REPUBLIC OF LIBERIA

NATIONAL CARBON POLICY

August 2026

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Foreword

This National Carbon Policy restates, consolidates, and strengthens the Republic of Liberia's approach to the governance of carbon markets, climate finance, and the international transfer of mitigation outcomes. It is issued in furtherance of Executive Order No. 155 (2024), which establishes the Carbon Markets Authority of Liberia (CMA) as the lead national institution responsible for coordinating Liberia's engagement with carbon markets.

The Policy positions the CMA as the principal regulator, market gatekeeper, authorization authority, registry owner and operator, and carbon market coordination institution of Liberia. It sets out the Government's approach to authorization of projects, issuance and transfer of units, corresponding adjustments, revenue administration, community benefit-sharing, and public oversight of carbon market activity.

The Policy has been prepared to be consistent with the Paris Agreement, including the rules, modalities and procedures under Article 6.2 and Article 6.4, the Enhanced Transparency Framework, Liberia's Nationally Determined Contribution, high-integrity voluntary carbon market practice at a level broadly aligned with the Core Carbon Principles, and the existing Liberian legal and institutional framework.

This Policy will be given effect through regulations, administrative instruments, and, where required, future legislation. Provisions that require legislation are clearly identified as such and do not take immediate operative effect until the corresponding Act is passed by the Legislature and signed into law.

Signed:

Madam Jeanine Cooper
Special Envoy on Climate Action and Carbon Trading and
Chief Executive Officer of the Carbon Markets Authority

Abbreviations

ADR	Alternative Dispute Resolution
AAID	ARREST Agenda for Inclusive Development
BTR	Bienniel Transparency Report
CFDCS	Community Forest Development Committees
CMA	Carbon Markets Authority
CMA-P	Conference of the Parties serving as Meeting of the Parties to the Paris Agreement
CO_2	Carbondioxide
CO2E	Carbondioxide Equivalent
CRL	Community Rights Law
CSOS	Civil Society Organizations
CSDF	County Social Development Fund
CTC	Carbon Technical Committee
EPA	Environmental Protection Agency
ETF	Enhanced Transparency Framework
FDA	Forestry Development Authority
FGRM	Feedback, Grievance, and Redress Mechnism
FPIC	Free, Prior, Informed Consent
GCF	Green Climate Fund
GHGS	Green House Gases
IMF	International Monetary Fund
IMP	International Mitigation Purpose
IPCC	Inter-Government Panel on Climate Change
ITMOS	Internationally Transferred Mitigation Outcomes
LC	Local Communities
LLA	Liberia Land Authority
LRA	Liberia Revenue Authority
LULUCF	Land Use, Land-Use Change and Forestry
MACS	Ministry, Agency, and Commissions

MDA	Mineral Development Authority
MFDP	Ministry of Finance and Development Planning
MME	Ministry of Mines and Energy
MOA	Ministry of Agriculture
MOT	Ministry of Transport
MRV	Monitoring, Reporting, and Verification
NBST	National Benefit Sharing Board
NC	National Contribution
NCCSC	National Climate Change Steering Committee
NCR	National Carbon Registgry
NDC	Nationally Determined Contributions
NFRL	National Forestry Reform Law
NGO	Non-Governmental Organization
OMGE	Overall Mitigation of Global Emissions
OMP	Other Mitigation Purpose
PD	Project Developer
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SDGS	Sustainable Development Goals
SMF	Sector Management Fund
TCO2EQ	Tonnes of Carbondioxide Equivalent
UGFE	Upper Guinea Forest Ecosystem
UNFCCC	United Nations Framework Convention on Climate Change
VCM	Voluntary Carbon Market

1. Definition of terms and abbreviations

In this policy, the following meanings of the terms shall be used for the interpretation, understanding, and application of this policy:

1. **"Anthropogenic emissions"** refer to the emissions of greenhouse gases (GHGs) resulting from human activities and management practices. These activities include, amongst others, the burning of fossil fuels, deforestation, land use and land-use changes (LULUCF), livestock production, fertilization, waste management, and industrial processes.

2. **"Anthropogenic removals"** mean the withdrawal of CO_2 from the atmosphere as a result of deliberate human activities. These include enhancing biological sinks of CO_2 and using chemical engineering to achieve long-term removal and storage.

3. "A**pproval**" means a formal written decision by a MAC, issued under this Policy and the regulations made under it, indicating that a project developer may commence or conduct an activity that generates mitigation outcomes in Liberia.

4. "**Article 6.2**" means Article 6, paragraph 2 of the Paris Agreement and the rules, modalities and procedures adopted under it.

5. "**Article 6.4**" means Article 6, paragraph 4 of the Paris Agreement and the rules, modalities and procedures adopted under it, including the A6.4 Mechanism administered by the Supervisory Body.

6. "**A6.4ER**" means an emission reduction issued under Article 6.4 of the Paris Agreement.

7. "**Authorization**" means a formal written decision by the CMA, issued under this Policy and the regulations made under it, permitting a specified use, transfer, or application of mitigation outcomes generated in Liberia.

8. **"Carbon credit"** means the verified emission reduction or removal of one metric tonne of carbon dioxide or the equivalent amount of greenhouse gases that contribute equally to global warming (CO2e) and are recognized under the Paris Agreement and which can be brought or sold as quantified emssions on a carbon markets. Under Article 6 of the Paris Agreement, the same meaning can be given to ITMOs or mitigation outcomes (see below).

9. **“Carbon rights”** means legal entitlement of an individual or community to benefit from the emission reductions or removals generated by a particular medium or asset for which such individual has legitimate ownership rights, including property rights, land tenure, or resource ownership, as outlined in, but not limited to, the Land Rights Act (LRA) of 2018.

10. **“Climate change or mitigation activity”** means any project, programme, or activity aimed at reducing emissions or increasing the absorption of greenhouse gases, or any project or activity that is undertaken in response to the effects of climate change to ensure climate resilience and a carbon-neutral pathway for climate-compatible development.

11. **“Corresponding Adjustments”** mean the addition of verified emission reductions or removals by the Host Party and deduction of the corresponding amount of verified emission reductions or removals by the Receiving Party, as reflected in each participating Party’s emissions balance, in accordance with Articke 6.2 guidance.

12. **“Double counting”** occurs when a single GHG reduction or removal, achieved through a mechanism that issues units, is counted more than once towards attaining mitigation or financial pledges for the purpose of mitigating climate change.

13. **“Emissions”** means the release of greenhouse gases and/or their precursors into the atmosphere over a specified area and period of time.

14. **“Emissions balance”** refers to the level of anthropogenic emissions by sources and removals by sinks covered under a country’s NDC, adjusted based on corresponding adjustments as per Decision 1/CMA.18, Annex, paragraph 77,d, ii.

15. **“ETF”** means the Enhanced Transparency Framework under Article 13 of the Paris Agreement.

16. **“ITMOs (Internationally Transferred Mitigation Outcomes)”** means real, additional, and verified reduction in greenhouse gas emissions or removal of greenhouse gases from the atmosphere, measured in tCO2eq and generated by a specific mitigation activity from 2021 onwards under the Paris Agreement rules.

17. **“Mitigation activity”** refers to any effort to reduce emissions and enhance sinks, consistent with IPCC guidance and the rules of the Paris Agreement.

18. **“Mitigation outcome”** means reductions or increasing the absorption of greenhouse gas emissions with global warming potential or removals equivalent to one tonne of carbon dioxide that have been measured and verified in accordance with IPCC guidance and Paris Agreement rules.

19. **“Host Country Authorization”** means a Letter of Authorization issued by the CMA on behalf of the Government of Liberia for the purposes of Article 6.2 or Article 6.4 of the Paris Agreement.

20. **“IMP”** means international mitigation purposes as per decision 2/CMA.3 of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA)

21. **Liberia Carbon Investment Fund (LCIF)** means the fund established by Executive Order No. 155, where all revenues received from carbon credits are required to be deposited and managed in accordance with the EO and this policy.

22. **“MRV”** means the measurement, reporting and verification of greenhouse gas emissions, removals, and mitigation actions.

23. “**National Carbon Registry**” or “NCR” means the official electronic registry established and operated by the CMA under this Policy.

24. “**NDC**” means Liberia’s Nationally Determined Contribution submitted under Articles 3 & 4 of the Paris Agreement.

25. **“OMP”** refers to other international mitigation purposes, as per Decision 2/ CMA.3. of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA-P)

26. **Other** standards mean standards other than the guidance and rules of the Paris Agreement.

27. "**Project Developer**" means any public, private, community or joint entity that designs, develops, implements or operates a carbon market activity in Liberia.

28. **"REDD+"** refers to activities relating to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks.

29. **"Reduction of emissions"** refers to the process of reducing anthropogenic greenhouse gases from the atmosphere as a result of deliberate human activities.

30. **"Removal"** means the process of removing CO2 from the atmosphere as a result of deliberate human activities, including enhancing biological sinks of CO2 through photosynthesis.

31. **"Reservoir or carbon pool"** refers to a component of the climate system where a greenhouse gas or a precursor of a greenhouse gas is stored.

32. **"Sink"** means any process, activity, or mechanism that removes a greenhouse gas, an aerosol, or a precursor of a greenhouse gas from the atmosphere.

33. **"Source"** means any process or activity that releases a greenhouse gas, an aerosol, or a precursor of a greenhouse gas into the atmosphere.

34. **"Registry"** means a digital platform that records the issuance and tracking of carbon credits and ITMOs in a metric-specific registry account.

35. **"Verification"** means the process that independently verifies and/or assesses that a quantity of emission reductions and removals has been generated by an activity consistent with IPCC guidance and the Paris Agreement rules.

