



# GLOBAL CARBON MARKET

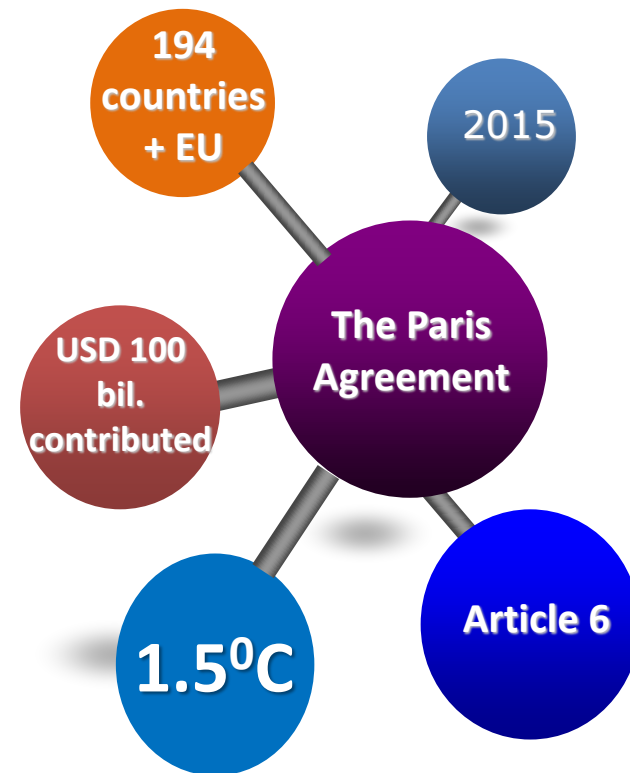
*Presented by: Hoang Anh Dung - Chief Executive Officer - INTRACO*

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# I. THE PARIS AGREEMENT

- Is an international agreement on climate change combat, adopted in **2015**, addressing climate change mitigation, adaptation, and financing.
- With a goal of **keeping the increase in global average temperature** to well below 2°C and an effort to limit the increase to **1.5°C** above pre-industrial levels.
- The countries' goal is to reach GHG emission reductions as quickly as possible to achieve the world's carbon neutrality goals by the middle of this century.
- At least **USD100 billion**/year financed by the developed countries.
- Signed by **194 countries** and the European Union.
- The short agreement consists of 16 introductory paragraphs and 29 Articles, of which **Article 6** represents a **cooperation mechanism** on a voluntary basis, allowing the Parties to cooperate in implementation with the NDC on emission reduction targets.



