

# Carbon Offset: Opportunities and Challenges for Vietnam's Sustainable Economic Development

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**Abstract:** Carbon offset has been promoted as an essential solution in a comprehensive climate change policy approach. The initiative allows emission reductions to occur harmoniously between countries, regions, or companies through offset projects and programs using offset credits. Offsets also have the potential to spur sustainable technologies and encourage emissions reduction in sectors and locations outside the cap-and-trade system. Carbon offset is a relatively new concept in Vietnam but has enormous growth potential. The results of the carbon market can help develop livelihoods and economic development and reduce the adverse effects of climate change in Vietnam, particularly in the Mekong Delta. The concepts of carbon offset, mandatory and voluntary carbon markets, payments for ecosystem services (PES), and payment for forest environmental services (PFES) are introduced in this study (PFES). We also introduce the activities mentioned above in Vietnam today and our development strategy for the next five years. Furthermore, the development opportunities and challenges of Vietnam's carbon market will be discussed. Finally, the difficulties and potential developments that can be realized to improve the efficiency of this market will be indicated.

**Key words:** Climate change, PES, C-PFES, carbon offset, carbon credit, carbon right, sustainable economic development.

## 1. Introduction

Climate change has become such a global pressing challenge that it is widely accepted

among scholars that greenhouse gas emissions must be cut by as much as 80 per cent by mid-century to save our earth from imminent catastrophes. Consequently, various efforts have been made to change the old methods of production, energy consumption, land use and raise the climate factor in our economic system. Notably out of those is the greenhouse gas (GHG,

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