2. Country Context

Located on the west coast of Africa, Liberia is the only country on the continental mainland that was previously entirely covered by forests. The country is divided into four main geographical zones: the coastal plain (dotted with many small lagoons), the rolling hills, the plateau and tablelands, and the northern highlands. Consisting primarily of low valleys and watercourses, the rolling hills contain most of the country's lowland tropical rainforests. Liberia's forest, estimated at 6.6 million hectares, is divided into two large blocks in the northwest and southeast of the country.

The forest in the northwest is primarily semi-deciduous montane and sub-montane, while the forests in the southeast are of the evergreen broadleaf lowland variety, inundated in swamps and marshes that extend to the coast in some areas. Representing 69% of the country's terrestrial area, this vast expanse of forests is the most significant remaining portion of the Upper Guinean Forest Ecosystem (UGFE) of West Africa, a global biodiversity hotspot. The UGFE extends from southern Guinea into eastern Sierra Leone, through Liberia, Côte d'Ivoire, southern Ghana, and across southwestern Togo.

Liberia, which contributes only 0.0039% of global greenhouse gas (GHG) emissions, with low readiness levels, remains highly vulnerable to the impacts of climate change (IMF, 2022[1]). In 2021, Liberia revised its NDC, pledging to reduce economy-wide GHG emissions by 64% below the projected business-as-usual level by 2030, with a significant portion contingent on international support. The country is committed to implementing policies and activities that contribute to sustainable development and the conservation of its carbon sinks, in line with the global goals of the Paris Agreement, to do its part in limiting the increase in global temperatures to 1.5°C. With its vast evergreen forests and low emissions, Liberia is considered a net carbon sink. The country's potential as a carbon sink is enhanced by the presence of intact mangrove forests along its coastal rivers. Preservation of these areas is vital for Liberia, and also contributes to the global carbon balance of the planet.

The forest in Liberia offers a range of ecosystem services, such as provisioning, regulating, supporting, and cultural benefits, which are vital for the rural communities nearby. Essential watersheds, consisting of rivers and their tributaries that flow from the northern highlands into the Atlantic Ocean in the south, are found within these forests. Additionally, these forest blocks act as vital carbon sinks, which have become increasingly important as efforts to combat global climate change grow.

[1] https://doi.org/10.5089/9798400219665.002
Access from: https://www.elibrary.imf.org/view/journals/002/2022/297/article-A001-en.xml?utm_source=chatgpt.com&ArticleTabs=fulltext

Beyond its forests, Liberia's location and natural resources offer untapped potential to contribute significantly to global climate mitigation efforts through renewable energy, sustainable waste management, and natural carbon sequestration. The energy sector accounts for a significant share of national emissions, and investments in renewable energy are essential to Liberia's transition to a low-carbon economy. According to the World Bank (2024), about 95% of Liberians depend on biomass fuels such as firewood and charcoal for household energy, which contributes to deforestation and indoor air pollution. Access to electricity remains limited, with only 32.5% of the population connected, and power generation mainly relies on imported diesel and heavy fuel oil.2 Increasing renewable energy sources, particularly hydropower and mini solar grids, could significantly reduce emissions and enhance energy security. The country's network of rivers and wetlands, which showcase its abundant water resources, positions it to expand hydroelectric power generation, reducing reliance on diesel generators and imported fossil fuels. While revitalizing and expanding the Mount Coffee Hydropower Plant can lay the foundation for increasing access to clean energy, investing in off-grid micro-hydro systems can also help reduce emissions in the energy sector. The country's tropical, humid climate, with relatively consistent high temperatures year-round (20°C-36°C), highlights the vast potential for strategic investment in solar technologies, which can be especially beneficial for rural communities. According to the World Bank, approximately 95% of Liberians rely on biomass fuels, such as firewood and charcoal, for household energy, contributing to deforestation and indoor air pollution.3 Thus, increased access to clean cooking technology, ideally powered through renewable energy, can help to reinforce the co-benefits of clean-cooking scale-up for mitigation and health.

The transport sector, reliant on diesel-run and outdated, secondhand vehicles, further worsens energy-related CO_2 emissions. Modernizing this sector through investments in efficient public transit and electric vehicles is among the mitigation strategies outlined in Liberia's updated Nationally Determined Contributions (NDCs). Waste management is currently a serious national concern in Liberia. Therefore, better waste management in Monrovia and other quickly urbanizing areas presents another opportunity for climate mitigation. For example, an estimated 236,155 tons of recyclable waste, including biodegradable materials, plastics, paper, and inert substances, is generated annually in Monrovia; however, limited infrastructure means that much of this waste is openly dumped or burned (Borbor, 2024[4]). Implementing recycling and methane-capture systems in landfills could help

2World Bank Document

3 ibid

[4] https://doi.org/10.59324/ejtas.2024.2(3).78

Liberia reduce emissions of short-lived climate pollutants while also improving public health.

As a low-income country that is heavily reliant on the exploitation of its natural resources, Liberia faces a considerable challenge in balancing forest protection with its development goals, particularly due to outdated technology and limited resources for implementing a comprehensive monitoring program. Addressing this challenge requires the development of innovative solutions that generate the necessary funds for a transition away from dependence on forests. One opportunity for establishing such a balance is by adopting an innovative approach to benefit secure carbon credits financing for sustainable development, including utilizing the following types of climate financing 1) Market-based Climate Financing: monetizing ITMOs (carbon credits), Debt for NDC Swaps, Green-and blue bonds and any other relevant mechanism compliant with the Paris Agreement and 2) general mitigation and adaptation funding streams, including the Green Climate Fund (GCF), Global Environment Facility and other investment opportunities through the multilateral development banks such as Climate Investment Funds. Specifically, this policy outlines Liberia's approach to monetizing its ITMOs and trading carbon domestically and internationally through flexible mechanisms that benefit Liberia and comply with the Paris Agreement. This policy, therefore, covers the processes, approaches, institutional arrangements, authorization, legal framework, and other relevant issues underpinning the development and trade of carbon credits.

3. Goal and principles of the National Carbon Policy/Framework

The purpose of this National Carbon Policy is to create a transparent and practical framework for developing and trading carbon credits in Liberia. It aims to support global efforts to reduce greenhouse gas emissions while promoting sustainable development and environmental conservation consistent with the Paris Agreement. The policy also ensures a fair and equitable distribution of the ecological, social, and economic benefits generated from carbon development and trading activities in Liberia. It applies to all carbon credits development and trading activities within Liberia's territory. In this document, the term carbon credits is used broadly to mean real, additional, and verified reduction in greenhouse gas emissions or removal of greenhouse gases from the atmosphere, measured in tCO2eq and representing one tCO2eq, including all forms of mitigation outcomes, including ITMOs and other forms of credits generated under 6.2 and 6.4 of the Paris Agreement. However, ITMOs, when used, refer specifically to mitigation outcomes generated under 6.2 within a host country under a bilateral accord.

1. Key principles and rules

Within this policy, the following principles and rules are hereby adopted and shall be interpreted, at all times, in accordance with the understanding stated herein when addressing disputes, issues, or challenges related to Liberia's carbon credit development and trading activities or projects. These principles align with the Core Carbon Principles on Governance, Emissions Impact, and Sustainable Development. They collectively provide for the effective governance around carbon crediting, tracking, transparency, independent third-party validation and verification, additionality, permanence, quantification of emissions reductions and emissions removals, avoidance of double accounting, ensuring sustainable development benefits and safeguards, and ensuring contribution to net zero transition. Except as otherwise redefined in any subsequent legislation, the general principles shall be applicable.

Ownership of Carbon Credits or ITMOs: All carbon credits or ITMOs generated by a carbon reduction and removal activity under the framework of this policy shall be owned by individuals with rights to the medium through which such credits are generated. Notwithstanding such ownership rights, the Government of Liberia, through the Carbon Market Authority (CMA), shall have the exclusive right to authorize any trade of such carbon in keeping with this policy and any future laws or regulations promulgated accordingly. Carbon rights are hereby recognized for the community or private individuals, based on property rights or resource ownership of the medium through which the carbon credits are generated, thereby affecting the determination of the benefit-sharing mechanism or ratio.

Authorization: Carbon credits can only be transferred or traded if authorized by Liberia through the CMA. However, the approval for the commencement of climate change activities has been assigned to the sector Ministry, Agency, or Commissions (MACs) with the statutory mandate to manage and regulate the medium through which the carbon project, programme, or activity is being generated. This project-level approval is distinct from the authorization to transfer or trade carbon as described subsequently in this policy, which remains within the purview of the CMA. Additionally, the project’s implementation must receive approval from communities according to Liberia’s National Guideline on FPIC, as a prerequisite for approval by the relevant MAC, before beginning project development. This is especially important when the project involves a community-private sector partnership.

Sustainable Development: This policy promote sustainable development, including the importance of achieving a sustainable, prosperous and peaceful future through the implementation of the Sustainable Development Goals and other relevant international instruments on the topic, and also that domestic policies and measures to protect the climate system against anthropogenic climate change should be appropriate for Liberia’s specific conditions and integrated with national development programmes, taking into account that economic development is essential for adopting measures to address climate change;

Common but differentiated responsibilities and capabilities: The policy is hereby adopted under this principle of common but differentiated responsibilities and capabilities in light of national circumstances, in particular that Liberia is a least developed country that is highly vulnerable to the impacts of climate change and makes a very small contribution to global greenhouse gas levels;

Promoting social and environmental integrity, transparency, accuracy, completeness, comparability and consistency: This policy adopts the principle of social and environmental integrity, transparency, accuracy, completeness, comparability and consistency and ensures the avoidance of double counting, in accordance with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.

