

AlliedOffsets Monthly Country Policy Update

Our Monthly Country Policy Update provides a snapshot into the changing policy and regulatory landscape across the most active countries in the VCM. Over the last month, we have added seven new countries (Malaysia, New Zealand, Namibia, Taiwan, Morocco, Ecuador, Nicaragua) to the AlliedOffsets Policy Tracker, taking the number of countries tracked to 36.

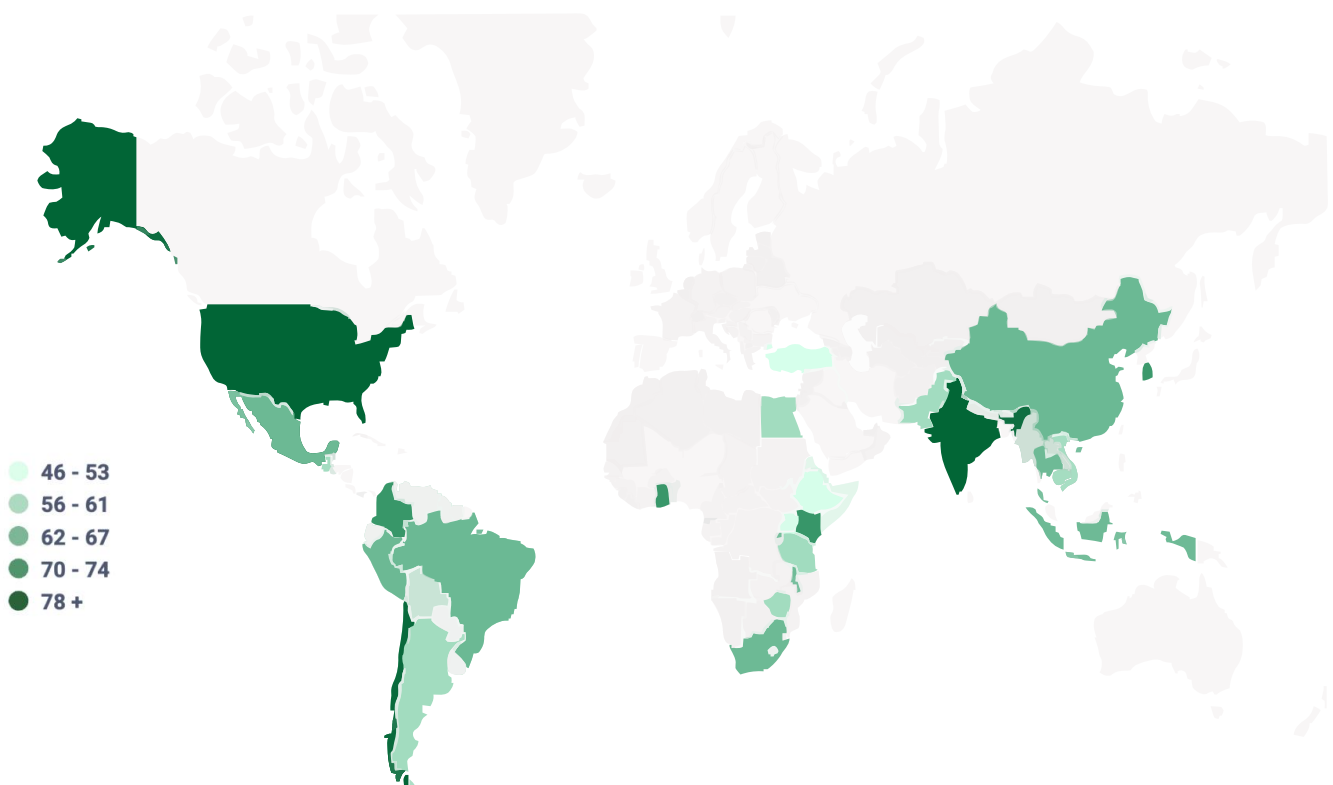
The AlliedOffsets Policy Scores track changes across five categories: Political Commitment, Policy Processes, Institutional Frameworks, Market Performance and Business Friendliness, and covers 20 indicators overall. Each country's score is updated monthly.

