregators, such as VCM Dashboard and Ecosystem Marketplace's Data Intelligence and Analytics Dashboard.

VCM GLOBAL CARBON STANDARDS
WHICH CONTAIN PROJECT-LEVEL INFORMATION

Carbon registries track carbon offset projects and issue credits for each unit of emissions reductions or removals achieved. Registries are often operated by carbon standard-setting bodies, which provide methodologies, rules, and requirements that VCM activities must comply with to certify and issue carbon credits. Major carbon standards include:

- Verra
- Gold Standard
- Climate Action Reserve

- American Carbon Registry
- Plan Vivo
- Climate Forward

As there may be carbon projects in one country that are certified by different registries, it is recommended to check across all carbon registries, though most VCM projects globally are certified by Verra and the Gold Standard. In some countries in the Americas, Climate Action Reserve (CAR) and American Carbon Registry (ACR) are also commonly used standards.

For USAID to obtain a comprehensive view of the VCM market, the following data should be extracted and analyzed (see Table 1). Data collected from the different carbon registries can be aggregated in a spreadsheet and visualized in graphics or charts (see Annex for examples of a spreadsheet and visualizations).

Table 1: VCM Activity Information

Information to collect	Importance	Information source
VCM activities including: • Number of registered VCM projects • Number of projects under development • Number of projects per activity type (e.g., renewable energy, nature-based solutions) • Credit inventory and issuances (over time, per activity type)	The number of projects (registered and under development) can indicate the level of private sector interest and comfort in establishing a project in a specific country. The types of projects (whether they are renewable energy or nature-based solutions projects) indicate which sectors are being invested in. Some countries may have priority mitigation activities or measures; the presence (or absence) of VCM projects and the scale of their activities can reveal where the market maybe saturated or have room for scaling. Credit issuances indicate the current and prospective magnitude of ERRs enabled by the VCM in country.	Database/ websites for the carbon registries
Information on project developers: • Names • Type (private sector company, government entity, NGO) • Number of projects operated (or under development) by a specific developer • Location (domestic or international entity)	This information indicates who are the current project developers in the country. It also indicates the actor-type driving VCM projects. Iin some countries, most developers are international companies, while in others the main project developers are government entities. A project developer with multiple projects in a specific country may indicate that they see investment potential in the sector (e.g. renewable energy) or measure (small-scale solar). This information on project developers also feeds into stakeholder mapping (Step 4).	Project design documents

PHASE 1.2: ANALYZE GHG EMISSIONS PROFILE AND PRIORITY MITIGATION SECTORS

Purpose: This step enables USAID to identify the level of GHG emissions data and infrastructure available in the country. It should also clarify the country's main sources of emissions and priority areas for mitigation. This can point to potential areas of scaling the VCM.

*This step sheds light on **Pillar 1** (Strong institutional coordination and capacities) and **Pillar 3** (Reliable greenhouses gases data and information infrastructure) for scaling the VCM.*

Reliable, up-to-date, and accessible GHG emissions data for mitigation sectors and activities is part of a strong enabling environment for carbon markets. Additionally, a transparent and accessible database or registry that consolidates nationwide carbon market activities is a vital resource for all stakeholders. Such a registry provides the government with an overview of projects, project developers, and the level of emission reductions achieved. Knowing where existing activities have already taken off – and in which sectors carbon projects have struggled to gain a foothold – informs USAID and government partners where best to funnel resources and capacity building support.

Phase 1.2 includes assessing several components of emissions and related data and the data infrastructure itself for tracking emissions. A USAID team conducting a needs assessment should gather information to respond to key questions and synthesize the main findings (see Table 2).

Table 2: Key Questions Around GHG Emissions and Carbon Market Activity Data

Key questions	Relevance
Are there reliable and up-to-date estimates of sectoral GHG emissions at the national (or sub-national) level?	A country's GHG inventory helps establish the potential for ERRs accessible through the VCM. Mitigation potential data (below) provides more reliable indication of the magnitude of potential ERRs.
Are there recent estimations of the mitigation potential of key emitting sectors in the country?	Data on mitigation potential (as opposed to emissions) of different measures indicate the quantity of ERRs achievable/ feasible by a specific measure in a country.
Has the country identified priority sectors for achieving its climate goals?	Understanding which sectors or activities are VCM priorities for the country – and the extent to which VCM projects are already (or could be) operating in these priority areas – can encourage government's further support and engagement with the VCM.
Are there reliable and updated activity-level emissions data for key activities?	Reliable activity-level data (e.g., emissions data for a particular activity in a country) is useful for project developers to cost-effectively estimate baseline emissions scenarios, which is a key component of designing a VCM activity.
Is there a registry or database that tracks carbon market activities (or plans to establish one)?	Transparency around VCM activities can help connect investors with project developers and identify synergies around project investments. The collection and disclosure of (non-confidential) project data through open VCM databases is therefore recommended good practice.
Are there institutional arrangements that mandate and coordinate GHG emissions and carbon market activities data collection and tracking?	The presence of clear institutions mandated to coordinate, collect, and share such information, through clear and transparent processes enables actors to engage and participate in the market.

