



GUIDELINES FOR FOREST CARBON OFFSET PROGRAM



**MALAYSIA FOREST
FUND**

PURPOSE

This Forest Carbon Offset (FCO) Guidelines is the primary reference document for all Subsidiary Guidelines related to the development and management of FCO projects, aiming for consistency, accountability, and alignment with national and international climate goals.

This document outlines the general provisions for FCO project development, covering high level project criteria, registration, Forest Carbon Unit (FCU) certification and fees. Specific details on project registration, requirements, criteria, certifications, procedures are provided in the Subsidiary Guidelines.

INTRODUCTION

In line with the requirements for REDD Plus under the United Nations Framework Convention on Climate Change (UNFCCC) to conserve forest sinks and biodiversity, Malaysia has developed its National REDD Plus Strategy in 2017. REDD Plus stands for reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries. The Strategy is consistent with and builds upon existing relevant national and state policies and is a core component of Malaysia's Nationally Determined Contribution (NDC), intended to support its national goal to be net zero emissions by 2050.

The National REDD Plus Strategy aims to provide the policy framework and is a key tool in meeting the government's stated goal of maintaining at least 50% forest cover, achieving the NDC pledge under the Paris Agreement for the period 2020-2030, achieving its National Policy on Biological Diversity (NPBD) 2022-2030, and various forest policies. A successful REDD Plus Strategy will overcome the drivers of deforestation and forest degradation, conserve biodiversity, and strengthen Malaysia's resilience to climate change.

The National REDD Plus Strategy has three (3) major elements:

- (i) Building alignment between Federal and State governments in climate change, biodiversity, and forest policies.
- (ii) Activities to reduce emissions from deforestation, enhance carbon stocks, and conserve biological resources.
- (iii) Development of a sustainable financing mechanism.

The REDD Plus Finance Framework (RFF) was developed as an overarching framework for financial mechanisms to incentivize activities that help keep forests standing. It is designed to use funds for non-carbon benefits as well as for carbon credits. This shall help deliver other environmental and socio-economic benefits in addition to the climate benefits. The RFF shall in the long term contribute towards sustainable land use systems in the country.

The framework will promote consistency and synergies in the implementation of climate change, forest and biodiversity related policies between federal and state levels; While bringing together the different actors involved (federal, states, private sector, non-governmental organisations (NGOs) etc.). Additionally, the RFF is a policy framework designed to provide positive incentive approach to these stakeholders, and consists of two (2) main components:

- (i) Forest Conservation Certificate (FCC)
- (ii) Forest Carbon Offset (FCO)

MALAYSIA FOREST FUND (Company No.: 202101022808 (1423108-T) (MFF) is an agency under the Ministry of Natural Resources and Environmental Sustainability (NRES), established on 30th of June 2021 and mandated to develop and implement innovative finance

strategies that supports the conservation, restoration and sustainable management of forests under the RFF.

The FCO Guidelines are designed to outline the key principals and procedures relevant to the FCO.

FCO facilitates the transfer of certified emissions reductions from forests to buyers in the form of carbon credits, offsetting challenging or residual carbon emissions. Robust accounting practices are applied to generate the carbon credits, adhering to methodologies for Green House Gas (GHG) estimation, calculation, environmental integrity, ensuring transparent and complete and accurate reporting. The FCO is intended to be administered as the National Carbon Crediting System for both domestic and international settings, following global best practices.

These Guidelines set out the requirements of the Ministry in charge of Forestry and Climate Change for FCO projects, aligning with international standards and strategic goals. This document serves as the primary Guideline for the FCO project development. The contents in this primary Guideline and the Subsidiary Guidelines covers project development criteria and procedures, registration, certification, validation and verification to help projects decrease greenhouse gas emissions, promote sustainable development and contribute to a green economy and low carbon society.

1. Title

The Guidelines may be cited as the Guidelines (here after referred to as “these Guidelines”) for the Malaysia Forest Carbon Offset Program.

2. Commencement Date

These Guidelines will come into force from the day following the date of its announcement.

3. Interpretation

In these Guidelines, unless context otherwise requires:

“**additional**” or “**additionality**” means the condition in which carbon credits represent GHG emissions reductions, removals or avoidance that exceed those that are required by law, regulation, or legally binding mandate, and that exceed any GHG reductions, removals or avoidance that would otherwise occur in a business-as-usual scenario. The concept of additionality is specified in Paragraph 5;

“**avoidable incidents**” means a type of reversal over which the project proponent has influence or control. Examples include poor project management, removal of a part of the project area from participation, harvesting/over-harvesting, or tillage events;

“**baseline**” means the level of emissions that would have occurred, assuming a business-as-usual emissions trajectory i.e., emissions without the emissions reduction, removals or avoidance activity or offset project.