Global Score Change: +1.78 since June 2024

In this report, we highlight the countries that saw the most significant improvements and steepest declines in their scores from June to July, as determined by our scoring system.

Additionally, we explore the specific impact of the Integrity Council for the Voluntary Carbon Market's (ICVCM) early August decision on the domestic carbon markets of these countries.

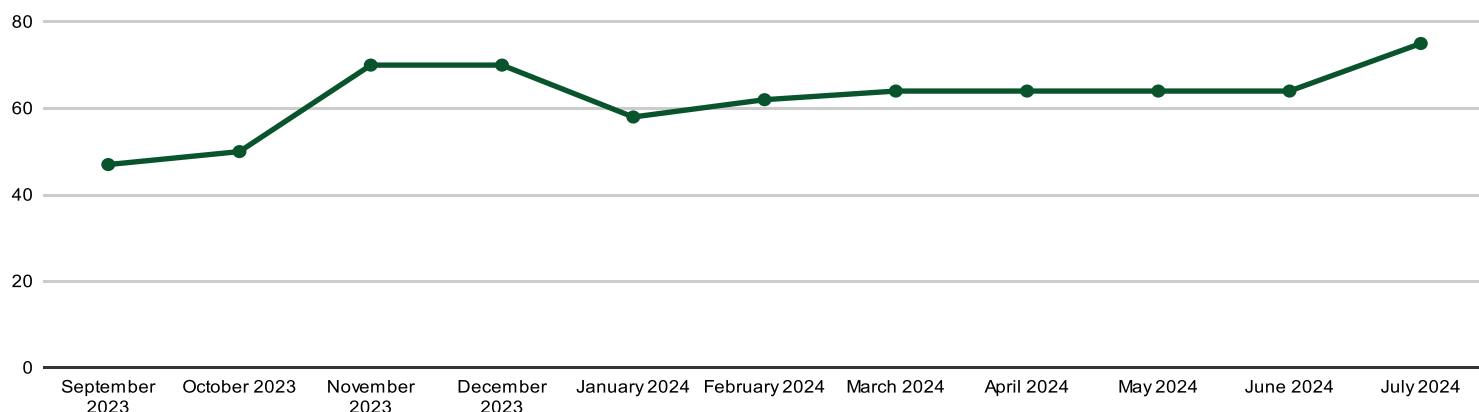
The ICVCM found that eight methodologies used in renewable energy projects failed to meet the additionality criteria set by the CCP Assessment Framework. As a result, these methodologies are now ineligible for the high-integrity CCP label.



What countries improved their ratings the most?

Top Scoring performer: Thailand (73) > (75)

+ 2 score change since July. Moved 9 positions up from rank 16 to rank 7.



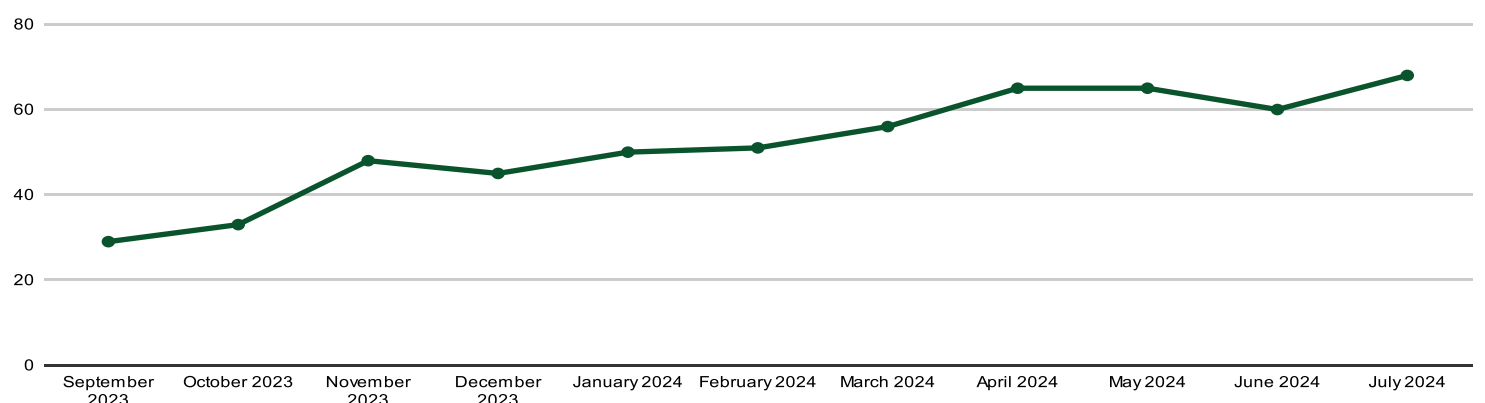
(+4) Political Commitment: The Thai government is set to submit the [Climate Change Bill](#) for cabinet approval, proposing carbon credits, a carbon tax, and an ETS. Besides, Thailand signed an [MOU with Japan](#) to create a joint crediting mechanism, to allow carbon credit sharing and technology, infrastructure and capital exchanges.