Resources
• The country's NDC, which may provide information on GHG emissions at the national level, mitigation, potential of activities, and priority areas for mitigation. • Latest reports submitted to the UNFCCC, such as National Communications to the UNFCCC, Biennial Update Reports and NDCs. • Government department websites, especially of ministries and departments responsible for climate change, environment, energy, waste, and land-use. • Laws and policies of the country relating to GHG data collection, carbon market activity registration, or the operation of a national database or registry. • Academic papers or scientific studies on activity-level GHG emissions or mitigation potential data specific to the country.

> **TIP: The NDC may have information relevant for other phases.**
>
> In addition to GHG emissions-related information, the NDC may also mention government programs or activities that are sectoral (e.g., large-scale reforestation, or a renewable energy program) – this information is relevant for Phase 1.3: Review of countries' climate and carbon market governance.

PHASE 1.3: REVIEW COUNTRY'S CLIMATE AND CARBON MARKET GOVERNANCE

Purpose: Through this step, USAID will develop an initial understanding of the climate policy and governance landscape in the country and its implications for VCM activities and engagement.

*This step sheds light on **Pillar 1** (strong institutional coordination and capacities) and **Pillar 2** (clear VCM strategy and cohesive policy frameworks) for scaling the VCM within the country.*

Historically, the VCM has primarily been the domain of private, non-state actors – particularly corporates that purchase credits to offset their emissions or fulfill other commitments. The "voluntary" nature of the VCM has meant that government involvement has been relatively limited.

Nevertheless, just as is the case for many types of markets, the government can play an influential role in attracting private sector investment. The government creates an enabling environment that provides the regulatory clarity and stability needed.

Given this context, Phase 1.3 builds an initial understanding of climate and environmental governance and regulation. In many cases, carbon market activities (whether relating to the VCM or compliance carbon markets) are governed under climate change or environmental laws and policies, rather than VCM-exclusive legislation. These laws may also reference mandates and roles of different government institutions as it relates to carbon market engagement. This information provides an initial review of the key public sector actors, which is essential for phases of the assessment (e.g., Phase 2: stakeholder consultations). The box below summarizes the key questions to be covered under this review.

The box below illustrates the different elements to consider during the review process. The country's Nationally Determined Contribution (NDC) is a key document for policy review.[3] This document distills the country's goals and approaches for addressing climate change and may mention how the country views carbon markets. The review should consider whether the NDC mentions market mechanisms, how the country plans to finance the measures outlined in its NDC, and whether the country identifies any sectoral emission reduction or removal targets or gives cost estimates for the measures identified.

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[3] The Paris Agreement (Article 4.2) requires each country Party to prepare, communicate, and maintain Nationally Determined Contributions that outline the climate change mitigation and adaptation targets that a country wants to achieve as well as the associated measures to reach these targets as part of the international effort to limit global warming to below 2 degrees C.

Other key documents are the country's National Communications[4] and/or Biennial Update Reports[5] to the UNFCCC, and the national REDD+ strategy or policy if the country has one in place.

Furthermore, the review assesses whether there are any laws, policies, or a governance framework related to carbon markets. If that is not the case, the review looks at the climate change or environmental laws, policies, or governance framework that the country may have and whether carbon markets are mentioned there. Climate change or environmental laws and policies usually govern carbon market activities. Understanding the broader climate or environmental governance framework of a country is necessary to assess which existing laws and institutions could serve as the basis for creating an enabling environment for the VCM so that completely new legal and institutional frameworks do not have to be established.

The review also includes any news coverage about the country's perspective on and participation in carbon markets.

> **TIP: Government actors that may be relevant for stakeholder consultations.**
>
> Despite the absence of carbon market policies, or frameworks in some countries, there may be existing frameworks or institutions that could be relevant and play a role for the VCM. For instance, the agency responsible for Clean Development Mechanism (CDM) activities may have relevant institutional and carbon market knowledge. The ministries responsible for economic activities and incentivizing private sector investments is another actor to engage, to understand how the government approaches investments and potential efforts for attracting carbon-related investments. These actors and institutions will be key to engage during stakeholder consultations in Phase 2.

> **TIP: In-country consultations are critical and fill gaps of desktop review.**
>
> It is important to note that information on institutional capacities and coordination will be challenging to gather through desktop research alone. While laws or studies may describe the functions of various entities, the de facto functioning of these institutions may be very different. The institution's capacities can only be inferred if the country has past experience in carbon markets (such as CDM, REDD+), but this may not provide the true picture. Thus, stakeholder consultations (Phase 2) are a critical next step.

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[4] Under the UNFCCC, developing countries are required to submit a National Communication every four years. The National Communication provides information on a country's national GHG emissions and removals as well as actions to reduce emissions, enhance sinks, or adapt to climate change.
[5] Under the UNFCCC, developing countries since 2014 are required to submit Biennial Update Reports. These reports provide updates of the information presented in National Communications, in particular on national GHG emissions and removals, mitigation actions, constraints, and gaps, including support needed and received.

## PHASE 1.4: MAPPING OF RELEVANT STAKEHOLDERS AND INITIATIVES

Purpose: Gain a bird's eye view of the stakeholders and initiatives that are relevant for the VCM in the assessed country while setting the team up for the Phase 2 (stakeholder interviews).