“**Board of Trustees**” means the Board of Trustees of Malaysia Forest Fund;

“**buffer credits**” means the amount of GHG from the project, which are certified in accordance with Paragraph 22 of these Guidelines, from which MFF deducts and records in the registry system of MFF with the objective to serve as a security against risk of leakages and non-

permanence from the implementation of FCO projects in accordance with the procedures and conditions prescribed or referred to in these Guidelines;

“business-as-usual baseline (BAU)” represents the anticipated scenario for GHG emissions in the absence of the project, utilizing historical trends and current policies as a basis. The BAU should incorporate historical data, prevailing regulations, and expected activities that would persist in the absence of the project.

“carbon credits” means the amount of GHG that can be reduced, removed or avoided as a result from the implementation of FCO projects, which are verified and issued in the registry;

“Chief Executive Officer” means the Chief Executive Officer of Malaysia Forest Fund;

“CORSIA Eligible Programs” means crediting programs that are eligible under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) set by International Civil Aviation Organization (ICAO);

“crediting period” means the period during which project GHG emission reductions, removals or avoidance are eligible for issuance as Forest Carbon Unit (FCU);

“disclosure period” signifies the duration during which all relevant information about a project is disclosed to stakeholders and the public. This includes details about the project's design, implementation, and expected impacts.

“Forest Carbon Offset (FCO)” means a program that certify GHG emissions reduction, removal or avoidance resulting from the implementation of forest carbon projects under this program, and allows the transfer of FCU from forests to the buyers, ultimately to be retired as a form of carbon offset;

“FCO-approved performance standard” refers to a set of benchmarks or criteria recognized by the FCO program to assess the effectiveness of GHG reduction activities.

“FCO Methodology” means procedures and conditions for quantifying and monitoring of the amounts of GHG that can be removed, reduced or avoided from FCO projects in accordance with their respective project types; as prescribed by the Board of Trustee, with the recommendations of the Technical Advisory Committee;

“Forest Carbon Unit (FCU)” means certified GHG emissions reduction, removal and/or avoidance resulting from the implementation of FCO projects;

“Greenhouse Gas (GHG)” means gases identified by the Intergovernmental Panel on Climate Change (IPCC) in their assessment reports which contribute to the greenhouse effect;

“Grouped Project (GP)” is a type of FCO project that carries out similar or different activities to reduce, remove, or avoid GHG emissions at multiple sites within the same project crediting periods;

“Indigenous People and Local Communities (IPLC)” means typically, ethnic groups who are descended from and identify with the original inhabitants of a given region, in contrast to groups that have settled, occupied or colonized the area more recently.

“International FCO” means a type of FCO program that fulfils the requirements of Chapter 3 of these Guidelines”;

“International Objectives” means the use of carbon credits that originate from a project in Malaysia for addressing operating results or achievement of GHG emissions mitigation outcome of any other countries, or member states of international treaties or agreements, or those of non-state actors; under provisions of agreements or treaties to which Malaysia is a member state, or pursuant to provisions that Malaysia has designated through the National Focal Point and National Arrangement for such purposes including but not limited to provisions on Internationally Transferred Mitigation Outcomes (ITMOs) and other international mitigation purposes (OIMP) in accordance with guidelines provided by United Nations Framework Convention on Climate Change (UNFCCC) on Article 6 of the Paris Agreement or International Civil Aviation Organization for CORSIA Eligible Program.

“jurisdiction” or **“jurisdictional”** means extent of authority to exercise legal rights within a specific area;

“Jurisdictional Program of Activities (JPoA)” means a type of FCO project that implements the same GHG reduction, removal and avoidance activities at several sites within one jurisdiction by preparing a jurisdictional program framework and implementing activities under the framework;

“leakage” means net changes of anthropogenic emissions by GHG sources that occur outside the FCO project boundary, but are attributable to the FCO project;

“MFF” means the Malaysia Forest Fund;

“Ministry” means the Ministry in charge of Forestry and Climate Change;

“National Arrangement” means the rules approved by Government of Malaysia for Malaysia to participate in Article 6 of Paris Agreement.

