



MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT
DEPARTMENT OF CLIMATE CHANGE

PMI Global Knowledge Forum

SESSION 4. EMISSION TRADING

VIET NAM'S PARTNERSHIP TO MARKET IMPLEMENTATION PROJECT



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Vietnam

National context

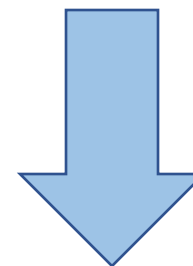


- Viet Nam has developed from being poor to a middle-income country
- Net greenhouse gas emissions have more than tripled from 1994 levels, reaching 316 MtCO₂e in 2016 (BUR3)
- Achieving Viet Nam's long-term development goal of becoming a high-income developed country by 2045 therefore requires a shift to a low carbon, sustainable growth model → Viet Nam has committed to reaching net-zero emissions by 2050 and phasing out the use of coal in the 2040s.
- The updated Nationally Determined Contribution (NDC 2022) had been submitted to the United Nations Framework Convention on Climate Change in November 2022 with updating the commitment to reach net zero on the National Climate Change Strategy (NCCS)

NATIONALLY DETERMINED CONTRIBUTION

Updated and submitted to UNFCCC in 2022 that is in line with Net Zero target in 2050

Sector	GHG emission reduction Unconditional Contribution			GHG emission reduction with international support			GHG emission reduction Conditional Contribution		
	Compared to BAU scenario	Reduction amount (Mt CO ₂ eq)	Financial need (millions USD)	Compared to BAU scenario	Reduction amount (Mt CO ₂ eq)	Financial need (millions USD)	Compared to BAU scenario	Reduction amount (Mt CO ₂ eq)	Financial need (millions USD)
Energy	7.0	64.8	14,464.4	17.5	162.2	46,097.0	24.4	227.0	60,561.4
Agriculture	1.3	12.4	2,122.8	4.1	38.5	13,979.4	5.5	50.9	16,102.2
LULUCF*	3.5	32.5	3,927.4	1.5	14.1	1,567.4	5.0	46.6	5,494.9
Waste	1.0	8.7	916.6	2.2	20.7	1,809.5	3.2	29.4	2,726.1
IP	3.0	27.9	310.0	2.4	21.9	1,640.2	5.4	49.8	1,950.1
Total	15.8	146.3	21,741.2	27.7	257.4	65,093.4	43.5	403.7	86,834.7



- **Unconditional Contribution:** reduction of emission by 15.8% compared to BAU



- **Conditional Contribution:** reduction of emission by 43.5% compared to BAU with additional international financing

Carbon pricing will play an important role in reaching these goals.

PMR project (2015-2020) in Vietnam as first step

- Focused on four areas:
 - ✓ guidance for crediting Nationally Appropriate Mitigation Actions and developing a database system;
 - ✓ options for market-based approaches for emissions reductions;
 - ✓ developing a framework for crediting emissions reductions in the solid waste sector;
 - ✓ and a roadmap and framework for market-based instruments in the steel sector.
- significant contribution to building understanding of the potential role of different carbon pricing options in Viet Nam
- The role of the carbon pricing within Viet Nam's policy mix was confirmed through the revised **Law on Environmental Protection (2020)**, which provides the legal basis for developing a domestic carbon market. The domestic market will consist of two carbon pricing instruments (CPIs):
 - ✓ A national crediting program (NCP)
 - ✓ An emissions trading system (ETS)

VIET NAM'S CARBON PRICING POLICY

Developing a carbon market in Viet Nam to mitigate greenhouse gas emissions at **low costs** to businesses and society, promoting the development of **low-emission technologies**, contributing to **improving competitiveness** of Vietnamese private sector

National mandate:

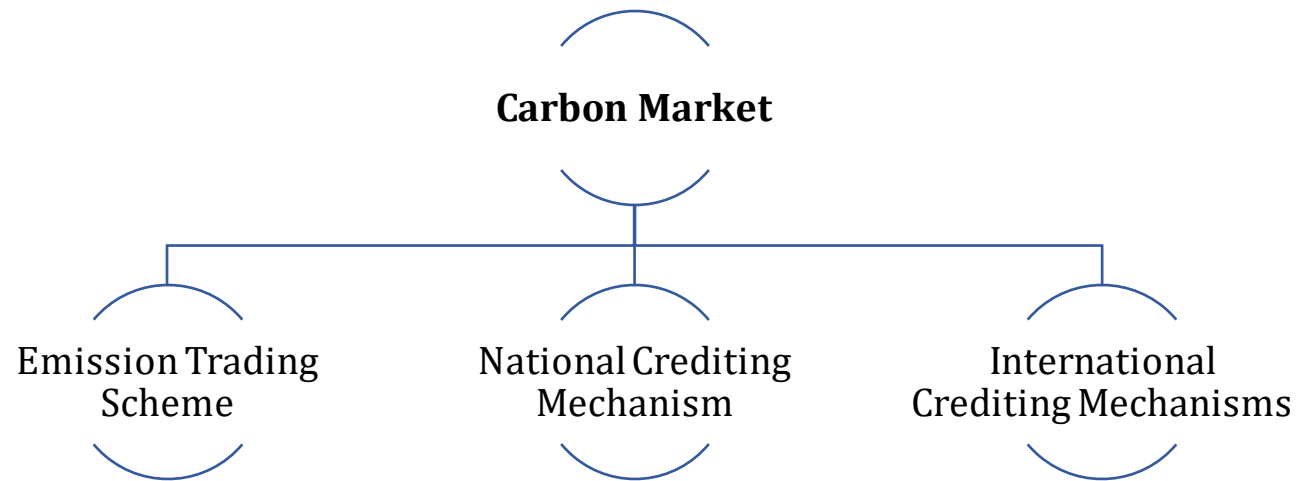
- Law on Environmental protection 2020
- Government Decree No.06/2021/ND-CP



Contribution from PMR



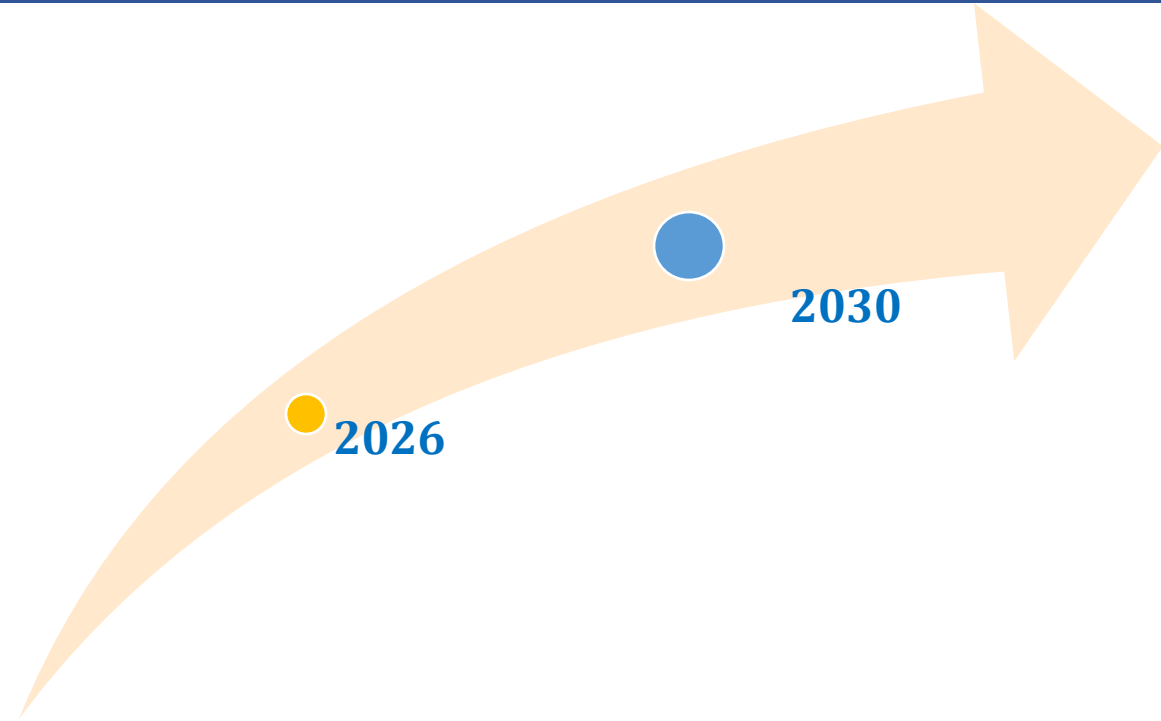
Support from PMI



CARBON MARKET ROAD MAP

1. From now to 2026:

- Establishing an information and data system.
- Developing National Crediting Program and guideline for international mechanisms.
- Building technical infrastructure.
- Piloting the Emission Trading Scheme.
- Capacity building for business and relevant stakeholders.



2. From 2026 to 2030:

- Official launching of Emission Trading Scheme.
- Connecting with regional and international carbon market.