*Phase 1.4 helps gather information about **all four pillars** of an enabling VCM environment.*

Scaling the VCM in any country – and providing tailored, actionable recommendations to do so – requires an understanding of national, subnational, local, and international stakeholders. In addition to government actors and private sector stakeholders, NGOs, civil society organizations, multilateral and donor entities may also influence the VCM. Furthermore, there may be ongoing initiatives related to the carbon market. organized by donors or other international organizations. Figure 5 illustrates the main by actors in the VCM.

Figure 5: Relevant Actors in the VCM
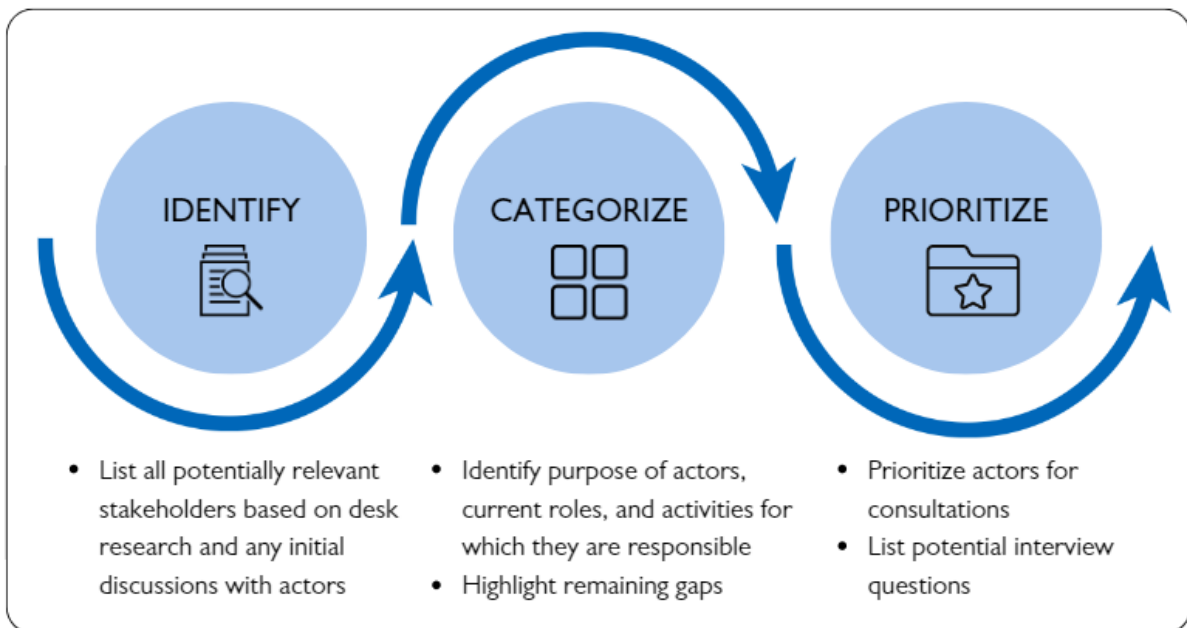Source: VCM Primer, Climate Focus 2023
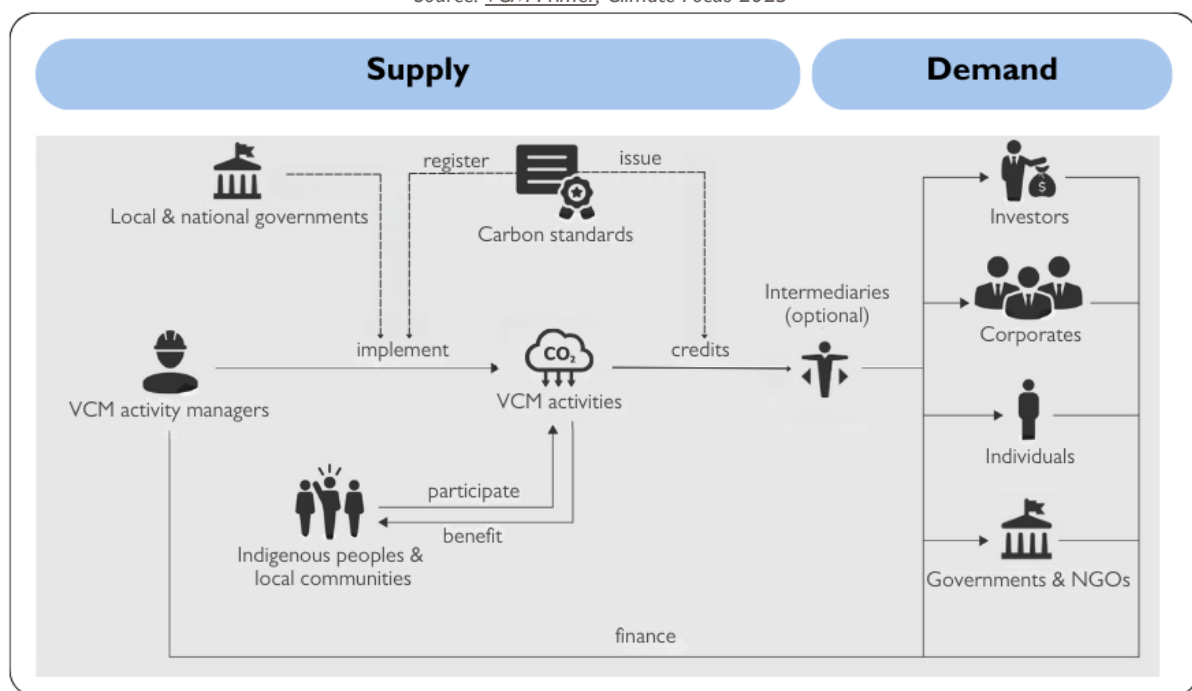
Conducting a stakeholder mapping exercise serves as a foundation for stakeholder consultation. By identifying key players and decision-makers for the VCM in a country (setting up a bird's eye view of the VCM landscape), consultations can be appropriately tailored to engage with the right individuals and organizations, optimizing the quality and relevance of insights.