“National Focal Point” means a formal entity appointed by the Malaysia and nominated to the UNFCCC pursuant to decision 14/CP.2 of the Paris Agreement to act as the primary body responsible for overseeing and coordinating activities pertaining to the UNFCCC; with responsibilities including but not limited to ensuring compliance with international rules, safeguarding environmental integrity, preventing double counting of emissions reductions, and aligning activities with Malaysia’s nationally determined contributions (NDCs) and sustainable development priorities.

“Non-permanence risk” means the risk of carbon loss, or stored GHG being released back into the atmosphere due to the non-permanence of an FCO project;

“Paris Agreement” means the Paris Agreement to the United Nations Framework Convention on climate change adopted on 12 December 2015 to which Malaysia is a party including any amendment, any treaty or agreement in replacement thereof;

“permanence” means the GHG emission reductions, removals or avoidance from the mitigation activity shall be permanent or, where there is a risk of reversal, there shall be measures in place to address those risks and compensate for reversals;

“Project Information Note (PIN)” means document informing the name of the project proponents, project name and project location for purpose of project pipeline listing;

“Project Design Document (PDD)” means the document prepared by project participants in accordance with Clause 15 prior to project registration, it shall be validated by VVB and submitted as part of project registration and submission application to MFF;

“project proponent” means an entity who conducts the FCO project development and coordinates the FCO project development process;

“project owner” means an entity who has ownership of/right to the land of the project and/or the certified FCU who shall have ownership of the carbon credits;

“project start date” means the date on which activities that lead to the generation of reductions, removals or avoidance are implemented (e.g., preparing the land for seeding, planting, changing agricultural or forestry practices, rewetting, restoring hydrological functions, or implementing management or protection plans.);

“public comment period” refers to the designated timeframe for stakeholders and the public to review and provide feedback on a proposed project;

“registry” means MFF Registry system;

“removal” means the outcomes of processes by which GHG are removed from the atmosphere because of deliberate human activities and are either destroyed or durably stored through anthropogenic activities;

“reversal” means the amounts of GHG emissions reduction, removal or avoidance caused by avoidable incidents or unavoidable incidents from the project, to be net negative compared to the baseline or previous issuance of carbon credits, which are certified, from which MFF deducts and records in the registry system of MFF in accordance to the requirements as contained or referred to in these Guidelines. (Provided in [*Subsidiary Guidelines on Integrity Assessment Criteria and Requirements and Subsidiary Guidelines for Forest Carbon Offset Methodologies*](#))

“Single Project (SP)” is a type of FCO project that conducts activities to reduce, remove or avoid GHG emissions at a single site;

“Sustainable Development Goals (SDGs)” means the 17 sustainability goals adopted by the United Nations;

“Technical Advisory Committee” means a committee set up by the Board of Trustees, with roles and responsibilities described in Paragraph 11 of this Guideline;

“Validation and Verification Body (VVB)” means an independent entity registered with MFF to perform validation and verification of the amounts of GHG reduced, removed or avoided resulting from the implementation of FCO projects in accordance with procedures, and conditions contained or referred to in these Guidelines;

“validation” means a systematic, independent, and documented process to evaluate the project following the FCO methodology for calculating and checking the amounts of GHG emissions reduced, removed, or avoided;

“verification” means a systematic, independent, and documented process to review the implementation of a validated FCO project and assess results of GHG emission reduction, removal or avoidance from an FCO project.

CHAPTER 1: GENERAL PROVISIONS

1. Chief Executive Officer

The Chief Executive Officer shall, without prejudice to the power of the Board of Trustees and the roles of the Technical Advisory Committee, have power to execute these Guidelines on matters relating to its implementation.

2. Eligible projects

Eligible projects for consideration to register as FCO projects are as listed in **Schedule 1** of these Guidelines.

3. Project Modalities

3.1 The modalities of FCO projects may take one of the following forms:

- (a) Single Project;
- (b) Grouped Project; or
- (c) Jurisdictional Program of Activities (JPoA).

3.2 In addition to Paragraph 3.1, a Grouped Project shall:

- (a) meet the applicability conditions specified in the FCO methodologies; and
- (b) maintain legal evidence of project ownership for each project activity from its respective start date when GHG emissions reduction began.

3.3 In addition to Paragraph 3.1, a Jurisdictional Programme of Activities shall:

- (a) allow bundling of activities during registration or addition of new project activity instances post-initial registration;
- (b) maintain legal evidence of project ownership for activity instance from respective start dates of GHG emissions reduction;
- (c) only qualify for credits starting from the latest activity instance start date or the verification period's start when added to the Jurisdictional Programme of Activities, until the project crediting period concludes.