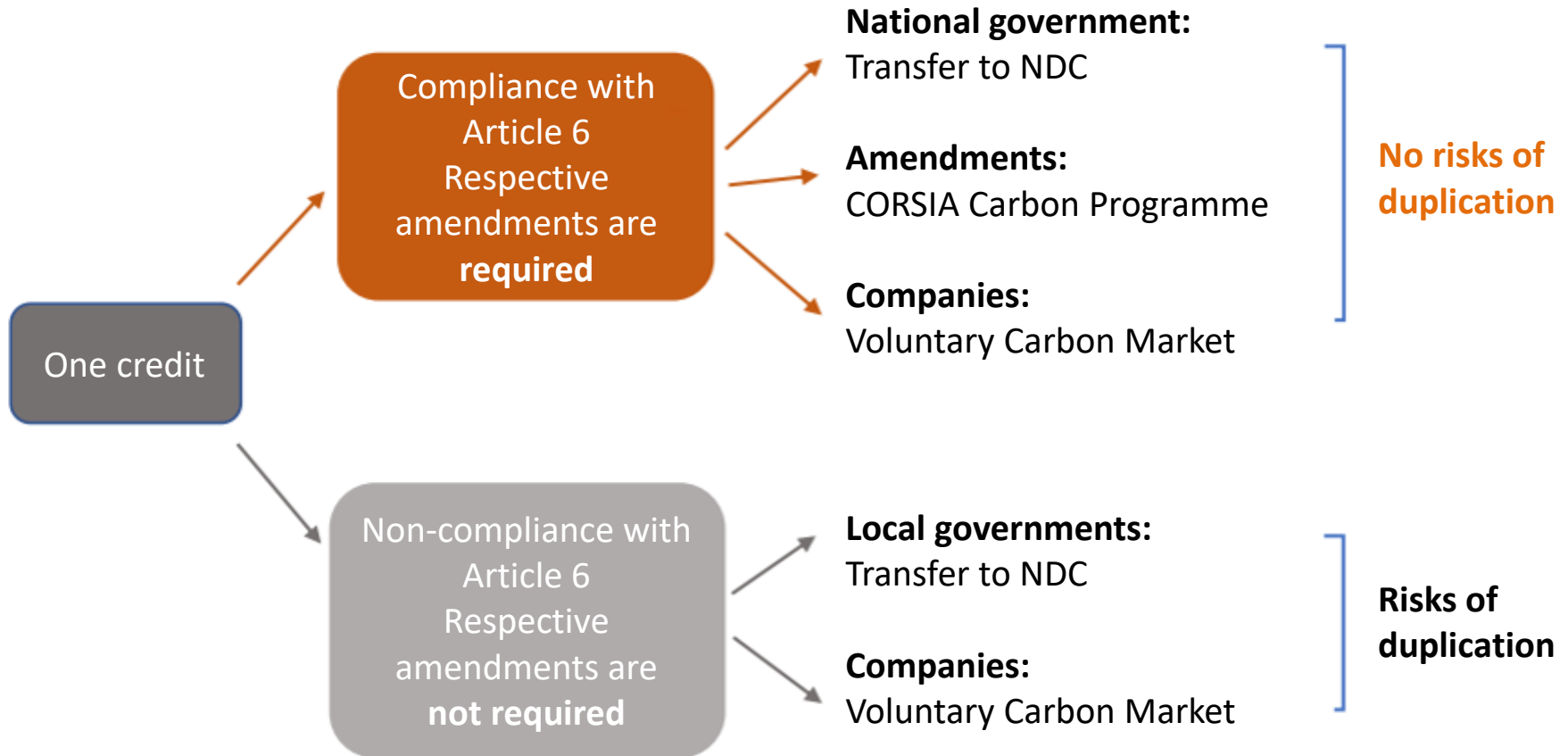
# I. THE PARIS AGREEMENT – ARTICLE 6 - TWO APPROACHES TO INTERNATIONAL COOPERATION

**Article 6.2:** provides a financial framework for international cooperation that connects Emissions Trading Systems (ETS) of more than 2 countries and allows bilateral transfer of Carbon credits between countries and organizations.