This step also includes identifying existing initiatives by donors, multilateral institutions, and private sector entities. As mentioned, engaging with other initiatives working on carbon markets can help identify potential synergies and avoid duplication of efforts. It's unlikely that desk research will reveal all ongoing or planned initiatives, nor the status of these initiatives. Stakeholder consultations are critical to filling these initial gaps.

Figure 6 provides an overview of the basic process of narrowing in on the most relevant stakeholders. To do this, one can use existing resources, databases, media coverage, government websites and donors/multilateral institutions' websites to expand this list. When identifying the stakeholders, highlight any significant knowledge gaps that need further research or validation during consultations.

IDENTIFY
- List all potentially relevant stakeholders based on desk research and any initial discussions with actors

CATEGORIZE
- Identify purpose of actors, current roles, and activities for which they are responsible
- Highlight remaining gaps

PRIORITIZE
- Prioritize actors for consultations
- List potential interview questions

TIP: Look beyond federal government actors.

In some countries, the federal level government actors may not be those at the forefront of implementing activities in the VCM. It is critical to identify these actors early on and engage them in consultations. This may involve the support of local actors to connect two subnational departments, and or additional travel to meet with local government stakeholders.

In Pakistan's needs assessment, it became clear that provincial governments are essential players in the VCM. Due to the decentralized constitutional structure of the country, provincial governments have legislative and policymaking powers that are relevant for governing VCM in the country. Additionally, they have mandate over public forests and public waste management that can be key resources for developing VCM projects. Some provincial governments had also implemented VCM projects in partnerships with private entities. From the list of stakeholders – and in addition to federal ministries and private sector actors – potential provincial ministries and departments were highlighted as stakeholders for which consultations should be prioritized.

In addition, depending on the country context and USAID ongoing engagements, it is worth engaging with sectoral actors (government and private sector) from sectors of most interest to USAID. For instance, if USAID is engaged in agriculture-related activities, actors in the sector (e.g., Ministry of Agriculture, local producers/ enterprises, etc.) may be additional stakeholders to consult and understand the potential for VCM activities in the sector.

However, to truly understand private sector perception and interest, direct conversations and interviews with project developers is key. As described later in Phase 2, the private sector is a very important stakeholder to consult.

Key sources of information to consult for stakeholder mapping:

- News article, press releases, and other media coverage on carbon project development, credit sales, government legislation or committees related to climate finance or the VCM
- Government websites and organizational charts
- Donor/multilateral websites
- Studies on ease of doing business in the country and barriers to entry
- VCM project documents that can be obtained from carbon standard registries.

Table 3 gives an overview of potential stakeholders and sources of information for the mapping. An example stakeholder mapping exercise from the needs assessment in Pakistan is provided in the Annex.

Table 3: Potential Stakeholders and Sources of Information

Potential stakeholders	Details
STATE OR STATE-AFFILIATED	
National-level ministries and institutions relevant to climate change, finance and investment, development, and/or compliance/voluntary carbon markets	This information can be gathered by reviewing legislation and climate policies/plans (e.g., NDCs, NAMAs, BURs) and making note of institutions and stakeholders that deal with the VCM directly or with related concepts (e.g., climate finance, REDD+, the CDM, GCF, etc.). *Consider:* What relevance do these national institutions have for the VCM? Do any stakeholders have a specific mandate or jurisdiction over the VCM (or climate finance more generally)? Is the operational status of these institutions clear? If not, what remains unknown? Are there clear divisions of roles and responsibilities, and sufficient resources and capacities allocated? Is there any indication if the government is open to private sector investments?
Sub-national, provincial- or state-level ministries and institutions relevant to climate change, finance and investment, development, and/or compliance/voluntary carbon markets	Like their national-level counterparts, information on these stakeholders may initially be available in national-level legislation and climate policies/plans, like a country's NDC. Additionally, information on these stakeholders can be collected by i) listing all states or provinces in the country, ii) finding and reviewing state-level legislation and frameworks on climate change or climate finance, and iii) visiting state-level government websites to gain an overview of existing institutions. *Consider:* What relevance do provincial institutions have for the VCM? Do some provinces appear to have more potential for developing the VCM? Do any public stakeholders have a specific mandate or jurisdiction over the VCM? Is the operational status of these institutions clear? If not, what remains unknown? What is the interplay between federal and state institutions? Is power devolved or centralized?

