



INTERNATIONAL INSTITUTE FOR THE UNIFICATION OF PRIVATE LAW  
INSTITUT INTERNATIONAL POUR L'UNIFICATION DU DROIT PRIVE

Our refce.: S86/793

## NOTE VERBALE

The International Institute for the Unification of Private Law (UNIDROIT) presents its compliments to the Embassy of the Republic of Estonia in Italy and has the honour to recall that at its 101<sup>st</sup> session in June 2022, the UNIDROIT Governing Council recommended to include a project to analyse the legal nature of voluntary carbon credits (VCCs) in the Work Programme of the Institute for the 2023-2025 triennium with high priority. This recommendation was endorsed by UNIDROIT's General Assembly at its 81<sup>st</sup> session (December 2022), which officially adopted the project. At its 102<sup>nd</sup> session in May 2023, the Governing Council authorised the Secretariat to establish a Working Group to develop the project. At its 103<sup>rd</sup> session in May 2024, the Governing Council decided to change the title and scope of the project to verified carbon credits.

The project on the Legal Nature of Verified Carbon Credits aims at providing guidance on private law issues so as to enhance confidence in VCC transactions and support the development of a well-functioning market, which could play a central role in fighting climate change, achieving the goals of the United Nations Framework Convention on Climate Change ("UNFCCC"), in particular the Paris Agreement, and facilitating the fulfilment of the UN Sustainable Development Goals. Given that a significant share of the projects that generate VCCs are located in developing economies, a reliable carbon credit market also provides an opportunity to increase capital flow to emerging markets and provide funding to climate mitigation projects.

Pursuant to UNIDROIT's methodology, the work will be carried forward by a Working Group composed of international experts from different legal systems, under the Chair of Professor Hideki Kanda, Member of the UNIDROIT Governing Council. More information on the project can be found here: <https://www.unidroit.org/work-in-progress/verified-carbon-credits/>.

In light of the significant interest this project had generated, at its 103<sup>rd</sup> session in May 2024 the Governing Council granted the Secretariat flexibility to establish a Consultative Committee to ensure domestic and regional feedback throughout the process of development of the future instrument. Such Consultative Committee will allow for a wider participation of experts worldwide, increase transparency, and provide invaluable context-specific feedback to the Working Group. The Consultative Committee will be chaired by Ms Sharon Ong, Member of the UNIDROIT Governing Council. It is expected that the Committee will be comprised of experts in carbon credit trading, environmental law, property law, contract law, secured transactions, financial law and digital technology.

To this end, UNIDROIT has the pleasure to invite the Government of the Republic of Estonia to consider nominating a maximum two participants to the Consultative Committee for the project on the Legal Nature of VCCs (preferably one government official and/or one expert who is not a government official). The Secretariat encourages Member States to contribute to achieving gender balance in the Consultative Committee. Details on the timing and functioning of the Consultative Committee will be provided directly to the members.

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UNIDROIT would be further grateful if the Embassy of the Republic of Estonia in Italy could kindly confirm the name and contact information of any proposed participant(s) to the Consultative Committee by email to Ms Audrey Chaunac ([a.chaunac@unidroit.org](mailto:a.chaunac@unidroit.org)) **no later than 15 September 2024**.

The responsible Officers for this project are Professor Meiling Huang ([m.huang@unidroit.org](mailto:m.huang@unidroit.org)) and Ms Qianqian Liu ([q.liu@unidroit.org](mailto:q.liu@unidroit.org)). Please do not hesitate to contact them directly should you have any questions regarding the project.

UNIDROIT would be grateful if the Embassy of the Republic of Estonia in Italy would kindly bring the contents of this Note Verbale as well as its enclosure to the attention of the competent Authorities of its Government.

Rome, 5 August 2024

To the Embassy of the Republic of Estonia in Italy  
ROME