3.4 The FCO modality requirements must align with the Guidelines as outlined in [Subsidiary Guidelines on Project Requirement of Forest Carbon Offset Projects](#).

4. Qualifications of project proponent or project owner

4.1 The project proponent or project owner, eligible to apply for FCO project registration shall possess the following qualifications:

- (a) Established under specific laws by a ministry or state government.
- (b) Registered in Malaysia or a group of entities formed under specific laws with documented proof of establishment;
- (c) Willingness to be listed on the publicly accessible registry;
- (d) Not being a bankrupt entity, or facing any ongoing legal issues, lawsuits or pending litigations.
- (e) Provide all necessary official documents to prove full legal and regulatory compliance to the applicable governing laws and rules.

5. Additionality concept

- 5.1 For a project activity to be deemed additional, it must satisfy the following criteria:
- (a) the activity results in more reductions or removals than what would occur under a “business as usual” scenario, with the activity being incentivized by the FCO project;
 - (b) the project must demonstrate regulatory surplus during validation and at each project crediting period renewal, meaning activities are not mandatory under any legal or regulatory framework.
- 5.2 The demonstration and assessment of additionality must adhere to the Guidelines as outlined in these Guidelines, [*Subsidiary Guidelines on Integrity Assessment Criteria and Requirements and Subsidiary Guidelines on Forest Carbon Offset Methodologies*](#).

CHAPTER 2: FCO PROJECTS

6. FCO Projects

- 6.1 All projects must prove in the PDD, that they are designed to reduce/remove/avoid GHG emissions.
- 6.2 All projects must implement additional, measurable, real and permanent GHG emissions reduction activities that does not result in double counting and do-no-net harm.
- 6.3 Projects seeking FCO status must adhere to a business-as-usual baseline scenario.
- 6.4 Projects aiming for International Objectives should be developed based on a conservative baseline scenario.
- 6.5 Project start dates must meet the following criteria:
- (a) the project must apply for registration within three (3) years of project start date unless otherwise specified in the applicable FCO methodologies.
 - (b) the project must be implemented within three (3) years from the registration date.
 - (c) the project must undergo validation within five (5) to eight (8) years of the start date, unless otherwise specified in the applicable FCO methodologies.

7. Sustainable Development Goals and Integrity Labels

- 7.1 Projects aiming for FCO status must align with at least one (1) Sustainable Development Goals (SDGs) and include supplementary integrity labels as outlined in the [*Subsidiary Guidelines on Registration of Forest Carbon Offset Projects, Subsidiary Guidelines on Sustainable Development Goals and Safeguards Compliance*](#).
- 7.2 Projects aiming for International Objectives must align with at least two (2) Sustainable Development Goals (SDGs) and include supplementary integrity labels as outlined in the these Guidelines. [*Subsidiary Guidelines on Registration of Forest Carbon Offset Projects, Subsidiary Guidelines on Sustainable Development Goals and Safeguards Compliance*](#).

CHAPTER 3: APPLICATION AND REVIEW OF REGISTRATION

8. Document Required for Registration of FCO Project

8.1 The registration process involves two stages:

- (a) **Project Pipeline Listing** : A Project Information Note (PIN) containing high level overview of the project concept is submitted at the initial stage of the project for initial review and approval.
- (b) **Project Registration** : A Project Design Document (PDD) which delves into the detailed technical and operational aspects of the project is submitted at project registration phase for review and approval.

8.2 The Project Pipeline Listing requires the following documents for submission:

- (a) A completed Project Information Note (PIN);
- (b) Evidence of a contract with the Validation & Verification Body (VVB), following the requirements as prescribed in these Guidelines. (Provided in the [Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset Projects](#))

8.3 The Project Registration requires the following documents for submission, details of which must comply with the guidelines as outlined in these Guidelines [Subsidiary Guidelines on Registration for Forest Carbon Offset Projects](#) :

- (a) a validated PDD by a VVB, with reference to [Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset Projects](#);
- (b) a Validation Report from a VVB as per the guidelines these Guidelines; [Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset Projects](#)
- (c) a valid registration certificate or documentation of entity/entities establishment;
- (d) documented Free, Prior and Informed Consent (FPIC) records from stakeholders, with reference to these Guidelines; [Subsidiary Guidelines on Project Requirement of Forest Carbon Offset Projects](#);
- (e) written approval or agreement with project owner;
- (f) Sustainable Development Assessment and a Do-No-Net-Harm Assessment Reports with measures to prevent negative impacts as per these Guidelines; [Subsidiary Guidelines on Sustainable Development Goals and Safeguards Compliance](#);
- (g) any storage devices holding all project information if applicant is sending documents via post or at MFF office.