International and/or multilateral donors/programs	Donor initiatives also facilitate the development of low-carbon and climate-related projects. These initiatives are often led by international or multilateral organizations that work with a country's government to address capacity gaps to scale the VCM or related areas (e.g., climate finance generally).
• Ongoing and prospective USAID projects • Multilateral development bank initiatives (e.g. World Bank, regional development banks, etc.) • Other development finance institutions (e.g. GIZ, UNDP, etc.) • Capacity building projects from other multilateral or international organizations	Organizations' ongoing donor initiatives are often publicized on their websites and in press releases. These initiatives, given that they are often state-affiliated, are may also be listed in countries' climate strategies (e.g., NDCs). *Consider:* Are donor initiatives working toward addressing the same or different barriers for the VCM? Is it clear whether donor initiatives are in communication with one another (i.e., through referencing one another on their websites or in explanatory documents)? Are separate donor initiatives working with the same government stakeholders or line ministries? Are there many successful public-private partnerships related to the VCM?

| **NON-STATE**	
Actors involved in credit development and verification • Project developers • Project owners • Credit verifiers • Credit standards	This information can be gathered by reviewing carbon registries and standards, media coverage of VCM projects and credit sales, project developers' websites, press releases on net-zero targets, websites of corporate net zero pledges and the organizations that facilitate them, etc. *Consider:* What relevance do these private sector stakeholders have for the VCM? Are there any category of stakeholder that is lacking generally (e.g., local verification and validation bodies (VVBs)? Are project developers concentrated in a particular sector (e.g., agriculture, renewable energy, forestry) or locale (e.g., the state with highest forest cover)? Are there many VCM projects developed by private sector actors? Are there project developers with knowledge on the VCM? Are there many international project developers? Are project developers mostly domestic? Are there domestic carbon project validators and verifiers?

Credit buyers, project investors • International buyers/ investors • Domestic financiers/ buyers	Projects generating carbon credits are only feasible if there is demand for credits (from domestic or international buyers) and upfront finance for projects (from investors or funders). MDBs and DFIs have a role to play by channeling grants to support early-stage VCM projects to cover the unavoidable upfront costs of VCM project development. This can support the bankability of projects and increase project credibility among buyers. Major sales of carbon credits are often reported on by the media (in sources like Carbon Pulse, Sylvera, CarbonCredits.com, and others). Project developer websites may also highlight the sale of their credits, and who bought them. *Consider:* Is there demand for credits domestically and/or internationally? Is there significant demand for credits generated from a particular type of project (e.g., credits from mangrove restoration projects in Pakistan were highly sought-after and fetched a high price on the market)? Is it clear who project investors are? Are flows of finance into carbon projects clear? If not, what remains unknown?
Actors implementing mitigation activities • NGOs/civil society organizations • Specific companies/ industries • Local communities	At the heart of the VCM are the projects that generate the credits that are issued, sold, purchased, and retired for voluntary purposes. Look into the sectors with the greatest mitigation potential in the country to begin narrowing the scope. Also consider sectors that align with USAID's development objectives in the country. Look on project developers' websites and press releases to obtain information on the actors who are implementing mitigation activities. There may be significant gaps for this stakeholder group in the desk-review stage; speaking to project developers directly can help clarify the role of these actors. *Consider:* Who are the actors implementing the mitigation activities? Do projects often involve local communities in the surrounding area (like in agriculture-related projects where local community members traditionally manage the land)? What is the relationship between project developers and actors implementing the mitigation activities? Are benefit-sharing arrangements in place?
Think tanks, academia, or research institutions	Some groups or individuals may have a macro-level, "bird's eye" view of the VCM landscape within the country. Think tanks, research groups, and universities may have departments or projects that consider domestic climate finance, governance structures, sectoral mitigation potentials, local community engagement, or other topics that can provide helpful context for the needs assessment. *Consider:* Are there institutions that have published studies, briefing papers, literature reviews, or other outputs on the VCM or related topics within the country? Can their expertise illuminate the barriers that stakeholders experience in implementing VCM activities in the country?

Phase 2: Stakeholder Consultations

Purpose: Validate and iterate upon initial findings in Phase 1 and narrow in on tailored recommendations for USAID to consider scaling the VCM in the assessed countries.

Figure 7: Overview of Phase 2
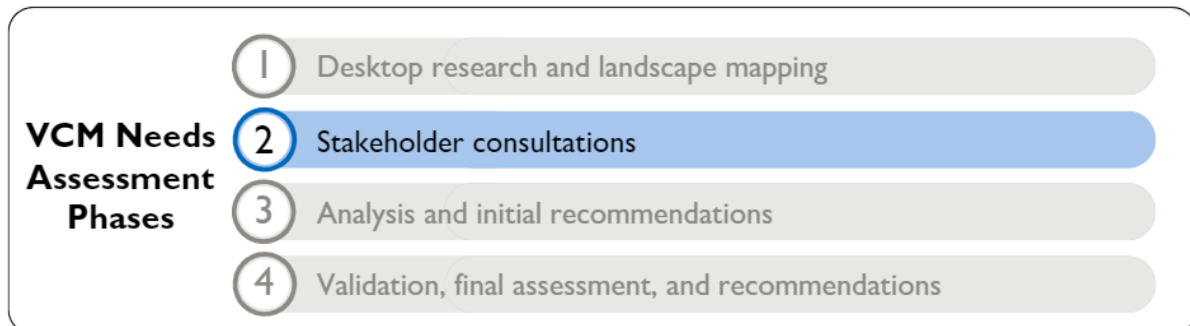
Through stakeholder consultations, Phase 2 substantiates the findings of the landscape mapping and context-setting report from Phase 1. Phase 2 includes:

1. Conducting in-country (or virtual, if necessary) interviews with key stakeholders as identified by Phase 1
2. Detailed record keeping (e.g., meeting notes, correspondence with stakeholders, resources uncovered through interviews, etc.) to refer to during the next phase of the assessment (i.e., Phase 3: analysis and recommendations).

Stakeholder consultations are critical in confirming and triangulating the findings obtained in Phase 1. Speaking directly to actors can help fill in gaps that desk-research couldn't uncover. In addition, it can already help USAID narrow in on the most appropriate recommendations for USAID to consider in its subsequent support. It is important to gather a range of perspectives from different actor groups to get a holistic view on the state of VCM activities, barriers to entry, and the needs they identify themselves.

Engaging with a diverse group of stakeholders throughout consultations can ensure that the identified gaps, barriers, opportunities, and recommendations accurately reflect on-the ground realities and nuances of the local context. Moreover, interviews provide an invaluable opportunity to gain a deeper understanding of the government's strategy and position regarding carbon markets, alongside the existing capacities of and incentives of the private sector. Barriers for scaling the VCM may vary greatly between the public sector and the private sector. A recommendation that addresses a private sector barrier may have unintended consequences for the public sector, or vice versa. Recommendations for the public and private sectors should not be created in siloes Consequently, it is vital to identify where these groups' needs diverge – and overlap – to formulate useful recommendations.

> ### TIP: The importance of in-country interviews.
>
> When conducting stakeholder interviews, it is important to note the significance of an in-country mission at this stage of the project. n country presence holds immense value as it can unveil critical aspects of the stakeholder ecosystem that online interviews cannot reveal. For instance, each stakeholder involved in the project tends to possess their own unique interests and robust viewpoints regarding the development of the VCM. These motivations and perspectives are deeply intertwined with the local context and may only be able to be fully comprehended through in-person interviews.

Any given set of questions – which may vary depending on the stakeholder group or background of a particular interviewee – utilized can significantly change the course of an interview. Stakeholders' insights may only be as relevant as the questions that guided them.

Thus, the set of questions used within stakeholder interviews must be tailored and carefully considered. While interviews should not follow a predetermined "script," a carefully weighed set of interview questions should be decided on in advance. Having similar questions across stakeholder interviews also ensures that insights can be compared across stakeholder groups, rather than collecting disparate insights from improvised questions.

To develop insightful interview questions, consider the information and resources presented in the Annex.

Phase 3: Analysis and Initial Recommendations

Purpose: Phase 3 will produce a draft analysis report that summarizes the needs, gaps, and barriers in scaling VCM in the country and provide initial recommendations for USAID on where they can best support the scaling up of the VCM in the assessed country.

Figure 8: Overview of Phase 3
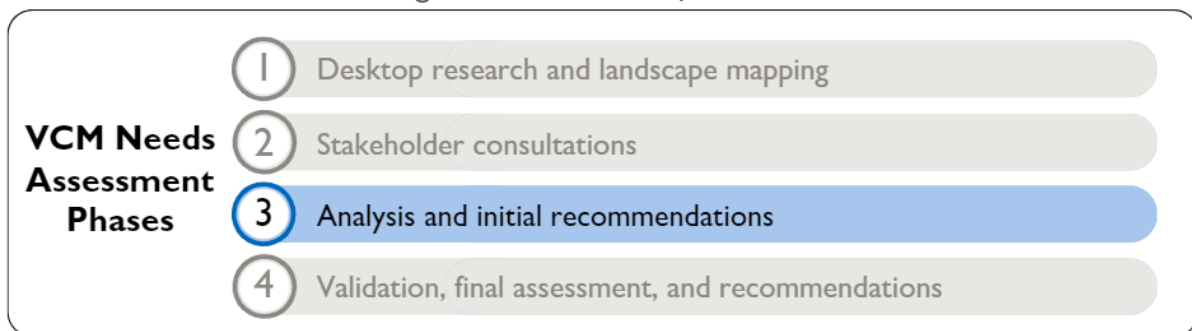
Phase 3 summarizes findings from Phases 1 and 2; synthesize challenges (what's working poorly or is inhibiting VCM activities), gaps (what's missing entirely), strengths (what's working well), and opportunities (what is already there and could be built on with some support or could help scale the market). Table 4 summarizes what Phase 3 includes.

Crucially, Phase 3 revisits the stakeholder mapping conducted in Phase 2, considering the insights gained from stakeholder consultations. This process identifies tangible roles and functions that different actors can undertake to scale the VCM. By aligning these roles with the barriers, gaps, strengths, and opportunities previously identified, this phase lays the groundwork for crafting actionable recommendations for USAID. In essence, Phase 3 transforms knowledge into a draft blueprint for action.