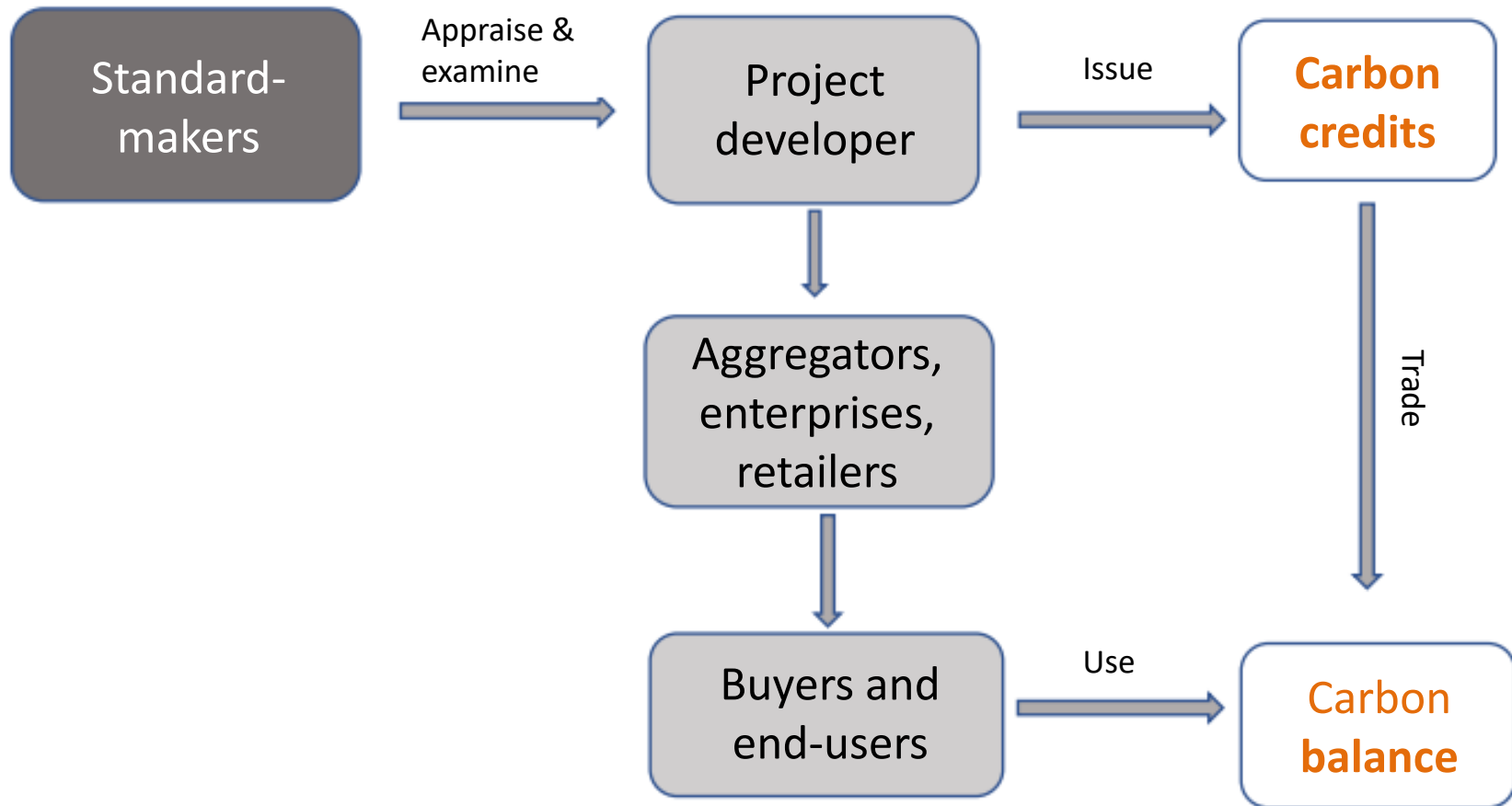
**Article 6.4:** establishes a centralized United Nations mechanism (as a successor to CDM) to verify tradable carbon credits from GHG emission reductions obtained in projects.

*For example, an Investor of country A may finance solar panel projects in country B to replace electricity generated by coal-fired plants. Country B benefits from the clean energy, reduced emissions, and its investors can sell carbon credits to country A for the purpose of meeting this country's emission reduction target.*