(+1) Market Performance: The average estimated price per credit held steady at \$4.55, while market efficiency remained consistent with a 59% retirement-to-remaining credits ratio.

AlliedOffsets Comment: Thailand's carbon market activity experienced a sharp decline, with retirements dropping by 65.2% from June to July, falling even below the low point seen in March. This drop occurred despite a slight recovery in the second quarter of the year. However, the increased political commitment signals potential for long-term recovery.

Second most improved mover: Vietnam (60) > (68)

+8 score change since July. Moved 6 positions up: from rank 18 to rank 12.



(+2) Policy Processes: Vietnam plans to launch a national [carbon credit exchange](#) by 2028, with a pilot trading platform starting in 2025. The MONRE is also developing a national system to track emissions quotas, carbon credits and connect with global markets after 2030.

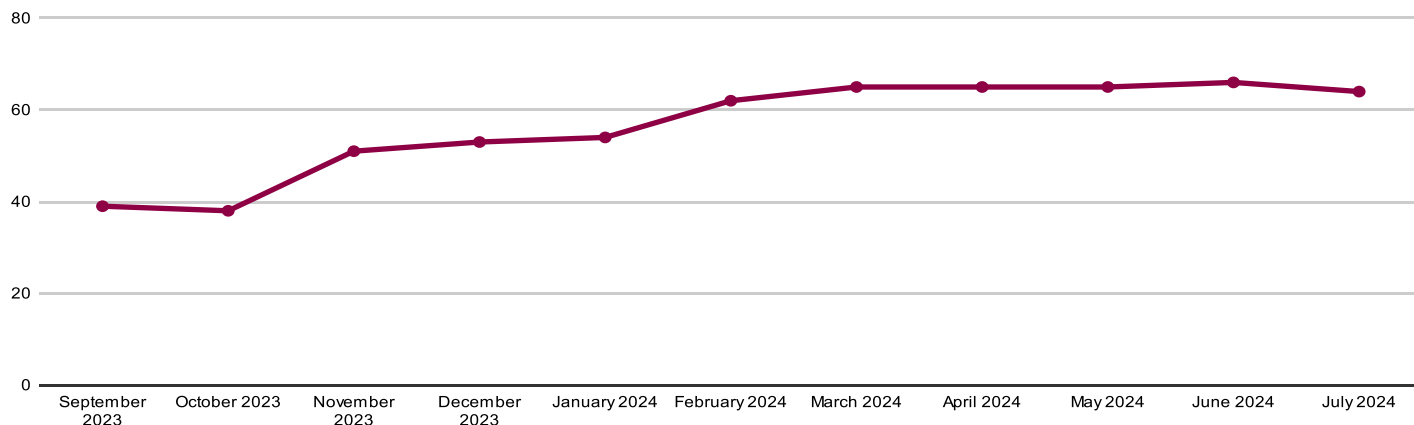
(+3) Market Performance: The average estimated price per credit increased by 30.3% from June to July, rising from \$2.72 to \$3.91.