This phase culminates in recommendation actionable, tangible steps that USAID can take to support the growth of the VCM within the assessed country, which will be validated in the final phase.

Table 4: Example Components to Include in Phase 3

Components	Details
1. Introduction and background	Introduce the background of the needs assessment, the importance and potential for scaling the VCM in the country, and outline the components included in the analysis. Consider overviewing key recommendations, which will be explained and contextualized in greater detail in the remaining analysis.
2. Review pillars to scaling the VCM	Overview of the key pillars or components to scaling the VCM (Figure 3), setting up key context to clarify what characteristics are needed to scale the VCM, and how these compare to the country's current capacities.
3. Review of VCM landscape mapping	Review (and where needed, update) the landscape mapping exercise from Phase 2. Consider including: 1. An illustrative map of actors of the VCM (see Annex for example) – actors currently playing a role in the VCM and those that could potentially play a role. 2. A table of existing initiatives, their importance and what activities they cover.
4. Gaps and barriers	Based on the takeaways from the interviews and initial analysis in Phase 1, explain the barriers and gaps blocking the country from scaling the VCM. These barriers and gaps can be assessed along the four pillars that are key for a robust VCM (as described in Section 2).
5. Opportunities	Address the existing opportunities, looking at what is working well in the country. These opportunities could provide potential starting points for USAID's support, building on what is working well in the country.
6. Recommendations	Provide a list of recommendations on what can be done to address the identified gaps, barriers, and opportunities gathered through the preceding phases. Based on this list: • Group similar recommendations together as potential work packages. These could be based on target actor involved (e.g., public sector related activities) or activity type (e.g., upfront financing or technical assistance or capacity building). • Identify existing efforts from different actors to address the barriers identified and whether the recommendations/ work packages are already covered by other actors. • For each work package, develop initial list of activities, relevant stakeholders and partners needed, outputs and outcomes. Develop initial list of resources and approximate budget. Thereafter, discuss with USAID this initial list of work packages to ensure they align with the mission's overall approach and strategy in country. The considerations to take into account in selecting specific recommendations for USAID include: 1. Ongoing efforts by other initiatives to avoid duplication. 2. Urgency required to address specific barriers. 3. What is working in the country that USAID can leverage 4. The timeline within which the activities can be implemented. Once work packages have been agreed upon, they can be taken to the next phase.

Phase 4: Validation

Purpose: Phase 4 validates the findings of Phases 1-3 and, crucially, ensures that the recommendations provided to USAID are feasible and are likely to be effective at accelerating the VCM in the assessed country. This validation phase culminates in a revised and final assessment report (with updated findings and recommendations) for USAID.

Figure 9: Overview of Phase 4
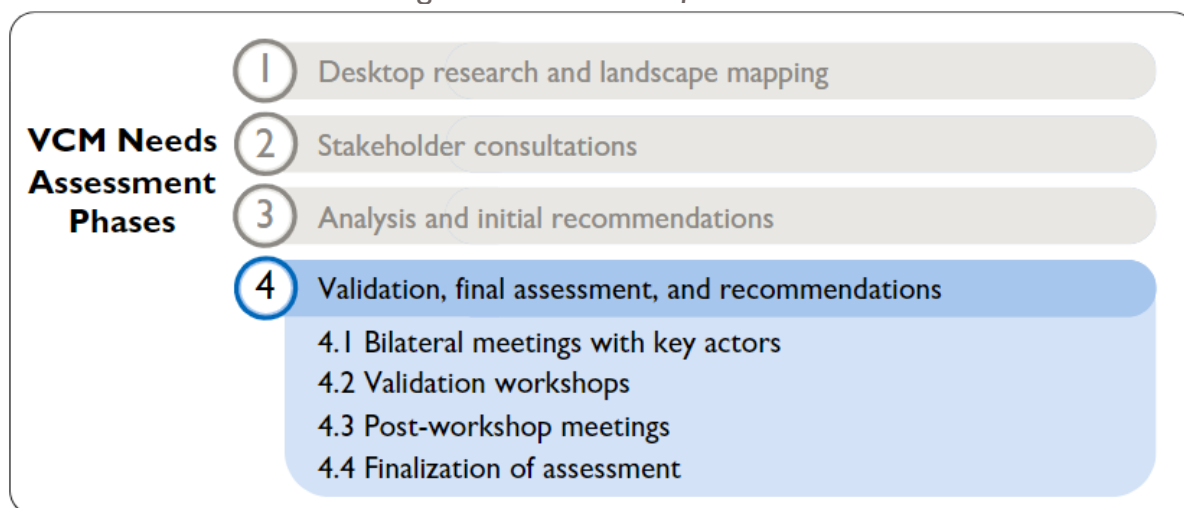
Phase 4 is a final, critical "checkpoint" to verify whether the recommendations for USAID support are viewed as responsive to the identified needs and to receive feedback for adaptations. Through meeting with key actors (via bilateral meetings, validation workshops, and post-workshop meetings), this validation phase substantiates the findings and recommendations from Phases 1–3.

4.1 BILATERAL MEETINGS

Bilateral meetings with key stakeholders – especially the government ministries and agencies that would have significant involvement in the execution of USAID's priority recommendations – is especially important. This can help promote the buy-in needed from the government staff and provide an opportunity to gauge initial reactions to recommendations and to gather suggestions.