8.4 Notwithstanding the documents outlined in Paragraph 8.3, a project proponent intending to utilize carbon credits for International Objectives under Article 6 of Paris Agreement must comply with the National Arrangement.

8.5 Applications that do not meet the requirements will not be considered for registration.

9. Registry account FCO

9.1 The proponent must submit an application, along with necessary documents, to MFF to establish an account in the registry system, in accordance with the requirements of these Guidelines; [Subsidiary Guidelines on Registry Requirement for Registration and Tracking of Forest Carbon Units](#).

9.2 MFF will publish the documents in its website for a minimum of thirty days to invite public feedback before proceeding with the registration of the FCO project.

10. Review of Application by MFF

- 10.1 Upon receiving an application, MFF will review the application along with any attached documents and evidence.
- 10.2 If an application is found to have any insufficiency or non-compliance with applicable laws and regulations, MFF will notify the project proponent within fifteen (15) business days from the date of identification and advise the project proponent to rectify and re-submit the application, along with supporting documents or evidence, within thirty (30) business days from receiving the notice from MFF. If the re-submitted application, documents and evidence are accurate and complete, the date of re-submission will be considered as the application date.
- 10.3 Failure by the project proponent to rectify and re-submit the application, documents or evidence, or provide additional information within the specified timeframe, gives MFF the authority to cancel the application and return all relevant documents to the project proponent.

11. Roles & Responsibilities of the Technical Advisory Committee

- 11.1 Upon receiving an application, along with relevant documents and evidence, the Technical Advisory Committee will conduct its review within thirty (30) business days from the date of application receipt before submitting recommendations to the Board of Trustees for the approval of FCO project registration.
- 11.2 The Technical Advisory Committee is tasked with:
 - a) reviewing the FCO guidelines and methodologies and recommending updates, enhancements, and amendments to the Board of Trustees when necessary;
 - b) providing recommendations to the Board of Trustees based on the committee's evaluation of project registration requests and credit issuance compliance as outlined in these Guidelines;
 - c) providing recommendations to the Board of Trustees regarding VVB registration, suspension and revocation as outlined in these Guidelines; and
 - d) carrying out other responsibilities as outlined in the Terms of Reference for the Technical Advisory Committee.
- 11.3 The Technical Advisory Committee's membership includes technical experts, academics, representatives from the government sector, private sector, NGOs, and other stakeholder groups as determined suitable by the Board of Trustee.

12. Registration

- 12.1 MFF will assess the registration of an FCO project based on the submitted documents and supporting materials, and make a decision within sixty (60) business days from the application receipt date.
- 12.2 The approval date of the FCO project by the Board of Trustees will be considered the registration date of the FCO project.
- 12.3 If the Board of Trustees requires clarification, comments or imposes conditions on the project implementation, MFF may be tasked to inform the project proponent to address these requests or provide a clarification letter, or take action as per the specified conditions within the designated timeframe set by MFF.

- 12.4 Failure by the project proponent to comply within the specified timeframe, without valid justification for non-compliance, may lead MFF to propose to the Board of Trustees the cancellation of the project registration.
- 12.5 Upon the Board of Trustees' approval of the FCO project registration, MFF will notify the project proponent of the FCO project registration within five (5) business days from the approval date.
- 12.6 If the Board of Trustees does not approve registration of the FCO project, MFF will inform the project proponent of the decision within five (5) business days from the completion of consideration. If the project proponent disagrees with the decision, an appeal can be made to the Board of Trustees within thirty (30) business days from receipt of the notification from MFF.
- 12.7 Following the registration of an FCO project, MFF will assign a project identification number to the project for tracking purposes as per the these Guidelines; [Subsidiary Guidelines on Registry Requirement for Registration and Tracking of Forest Carbon Units.](#)

13. Crediting period

All projects must have a minimum crediting period of thirty (30) years. Upon expiration, the crediting period can be renewed up to three (3) times, each renewal lasting for a maximum of ten (10) years.

14. Monitoring of GHG reduction, removal and avoidance

GHG reduction, removal and avoidance projects registered as FCO projects and undergoing implementation must monitor the outcomes of GHG reduction, removal or avoidance as outlined in the PDD.