# I. THE PARIS AGREEMENT – ARTICLE 6 - SIGNIFICANCE OF COMPLIANCE WITH THE TERMS



## II. CARBON MARKET – OVERVIEW OF THE VOLUNTARY CARBON MARKET



## II. CARBON MARKET – CARBON PRICING

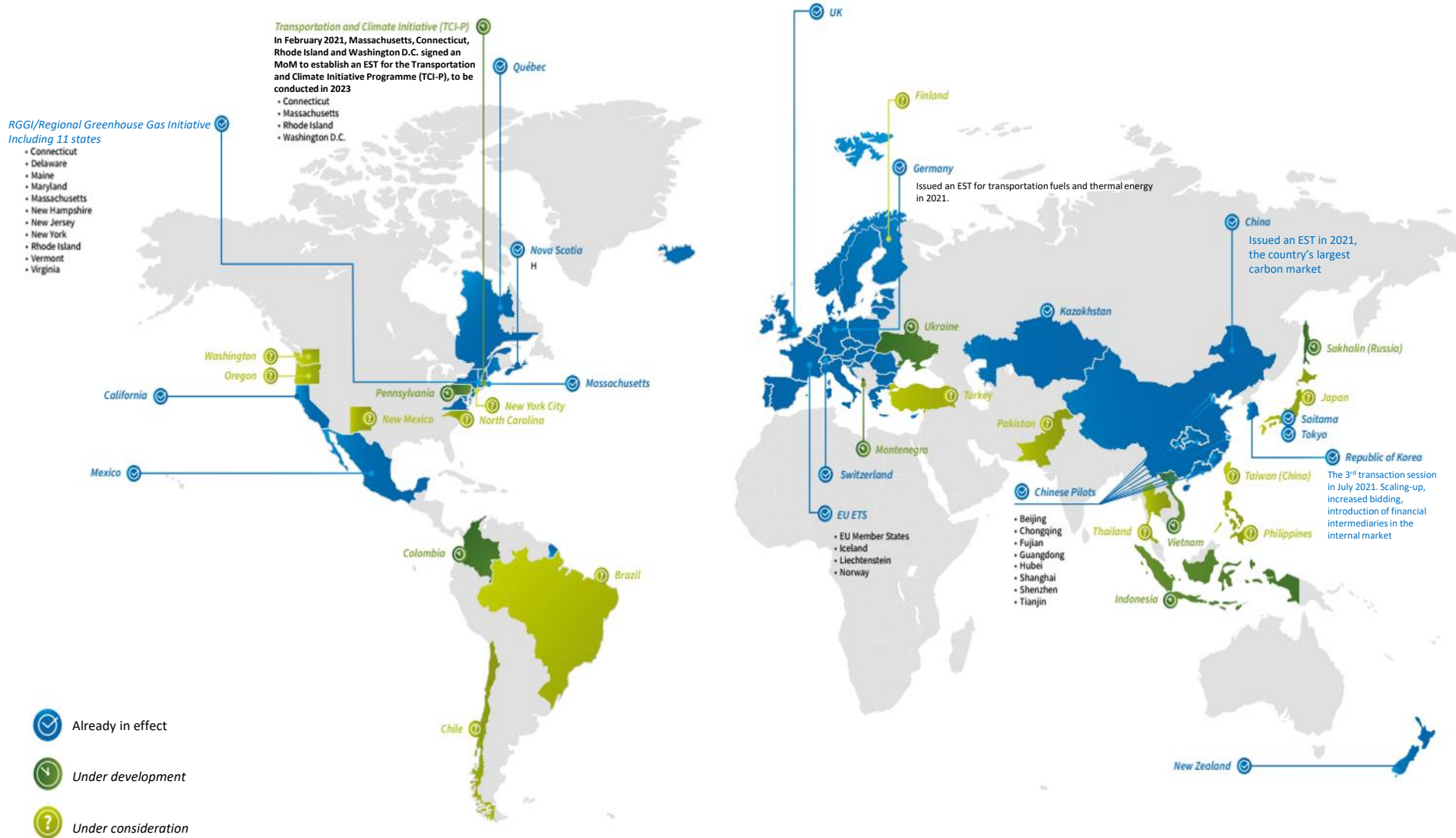
- The 2 most commonly used pricing instruments: emissions trading system (**ETS**) and **carbon taxes**.
- ETS covers 16% of annual global GHG emissions.

**ETS** – a cap-and-trade system – caps the total level of greenhouse gas emissions and allows those industries with low emissions to sell their extra allowances to larger emitters. By creating supply and demand for emissions allowances, an ETS establishes a market price for GHG emissions.

A **carbon tax** directly sets a price on carbon by defining a tax rate on GHG emissions. It is different from an ETS in that the emission reduction outcome of a carbon tax is not pre-defined but the carbon price is.

- The choice of either instruments will depend on national and economic circumstances.
- Indirect instruments of pricing carbon: through **fuel taxes**, the **removal of fossil fuel subsidies**, and regulations that may incorporate a “**social cost of carbon**”, through **payments for emission reductions**.