AlliedOffsets Comment: Vietnam experienced a 63.2% drop in retirements from June to July. However, the 30% credit price increase suggests a potential shift in market dynamics bolstered by an increased political commitment and private sector engagement.

What countries decreased their ratings the most?

Highest falling country: South Africa (66) > (64)

-2 score change since July. Moved 9 positions down, from rank 13 to rank 22.



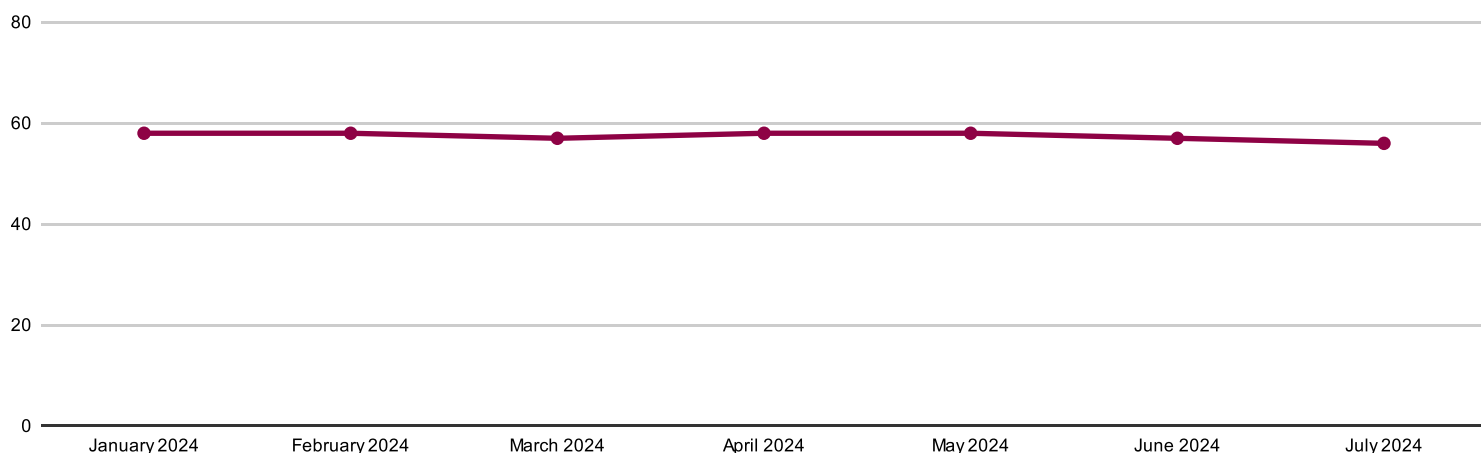
(+1) Institutional Framework: South Africa's National Treasury will soon propose regulations for carbon markets, defining the legal status of credits, their treatment under the VCM, the country's Article 6 Policy Framework, Carbon Strategy, and carbon tax.

(-4) Market Performance: The average estimated price per credit decreased by 15.6% from June to July, dropping from \$5.89 to \$5.09. This marks a new decline following the increase experienced in June after hitting a low of \$3.79 in May.

AlliedOffsets Comment: Following recent market activity driven by compliance retirements towards South Africa's Carbon Tax under Section 19 of the Carbon Tax Act, retirements have fallen from 3.3 million credits to just 150,482 in July (a 95.4% decline). This has been accompanied by a 15.6% decrease in average price of credits retired. However, strong political commitment, robust policy processes, and a solid institutional framework inspire confidence in the market's stability moving forward.

Second Highest falling country: Pakistan (57) > (56)

- 1 score change since July. Moved 9 positions down, from rank 24 to rank 33



(-6) Political Commitment: After launching the support for Preparedness for Article 6 Cooperation and announcing intentions to develop a cap-and-trade system in 2023, the lack of further developments to celebrate article 6 agreement and creating a robust regulatory framework has resulted in a relatively low political commitment score.