15. Renewal of crediting period

15.1 The renewal of a crediting period is subject to the following conditions:

- (a) Project activities must adhere to the relevant state and national laws and regulations, as well as comply with these Guidelines; and
- (b) the project estimates the potential GHG reduction, removal or avoidance and applies measurement and reporting methods following the requirements prescribed by MFF pursuant to these Guidelines. (Provided in [Subsidiary Guidelines on Forest Carbon Offset Methodologies](#))

15.2 If a registered FCO project meets the renewal conditions and intends to renew its crediting period, it must submit a written application with supporting documents to MFF at least one hundred eighty (180) days before the current crediting period ends. The application will be reviewed by the Board of Trustees for consideration of the renewal.

15.3 For a FCO project seeking to extend its crediting period, the application must include the following documentation:

- (a) a completed application form for crediting period renewal;
- (b) a PDD validated by a VVB;
- (c) a Validation Report issued by a VVB;
- (d) a most recent entity registration certificate or proof of entity group establishment;
- (e) a written approval or agreement from the project owner for renewal;
- (f) a documented Free, Prior and Informed Consent (FPIC) obtained from relevant stakeholders;
- (g) a Sustainable Development Assessment Report;
- (h) a Do-No-Net-Harm Assessment Report outlining mitigation measures for negative impacts; and
- (i) all project information on a storage device if submitting documents by post or in person to the MFF office.

15.4 Additionally, if a project proponent intends to use carbon credits for an International Objectives under Article 6 of Paris Agreement must comply with the National Arrangement.

15.5 The provisions under Paragraphs 10,11 and 12 shall be applied with the necessary changes to the consideration of application to renew the crediting period.

16. Amendment of project details

16.1 If a project participant makes changes to the project details post-registration that impacts the estimated GHG reduction levels from the FCO project, the project proponent must inform MFF before requesting carbon credit certification, specifically in the following instances:

- (a) if the estimated GHG reduction changes by 60,000 tonnes of carbon dioxide equivalent per year or more than fifteen percent from the figures outlined in the PDD, whichever is lower;
- (b) if new types of project activities are introduced or additional FCO Methodologies are applied beyond those specified in the PDD; or
- (c) in cases specified by the Board of Trustees.

- 16.2 Notification made under Paragraph 16.1 must be provided in writing to MFF, supported by the necessary evidence and accompanied by the following documents:
- (a) a completed and revised application form;
 - (b) an updated PDD validated by a VVB;
 - (c) a Validation Report from a VVB specifically for the FCO project with altered project details post-registration;
 - (d) a Sustainable Development Assessment Report and Do-No-Net-Harm Assessment Report detailing measures to mitigate adverse impacts;
 - (e) Co-benefit Report for international FCO; and
 - (f) a storage device containing all project information if documents are submitted through post or in-person to the MFF office.
- 16.3 The project proponent is responsible for updating the details in the PDD ensuring its accuracy, and have the revised PDD validated by a VVB in alignment with the Guidelines outlined these Guidelines. (Provided in [*Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset Projects*](#))
- 16.4 If a different type of project activity is introduced to the FCO project, the project proponent must conduct a stakeholder consultation as per the requirements specified in these Guidelines (Provided in [*Subsidiary Guidelines on Project Requirement of Forest Carbon Offset Projects*](#)). Stakeholders should be informed about the project details and provided with opportunities to offer feedback through various communication channels. The outcomes of the consultation must be documented and sent with the application.
- 16.5 Any request for amending project details must adhere to the criteria outlined in Paragraph 10, 11 and 12.
- 16.6 MFF is obligated to make the documents and evidence detailed in Paragraph 16.2 publicly available in the Registry for a minimum of thirty (30) days. This allows for public comments to be received before the registration of an FCO project is considered.

17. Other amendments

Any modifications to the project, apart from those specified under Paragraph 16, must be promptly communicated by the project proponent to MFF before submitting a request for carbon credit certification.