Participation: The Government of Liberia has designed this policy under the principle of promoting full participation of the private sector, CSOs, and local communities.

2. Objectives

The objectives of this Policy are to:

(a) Protect Liberia's sovereign interests in the authorization, accounting, and international transfer of mitigation outcomes.

(b) Develop systems and procedures/standards for the approval, implementation, and monitoring of climate change (and specifically carbon credit development and trading) activities under non-market-based approaches.

(c) Safeguard the integrity and achievement of Liberia's NDC and its obligations under the Paris Agreement and the Enhanced Transparency Framework.

(d) Enable high-integrity participation by public, private, community, and international actors in compliance and voluntary carbon markets consistent with Article 6 of the Paris Agreement and recognized international standards.

(e) Ensure that the development and implementation of climate change (and specifically carbon credit development and trading) activities make meaningful contributions to sustainable development and support Liberia's long-term mitigation and adaptation efforts, including promoting positive governance, transparency, and socio-economic impacts through carbon market projects and programs.

(f) Establish a lawful, transparent, and sustainable revenue base for the State, including through administrative fees, regulatory service charges, and benefit-sharing arrangements.

(g) Recognize, respect, and protect the rights of local communities, customary land owners, and private right-holders, including through Free, Prior and Informed Consent and equitable benefit-sharing.

(h) Ensure that climate change (and specifically carbon credit development and trading) activities result in no net social or environmental harm while enabling people affected by climate change to derive sustainable development benefits.

(i) Ensure all climate change (and specifically carbon credit development and trading) activities result in additional, real, verifiable emissions reductions;

(j) Ensure that all emissions reductions and removals achieved in Liberia are recorded, transacted, and accounted for in tonnes of carbon dioxide equivalent (tCO2e).

(k) Ensure that all carbon credits and mitigation outcomes are afforded full property rights protections.

(l) Ensure that all emissions reductions and removals are accounted for, and transacted as, carbon credits, are kept out of the atmosphere for a reasonable length of time in accordance with scientific standards of best practice.

4. Scope and Application

This Policy applies to all activities, projects, programs, and transactions that seek to generate, register, issue, transfer, acquire, retire, or use carbon credits attributable to the territory of the Republic of Liberia, irrespective of sector, standard, or market of origin. This Policy also applies to compliance carbon market activity under Article 6 of the Paris Agreement, to voluntary carbon market activity conducted under recognized international standards, and to non-market approaches under Article 6.8 of the Paris Agreement where such approaches interact with market instruments.

This Policy binds all MACs, State-owned enterprises, public bodies, private entities, community entities, non-governmental organizations, project developers, and other persons engaged in activities within its scope. Where this Policy addresses matters that require legislation or regulation to take full legal effect, such matters shall be given effect by the enabling legal instrument, and the relevant clauses shall be read as policy intent pending that instrument.

5. Institutional Arrangements

Providing a clear, recognizable, and inclusive institutional arrangement for carbon development and trading is crucial for delivering on the NDC commitment, generating credits, and incentivizing rights holders. To this end, the national institutional arrangement for Liberia's carbon policy implementation framework is hereby established. This is based on the existing national system, laws, policies, and best practices. The diagram below illustrates the institutional arrangement establishing the coordination requirement, which is elaborated below. The bolded line shows direct reporting responsibilities while dotted lines show optional reporting obligations.

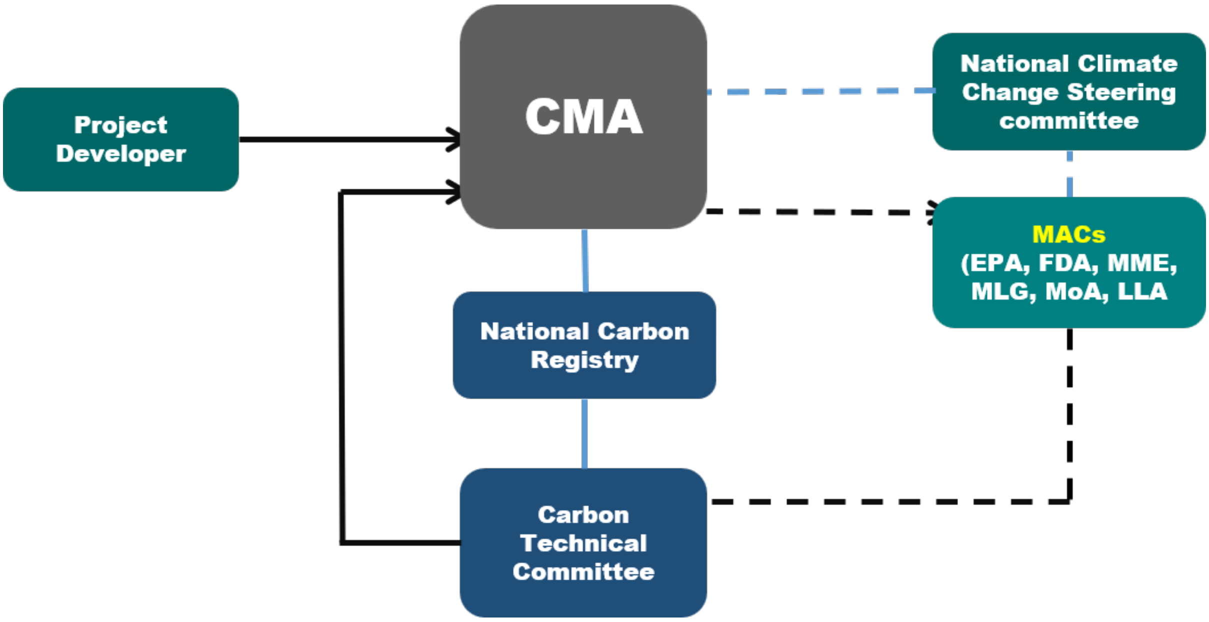

Figure 1: *governance structure for carbon credit development activities in Liberia*

1. Institutions

5.1.1 National Climate Change Steering Committee (NCCSC)

The National Climate Change Steering Committee (NCCSC) was launched in 2010, not as an institution established by law but as a platform where Government officials, who already possess a statutory mandate to make certain decisions relating to climate change activities, could meet and brainstorm on efficient ways of mitigating or adapting to climate change and positioning Liberia as a strategic partner in this global fight. The committee exists predominantly as a *"high-level policy advisory committee, responsible for overall climate change policy in Liberia."*[5]

[5] TOR, National Climate Change Steering Committee, 2009

NCCSC is the body responsible for coordinating the implementation of climate change policy in Liberia. It shall, nonetheless, play an advisory and coordinating role in the implementation of this carbon development and trading policy. The NCCSC is chaired by the Office of the President of the Republic of Liberia, or their designee, and supported by a National Climate Change Secretariat, based at the EPA, to ensure the implementation of its day-to-day activities.

5.1.2 Carbon Markets Authority

The CMA shall regulate and oversee the authorization of all carbon credits. It shall lead the development of policies and regulations on carbon credits across Liberia, but shall coordinate with other MACs prior to the endorsement or promulgation of such policies or regulations. All applications for projects that generate carbon credits shall be submitted to the CMA. Thereafter, the CMA may grant or refuse the issuance of a permit/license for the commencement of the project. Prior to approval or refusal thereof, the CMA shall engage and collaborate with the sector ministry or agency with the statutory mandate to supervise, manage, and/or regulate the medium through which the credits will be generated. Authorization for carbon credit generation and trade shall be granted exclusively by the CMA. The CMA may procure the services of an independent entity to provide technical guidance for the authorization of carbon credits. The CMA will report directly to the President of Liberia on its activities regarding carbon credits in accordance with this policy. Additionally, the CMA shall be responsible for:

1) **Evaluation and submission for approval:** Review and approve all applications for carbon credits activities to ensure they meet national standards and guidelines, and contribute to Liberia's climate change objectives under the NDC. Following the evaluation, if the CMA is convinced that the application or proposed activity has generated carbon credits that contribute to Liberia’s climate goals, it will grant the approval within three (3) months.

2) **Tracking and Recording:** Hosting and overseeing the National Carbon Registry, which tracks, verifies, and stores credits under a national system designed and approved by the Government of Liberia.

3) **Legal and Policy Development:** Initiating, drafting, and updating laws, regulations, and policies related to carbon credit development and trading, ensuring alignment with international standards and best practices. All such laws, regulations, and policies may be developed with technical guidance from the CTC.

4) **Capacity Building:** In consultation/collaboration with other ministries and agencies, provide training and support to stakeholders (including local communities) and government agencies relating to carbon credits project development, trade, and management. This may also be related to an enhancement in knowledge and understanding of accounting and reporting on carbon credits, as well as the assessment of impacts on Liberia's climate goals and the benefits to the communities.

5) **Market Facilitation:** Facilitating the trading of carbon credits on domestic and international markets by ensuring that investments in carbon credit activities are protected and coordinated to avoid conflict, distortion, and have a negative impact on nature and people.

6) **Application of Safeguards:** Providing guidance to elevate standards of social integrity, carbon rights, and equity among all stakeholders and beneficiaries, encompassing women, local communities, smallholders, and other rights holders facing challenges that can be mitigated through the enhanced application of social integrity principles. Ultimately, guidance to foster transparent, accountable, and socially responsible carbon market practices that contribute positively to climate mitigation and the development-priorities of affected communities.

5.1.3 Carbon Technical Committee (CTC)

CTC's role is to provide technical support to the Carbon Markets Authority and other MACs as the case may require. It may advise on new policies, laws, and regulations, and provide guidance to the CMA on technical issues associated with the development and trade of carbon credits, whether at the project level or in national programs under the NDC. The full detailed duties and responsibilities, as well as membership, shall be included in the Terms of Reference to be approved by the CMA in accordance with the objectives of this policy. The CMA leads and coordinates the CTC.