CHOOSING STAKEHOLDERS FOR BILATERAL VALIDATION MEETINGS

Bilateral meetings with key stakeholders are essential to validate the findings of the needs assessment. Phase 4 includes fewer, more targeted meetings compared to those conducted in Phase 2 (stakeholder consultations). There are several questions to consider in choosing which individuals or groups to consult in bilateral meetings:

- Given the initial recommendations provided to USAID in Phase 3, which specific government entities would require the most involvement in these recommendations' execution?
- Which stakeholders need to 'buy-in' to the proposed recommendations in order for them to be most successful? Are there any individuals or groups whose continued support and collaboration with USAID is most essential?

For instance, an initial recommendation may suggest that USAID provide support to the climate- or environment-related federal ministry to develop and communicate the government's over-arching VCM strategy. In this case, it would be important to meet with the relevant ministry and its staff tasked with strategy development. Integrating their feedback into a final recommendation can make the priority action more specific, effective, and tangible for USAID's purposes.

4.2 VALIDATION WORKSHOP

A crucial step of Phase 4 is conducting a validation workshop. A workshop gathers a range of stakeholders with diverse perspectives to consult and feedback on the findings from Phases 1–3. This is a vital step in assessing the feasibility and effectiveness of the proposed recommendations to USAID for scaling the VCM. Like in bilateral meetings, a validation workshop gathers feedback and concerns that help to revise draft recommendations into final, substantiated, and more tangible priority actions.

4.3 POST-WORKSHOP MEETINGS

After the validation workshop, it is useful to arrange meetings with key actors and partners to reflect upon the outcomes. In the workshop, the proposed recommendations for USAID may have received a welcome reception. Alternatively, there may be new concerns raised by attendees about the feasibility and efficacy of the recommendations as currently envisioned. A non-comprehensive list of potential points of discussion are provided below.

POTENTIAL DISCUSSION POINTS FOR POST-WORKSHOP MEETINGS

- Did attendees provide any completely new perspectives on the gaps, barriers, and opportunities for scaling the VCM that did not arise in previous assessment phases? If so, how should these be integrated? Do these new perspectives conflict with or substantiate the content in the draft assessment? If they conflict, were these "one-off" comments (which are still useful to consider) or were they shared by a larger group of attendees (which may be especially important to integrate)?

- Were some recommendations more well received by stakeholders than others? If so, why? What qualities do the most well-received recommendations share (i.e., easy to integrate, tangible, provides incentives or makes resources available to certain stakeholders)? If reasonable and feasible, can these qualities be applied to the recommendations that were less well-received?

- Are there any recommendations that need to be reconsidered? In the final stages of the assessment, which recommendations should be prioritized (i.e., focus on the recommendations that were most criticized and identify which recommendations are "good to go" or closest to it)? What are the highest-priority changes to the recommendations and needs assessment?

4.4 FINALIZATION OF ASSESSMENT

The final step of Phase 4 is finalizing the assessment. This revision should be done by using the feedback gathered from bilateral meetings with key stakeholders, the validation workshop, and the post-workshop debrief meetings.

1. **Review the entire latest assessment report draft**. Indicate any sections or specific text that should be updated with new information gathered throughout Phase 4.

   Consider: Are there paragraphs or sections that can be expanded upon to provide a clearer picture of the VCM landscape in the assessed country?

2. **Focus on updating the recommendations for USAID**. Start by indicating which of the recommendations require the most amending or clarifying based on the findings from the validation phase.

Consider: Which recommendations require updates after the validation phase? Consider the path forward discussed in the post-workshop meetings with USAID and other stakeholders.

3. **Develop plan or next steps for work packages**. Recommendations are only as useful and effective as their implementation. Without action, recommendations will remain confined to paper instead of practice. It is important to develop tangible next steps for the proposed recommendations and work packages for USAID.

   Consider: What are the short-, medium-, and long-term steps for USAID to implement these recommendations?

Annex of Resources and Tools

- Summary of Voluntary Carbon Market Assessment (USAID Pakistan)
  The Voluntary Carbon Market (VCM) assessment, conducted by Climate Focus, served to inform USAID Pakistan's longer-term strategy of support. The summary describes Pakistan's VCM landscape, the gaps with respect to four VCM pillars, and recommendations.

- Validation Workshop Presentation (USAID Pakistan)
  The validation workshop is a key step in the market assessment process and is utilized to share assessment findings and to gather feedback from key stakeholders. This presentation is from the validation workshop in Pakistan on October 30, 2023.

- Potential stakeholder list
  The potential stakeholder list provides examples of the types of private and public entities that should be considered for interviews during the consultation process and for participation in the validation workshop.

- Resources for stakeholder interviews
  Provides sample questions for a VCM assessment for a wide range of public and private sector organizations and general guidance for preparing for and conducting interviews.

- Presentation of carbon registry data
  This resource offers examples of how carbon registry data can be organized and presented as part of the VCM assessment.

- Resources on carbon markets
  A non-exhaustive account of resources on the basics of the VCM and compliance carbon markets, project development methodologies, and guidance on high integrity VCMs.