



readiness of businesses is extremely important. We deploy a series of activities such as research, training, and communication, cooperation with units in assessing the emission levels of businesses, participating in consulting activities to support technology from domestic and international partners on CO<sub>2</sub> reduction.

Therefore, with the goal of carbon neutrality, cooperation with businesses as well as proactive investment in infrastructure is essential. The carbon credit exchange is still new to businesses. Raising awareness and understanding is important, in addition, the IP and businesses have proactively researched to reassess the businesses' carbon emission sources in every stage of production and disposal. With guidance from State agencies and partners, we are conducting an assessment and building a roadmap to improve the system and buy and sell credits based on allowed quota.

For IPs, investment in infrastructure is emphasized such as building ecological works by increasing the proportion of multi-layered trees, restoring biodiversity, and cooperating in investing in carbon emission reduction works like solar energy. Connect the business community to contribute to common works or proactively invest in own businesses. Thanks to that, the proportion of ecological and environmentally friendly works increase.

**\* To deploy technologically innovative businesses that meet "green" standards, what suggestions and recommendations do you have for the authorities?**

**Dr. Phạm Hồng Điệp:** The digital technology age is extremely important, especially green digital technology to reach quickly and on a wide scale is extremely essential in the rapid and sustainable development of ecological IPs and circular economy, and combating climate change.

Therefore, state management agencies need to quickly promulgate regulations and policies related to green sector development such as the development of circular economy ecological industry. Based on that, businesses have the basis to build sets of ecological standards applicable to businesses, through more effective synchronization of technology applications. In addition, there is also a need for financial credit packages to support small and medium-sized enterprises in accessing digital technology.

To successfully deploy digital technology, first of all, the business itself needs to be structurally re-modelled in a unified way in terms of processes, methods, and scope of implementing sustainable development in applying an advanced technology to become a tool to support each business's implementation. It is necessary to clearly see the benefits from seamless, interconnected information, anytime, anywhere, and to evaluate the effectiveness of the implementation not only of the business itself but also the management and governance of the entire IP to have a clear view, consulting to support the business community for sustainable development.

**\* Thank you very much!**

**NAM HUNG**

### **The voluntary carbon market (VCM) - a tool help mobilize public sector finance towards nature - based solutions (NbS)**

Scientists said if global average temperatures surpass pre - industrial levels by more than 1.5°C, it would lead to far more serious impacts on people, wildlife and ecosystems. However, avoiding this scenario is not achievable without sustained and rapid industrial decarbonization. So, we need NbS, which can provide up to 30% of the mitigation required by 2030 in order to keep the 1.5°C target in reach.

The powerful tool at our disposal can mobilize private sector finance and channel it toward NbS in the Global South, where it is most needed, which is the VCM, where companies or individuals can buy carbon credits as part of their own plan to meet their climate goals. The VCM can help mobilize public sector finance towards NbS, particularly in the Global South where it is most urgently needed. When we outlined five reasons why forest carbon credits are critical to climate action, we found that the fact is that we won't achieve our global climate targets without nature, and we won't protect and restore nature at the scale required without carbon markets.

The VCM is currently the most effective way for them to address these emissions by mobilizing billions of dollars in private sector finance every year and also helps make up the US\$ 4.1 trillion financing gap in nature by 2050. Such finance is additional to that pledged by governments. The value of the global VCM topped US\$ 1 billion for the first time in 2021 and could be worth between US\$ 5 - 30 billion per year by 2030, with perhaps two thirds of this channelled into NbS, filling existing gaps in climate finance for nature. However, in the last three years, only 1.2% of the annual cost effective potential of NbS has been unlocked by the VCM.