CHAPTER 4: REVOCATION OF REGISTRATION

18. Revocation of registration

- 18.1 The registration of an FCO project may be revoked by the Board of Trustees if there are reasonable grounds to believe that:
- (a) any statement within the application, relevant documents or evidence crucial to the registration is found to be contradictory or untrue, either in whole or in part;
 - (b) the project proponent does not start the project within the specified period outlined in these Guidelines;
 - (c) the project proponent seeks registration of the FCO project under different GHG reduction, removal or avoidance standards or requests certification from other standards during the same period as the FCO project;
 - (d) the project's implementation does not comply with relevant laws or regulations;
 - (e) the project's implementation causes harm to other individuals;
 - (f) the project proponent stops operation at the project site; or

- (g) the project proponent sends a notification to end the FCO project.
- 18.2 Upon identifying any of the events specified in Paragraph 18.1, the Board of Trustees shall direct MFF to suspend the project and inform the project proponent to rectify or resolve the issue within a timeframe set by MFF, typically within thirty (30) business days from the notification date. Failure of the project proponent to address the issue within the specified timeframe will prompt MFF to recommend to the Board of Trustees the revocation of the FCO project's registration.
- 18.3 Upon the Board of Trustees' decision to revoke the registration of an FCO project, the project proponent has the right to appeal this decision within thirty (30) days from receiving notice from MFF.
- 18.4 Following the revocation, the FCO project is no longer eligible to request certification of FCU from the project.
- 18.5 If a project proponent, whose project registration has been revoked by the Board of Trustees, chooses to reapply for FCO project registration, the Board may refuse the application and prohibit the project from being registered again as an FCO project.

CHAPTER 5: CERTIFICATION OF FCU

19. Certification of FCU

- 19.1 The Board of Trustees will review the certification of FCU derived from a GHG reduction, removal or avoidance project registered as an FCO project based on the following criteria:
 - (a) the project must conduct activities in adherence to relevant laws, regulations and these Guidelines outlined;
 - (b) Data monitoring related to GHG reduction, removal or avoidance within the FCO project must align with the information provided in the initial PDD submitted for FCO project registration. Any alterations to project details, as per Clause 17 and 18, should also be documented and, where applicable, any changes of the project details thereof according to Clause 17 and 18;
 - (c) the quantity of GHG to be certified as FCU should be calculated following the FCO Methodology, supported by an emission reduction, removal or avoidance calculation spreadsheet as proof;
 - (d) submission of a PDD validated by a VVB.

20. Application for Certification and Issuance of FCU

- 20.1 To apply for the certification of FCU from an FCO project, the project proponent must complete the application form in Annex 4A. This form should be submitted to MFF along with all relevant supporting documents.
- 20.2 The application for the Certification of an FCO project must include the following:
 - (a) a formal request letter for FCU certification;
 - (b) a Monitoring Report that has been validated by a VVB;
 - (c) a Verification Report prepared from a VVB;
 - (d) a Sustainable Development and Safeguards Monitoring Report;

- (e) a Non-permanence Risk Report (if applicable) that has been verified by a VVB for voluntary projects, following the guidelines of the FCO Methodology and related tools; and
- (f) A storage device holding all project information if the applicant chooses to submit documents via post or in person at the MFF office.

20.3 Further to Paragraphs 19.1, 20.1 and 21.2, the proponent shall fulfil requirements of these Guidelines. (Provided in [Subsidiary Guidelines on Certification and Issuance of Forest Carbon Offset Projects](#))

21. Review of application for certification of carbon credits

The provisions outlined in Clauses 17 and 18 will be applicable with necessary modifications for the submission of requests for certification of carbon credits.

22. Buffer credits

Following the Board of Trustees' approval of FCU certification, MFF will set aside buffer credits in the buffer credit account as per the stipulations in these Guidelines, including in [Subsidiary Guidelines for Integrity Assessment Criteria and Requirements and Subsidiary Guidelines for Forest Carbon Offset Methodology](#). The remaining FCU, after deduction of the buffer credits, will then be recorded in the project proponent's registry accounts.

23. Leakage

The project proponent must evaluate any potential emissions leakage resulting from project implementation in adherence to the Guidelines specified. The assessment should align with these Guidelines. (Provided in [Subsidiary Guidelines for Integrity Assessment Criteria and Requirements and Subsidiary Guidelines for Forest Carbon Offset Methodology](#). In case of identified leakage, the project proponent must respond appropriately to mitigate such occurrences.

24 Double Counting

24.1 Double counting may occur in three ways:

- (a) Duplicate issuance of emissions reduction, removal or avoidance units;
- (b) Repeated use of emissions reduction, removal or avoidance units; and
- (c) Simultaneous claim for the same units of emission reductions, removals or avoidance by both a country, jurisdiction or entity that reports lower emission levels to demonstrate achievement of its mitigation target(s) or pledge(s) as well as by the country or entity that uses the units for compliance and voluntary purposes.