5.1.4 Functions of MACs in the authorization of carbon development Projects

The MACs shall provide guidance and advise the CMA regarding carbon credit projects. Upon receipt of an application, the CMA shall engage and seek guidance from the ministry or agency with statutory authority to manage the medium through which such credits will be generated or the sector where such carbon credit activities are being implemented. For instance, all forest-related carbon applications will be forwarded to the Forestry Development Authority (FDA) for review and guidance. Under such a mechanism, the FDA will inform the CMA of any existing encumbrances in the area of interest, possible legal and operational challenges, planned activities, etc. In the event that such an area is free of encumbrances and issues, the CMA will proceed with granting the application or, where applicable, work with the FDA to resolve the issues affecting the proposed project area. The CMA shall develop specific criteria for collaboration and engagement with the MACs.

Within 5 months of the endorsement of this policy, the CMA shall develop criteria for the approval of carbon projects in each sector. These criteria must be validated by stakeholders and publicly available. In all cases, the guidelines must integrate the principles of FPIC (free, prior, and informed consent), gender considerations, equity, environmental integrity, and transparency.

Table 1 contains the activities and sectors through which carbon credits are generated and the MACs to be consulted by the CMA prior to approval.

Source/Medium	Description	Agency
Forestry and Land Use (AFOLU)	■ REDD+ activities (Reducing Emissions from Deforestation and Forest Degradation, and Conservation, Sustainable Management of Forests, and Enhancement of Forest Carbon Stocks) ■ Agroforestry	Forestry Development Authority
Agriculture	■ Methane reduction in rice paddies ■ Livestock enteric fermentation management ■ Manure management ■ Conservation agriculture ■ Biochar application ■ Climate-smart agriculture	Ministry of Agriculture
Energy	■ Renewable energy generation (solar, wind, hydro, biomass) ■ Energy efficiency (buildings, appliances, industrial processes) ■ Off-grid and clean cooking solutions ■ Fuel switching and energy audits	Ministry of Mines and Energy

Waste Management	■ Landfill gas capture and utilization ■ Waste-to-energy systems ■ Composting ■ Recycling programs ■ Methane avoidance in unmanaged dumpsites	Environmental Protection Agency
Transport	■ Electrification of public transport ■ Biofuels and low-emission fuels ■ Fuel efficiency improvements ■ Modal shifts (road to rail/water) ■ Carbon-neutral logistics	Ministry of Transport
Industrial Processes	■ Carbon capture, utilization, and storage (CCUS) ■ Alternative clinker use in cement production ■ Reduction of industrial GHGs (e.g., HFCs, SF6, N2O)	Environmental Protection Agency
Blue Carbon / Marine Ecosystems	■ Seagrass restoration ■ Mangrove conservation/restoration ■ Salt marsh protection	Environmental Protection Agency, Liberia Maritime Authority, Forestry Development Authority, National Fisheries and Aquaculture Authority
Urban Development & Infrastructure	■ Green buildings ■ Urban greening and carbon sinks ■ Low-carbon district planning	Environmental Protection Agency, Ministry of Public Works, Ministry of Local Government
Tourism & Ecotourism	■ Carbon-neutral tourism initiatives ■ Ecosystem protection through offsetting	The Liberia National Tourism Authority, Forestry Development

5.1.5 Participation requirements

Liberia, as a net carbon sink, has great potential to develop carbon credits and contribute significantly to climate change mitigation through carbon credit programs. However, ensuring that projects meet the requirements to recognize carbon rights and promote equitable distribution of benefits, align with the country's NDC, are well-coordinated and managed, and generate positive results remains the primary focus of this policy. As a result, any entity or individual conducting carbon reduction and removal activities within Liberia's territorial limits must possess the necessary expertise and financial capacity and be registered in Liberia in accordance with national laws and regulations.

All Carbon Credit development and trading activities undertaken in the country must align with Article 6 of the Paris Agreement, national policies, contribute to Liberia's NDCs, and undergo environmental and social impact assessments.

6. Project Cycle Governance

Every carbon market project that seeks to generate, register, issue, transfer, or retire carbon units in or attributable to Liberia shall comply with the project cycle set out in this Section. The project cycle shall comprise the following stages, each of which the CMA shall publish detailed procedures and forms for:

(a) **Pre-Registration Consultation.** The Project Developer shall engage the CMA for preliminary review of project concept, eligibility, and rights status.

(b) **CMA Application and Project Registration.** The Project Developer shall apply to the CMA for project registration, providing the prescribed documents, methodologies, safeguards documentation, rights verification, and evidence of clearances. The CMA shall assess and decide the application.

(c) **Sector Review and Guidance.** The CMA shall seek guidance of the underlying sectoral activity from the competent sector MAC.

(d) **Environmental and Social Clearance.** The Project Developer shall obtain the Environmental Permit or clearance as may be required under the Environment Protection and Management Law and the Environmental and Social Impact Assessment Procedural Guidelines.

(e) **Free, Prior and Informed Consent.** Where the project affects community lands, customary rights, or community resources, the Project Developer shall obtain FPIC in accordance with Liberia's National Guideline on FPIC, prior to CMA project registration.

(f) **Validation.** Validation shall be conducted by an independent validation and verification body accredited and recognized by the CMA.

(g) **Implementation and Monitoring.** The Project Developer shall implement the project in accordance with the registered design and applicable methodologies, and shall monitor performance in accordance with the MRV framework.

(h) **Verification.** Verification of emission reductions or removals shall be conducted by an independent verification body accredited and recognized by the CMA.

(i) **Issuance.** The CMA shall consider and decide applications for issuance of carbon units following verification, and shall record issuance in the National Carbon Registry.

(j) **Authorization for Transfer or International Use**. The CMA shall issue Letters of Authorization in accordance with this policy.

(k) **Transfer and Retirement.** Transfers, acquisitions, retirements, cancellations, and contributions to buffer or reserve accounts shall be processed through the National Carbon Registry.

(l) **Ex-Post Supervision.** The CMA shall supervise registered projects throughout their crediting period, including through compliance reviews, audits, and spot inspections.

Timelines. The CMA shall publish and adhere to indicative service timelines for each decision in the project cycle. Timelines shall be monitored and reported annually.

7. Eligibility of Activities and Standards

General Eligibility. An activity is eligible to generate carbon units under this Policy only if it:

(a) Is implemented in the territory of Liberia or is otherwise attributable to Liberia under a cooperative approach.

(b) Complies with the laws of Liberia, this Policy, and any regulations made under it.

(c) Applies an eligible methodology recognized by the CMA.

(d) Delivers real, additional, conservatively quantified, verifiable and permanent emission reductions or removals, with leakage assessed and addressed.

(e) Is free from double counting and double claiming.

(f) Respects community and private rights and applies safeguards required under this Policy.

(g) Is consistent with Liberia's NDC and sustainable development objectives.

Ineligible Activities. The CMA may, by regulation or published guidance, declare activities ineligible on grounds including low environmental integrity, high reversal risk, safeguards concerns, conflict with national priorities, or inconsistency with international integrity standards.

Recognized Standards. The CMA shall maintain a list of recognized carbon standards and methodologies, which may include the Article 6.4 Mechanism, designated cooperative approaches under Article 6.2, and high-integrity voluntary carbon standards that meet requirements broadly aligned with Core Carbon Principles-level integrity.

8. Ensuring environmental integrity and promoting sustainable development

Environmental integrity will be ensured as long as Liberia continues to contribute to the long-term goal of the Paris Agreement by reducing its national level of GHG emissions as indicated in its NDC. The emissions balance will be updated biennially through the Biennial Transparency Reports (BTR) submitted under the Paris Agreement by the EPA. By continuing to reduce its national level of GHG emissions, Liberia will contribute to the achievement of the long-term temperature goal set out in Article 2 of the Paris Agreement and a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, as requested by Parties under Article 4, paragraph 1 of the Paris Agreement.

Liberia will ensure environmental integrity by adhering to the NDC principles and making contributions, aiming to contribute to the overall objective of the Paris Agreement by continuing to reduce its national level of GHG emissions.

While this is not encouraged, Liberia may grant authorization to ITMOs created from mitigation activities outside the NDC insofar as the GHG emissions and removals attributed to the activity are included in the latest National GHG Inventory using IPCC methodologies and metrics consistent with relevant CMA decisions, and used for domestic mitigation pricing schemes or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the host Party. In any case, Liberia shall apply a corresponding adjustment to all authorized ITMOs from eligible mitigation activities under this policy to ensure environmental integrity.

The environmental integrity of the ITMOs generated in the forest sector is ensured by adherence to Article 5.2 and Article 6 guidance and rules for any climate change activity undertaken in Liberia. The same guidance and regulations shall apply to all other national sectors and activities. Additionally, for the purpose of ensuring environmental integrity and fulfilling Articles 2 and 4 of the Paris Agreement, ITMOs generated in the forest sector shall be consistent and adhere to all CMA decisions under Article 5.2, 6.2 and 6.4 of the Paris Agreement and exchanged upon completion of the review under Article 13 of the Paris Agreement. Similarly, for the same purpose, Article 6.4 guidance and rules shall apply to activities related to other sectors of the NDC, aiming to achieve GHG emissions reductions and removals while ensuring robust and integrated national accounting for GHG emissions and removals.