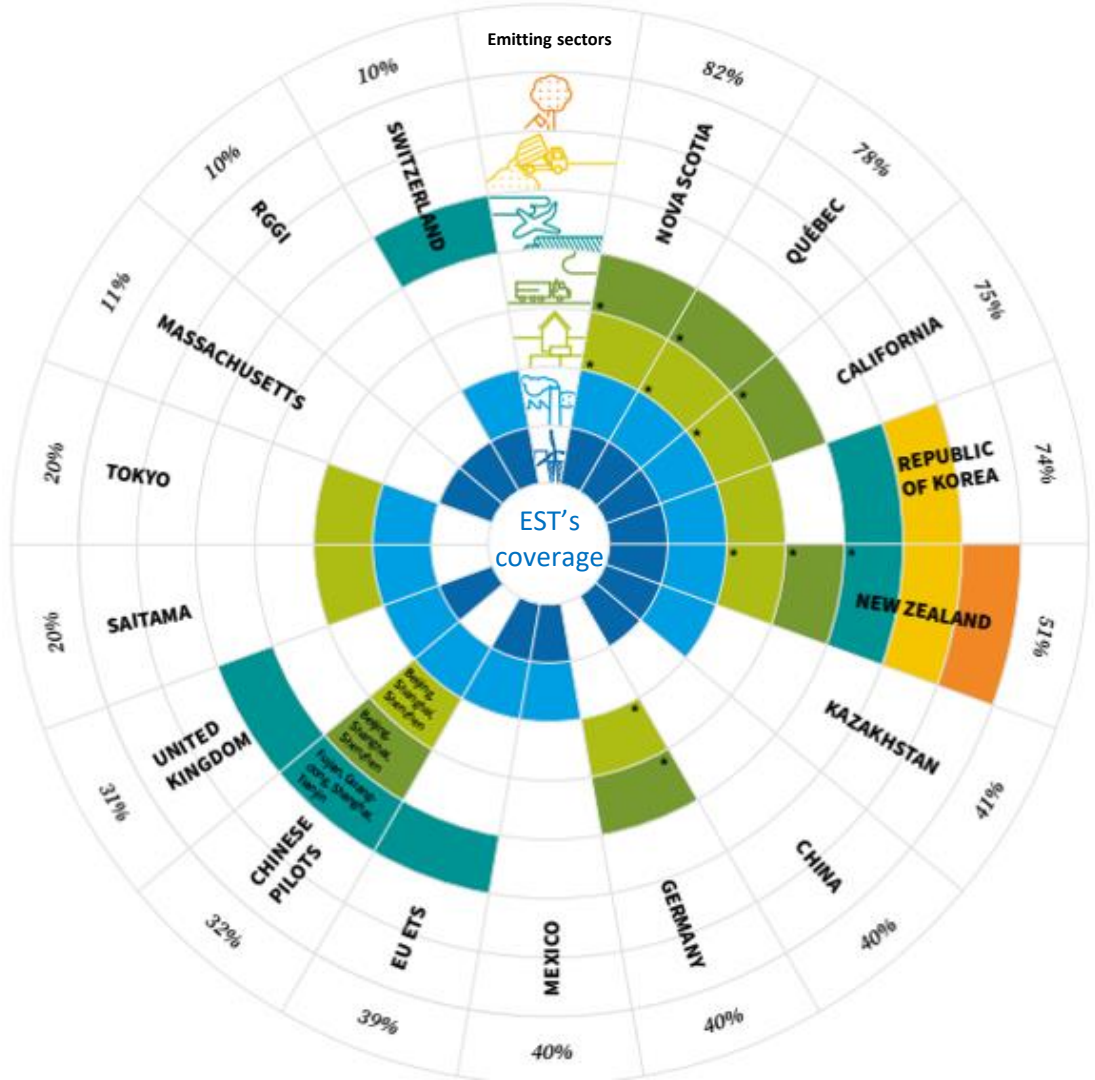
# II. CARBON MARKET - TRENDS





# II. CARBON MARKET- COVERAGE OF ETS AND EMISSION SECTORS

Coverage of the carbon trading system in total emissions of the world's major carbon markets by sector



# III. REGISTRATION STANDARDS – GLOBAL STANDARDS



**CDM**  
**(Clean Development**  
**Mechanism)**

Is the first global environmental credit and investment programme, providing a standardized way to balance emissions, and identifying certified emission reduction (CER) units.

Developed by UNFCCC under the Kyoto Protocol, it allows emission-reduction projects in developing countries to earn CER credits, each equivalent to one ton of CO<sub>2</sub>.

Ceased to apply when the Paris Agreement came into force in 2020.

# III. REGISTRATION STANDARDS – GLOBAL STANDARDS

## Gold Standard®



Established in 2003 for the purpose of ensuring that carbon emission reduction projects under CDM have the highest degree of environmental protection and sustainable development.

Backed by over 80 NGOs and with over 1400 certified projects.

Issued 191 million carbon credits by 2300 projects in more than 98 countries worldwide.

Created more than USD 28 billion in value for climate change combat and sustainable development.

# III. REGISTRATION STANDARDS – GLOBAL STANDARDS



- Established in 2007 by environmental and business leaders recognizing the need for the voluntary carbon market's higher quality assurance.
- Registered as a nonprofit corporation subject to the laws of the District of Columbia (Washington DC, USA).



