

**IMPLEMENTING AGREEMENT TO THE PARIS AGREEMENT
BETWEEN
THE SWISS CONFEDERATION AND THE REPUBLIC OF VANUATU**

The SWISS CONFEDERATION and the REPUBLIC OF VANUATU, thereafter referred to as the Parties,

having regard to the friendly relations between the Parties;

desiring to further strengthen these relations and the fruitful cooperation between the Parties;

reaffirming the Parties' commitment to democracy, the rule of law, human rights and fundamental rights in accordance with international law, including the Charter of the United Nations and the Universal Declaration of Human Rights;

recalling the Paris Agreement, adopted on 12 December 2015, particularly its Articles 4, 6 and 13 and the relevant decisions under the Paris Agreement;

reaffirming their intention to amend this Implementing Agreement consistent with further guidance to be adopted by the Conference of the Parties serving as the meeting to the Parties of the Paris Agreement (CMA);

recalling the United Nations Sustainable Development Goals;

emphasizing the necessity to reach globally net-zero carbon emissions around 2050 pursuant to Article 4.1 of the Paris Agreement and the findings of the Intergovernmental Panel on Climate Change (IPCC) in its special report on the impacts of global warming of 1.5 degrees above pre-industrial levels and related global greenhouse gas emission pathways;

recalling the importance of formulating and communicating to the Secretariat of the Paris Agreement mid-century, long-term low greenhouse gas emission development strategies, pursuant to Article 4.19 of the Paris Agreement;

noting that cooperation under Article 6 of the Paris Agreement allows for higher ambition in mitigation and adaptation action;

reaffirming the commitment to ensuring transparency and preventing double counting, to protecting the environment, and to promoting sustainable development including the respect of human rights;

recognizing that the current nationally determined contribution of the Swiss Confederation under the Paris Agreement includes the use of internationally transferred mitigation outcomes;

noting that the Republic of Vanuatu considers selling emission reductions provided this is not an obstacle for the compliance with the nationally determined contribution;

noting that each Party may take the role of Transferor or Receiver under this Agreement;

have agreed as follows:

ARTICLE 1 General definitions

For the purpose of this Agreement, the following definitions apply:

1. "Internationally Transferred Mitigation Outcome":
 - a. "Mitigation Outcome" is defined as one ton of emission reductions or removals measured in metric tonnes of carbon dioxide equivalent (CO₂eq) applying methodologies and metrics pursuant to Article 4.13 of the Paris Agreement;
 - b. An "Internationally Transferred Mitigation Outcome", hereafter referred to as ITMO, is a Mitigation Outcome which has been transferred and recognized pursuant to Article 8.

2. "Acquiring Entity" is a public or private entity that receives the ITMOs recognized under this Agreement.
3. "Mitigation Activity" is a project or programme which mitigates greenhouse gases.
4. "Authorization" is the formal statement that each Party publicly issues pursuant to Article 5 of this Agreement and thereby commits to recognize, pending fulfillment of all requirements for transfer pursuant to Article 7, the international transfer of Mitigation Outcomes and their use towards NDC achievement or for mitigation purposes other than achievement of NDC.
5. "Biennial Transparency Report" refers to the reports defined under Article 13 of the Paris Agreement.
6. "Corresponding Adjustment" is an element in the reporting under the Paris Agreement ensuring avoidance of double counting of ITMOs, implementing Articles 4.13, 6.2, and 13.7.b of the Paris Agreement.
7. "Entity Authorized to Transfer" is a public or private entity authorized by the Transferor, consistent with its national procedures, to transfer the Mitigation Outcomes recognized under this Agreement.
8. "Issuance" is the creation of a transferable mitigation outcome in a Registry.
9. "Mitigation Activity Design Document" or "MADD" is a document describing the Mitigation Activity.
10. "Monitoring Report" is a report on the verifiable result indicators of a Mitigation Activity from which Mitigation Outcomes originate. The Entity Authorized to Transfer is responsible for its preparation.
11. "Nationally Determined Contribution" or "NDC" is the contribution of a Party to the Paris Agreement under its Article 3.
12. "NDC Implementation Period" is the time frame of a NDC of a Party to the Paris Agreement.
13. "Recognition of transfer" is the registration of information in a Registry to confirm a transfer, without issuance of units.
14. "Registry" is a digital system to track Mitigation Outcomes.
15. "Receiver" is the Party to this Agreement which recognizes the Mitigation Outcomes internationally transferred in its Registry as ITMOs.
16. "Transferor" is the Party to this Agreement which recognizes the Mitigation Outcomes internationally transferred in its Registry as additions to its emission level covered by its NDC.
17. "Verifier" is the independent third-party entity to verify Monitoring Reports.
18. "Verification Report" is the report issued by the Verifier confirming the accuracy of the content of a Monitoring Report.
19. "Vintage Year" is the year in which a Mitigation Outcome has taken place.