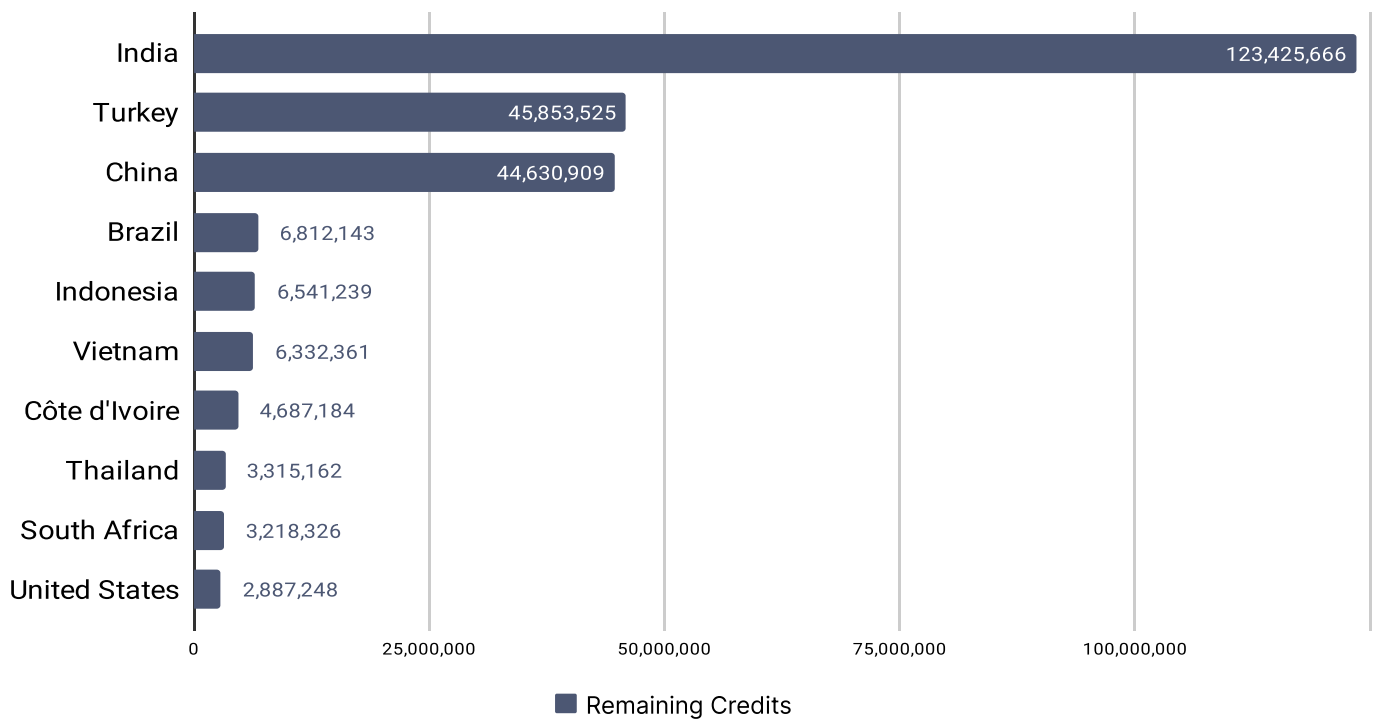
(=) Market Performance: The average estimated price per credit increased by 12.06% in July, rising from \$22.05 to \$25.08. Over the last three months, market efficiency has remained at 17%.

AlliedOffsets Comment: Pakistan's carbon market presents a mixed outlook, with a 12.06% increase in credit prices in July contributing to a 33.7% rise since January, signalling positive price momentum. However, stagnant market efficiency since April underscores the need for stronger institutional frameworks and policy processes to ensure sustainable long-term growth.

What countries were most affected by the latest ICVCM CCP Assessment Decision?

This ruling affects 12.8% of all credits issued in the market, and 7.73% of the available ones to be retired. The top 10 most affected countries, based on the volume of impacted available credits, are predominantly in Asia, followed by Africa.