Under its environmental integrity commitment**, no net increase in global emissions** within and between the NDC implementation period shall occur through:

a) A robust and transparent governance arrangement for creating mitigation outcomes;

b) High quality of mitigation outcomes is achieved through conservative reference levels; baselines set conservatively and below ‘business as usual emission projections, considering all existing policies and addressing uncertainties in quantification and potential leakage, and;

c) Minimizing the risk of non-permanence of mitigation across several NDC periods and when reversals of emission removals occur, ensuring that these are addressed in full

As a result, ITMOs for which Liberia authorizes transfer shall originate from mitigation activities that are consistent with and contribute to the national sustainable development objectives and the acquiring participating Party or entity, including any respective strategies, policies, or long-term low-emission greenhouse gas development strategies.

In addition to the requirements set in these guidelines, mitigation activities implemented in Liberia shall be implemented in full respect of any national development plan, like "Liberia Rising 2030" and the "ARREST Agenda for Inclusive Development (AAID)", which are aligned with the SDGs and other regional and continental development frameworks. Similarly, mitigation activities implemented in Liberia shall be conducted in compliance with the Environmental Permit License obtained under the Environmental Impact Assessment Procedural Guidelines (2022), as a means of safeguarding against any negative social or environmental-related impacts caused by the activity, including those affecting air and water quality, biodiversity, and worksite safety.

9. <u>Eligible Mitigation Activities and Outcomes</u>

9.1 General eligibility of mitigation activities

All climate change or mitigation activities developed in the country must be developed in accordance with the requirements of and methodologies under the Paris Agreement, all relevant decisions of the CMA, and this Policy. Essentially, all mitigation outcomes generated in the country shall:

a) fulfill the UNFCCC and Paris Agreement requirements, and all relevant CMA decisions;

b) be accounted for in the national GHG inventory and tracked under the Enhanced Transparency Framework (ETF);

c) correspond to real and additional GHG emission reductions or removals;

d) be measured, reported, and verified;

e) ensure permanence of GHG emissions reductions and removals, including risk mitigation measures that address the risk of reversal;

f) assess and mitigate the incidence of leakage;

g) ensure there is no double-counting and issuance of mitigation outcomes.

All mitigation activities aimed at creating authorized ITMOs or carbon credits will result from GHG emission reductions and removals, as jointly defined by Liberia and a participating Party or entity, consistent with the Paris Agreement and all relevant CMA decisions.

9.2 Mitigation outcomes and NDC

All mitigation activities eligible to generate authorized ITMOs for transfer to an acquiring participating Party under this framework must originate within the scope of Liberia's NDC. Additionally, mitigation outcomes that Liberia authorizes for international transfer must come from activities that align with and support Liberia's sustainable development goals related to climate, in accordance with the Paris Agreement and relevant CMA decisions, including any specific strategies, policies, or long-term low greenhouse gas emission development strategies. Furthermore, within Liberia's NDC, only mitigation activities that are real, verified, additional, and compliant with relevant CMA decisions are eligible for authorization, subsequent transfer, and use in the acquiring country or entity under this framework.

Activities that fall outside Liberia's NDC scope are not encouraged for ITMOs, but may be eligible to generate authorized and transferable mitigation outcomes if the activity is included in the latest National GHG Inventory using IPCC methodologies and metrics that align with relevant CMA decisions and is generated in compliance with this policy. Mitigation activities that produce outcomes for purposes other than authorization, transfer, and use by a participating Party or entity shall not require corresponding adjustments, and such outcomes shall be used toward achieving Liberia's own NDC.

Liberia considers any mitigation activity or technology to be automatically additional (i.e., not requiring demonstration of technical and financial additionality) to the NDC if it is associated with an NDC contribution and an opportunity for achieving a mitigation level that was previously unavailable to the country.

9.3 Treatment of other standards

While Article 6.4 of the Paris Agreement provides the overarching framework for this Policy, guiding the generation, approval, and transfer of mitigation outcomes in a way that upholds environmental integrity and transparency, Liberia recognizes that an effective national carbon development framework must also include all credible carbon market mechanisms. Incorporating both compliance and voluntary markets will help Liberia maximize its access to various carbon market opportunities while aligning with Article 6.4's methodological and governance standards. Under this plan, the CMA must ensure that all carbon projects, regardless of whether they operate under compliance or voluntary mechanisms, meet the same high standards for MRV, additionality, and corresponding adjustments where applicable, thereby ensuring that no double counting or double claiming.

The Voluntary Carbon Market (VCM) has emerged as an essential and complementary avenue for climate finance, especially for developing countries rich in forests that want early access to carbon revenues and funding for climate-smart projects. Studies indicate that VCMs, unlike compliance markets, can encourage private sector involvement and help prepare for Article 6 trading.[6] Therefore, the registration, verification, and issuance of voluntary carbon credits under reputable global standards as long as these projects comply with the country's MRV requirements and national sustainable development goals. The CMA will establish approval guidelines to make sure voluntary projects are nested within Liberia's jurisdictional system, aligned with NDC targets, and linked to the National Carbon Registry for transparency.

In operationalizing the voluntary market, Liberia will follow a phased approach aligned with emerging international best practices. Voluntary projects may serve as pilot initiatives to test methodologies, strengthen national systems, and gather lessons to inform future participation under Article 6 cooperative approaches. This approach aligns with Liberia's National REDD+ Strategy and its focus on piloting

[6] GGGI Global Survey on Article 6 Readiness Report

new mechanisms to build policy experience. The goal is that by integrating voluntary initiatives into a single, coherent governance framework, Liberia will enhance institutional capacity, safeguard social and environmental integrity, and attract early-stage private and philanthropic investments. The VCM will thus serve as a complementary platform to the Article 6.4 mechanism, supporting the development of a pipeline of high-quality projects that can transition seamlessly into the compliance market once operational systems are fully in place.

Furthermore, the policy recognizes the role of non-market approaches (NMAs), as outlined in Article 6.8 of the Paris Agreement, in supplementing both compliance and voluntary mechanisms. Specifically, NMAs such as technology transfer, capacity building, and bilateral cooperation present opportunities to strengthen the enabling environment for carbon market participation, enhance social safeguards, and generate co-benefits for communities and ecosystems. By integrating voluntary and non-market approaches within the Article 6.4-guided framework, Liberia's carbon governance will remain inclusive, credible, and prepared for the future, offering a balanced path toward sustainable development and long-term climate resilience.

10. National authorizations

10.1 Issuing Authorized Mitigation Outcomes

Any international transfer of mitigation outcomes achieved in Liberia's territory shall be subject to the prior and formal authorization of the national government, which shall ensure compliance with the climate commitments resulting from Liberia's NDC and justify the decision taken. This authorization shall comply with the requirements of the Paris Agreement.

The following principles and procedures shall guide the authorization, and all project developers generating and trading carbon must adhere to these procedures in addition to any other national application process enshrined in law.

Every Party or entity engaging in the transfer of mitigation outcomes within Liberia shall obtain prior written authorization (or Letter of Authorization) from the CMA. Liberia will grant authorization to all internationally transferred mitigation outcomes (ITMOs) generated from mitigation activities towards the NDC per Article 6.3 of the Paris Agreement. Additionally, Liberia will grant ITMOs for international mitigation purposes other than the achievement of an NDC, referred to in this policy as International Mitigation Purposes (IMP), or for other purposes as determined by Liberia as the first transferring participating Party, referred to in this document as Other Mitigation Purposes (OMP) both per Article 6.3 of the Paris Agreement. The Letter of Authorization shall be consistent with all relevant CMA-P decisions.

10.2 Mitigation outcomes under the Paris Agreement

Parties or entities generating mitigation outcomes in Liberia shall obtain a Letter of Authorization from the CMA upon completion of the Article 6 and 13 reviews under the Paris Agreement. Mitigation outcomes from the forest sector shall follow Article 5.2 and Article 6 guidance. Mitigation outcomes from other sectors and activities shall adhere to the methodologies, rules, and procedures approved under Article 6.4 and be authorized upon completion of the reviews under Articles 6.2, 6.4, and 13 of the Paris Agreement.

10.3 Mitigation outcomes outside the Paris Agreement (other standards)

The use by other Parties or entities of mitigation outcomes achieved in the territory of Liberia that have been acquired through any mechanism, instrument, or arrangement established outside the Convention, the Kyoto Protocol, or the Paris Agreement shall not be recognized.

All entities engaged in prior existing projects and activities related to climate change or engaging in a mitigation activity not covered under the Paris Agreement shall ensure that these activities comply with these guidelines and obtain a Letter of Authorization from the CMA upon completion of the Article 6.4 process, provided such project intents to generate and trade carbon credits.

11. National Carbon Registry (NCR)

The Government of Liberia shall establish a National Carbon Registry (NCR) where all carbon credits, including ITMOs and mitigation outcomes, will be registered, tracked, reviewed, and processed. The National Carbon Registry will be housed within the CMA. The government shall track and record all credits through a cooperative approach consistent with the Paris Agreement and aligned with the NDC implementation period. Authorized credits will be recorded in the national registry, with unique serial numbers assigned to the holding account of the participating Party and/or entity, in accordance with the procedures outlined in this policy, its attendant regulations, and any technical annexes.

In addition to other functions, the National Carbon Registry shall:

a) Track and record the issuance of authorized credits implemented in Liberia and the transfer of ITMOs;

b) Hold information on actions relating to ITMOs, including (a) authorization, (b) first transfer and transfers, (c) acquisitions, (d) use toward NDCs, (e) authorization for use toward other international mitigation purposes and (f) voluntary cancellation including for Overall Mitigation of Global Emissions (OMGE), if applicable, (g) carbon prices.