ARTICLE 2 Objective

The objective of this Agreement is to establish the legal framework for the transfers of Mitigation Outcomes for use towards NDC achievement or for mitigation purposes other than achievement of the NDC. In this regard, both Parties shall promote sustainable development and ensure

environmental integrity and transparency, including in governance, and robust accounting, including avoidance of double counting.

ARTICLE 3 Environmental integrity

Minimal principles and criteria relevant for the ensuring environmental integrity of Mitigation Outcomes, for which transfer and use are authorized, are hereby established:

1. Mitigation Outcomes shall be real, verified, additional to any that would otherwise occur and permanent or achieved under a system that ensures permanence, including by appropriate compensation of any material reversals;
2. Mitigation Outcomes shall represent mitigation achieved from 2021 onwards;
3. The Vintage Year of a Mitigation Outcome and its use should be in the timeframe of the same NDC implementation period; and
4. Mitigation Outcomes shall originate from activities that:
 - a. Do not lead to an increase in global emissions;
 - b. Are in line with the low emission development strategy of each Party;
 - c. Foster the transition to low emission development, in accordance with net zero carbon emissions by 2050;
 - d. Do not include activities based on nuclear energy and avoid locking in levels of emissions, technologies or carbon intensive practices incompatible with the achievement of the long-term goal of the Paris Agreement, in particular any activities based on the continued use of fossil fuels;
 - e. Promote enhanced climate action and safeguard against incentives for low ambition by the Parties involved;
 - f. Mitigate the risk of carbon leakage;
 - g. Are based on conservativeness in baseline setting, including consideration of the lower end of projected emission development;
 - h. Consider all existing and planned national policies, including legislation;
 - i. Include consideration of other factors for incentivizing enhanced climate action by the Transferor;
 - j. Apply attribution of the Mitigation Outcomes to the sources of finance, where adequate; and
 - k. Prevent any negative environmental and social impacts, including on air quality and biodiversity, social inequality and the discrimination against population groups based on gender, ethnicity or age.

ARTICLE 4 Sustainable development

Mitigation Outcomes for which transfer and use are authorized shall originate from activities that:

1. Are in line with sustainable development and any respective strategies and policies;
2. Are in line with the long-term low emission development strategies, as applicable, and promote low emission development;

3. Prevent other environmental-related negative impacts and respect national and international environmental regulations;
4. Prevent social conflict and respect human rights.

ARTICLE 5 Authorization

1. The international transfer and use of Mitigation Outcomes towards NDC achievement or for mitigation purposes other than achievement of NDC requires Authorization by each Party, in accordance with Article 6.3 of the Paris Agreement and with Articles 3 and 4 of this Agreement and consistent with respective national requirements.
2. Each Party shall establish a process by which entities can submit a request for Authorization and publish its national requirements, including the submission of a MADD, and inform the other Party of any modification thereof.
3. Each Party shall publish its Authorizations, including the MADD, in English in their respective Registry defined pursuant to Article 9.1, and inform the other Party thereon, including on updates or changes of the Authorizations. Each Party shall submit the Authorizations to the Secretariat of the Paris Agreement or to an entity defined for this purpose in respective decisions of the CMA.
4. Each Party may review consistency between their corresponding Authorizations and publish a statement in the case of inconsistency. In the absence of such a statement, the transfer is authorized as per Article 5.1 after 30 calendar days from the date on which Authorizations from both Parties are published.
5. Upon request of the Entity Authorized to Transfer, each Party may update or change its Authorizations according to the procedures in this Article. Updates or changes become valid pursuant to paragraph 4 of this Article.

ARTICLE 6 Authorization Form

1. An Authorization statement shall reference the MADD and include:
 - a. An identification of the Mitigation Activity from which the Mitigation Outcomes originate;
 - b. A definition of, inter alia, the applied standard or baseline methodologies, and requirements for Monitoring and Verification Reports;
 - c. A definition of the crediting period for the Mitigation Activity;
 - d. A definition of the NDC period(s) during which the ITMOs are authorized for use, as appropriate;
 - e. The total cumulative maximum amount of Mitigation Outcomes for which transfer and use is authorized;
 - f. A reference to the corresponding Authorization of the other Party, where applicable.
2. An Authorization of the Transferor shall include identification of the Entity Authorized to Transfer.