# Investing in nature-based solutions through the voluntary carbon market

## Market initiatives to solve both nature loss and climate change

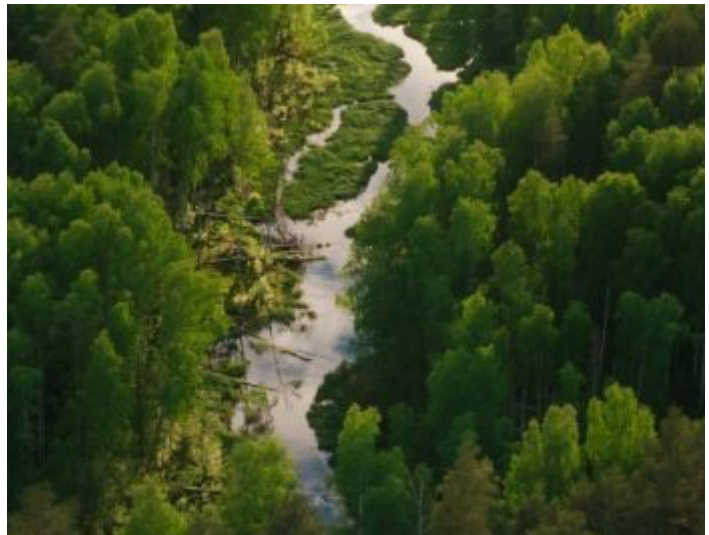
One of the barriers is that far too often the use of carbon credits and NbS carbon credits in particular have been framed as an proposition. This implies companies think they can either invest in them or fund the decarbonization of their operations. Adopting a single approach is not enough to solve the twin crises of nature loss and climate change. This is why climate science is now demanding a “both/and” approach, that is, simultaneously investing in internal reductions and NbS credits. What is encouraging is that leading companies understand this “both/and” approach, and are publicly committed to it. In addition, recent research has further shown that companies that purchase a material amount of carbon credits on average reduced their emissions faster than those who have not.

In recent years, a number of market initiatives have emerged from both the private and public sectors seeking to improve the integrity and functionality of VCMs. These range from the creation of trade infrastructure to new forms of project certification. While VCMs and compliance markets remain distinct, there is an increasing level of overlap between the two. Multiple initiatives have created a hybrid model for voluntary markets in which the Government plays a more active role in defining and regulating companies’ voluntary trade of carbon credits.

### High-quality carbon credits - A way to support a range of critical mitigation efforts

As the world intensifies its efforts to combat climate change, discerning organizations are seeking not just any carbon credits, but those with exceptional quality that generates genuine environmental impact. The good news is that initiatives like the Integrity Council for the VCM which are aiming to forge a clear path forward towards higher integrity, greater transparency and overall more consistency in the marketplace.

Recent recommendations issued by civil society, such as the Tropical Forest Credit Integrity guide and the NCS Alliance’s Buyer’s Guide, offer clear guidance that



▲ *The VCM can help mobilize public sector finance towards NbS*

companies can turn to in the interim. Purchasing carbon credits through the VCM is not an alternative to rapid decarbonization within value chains.

High-quality carbon credits are a way for companies to support a range of critical mitigation efforts outside of their value chains, including the potential to channel billions of dollars into NbS that would not receive funding otherwise. In the future, NbS carbon credits must improve in line with this new science and guidance, updated methodologies and evolving technology.

The VCM has seen rapid growth in recent years, driven in part by the growing chorus of net-zero commitments made by companies around the world. When investments are made with due diligence, high-quality NbS credits will ensure that emissions reductions or removals happen, that nature is being protected or restored, and that communities are not only receiving benefits, but are also active participants.

Failure of the market now would slow humanity’s path to net-zero emissions and derail financial innovation in other ecosystem services. Climate change and nature loss are crises and inaction is not an option. The VCM is critical for climate action and major progress has been made to improve outcomes - with many more improvements already under way.

Now is exactly the time to invest in NbS through the VCM, alongside other immediately deployable climate solutions, so we can ensure a better future for the planet. If implemented correctly, carbon markets could both accelerate action to combat climate change, and also deliver much-needed co-benefits for nature and people. ■

**HÔNG CẨM**

*(Source: Ecosystem Marketplace)*