## **Verified carbon standard**

- 1,600 projects registered in 82 countries.
- 1,300 certified VCS projects
- More than 450 million Carbon credits generated

# III. REGISTRATION STANDARDS – GLOBAL STANDARDS



SOCIALCARBON®

Developed in 2000 by the Ecologica Institute - a Brazilian non-profit organization, currently managed by the UK Charitable Organization Social Carbon Foundation.

Differs from other standards by its flexible standards and processes, which is in contrast to the rigid requirements of other Standards, helping to develop projects from its own elements.

Develops new methodologies and environmental resources to better protect the Earth ecosystem.

Focuses on 4 natural ecosystems: forests, grasslands, oceans and freshwater.

# III. REGISTRATION STANDARDS – REGIONAL STANDARDS

Is a nonprofit enterprise of Winrock International with 18 years of experience in the development of carbon offset standards, methodologies, registration, verification oversight and issuance.

1



Focuses on solid scientific and environmental grounds to make an impact.  
Trusted by nonprofits, NGOs to ensure the integrity of carbon projects.

2

Operates in the Californian carbon market, one of the world's largest regulated carbon markets.  
Is the first economy-wide Cap-and-Trade programme in the US.

3

Bases its Methodologies and protocols on ISO 14064.  
CDM's GHG emission measurement methodology and methods can be used, but ACR's published standards should be complied with.

4

# III. REGISTRATION STANDARDS – REGIONAL STANDARDS

1

Launched in 2008 for the Voluntary Carbon Market.  
Sets high quality standards for the North American carbon market.



CLIMATE  
ACTION  
RESERVE

3

Oversees independent appraisals by a third party, issues carbon credits earned from projects, and tracks carbon credit transactions in its public carbon registry.

2

Formerly as the California Climate Action Registry (or California Registry), which established a series of project-specific, standardized and performance-based protocols, and protocols of appraising GHG emission reductions from those projects.

4

Issues and monitors carbon credits called CRTs (unit of carbon credits).  
Approved by the VCS; CRTs issued by the California Registry can be converted to VCUs and transferred to the VCS registry, but VCUs cannot be converted to CRTs.

# III. REGISTRATION STANDARDS – REGIONAL STANDARDS

## GCC (Global Carbon Council)



1. Is the first voluntary carbon programme in the Middle East and North Africa (MENA) region, and an initiative of Gulf Organization for Research and Development (GORD)
2. Established in 2016, approved by CORSIA under the International Civil Aviation Authority on March 19, 2021 (a carbon reduction programme for international aviation under ICAO).

2. Develops methodologies for project activities where CDM's are either not available or too complex, to make them simpler and more user-friendly without compromising the integrity of the environment.

3. It is expected to issue **10 million** carbon credits in 2021.
4. Issues Carbon credits for 100% carbon neutrality of FIFA World Cup 2022 and for other carbon offsetting purposes.

4. Considered to be more flexible in registering renewable energy projects than other standards such as VCS and GS, which will be hesitant to register these projects if they are not from underdeveloped countries.
5. Becomes the standard for RE projects in middle income countries such as India, China, Mexico, Turkey, and Viet Nam.



# III. REGISTRATION STANDARDS – REGIONAL STANDARDS

## ACCU (Australian Carbon Credit Units)

- Is a tradable financial product regulated by the Australian government.
- 1 ACCU = 1 tonne of CO<sub>2</sub> = \$53 in early 2022.
- Obtained from projects registered with the Clean Energy Regulator and in compliance with approved methodologies.
- Traded or sold in the domestic market through carbon agencies such as the Green Energy Trading and organizations that are looking to balance their emissions, or meet GHG emission reduction obligations.



CLEAN  
ENERGY  
REGULATOR

# IV. VIET NAM'S CARBON MARKET

## Legal framework

- Law on environmental protection dated November 17, 2020 – Articles 90-96.
- Decision No. [1055/QĐ-TTg](#) dated July 20, 2020 promulgating the National Climate Change Adaptation Plan for the period of 2021-2030, with a vision to 2050.
- Decree No. 06/2022/ND-CP on mitigation of greenhouse gas emissions and protection of the ozone layer.
- Viet Nam's carbon market will be piloted from 2025.

# Thank you very much!

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