24.2 Project proponents must ensure that FCO projects are structured to prevent double counting or use through the following measures:

- (a) Preventing double counting in credit issuance requests:
 - (i) Prohibiting credits issuance requests for activities within the "same project boundary" from other carbon crediting or GHG emissions reduction programs.
 - (ii) Clearly outlining in the PDD any project development within an area where another project is implemented under a different GHG emission reduction program or certification system.

- (b) Avoiding double counting through reporting voluntary GHG emission reductions for more than one carbon crediting program.
- (c) Refraining from asserting ownership over FCUs that have been transferred to other accounts.

25. Grievance

Any project proponent, project owner and the member of the public can lodge grievances and complaints concerning any FCO project as stipulated in these Guidelines. (Provided in [*Subsidiary Guidelines on Grievance and Complaints Procedures*](#))

CHAPTER 6: FCO VALIDATION AND VERIFICATION

26. FCO Validation and Verification Body (VVB)

The Validation and Verification Body (VVB) is an accredited legal entity registered as an external assessor entrusted with systematically conducting validation and verification for FCO projects in compliance with these Guidelines. (Provided in [*Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset Projects*](#))

27. Registration of FCO Validation and Verification Body (VVB)

Applicant seeking registration as a VVB for FCO projects must meet the qualifications outlined in these guidelines, which are as follows:

- (a) **Accreditation by a Recognized Body:** VVBs must be accredited by a recognized accreditation body, such as one adhering to ISO standards like ISO/IEC 17029, which sets out core principles and requirements concerning the competence and impartiality of validation and verification bodies.
- (b) **Technical Expertise:** VVBs are expected to possess the requisite technical knowledge within the specific sector or technical domain they assess. This requires having qualified staff members with relevant experience and ability.
- (c) **Training and Certification:** Personnel involved in validation and verification processes must undergo training and certification to still be abreast of current standards and methodologies.
- (d) **Impartial Operations:** VVBs must conduct their assessment impartially, ensuring that their judgements are free from bias and not influenced by any conflicts of interest.
- (e) **Third-Party Status:** VVBs must function as independent third-party entities to uphold objectivity in their assessments.

28. Renewal of The FCO VVB Registration

- 28.1 The VVB agency must submit a renewal request along with all necessary supporting documentation to MFF at least ninety (90) business days before the registration's

expiration date.

- 28.2 Upon receipt of the submission documents by MFF, if they are complete, accurate and contain all essential information required for registration without any missing or additional information needed, MFF will proceed to review and approve the renewal documents.
- 28.3 The FCO VVB certificate remains valid for three (3) years from the expiry date of the original or renewed certificate. VVBs seeking renewal must not be concurrently suspended or have their registration certificate and accreditation revoked.

CHAPTER 7: FEES

29. Fees

The fees pertaining to registration, renewal of crediting periods, certification, and issuance of carbon credits will be in accordance with the specifications outlined in these Guidelines. (Provided in [Subsidiary Guidelines on Fees](#))

-End of Document-

SCHEDULE 1

PROJECTS ELIGIBLE FOR CONSIDERATION TO REGISTER AS FCO PROJECTS

- (a) Projects in the category of reduction of GHG from the forestry sector - projects that aim to reduce emissions through activities that lead to lower level of carbon being released into the atmosphere;
- (b) Projects in the category of removal of GHG from the forestry sector – projects that aim to enhance carbon sequestration through activities such as afforestation, reforestation, restoration or improving forest carbon stocks to remove carbon from the atmosphere;
- (c) Projects in the category of avoidance of GHG from the forestry sector – projects that aim to prevent carbon emissions or ‘avoid’ emissions from entering the atmosphere through activities that mitigate potential emissions or to stop existing emissions into the atmosphere;
- (d) Projects in other categories as may be additionally prescribed by the Board of Trustees which is to be properly justified with scientific rationale.

All projects must adhere to all the following pre-requisite :

- (a) Utilize approved FCO methodologies for emission reduction estimation and specify project activity and measures in the PDD;
- (b) Clearly establish the baseline scenario for the designated project activity and geographical area in the PDD;
- (c) Demonstrate additionality specific to the project activity and area by exceeding business as usual practices;
- (d) Confirm project ownership with legal documentation as outlined in the PDD, and showcase legal rights to conduct project activities;
- (e) Ensure inclusion of designated start date as per the PDD;
- (f) Avoid participation in any other carbon crediting program/project or receiving financial from any government programs to prevent double counting.