INSTITUTIONAL ARRANGEMENT



MOF

- Develop the carbon trading exchange
- Develop the financial regulations



MONRE

- Focal point for the development of carbon market
- Manage the operation of ETS and carbon trading exchange
- Establish and manage the NCP



Line Ministries (MOIT, MOT, MOC)

- Manage facilities, industries to be included in the ETS
- Develop technical guidance for specific sectors



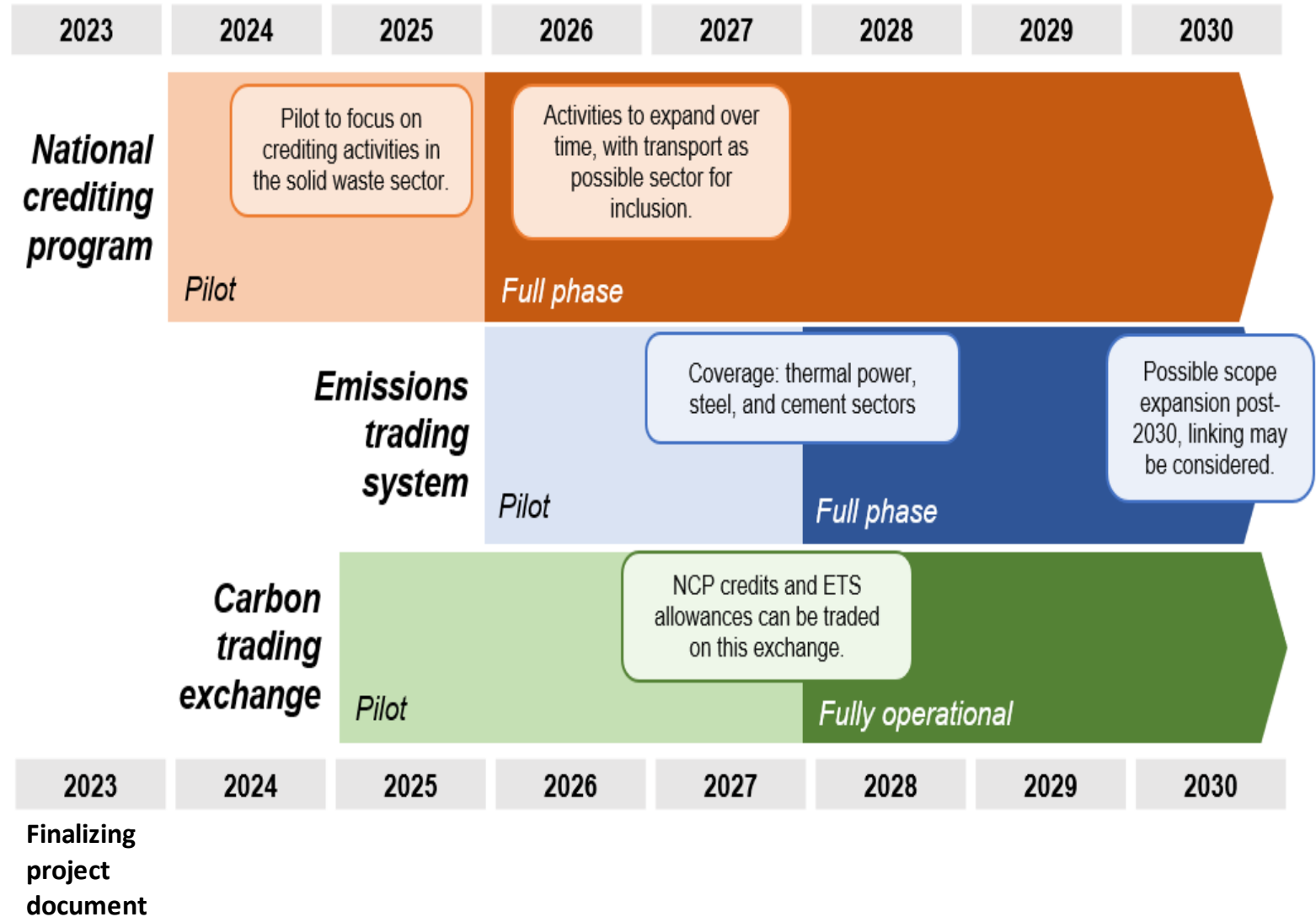
MPI

- Mobilize and allocate resources
- Develop just transition framework

ROLE AND TIMELINE OF PMI

Objective of PMI works in Viet Nam

- Support Viet Nam in developing and **implementing CPIs** to meet its NDC target and long-term decarbonization strategy.
- Support Viet Nam to identify and implement **best practice approaches**.



CHALLENGES

- Lack of experience on domestic trading market
- Lack of sufficient capacity both for private sector entities to participate effectively in the instruments and for regulators to design and administer them.
- Lacks of an emissions registry and a data reporting system, into which facility-level GHG reporting can be submitted
- Lack of MRV system regulations for several main emitter sectors (such cement, steel, thermal power)
- Identification of policy options to encourage private sector participation
- Coordinating of line of relevant ministries

THANK YOU!