Top 10 countries by remaining credits from ICVCM-rejected methodologies



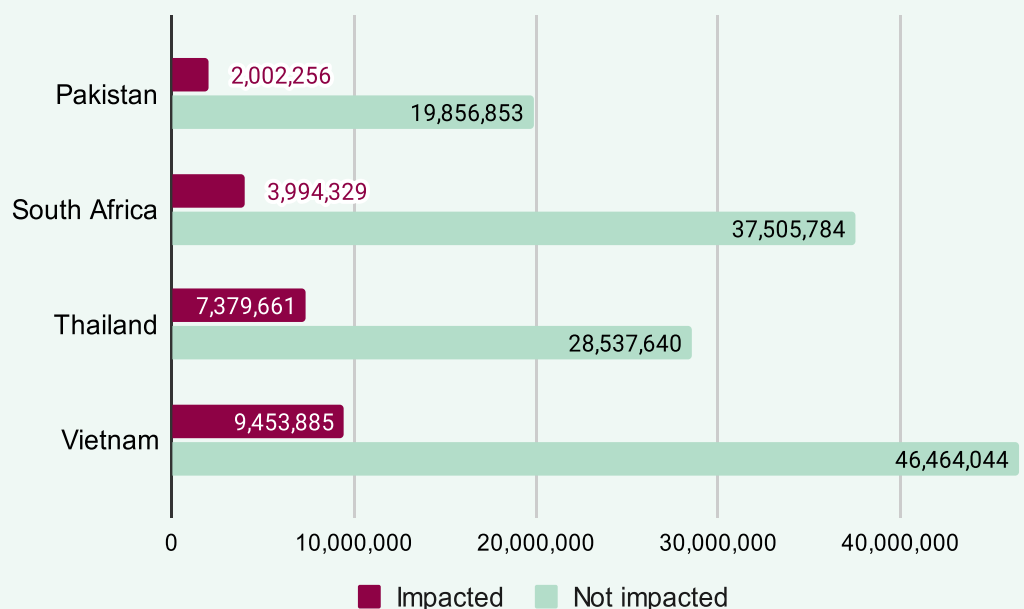
The decision affects:

- 9.15% of the total issued credits (2 million) originating from 8 projects in Pakistan,
- 9.62% of the total issued credits (3.9 million) originating from 2 projects in South Africa,
- 20.5% of total issued credits (7.3 million) originating from 33 projects in Thailand, and
- 16.9% of the total issued credits (9.4 million) originating from 48 projects in Vietnam.

Vietnam ranks as the:

- 7th most affected country in terms of impacted issued credits, and
- 6th most affected in terms of impacted remaining credits (6.3 million).

Impact of ICVCM decision on issued credits in selected countries



Monthly Policy Score Changes

Breakdown of the countries with the total policy score, movement since last month and score difference from the previous period

Country	Overall Score	Rank Movement Direction	Score difference
United States	83	-	1
Singapore	78	▲	4
Colombia	77	▲	5
Ghana	77	▲	5
Chile	77	▼	-1
Kenya	76	▼	0
Thailand	75	▲	2
South Korea	72	▼	-3
Indonesia	70	▲	4
India	70	▼	-8
Peru	68	▲	4
Vietnam	68	▲	8
Rwanda	68	▲	2
Taiwan	67	-	-
China	67	▼	-1
Tanzania	66	▲	6
Brazil	66	▼	-4
Cambodia	66	▲	9

Monthly Policy Score Changes

Breakdown of the countries with the total policy score, movement since last month and score difference from the previous period

Country	Overall Score	Rank Movement Direction	Score difference
Malawi	64	▼	-5
Mexico	64	▼	-4
Malaysia	64	-	-
South Africa	64	▼	-2
New Zealand	63	-	-
Argentina	63	▼	5
Zimbabwe	61	-	6
Uganda	61	-	8
Guatemala	60	▼	0
Namibia	59	-	-
Turkey	59	▼	6
Egypt	59	▼	1
Ecuador	58	-	-
Congo, Dem. Rep	58	▼	8
Pakistan	56	▼	-1
Morocco	54	-	-
Ethiopia	52	▼	4
Nicaragua	48	-	-