The National Carbon Registry shall ensure that credits are uniquely identified in a way that makes them traceable to the mitigation outcomes they represent. Likewise, the issuance of carbon credits shall depend on the fulfillment of the following requirements:

1) Opening an account in the registry

2) Letter of Authorization

To strengthen and enhance its operations, the CMA in consultation with the NCCSC, may issue regulations or guidelines on the architecture and operation of the National Registry for mitigation activities, as well as the processes for entering and maintaining information in the registry. The CMA may also develop protocols, including a standard format for appending unique serial numbers, communication methods, and recompilation procedures, to facilitate regular exchange and tracking of mitigation outcomes, especially for the electronic transfer of carbon credits across the registry system, where possible. Importantly, the CMA must ensure that all information registered in the NCR is publicly accessible online, except for information that is classified or reserved by national law or relates to the intellectual property of the entities involved.

The Paris Agreement's Article 6 provides a framework for international cooperation on carbon markets, and it encourages the linking of national and regional carbon markets. Consistent with this, the Government of Liberia, through the CMA should establish standards and framework through appropriate regulations and Guidelines for linking Liberia's carbon registry with others through direct or indirect mechanisms, facilitating the transfer of emission reduction credits or the mutual acceptance of offset standards. The linking should also involve Indirect linking when CMA shall forge collaboration with other registries to adopt common standards for offset projects, enabling the transfer of credits between Liberia's systems and those adhering to the common standards.

The CMA will develop the review mechanisms for ensuring that Liberia's Registry infrastructure is robust and secure to track and manage the transfer of credits with other registries.

11.1 Measuring Reporting, and Verification System

Within five (5) months of the endorsement of this policy, the Government of Liberia, through the EPA, working in collaboration with the CMA and other MACs, shall develop and operationalize the Measurement, Reporting, and Verification (MRV) system. This system shall be integrated within the national governance framework for carbon emissions tracking, reporting, registration, management and trading. It will consist of the mechanism for tracking greenhouse gas (GHG) emissions, mitigation actions, and related support. It shall enhance transparency in reporting under the UNFCCC and should help evaluate the effectiveness of climate policies. The MRV system shall be housed within the EPA and linked to the Registry system.

Objective of MRV System: The overall objective of the MRV system shall be to ensure transparency and accountability in tracking and reporting on climate actions, including greenhouse gas emissions reductions and the support received to implement these actions. It shall also seek to improve climate policy choices by providing reliable data for decision-making and facilitating access to climate finances particularly carbon credits. It shall be used to track adherence to the principles set out in this policy, especially the principle of promoting environmental integrity.

Scope of the MRV System: Key aspects of the MRV system shall consist of the following: 1) tracking emissions GHG emissions reduction, 2) mitigation actions (policies, programs and projects) on reducing GHG emissions, 3) climate-related support received by Liberia (financial aid, technology transfer and other capacity strengthening support, and 4) broader sustainable development benefits resulting from mitigation efforts.

Institutional Arrangements for MRV/Governance Structure: Several sector ministries and agencies shall play a role in the institutional arrangements for MRV. They shall have technical focal persons and climate change units or desks to focus on, not just general climate change issues, but specifically on carbon emissions tracking, reporting and verification. The sector ministries/agencies shall include EPA, CMA, FDA, MoT, MoA, LLA, MME, and LRA.

The roles and responsibilities of the EPA as lead agency for MRV shall be as follows:

1. Oversee and coordinate, and regulate all MRV activities;
2. Housing the MRV system and ensuring a direct link to the National Carbon Registry;
3. Developing standards on MRV, including third-party verification;
4. Collecting data on MRV activities or emissions reduction from different sector MACs and PDs and collating them to be uploaded to the Registry;

5. Ensure efficient integration of the MRV system within the Registry and effective coordination between the Registry and the technical sector focal points, and;
6. Coordinate third-party verification with technical sector focal points and the UNFCCC Secretariat.

The other institutions shall coordinate MRV activities within their sectors under the overall national coordination of the EPA. They should work with PDs to ensure emissions reductions and other MRV activities (consistent with the scope) are tracked, measured, and reported to the MRV system at the EPA, and work with EPA for validation and verification of the reported data. Note that PDs shall report their data directly to the MRV system, and the EPA will thereafter work with the specific sectoral focal point to validate and verify the data. The sectoral institutions shall maintain a secure and accessible mirror databank of their respective sectors' verified data that is with the MRV system. Institutions should ensure that their components of the MRV system is built upon and integrated with their existing monitoring and reporting systems. The LRA shall play a role in valuation and tax-related aspects of carbon as part of MRV.

Third-Party Verification of emissions data: The EPA shall ensure that there is a credible process of third-party verification of emission reduction data by an independent, external organization accredited and competent to ensure the accuracy and reliability of data reported by PDs consistent with set standards. This is in addition to verification by sectoral technical focal points.

Building Capacity for MRV: The EPA shall work with sector institutions to develop a framework for assessing and developing required individual and institutional capacities as well as improving policies and investment frameworks to create the enabling environment for an efficient MRV system. This will include training and other capacity building initiatives to develop the requisite skillsets and knowledge in areas such as greenhouse gas accounting, monitoring and evaluation, and data collection, analysis and management. It will also consider improving institutional processes, interagency coordination and undertaking the kinds of legal/policy and investment reforms necessary for effective MRV.

The EPA shall also coordinate and co-facilitate the sharing of knowledge and information and build the capacity of key actors and interest groups (including community-level governance sturctures, CSOs, private sector, policy makers, academia, etc), including through the sharing of lessons and new learnings on MRV for knowledge transfer and implementation enhancement and support.

Continuity: There shall be a regular review of the MRV system, coordinated by the EPA, for improvements in aspects of the system as will be needed. The results of the review will be used to learn lessons and update aspects of the system, such as the approach or method, process, and tools for data collection, analysis, and management, as well as in the institutional arrangements. The system will also need to be efficient and cost-effective. The EPA should ensure it engenders a sense of openness, fairness, and credibility. This is critical as the system will need to have continued relevance and elasticity to the evolving circumstances locally and globally.

12.Corresponding Adjustments

12.1 Application

Any mitigation activity that seeks to generate ITMOs for international transfer and use for NDC, IMP, and OMP requires an adjustment by the host country. When agreed to by the participating acquiring Party for use towards NDC, it shall require a **corresponding adjustment**. To ensure environmental integrity, Liberia shall apply **an adjustment to all authorized and first-transferred ITMOs** consistent with these guidelines and existing and forthcoming CMA decisions.

In applying adjustments, Liberia shall ensure that:

- transparency, accuracy, completeness, comparability, and consistency are respected;
- participation in cooperative approaches does not lead to a net increase in national GHG emissions within and between NDC implementation periods;
- and that corresponding adjustments are representative and consistent with the NDC implementation and achievement.

Corresponding adjustments shall be applied, resulting in a national emissions balance that reflects the level of anthropogenic emissions by sources and removals by sinks covered under Liberia's NDC. Liberia applies adjustments by adding the quantity of ITMOs authorized and first transferred for the calendar year in which the mitigation outcomes occurred, for use toward IMP or OMP, and subtracting the amount of ITMOs purchased by Liberia for the same calendar year, for use toward its NDC.

12.2 First transfer

When Liberia first transfers ITMOs from emission reductions or removals that are included in the conditional NDC programmes or contributions, it shall apply corresponding adjustments consistently with Article 6 CMA guidance.

Corresponding adjustments shall be applied based on the balance of anthropogenic emissions by sources and removals by sinks covered by Liberia's NDC, by adding the quantity of ITMOs authorized and first transferred for the calendar year in which the mitigation outcomes occurred, for use toward IMP or OMP, effectively creating the national emissions balance. Conversely, corresponding adjustments shall be applied based on the same emission balance by subtracting the quantity of ITMOs purchased by Liberia for the calendar year in which the mitigation outcomes occurred, for use toward NDC, thereby maintaining the national emissions balance.

12.3 NDC timeframe

For its first NDC, Liberia adopted an NDC consisting of policies and measures that are not all quantified. Subsequent NDC updates will include a single- or multi-year NDC that will serve as the basis for applying corresponding adjustments. For purposes of accounting for ITMOs during the first NDC period, consisting of policies and measures, Liberia will develop an emissions balance, to be reported and updated through regular BTRs, by applying corresponding adjustments to the anthropogenic emissions by sources and removals by sinks for those emission or sink categories affected by the implementation of the cooperative approach and its mitigation activities, and by those policies and measures that include the implementation of the cooperative approach and its mitigation activities, as applicable, consistently with this CMA decisions.

13.Fees

Entities seeking from the Government:_a) a Letter of Authorization (for project approval or for issuance of carbon credits), and_b) a Corresponding Adjustment,_shall pay a non-refundable fee for the Letter of Authorization and a fee per tCO_2e authorized, subject to a minimum amount per transaction, into an account designated by the CMA, prior to the issuance of the permit/authorization. Regulations prescribing applicable fees shall be developed by the CMA following adoption of this Policy and shall be reviewed periodically. Nothing herein suggests that the payment of such a fee automatically obligates the CMA to grant the Letter of Authorization or Adjustments.

These shall be issued subject to the fulfillment of other conditions described in this policy and subsequent regulations to be issued in the future by the CMA. The CMA shall submit a report to the President of Liberia regarding the collection, use, and management of such funds. The fee collected for issuing a Letter of Authorization shall cover the CMA’s administrative expenses for providing authorization, registration, and transfer services, as well as the maintenance costs for efficiently operating the registry system.

An adjustment fee will be charged for each authorized mitigation outcome. This fee will be a monetary amount payable when the authorization of mitigation outcomes is approved and before the CMA issues the Letter of Authorization.

