

The Economic Drivers and Environmental Outcomes of CDM Projects in Vietnam

Leonard Smith, Paul Dargusch and Sebastian Thomas

ABSTRACT

The Clean Development Mechanism (CDM) is the principal source of carbon offsets in the global market, and a key driver of sustainable development and technical transformation in developing countries. The distribution of CDM projects by country has been skewed, with over 80% of registered projects having taken place in just four countries, namely China, India, Brazil and Mexico. Recent developments suggest that a change in this pattern of development may be occurring. There has been a rapid rise in the number of CDM projects based in Vietnam since early 2009. This paper investigates factors contributing to growth of CDM projects in Vietnam and describes some of the key features of the projects that have been developed. The project design documents of the 24 CDM projects registered in Vietnam at the time of writing and the main features of the 77 proposed projects are evaluated. Hydropower projects are found to dominate new CDM project development in Vietnam. The authors suggest that CDM project development in Vietnam may be a tool to support domestic energy security rather than being primarily driven by the intended climate change mitigation and sustainable development objectives of the CDM. Furthermore, a country's domestic policy choices are critical in determining its attractiveness as a host country for projects, and Vietnam's policy strategies are successfully harnessing synergies between domestic agendas and regulated foreign markets.