ARTICLE 7 Monitoring, verification and examination

1. Monitoring Reports and verification thereof are required for each Mitigation Activity from which ITMOs recognized under this Agreement originate. A Verifier approved by each Party selected by the Entity Authorized to Transfer establishes a Verification Report and submits the Verification and Monitoring reports to each Party.
2. Each Party shall make information on approved Verifiers publically available.
3. Each Party shall publish the Verification and Monitoring Reports.
4. Each Party shall assess the Verification and Monitoring Reports based on the requirements defined in the Authorization pursuant to Article 6.1.b. Approval of each Party shall take effect after a no-objection period of 90 calendar days from the date of the submission of the Verification and Monitoring Reports by the Verifier.
5. The Transferor shall examine the Mitigation Outcomes for which transfers are authorized against the following requirements for transfer, within 90 calendar days from the date of submission of the Verification and Monitoring Reports by the Verifier.
 - a. No double claiming of the Mitigation Outcomes under other national or international systems or aims;
 - b. No evidence of discrepancy with the provisions in the Authorization statements;
 - c. No evidence of violation of human rights or of national legislation of the Transferor in the implementation of the Mitigation Activity from which the Mitigation Outcomes originate.

The Transferor shall publicly issue an examination statement and notify the Receiver as well as the Entity Authorized to Transfer.

6. Upon positive examination by the Transferor, the Receiver shall issue within 30 calendar days a confirmation of the fulfillment of the requirements for transfer. The Receiver shall make the confirmation publically available and notify the Transferor as well as the Entity Authorized to Transfer thereon.

ARTICLE 8 Recognition of transfer

Each Party shall recognize authorized transfers of Mitigation Outcomes for which positive statements from the Parties are available pursuant to Articles 7.5 and 7.6:

1. Consistent with a request by the Entity Authorized to Transfer, the Transferor shall ensure notification of the transfer to the Acquiring Entity and the Receiver. Such notification shall include identification of the Acquiring Entity and information on the amount of transferred Mitigation Outcomes, unique identifiers for each Mitigation Outcome clarifying the origin and Vintage Year of the Mitigation Outcomes, the applicable method for corresponding adjustment pursuant to Article 10, and a reference to the underlying Authorization.
2. The Transferor shall recognize the transfer of the Mitigation Outcomes in the Registry defined per Article 9.1 and recognize the transferred Mitigation Outcomes as additions pursuant to Article 10.1.b.
3. The Receiver shall recognize the transferred Mitigation Outcomes as ITMOs in the Registry defined per Article 9.1.

ARTICLE 9 Registry

1. Each Party shall define and use a Registry with the following properties for the recognition of transfer:
 - a. The Registry shall be publicly available;
 - b. The Registry shall be updated pursuant to the publication of Authorizations under Article 5.3 and the recognition of transfers under Articles 8.2 and 8.3, respectively;
 - c. The Registry shall include unique identifiers for all ITMOs recognized under this Agreement, information regarding the origin and the Vintage Year, a reference to the Authorizations and documentation required for the recognition of the transfer of Mitigation Outcomes.
2. Parties may define a Registry jointly used for the Issuance, transfer and tracking of international units representing ITMOs.

ARTICLE 10 Corresponding adjustment

1. In order to avoid double counting of transferred Mitigation Outcomes, the Parties shall apply corresponding adjustment as follows:
 - a. to emissions and removals from the sectors and greenhouse gases covered by the NDC;
 - b. through additions for all Mitigation Outcomes first-transferred and through subtractions for the Mitigation Outcomes used towards the NDC of a Party.
2. Each Party with a multi-year NDC shall add to or subtract from, respectively, its emission level pursuant to Article 10.1.a the total amount of Mitigation Outcomes first-transferred or used towards its NDC.
3. Each Party with a single-year NDC shall add to or subtract from, respectively, its emission level pursuant to Article 10.1.a the sum of all Mitigation Outcomes first-transferred or used towards its NDC over the respective NDC Implementation Period divided by the number of years of that Implementation Period.
4. Each Party with a single-year NDC may, alternatively, define a multi-year emissions trajectory, trajectories or budget for the NDC Implementation Period that is consistent with the implementation and achievement of its NDC. That Party shall apply corresponding adjustment pursuant to Article 10.2 of this Agreement. That Party shall further communicate, no later than the time of the first transfer recognized under this Agreement, to the Secretariat of the Paris Agreement the multi-year emissions trajectory, trajectories or budget for the NDC Implementation Period.
5. Each Party shall include corresponding adjustment, in accordance with the Articles 10.1 to 10.4, in its assessment of whether it has achieved the target(s) of its NDC, pursuant to Article 13.7.b of the Paris Agreement.

ARTICLE 11 Annual reporting

Each Party should submit annually to the Secretariat of the Paris Agreement quantitative information on Mitigation Outcomes transferred, acquired, held, cancelled and used, including the purpose of the use, accompanied by information uniquely identifying the ITMOs including in

relation to the Transferor or the Acquiring Entity, the origin and the Vintage Year and references to the respective Monitoring and Verification Reports.