For each mitigation activity aiming to receive authorized ITMOs for transfer through the national registry and reporting, as required in these guidelines, the CMA may create additional administrative fees. Any fees created may be published at least 30 days prior to its application.

14.<u>Revenue Sharing Mechanism and Financial Process</u>

Revenue-sharing mechanisms include various institutional arrangements, governance structures, and tools for distributing financial resources and other benefits. In Liberia, revenue sharing has evolved across multiple sectors, establishing a policy foundation for a system centered on the transfer and trading of carbon credits. The forestry and mining sectors have seen benefits distributed nationally, in the counties and local communities affected by their activities.

This policy recognizes carbon rights and outlines a revenue-sharing framework that delivers equitable, transparent, and accountable benefit-sharing, firmly anchored in community property rights, safeguards, and robust institutional oversight, drawing on experience from revenue sharing within the forest sector. A robust application of social safeguards, gender-sensitive approaches, and meaningful stakeholder engagement, with an emphasis on the inclusion of marginalized groups, local communities, women and youth and indigneous peoples shall be the core elements of all project interventions.

Especially in regards to AFOLU related programme, the core elements are;

- Transparency & inclusiveness: Demonstration of effective stakeholder engagement on, and ownership of, safeguards assessment.
- Jurisdictional ownership: Strengthened Jurisdictional capacities to implement identified measures for conformance within a Jurisdictional REDD+ system.
- Harmonized & nested: Harmonization of safeguards interpretation and coordination, building on complementary safeguards assessments (national-subnational; programmatic).
- Risk-based lens: Incorporation of social and environmental risk assessment and management component, related to effective implementations of policies, laws and regulations in Jurisdictional REDD+ programmes (focus on non-compliance, grievances, etc.).

- Quality assurance: Assessments and plans are informed and reviewed by a wide range of sources and stakeholders to ensure the quality of the data and process (triangulation).

Sustainability: Assessments and plans for meeting safegaurd indicators for the long-term establishment of institutional capacity to assess and manage social and environmental risks within the Jurisdictions, including sustained equitable use of proceeds and verified safeguards reporting, to promote overall sustainability of the process.

14.1 Review of the Current Benefit-Sharing Mechanism in Liberia

Revenue Sharing Law: The Liberian Revenue Sharing Law, officially enacted in 2022, outlines the allocation of national revenues, including those from natural resources and other sources, between the central government and local governments. The law aims to promote fiscal decentralization, empower local governments, and foster economic development at the county level. Currently, Liberia has two major revenue streams: revenue generated from natural resource extraction and revenue derived from non-natural resources. Revenue sourced from non-renewable resources is subject to different standards of distribution based on the specific sector laws. Revenue sourced from natural resources is distributed as follows:

1. 10% to the county of origin of the natural resource revenues;
2. 25% to all fifteen (15) Local Governments, including the county of origin;
3. 60% to the Central Government towards its general revenues and
4. 5% to communities and/or counties affected by the exploitation and transportation of natural resources for shipment overseas or processing within Liberia.

14.2 Forestry Revenue Sharing

Liberia's most significant potential for contributing to global climate action lies in its forest resources. Two legislations support revenue sharing in the forest sector. Those include the National Forestry Reform Law (NFRL) of 2006, which established the revenue sharing regime for revenue from commercial forestry activities (logging) on government forestry concessions, and the Community Rights Law with respect to Forestland (CRL) of 2009, which established the revenue sharing regime for revenue from commercial forestry activities(logging) on customarily owned forestland. The forestry revenue benefit-sharing regime aims to distribute a portion of the income generated from logging activities to communities affected by these activities. This is primarily achieved through the National Benefit Sharing Trust (NBST), established by the NFRL regulations. The NBST receives a share of land rental fees paid by timber companies to the government, specifically 30% of the fees collected, and allocates these funds to communities through Community Forestry Development Committees (CFDCs) for development projects.

Under the government forest concessions, revenues are distributed into portions to include:

1. 40 % to the Central Government
2. 30 % to County authorities
3. 30 % directly to affected local communities via the National Benefit Sharing Trust (NBST)

Revenue sharing from forests owned by communities includes a forest area fee distribution broken down as follows:

1. 55% to the Community owning the forest resources
2. 45% to the Central Government

14.3 Other Benefit Sharing Approaches

The County Social Development Fund (CSDF) is established under a Mineral Development Agreement (MDA). While revenue in the mining sector flows directly to the central government, with over ninety percent of the revenue remaining with the central government, the host counties of the mining operations receive benefits through the CSDF to support local development efforts.

14.4 Recommended Policy Approaches

Addressing Tenure and Benefit Sharing: Revenue sharing from carbon trading must recognize carbon rights with specific consideration that Liberia's land governance system is pluralistic, with ownership rights in natural resources held by the landowner, except for mineral resources, which are typically held by the State. While ownership has been ascribed to the government, the benefit from the carbon credit generated must include the interest of the owner on whose property the carbon credit is produced. Although the government acts as the trustee of most resources, the diverse nature of ownership rights in land, forest, and other resources that serve as carbon sources suggests that a revenue-sharing approach takes into account the benefits that come with those rights.

Carbon Credit Considerations: The current revenue-sharing law addresses revenue sources from the extraction of natural resources. This policy views carbon credits as permits that offset the release of carbon into the atmosphere, generated by projects that remove carbon from the atmosphere or prevent its release. Given that carbon credits are not an extractive natural resource, their revenue from trading can be shared using the framework, indicated below, that supports reinvestment in innovative climate initiatives, incentives for carbon project developers, and investment in local communities. Given this, it is a policy of the Government of Liberia that benefit sharing of proceeds from the trading of carbon credits shall principally be distributed under two mechanisms: 1) distribution based on Government's ownership of the sources/medium through which the credits are generated and 2) Community or private ownership of the sources/medium through which the credits are generated.

A. Government Ownership

In the event of government ownership of the source of the credit, the following distribution formula shall apply. Percentage allocation is only applicable after the deduction of all applicable carbon taxes and the verifiable cost of the project as described in the agreement for the development of the project between the government and the project developer.

1. **National Contribution (NC): 40%.** This allocation will directly support social, educational, and health programs benefitting all Liberians. This payment will be made directly to the Liberia Carbon Investment Fund (LCIF), established by Executive Order No. 155.

2. **Sector Management Fund (SMF): 20%.** Funds in this basket shall be distributed with the CMA (7.5%) for its operations, EPA (5%) for MRV activities, and to the sector agency (7.5%) for continued management and oversight of the particular sector through which the credit is being generated. If the project is carried out in the forestry sector, for example, a portion shall go to FDA and be used to support sustainable forest management, including conservation, reforestation, aforestation, etc. The CMA shall make direct disbursement to the EPA, and sector-agency within 30 days of receiving the payment in the LCIF.

3. **Project Developers (PD): 30%.** This will incentivize and reward organizations directly involved in developing carbon reduction and removal projects. The developer will, subject to the arrangement with the Government of Liberia, deduct its expenses associated with the design and implementation of the project prior to deducting this 30% from the net revenue. A project developer may be a private entity, an individual, or a community with the capacity, competence, and resources to design, implement and report on an activity that generates carbon credits.

4. **Local Communities (LC)**: **10%.** This allocation will support community-level projects and initiatives related to sustainable development and climate resilience. The MFDP will make payment to the community development fund or any escrow established by the community where such credits are being generated. In the case where the project spans multiple communities, a framework shall be established by the CMA and the agency regulating the sector where such credit is generated to ensure that all communities participate and benefit from such contribution.

B. <u>Community/Private Ownership</u>

In the event that the source or medium through which the credit is generated is owned by the community or a private individual or private entity, the following distribution formula shall apply. Percentage allocation is only applicable after the deduction of all applicable carbon taxes and the verifiable cost of the project, as described in the agreement for the development of the project between the government and the project developer. The share of revenue for government, community, or private individuals for carbon projects generated on community or private land must be deposited in an account, with both the community/private individual and the CMA as signatories. <u>**No funds shall be withdrawn outside of the below distribution formula and without the approval of both parties.**</u> Notwithstanding, the Government must ensure that the payment of the community share of the carbon revenue in the escrow account must be based on the bylaws and constitution of the governing body within the community as reflected in the carbon project agreement.

1. **Sector Management Fund (SMF): 20%.** Funds in this basket shall be distributed with the CMA (7.5%) for its operations, EPA (5%) for MRV activities, and to the sector agency (7.5%) for continued management and oversight of the particular sector through which the credit is being generated. If the project is carried out in the forestry sector, for example, a portion shall go to FDA and be used to support sustainable forest management, including conservation, reforestation, aforestation, etc. The CMA shall make direct disbursement to the EPA, and sector-agency within 30 days of receiving the payment in the LCIF.

2. **Project Developers (PD): 30%.** This will incentivize and reward private entities directly involved in developing carbon reduction and removal activities, programs or projects. The developer will, subject to the arrangement with the Government of Liberia, deduct its expenses associated with the design and implementation of the project prior to deducting this 30% from the net revenue.

3. **Local Communities/Private Individual**: **50%.** This allocation will support community-level projects and initiatives related to sustainable development and climate resilience, or paid directly to the individual, as needed. In the case where the project spans multiple communities, a framework shall be established to ensure that all communities participate and benefit from such contribution. This framework must be integrated into the carbon project agreement at the onset of the project development. Private enities entering into long-term land rental or lease with communities or owners of land for a project related to reforestation will be considered owners (Private Individual) during the validity of the lease agreement and when registering such project for accreditation, except wherein such lease agreement expressly provides that the communities or landowners have rights to the credits generated from the reforestation effort. Under this scenario, the project operator may receive the 50% share of the revenue as owner of the carbon-generating-medium and also the 35% as project developer (PD).

