



Now is the time to climb high on climate and nature

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Businessman

Vietnam's economy has multiplied in size by 13 times since the mid-1990s. It's an amazing economic and social success story but one that urgently needs redefining as the global economy shifts towards net zero.

In the nine years I've been living here the changes have been phenomenal. Foreign investment has rolled in, and manufacturing, agriculture and other industries have greatly expanded as Vietnam has become a crucial exporter of goods to nations such as Japan, Korea and the United States.

Now, as the world rapidly transitions to meet the challenge of climate change, we are standing at another development crossroads and Vietnam has choices to make. The well-worn Vietnamese proverb says that 'climbing high is scary but crawling low leads to death.' Taking a risk can be dangerous, but what's far more dangerous is not being bold or ambitious enough.

New investment is arriving, along with national climate targets, JETP financing and other outside capital seeking to drive renewable energy and decarbonization projects. The same multinationals who rushed into Vietnam a decade and a half ago are looking for assurances that their business here can help them deliver on ESG and sustainability commitments that are now common in the global corporate arena. We've seen ambitious plans unveiled for large solar arrays and powerful hydro projects.



Each of these has the capacity to help Vietnam deliver on its Paris Agreement commitment to reach net zero by 2050, as well as helping Vietnam's economy and businesses. But if the full range of decarbonization opportunities is not grasped, this new transformation can also result in more waste, more land clearing and more biodiversity loss, an outcome just as economically destructive as the climate problem we are trying to solve.

Vietnam is one of the ten richest centers of biodiversity globally, boasts expansive forest cover and has the highest marine biodiversity in the world. It has great potential to host the kind of nature-based solutions (NBS) needed to generate carbon credits that will be in high demand from Asian neighbors like Singapore, Japan and South Korea as they seek to decarbonize. We've seen this on display already as Vietnam has become the first ASEAN country to sign an MOU with Singapore to collaborate on carbon credit projects.

The total global market for carbon credits is tipped to reach US\$50 billion by 2030 and Asia accounts for about a third of global NBS potential. Key to Vietnam tapping this potential will be partnering with the right expertise to create projects of the highest integrity and transparency. Increasingly, large companies will be focused on accessing credits of highest value, aware of the reputational risks associated with poorly designed or executed projects that fail to deliver on their environmental claims.

High quality projects will be those that deliver on benefit sharing and on positive environmental impact, reducing the amount of carbon in our atmosphere while also making genuinely positive contributions towards Vietnam's ecology, its communities and its people.

Best positioned to benefit from these opportunities will be those already working in industries such as agriculture, forestry, and fisheries, who have an existing relationship with nature and have capacity to amend their business practices to protect and restore it.

For companies in these sectors there is tremendous opportunity to investigate how access to land and nature can generate positive environmental outcomes that also produce new revenue streams based on carbon and nature credits. It is critical to access the expertise needed to get such projects right. Rice production accounts for 15% of Vietnam's total carbon emissions and is an industry offering huge potential for decarbonization. There



will, for example, be a need for the agriculture sector to expand the amount of food it produces as the population grows and export opportunities bring new wealth. But with limited available land such increases will need to come from efficiency gains, new technology and approaches – otherwise growth will be short-lived and destructive.

For Vietnam's government there is an important role also. While the nation's rich environment makes it suited to nature-based solutions like restoring forests, mangroves and sea grasses, the national economy is still largely comprised of smallholder farmers and small companies. Buyers of carbon credits on the international market will not only be seeking high integrity credits, they will want them at scale. For government there will be a role in encouraging aggregation of similar credits – something that will be important as Vietnam plans to open an exchange to facilitate international carbon trading by 2028.

Vietnam may have started slightly behind when it comes to decarbonizing its economy and harnessing the potential for nature-based solutions but it is now moving fast, thanks to a vibrant innovation and tech sector and a youthful energy that is geared towards adaptability, optimism and problem solving. Much is underway but plenty more is needed. According to the nation's Climate Change Department, Vietnam will need about \$400 billion between now and 2040 to respond to climate change. Current funding from the state budget can meet only \$130 billion. The need for private sector finance to fill this gap is significant.

What's needed for success will be the expertise to identify and grasp the opportunities on offer, as well as the investment capital to underpin a decisive shift from 'crawling low' to 'climbing high'. These are the decisions that Vietnamese companies face now. How can they set themselves up to attract international investment that is hungrily in search of sustainable project pipeline? How can they obtain financing for the capacity building and technological shifts that are needed to grasp the opportunities on offer?

They are the kind of challenges that we need to address now. Another Vietnamese proverb urges 'when eating fruit remember the ones who planted the tree.' Now is the time to plant the seeds for a future Vietnam whose fruits can be enjoyed by generations still to come.



**Guy Williams is an Executive Director with global climate and nature investment and advisory firm Pollination. He lives and works in Hanoi.*

President stresses Vietnam's climate action commitment at APEC leaders' dialogue

Vietnam considers climate change response a priority of its national development policy, President Vo Van Thuong said in an Asia-Pacific Economic Cooperation (APEC) leaders dialogue in San Francisco on Thursday.



Rice price spike offers preview of climate food disruption

A 15-year high in rice prices, prompted by top exporter India's restrictions on overseas sales, should be a wake-up call on how climate change can disrupt food supplies, experts say.



Vietnam cannot bank solely on renewable energy for net-zero emissions

Experts say an exclusive focus on renewable energy, accounting for 27 percent of total power supply, will not be enough to help Vietnam reach its "net-zero" emissions target by 2050.



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I have to agree and disagree with the writer on several fronts....in most countries the change to a cleaner and more efficient system is driven by the population and groups ,which advocate cleaner energy,waste reductions,plastic free environment and the list goes On local level in these countries local Government Departments look for innovative ways to reduce waste and install waste incinerators,rubbish bins etc. and are in constant contact with local ... [+](#)



Hans van Goor - 10:22 5/12/2023

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The best and fastest way to decarbonize the economy is to ban single plastic use! Less trash, less waste management needed, less energy waste for producing plastic, collecting it, bury or burn it.



Que Lam Ha Ngoc - 12:29 5/12/2023

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Dont do it, its all bs! Work towards a cleaner VN, with less plastics in the environment for example. Happy that VN didnt sign the COP agreements! Really, when you read it and study it (I have a company renewabal energy!) its completely nuts! Dont fall for it, be very careful!



Wouter - 10:37 5/12/2023

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I read recently that CO2 comprises only 0.04% of the atmosphere and that if it reduces to 0.02% all plant life will die. I don't know if this is true - I hope not - but if it is anywhere close to the truth then the climate changers need to understand that! I do agree that plastic is a serious problem and if the "Stop Oil" idiots get their way there will be no more plastic or trees, crops, etc.



Clive HCMC - 10:34 7/12/2023

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