ARTICLE 12 Biennial reporting

Each Party shall report, pursuant to the Article 13.7.b and modalities, procedures and guidelines adopted under Article 13.13 of the Paris Agreement, the following information:

1. In the Biennial Transparency Report covering the inventory information on the NDC end year, each Party shall apply corresponding adjustment as defined in Article 10.1 to 10.4 in its assessment of whether it has achieved the target(s) of its NDC;
2. In each Biennial Transparency Reports submitted in relation to the relevant NDC Implementation Period, each Party shall provide the following information:
 - a. Annual information on Mitigation Outcomes first transferred and used;
 - b. Annual emission balances, as applicable, in accordance with Article 10.1;
 - c. Qualitative information on the transferred Mitigation Outcomes including information on implementation of corresponding adjustment as defined under this Agreement as well as information on the criteria and provisions for ensuring environmental integrity and promoting sustainable development applied under this Agreement.

ARTICLE 13 No double counting with international climate finance

The resources used for the acquisition of ITMOs recognized under this Agreement shall not be reported as support provided or mobilized under Articles 9, 10 and 11 of the Paris Agreement, unless the Parties to this Agreement agree otherwise in accordance with Article 13.13 of the Paris Agreement.

ARTICLE 14 Competent authorities

1. The Republic of Vanuatu has authorized the Ministry of Climate Change, Energy, Environment and Meteorology to act on its behalf in implementing this Agreement.
2. The Swiss Confederation has authorized the Federal Department of the Environment, Transport, Energy and Communications, acting through the Federal Office for the Environment (FOEN), in implementing this Agreement.

ARTICLE 15 Common Concern

The Parties agree to combine their efforts to fight corruption and, in particular, declare that any offer, gift, payment, remuneration or benefit of any kind whatsoever, made to whomever, directly or indirectly, with a view to being awarded an authorization or a recognition of transfer under this Agreement, will be construed as an illegal act or corrupt practice. Any act of this kind constitutes sufficient grounds for suspending recognition of transfers pursuant to Article 20. The Parties shall promptly inform each other of any well-founded suspicion of an illegal act or corrupt practice.

ARTICLE 16 Entry into force

The Agreement shall enter into force 60 days after its signature by the Parties.

ARTICLE 17 Amendments

Any modification or amendment to the present Agreement shall be made in writing with the mutual agreement of both Parties.

ARTICLE 18 Settlement of disputes

Any dispute between the Parties concerning the interpretation or application of this Agreement shall be resolved by direct negotiations by diplomatic channels.

ARTICLE 19 Denunciation of this Agreement

1. Any Party may denounce this Agreement by written notification to the other Party. Such denunciation shall take effect four calendar years after the end of the NDC Implementation Period (i.e. at earliest in the year 2034) during which the denunciation is communicated.
2. The Entities Authorized to Transfer shall be informed by the Transferor immediately on the termination of the Agreement.

ARTICLE 20 Suspension of recognition of transfers

1. Any Party may suspend a recognition of transfer if
 - a. The other Party is in non-compliance with Article 4.2 of the Paris Agreement, whereby consideration of compliance should be based on relevant considerations by the committee established under Article 15 of the Paris Agreement;
 - b. The other Party is in non-compliance with the provisions of this Agreement.
2. Such suspension of recognition of transfer shall be communicated by written notification to the other Party and shall take effect 30 calendar days from the date of receipt of the written notification or on later date as specified in that notification.

ARTICLE 21 Termination

1. This Agreement and all authorizations under this Agreement shall terminate if any of the Parties withdraws from the Paris Agreement.
2. Such termination shall take effect on the same date as the date on which the Party's withdrawal from the Paris Agreement takes effect.

Done in duplicate in English and German languages, all texts being equally authentic. In case of divergence, the English text shall prevail.

FOR THE SWISS CONFEDERATION:

~~Bern~~ ^{Glasgow} 11/11/2021



Simonetta Sommaruga

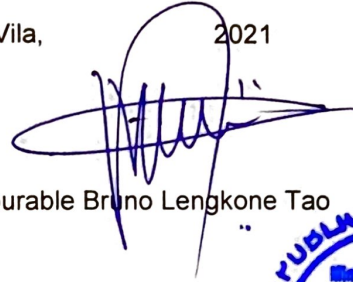
Federal Councillor

Minister of the Environment, Transport,

Energy and Communications

FOR THE REPUBLIC OF VANUATU:

Port Vila, 2021



Honourable Bruno Lenghone Tao

Minister for Climate Change