14.5 Financial Processes

All revenues flowing out of carbon credits shall be deposited into the Liberia Carbon Investment Fund, managed in keeping with the rules establishing the fund in the Executive Order NO. 155 and other regulations to be established subsequently. The LCIF account shall be separate from the General Revenue Account of the Government of Liberia. Notwithstanding, payments by the Project Developer to a private individual or the community shall be made into a separate escrow account, other than the LCIF, with the signatory being the individual/community and the Carbon Market Authority. All Payments for the Sector Management Fund and National Contribution shall be made to the LCIF. Funding allocated to the EPA and the sector agency/ministry shall be made within 30 days upon receipt directly to the entities account by the CMA.

15. Non-Market Approach

The Paris Agreement, under Article 6, has devised non-market approaches for carbon credits development to unlock green investments for the collaborative achievement of the NDC, increase private sector participation, and contribute to the global mitigation goal. This entails climate initiatives for capacity building, technology transfer, financial assistance, etc. It is the policy of the Government of Liberia that all non-market approaches for climate action will be authorized and implemented in accordance with the country's NDC, climate change policy, and the ARREST Agenda for Inclusive Development (AAID). The institutional arrangement adopted for market approaches as indicated above will be utilized similarly, where applicable, for non-market activities.

Interventions or projects intended to contribute to Liberia's carbon agenda must ensure full contribution to and adequate alignment with the NDC and integrate the principles of equity, transparency, and respect for the rights of local communities where these projects are located. Adequate social safeguards such, as FPIC rules as captured in Liberia's national guideline, mainstreaming gender issues, and promoting the rights of disadvantaged and minority groups must be incorporated in the design and implementation of these projects. Prior to the approval, the particular government agency responsible must ensure that these elements are built into the project and are frequently monitored and evaluated for adherence. While non-market approaches predominantly target emissions reduction as the overarching goal, interventions must be designed that address community livelihoods, cultural values, and traditional knowledge. Community's well-being, survival, safety, and security should be recognized and respected.

The roles of civil society and the private sector are acknowledged in driving non-market-based approaches. Similarly, Liberia recognizes and encourages bilateral cooperation in promoting projects that unlock climate finance, facilitate technology transfer, and enhance capacity building to promote emission reduction and removal, biodiversity conservation, and minimize land degradation.

16. Dispute resolution

Carbon Trading Dispute Resolution is a critical component of ensuring trust, transparency, and enforceability in both compliance and voluntary carbon markets that Liberia may access. Disputes may arise from carbon credit trading due to the complex transactions, often involving multiple borders and regulatory systems, associated with carbon trading. Disputes can arise over a wide range of issues, including credit authenticity, delivery obligations, crediting of emissions reductions, integrity or verification of carbon credits, underperformance of carbon offset projects, and breaches of the carbon credit transactions contract.

Nationally, several dispute mechanisms have been developed that can inform processes and help minimize disputes related to trading carbon credits. Dispute resolution mechanisms in Liberia are shaped by a combination of formal legal institutions, customary practices, and alternative dispute resolution (ADR**)** systems. The formal system of dispute resolution in Liberia is based on the processing of disputes through the Liberian judicial system, utilizing various courts, including the Supreme Court, Circuit Courts, Specialized Courts such as the Commercial Court, and the magisterial courts. Customary disputes are resolved based on customary practices with an overall emphasis on reconciliation, restorative justice, and community harmony. The Alternative Dispute Resolution system in Liberia reduces pressure on the judicial system and utilizes mediation and arbitration (commercial agreements) for resolving disputes.

The Feedback Grievance Redress Mechanism (FGRM) is designed to address concerns and complaints related to projects. Several sector-specific feedback grievance redress mechanisms have proved helpful in addressing and preventing disputes, especially in the natural resources sector, such as forestry. This grievance redress process provides a model for addressing grievances from engagement in carbon-related transactions, including those of project development, implementation, and credit marketing. Established FGRM like developed under the Liberia Forest Sector Project focused on sustainable forest management, such as REDD+ (Reducing Emissions from Deforestation and Forest Degradation and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks) aims to ensure accountability, transparency, and fair treatment for all stakeholders, including communities affected by project activities. FGRM provides a structured process for receiving, processing, and resolving grievances related to project implementation, particularly those arising from changes in land use and resource access limitations. The FGRM may include various remedies, such as compensation, corrective actions, or other suitable measures to address the harm caused. Currently, the FGRM developed under the Liberia Forest Sector project may be adopted, or the CMA may develop a new system through the NCCSC.

The government should ensure that the dispute resolution framework for carbon is based on several key requirements, including:

1. That project proponent carries out a mandatory Free, Prior and Informed Consent (FPIC) and transparent consultation with communities or rights holders before executing a project agreement.

2. That proponents and right holders embed an independent grievance mechanism within the carbon project design or any concession agreement to s, clearly defining how complaints are received, investigated, and remedied.

3. For international agreements, explicit arbitration clauses should be embedded within project contracts, allowing affected parties or shareholders to refer disputes to neutral panels with carbon expertise. For international carbon credit contracts, arbitration is often the preferred dispute resolution route, allowing parties to appoint experts and arbitrators with scientific or environmental knowledge. It's common in cross-border agreements where local courts may lack capacity or impartiality.

4. The regulatory oversight of approving or rejecting carbon credits of a project by the CMA as the emission regulator should be timely and effective and exercised before carbon project contracts are finalized to ensure that national (or international) requirements are fully captured during the contracting of a carbon project development and that the project is aligned with international integrity frameworks that provide independent validation and verification of project claims and disputes procedures.

Furthermore, dispute resolution clauses may be included in carbon project development and trading agreements, covering issues such as choice of law, jurisdiction, mediation, and/or arbitration, as well as termination conditions.

17. Annex: Templates

17.1 Letter of authorization (Article 6.2 of the Paris Agreement)

Issued by the Carbon Markets Authority(CMA) of Liberia
Cooperative approach reference:
Letter reference:

Letter of Authorization for
Verified Activities Under Article 5.2 for use under Article 6.2 of the Paris Agreement

TO: UNFCC Secretariat
FROM: The Environmental Protection of Liberia, or subsequent designated authority

With regard to the cooperative approach, verified activities under Article 5.2 of the Paris Agreement, and in the context of Paragraph 34 of the UAE Consensus on the GST[7], as further described in the documentation attached to this letter, we hereby acknowledge that these activities either reduce greenhouse gas emissions and/or remove carbon dioxide as accounted for on a national scale and will be included in Liberia's National Greenhouse Gas Inventory on a net basis. Liberia has issued, or intends to issue, ITMOs for these emission reductions and/or removals.

We hereby authorize that the GHG emission reductions and/or removals as verified under Article 5.2 and posted on the UNFCCC REDD+ Information Hub, where relevant, may be issued as ITMOs and used:

a) Towards a Nationally Determined Contribution (NDC) pursuant to Article 6, paragraph 3 of the Paris Agreement[8], or

b) For Other International Mitigation Purposes[9].

Under the hand and seal of the Authorizing Entity:
The Environmental Protection Agency of Liberia

Annex to the letter

Element as per decision -/CMA.6 Matters relating to cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement	
(a) A unique identifier for the cooperative approach, obtained from the centralized accounting and reporting platform, where available	
(b) The name(s) of the participating Party(ies) and/or entities, if known, covered by the authorization	
(c) The date and duration of the authorization, including the final date for mitigation outcomes to be issued, or to be used or cancelled, in connection with the first transfer specified by the Party as per decision 2/CMA.3, annex, paragraph 2(b), as applicable	

[7] Draft decision 1/CMA.5, Outcomes of the first Global Stocktake, paragraph 34.

[8] Decision 2/CMA.3, annex, paragraph 1(d).

[9] Decision 2/CMA.3, annex, paragraph 1(f).

(d) The specification of the first transfer of the mitigation outcome, as specified by participating Parties, as per decision 2/CMA.3, annex, paragraph 2(b)	
(e) The uses covered by the authorization, consistent with decision 2/CMA.3, annex, paragraph 1(d) and (f)	
(f) The identification of or cross-reference to underlying regulations, frameworks, standards or procedures, including any specific methodologies underpinning the cooperative approach	
(g) Where changes to the authorization may occur, information on the circumstances in which such changes may occur and a description of the process for managing them in a way that avoids double counting	
(h) The quantity of internationally transferred mitigation outcomes, if applicable	
(i) Identification of the registry the participating Party has, or has access to, for the purpose of tracking and recording internationally transferred mitigation outcomes	
(j) Identification of the relevant registry(ies) in the underlying regulations, frameworks, standards or procedures that (1) contain mitigation outcomes or inform their calculation by the participating Party(ies) and (2) transparently track the status of underlying mitigation activities and outcomes as well as participation and transactions by entities, as applicable	
(k) The vinEPAe(s) covered by the authorization	
(l) The metrics and units of measurement or conversion and the greenhouse gases covered by the authorization	
(m) The sector(s) covered, if applicable	
(n) The activity type(s) and/or activity(ies) covered, if applicable	

17.2 Initial Report

Outline of the initial report and updated initial report referred to in decision 2/CMA.3, annex, chapter IV.A (Initial report)

Decision 6/CMA.4, Annex V, FCCC/PA/CMA/2022/10/Add.2

17.3 Regular information

Outline of annex 4 (Information in relation to the Party's participation in cooperative approaches, as applicable) to the biennial transparency report referred to in decision 2/CMA.3, annex, chapter IV.C (Regular information), paragraphs 21–22

Decision 6/CMA.4, Annex VI, FCCC/PA/CMA/2022/10/Add.2