



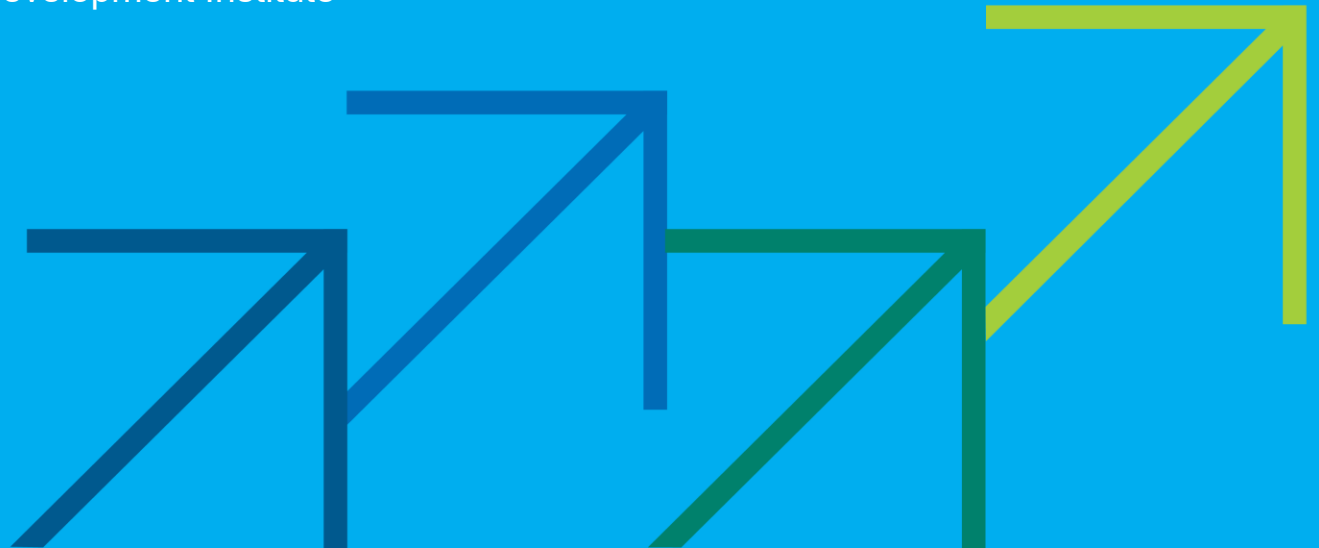
**KGID
2025**

**Green Growth:
The Path to
Sustainable Jobs**

Korea's Voluntary Carbon Market Initiatives

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I. Introduction

Importance of Climate Financing

Climate Finance

- Drives **growth & resilience**.
- Public budgets are not enough → Need to mobilize private capital at scale.

How to make it work?



- Provide **clear policy and transition plans**.
⇒ Strengthen disclosure, taxonomies, carbon pricing.



- Build pipelines of bankable projects.



- Use **blended finance** to share early risk.
- Aim **concessional funds** at first loss and just transition.



- Aware that delay raises costs.
- Predictability and scale are essential.

Difficulties in Climate Financing

Funding Gap

- Large gap between climate finance needs and mobilized funds
- Limited private sector participation
(over-reliance on public funds)

Perceived Risks & Low Profitability

- Climate projects seen as low-return and high-risk
- Policy and currency risks deterring investment

Policy and Regulatory Uncertainty

- Unstable climate policies weakening long-term incentives
- Carbon pricing and subsidies applied inconsistently

Underdeveloped Financial Infrastructure

- Green bond markets and other instruments still immature
- No global standards for trust and comparability

II. Voluntary Carbon Market

Necessities for Voluntary Carbon Market

VCM

Voluntary Carbon Market

Definition

A market where carbon credits obtained through greenhouse gas reduction projects voluntarily carried out by the private sector are traded

Virtues

- Complementing Regulated Carbon Markets
- Supporting Corporate Net-Zero Goals
- Providing Finance for Developing and Emerging Economies
- Promoting Innovative Mitigation Activities

Current Status of Global VCM

Market



Market Size

Peaked in 2021, now slowing
Still small compared to compliance markets

Supply Side

- Credits mainly from **forestry, renewables, efficiency, methane cuts, Nature-based Solutions (NBS)**

Demand Side

- Rising Demand for **high-quality credits**
- **Corporates with net-zero goals** (aviation, tech, consumer goods, finance)

Current Status of Global VCM

Governance

Standard & Governance

- Verra (VCS), Gold Standard, ACR, CAR
- **Quality & Credibility concerns still remaining**

Trends

- [Integrity initiatives] ICVCM, VCMi
- Digital MRV and block chain adoption

Challenges

- Quality issues, double counting, lack of transparency, and alignment with Article 6

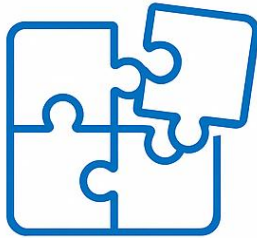
**Strong corporate demand,
but growth depends on **trust & governance**.**

III. Global Voluntary Carbon Mechanism (GVCM)

Background of GVCM

Problems of the Current VCM

Fragmented and low-trust market



- Too many standards
- Low credibility
- High fees & Scarce financing
- Limited developing country participation

● Motivation

Background of GVCM

Strong Demand for Voluntary Carbon Credits

High domestic demand under limited ETS scope

- 10th largest emitter (2022) → large potential demand
- ETS covers only 783 entities → limited scope
- Hard to secure 37.5 Mt international reduction by 2030 → Need for VCM

Advanced Climate Technology

Korea's innovation can drive high-quality credits

- Existing certifiers focus on forestry
- 100 core carbon-neutral technologies (2023) at world class level
- 17 key sectors applicable for credit generation

Solar, wind, hydrogen, storage, grids, nuclear, energy systems, steel, petrochemicals, cement, CCUS, green vehicles, carbon-neutral ships, zero-energy buildings, etc.

● Korea's Interest in VCM

Background of GVCM



COP 29

● Momentum

- Nine years after the adoption of the Paris Agreement (2015), agreement was reached on implementation rules in 2024
- Establishing the fundamental conditions for the operation of the international carbon market

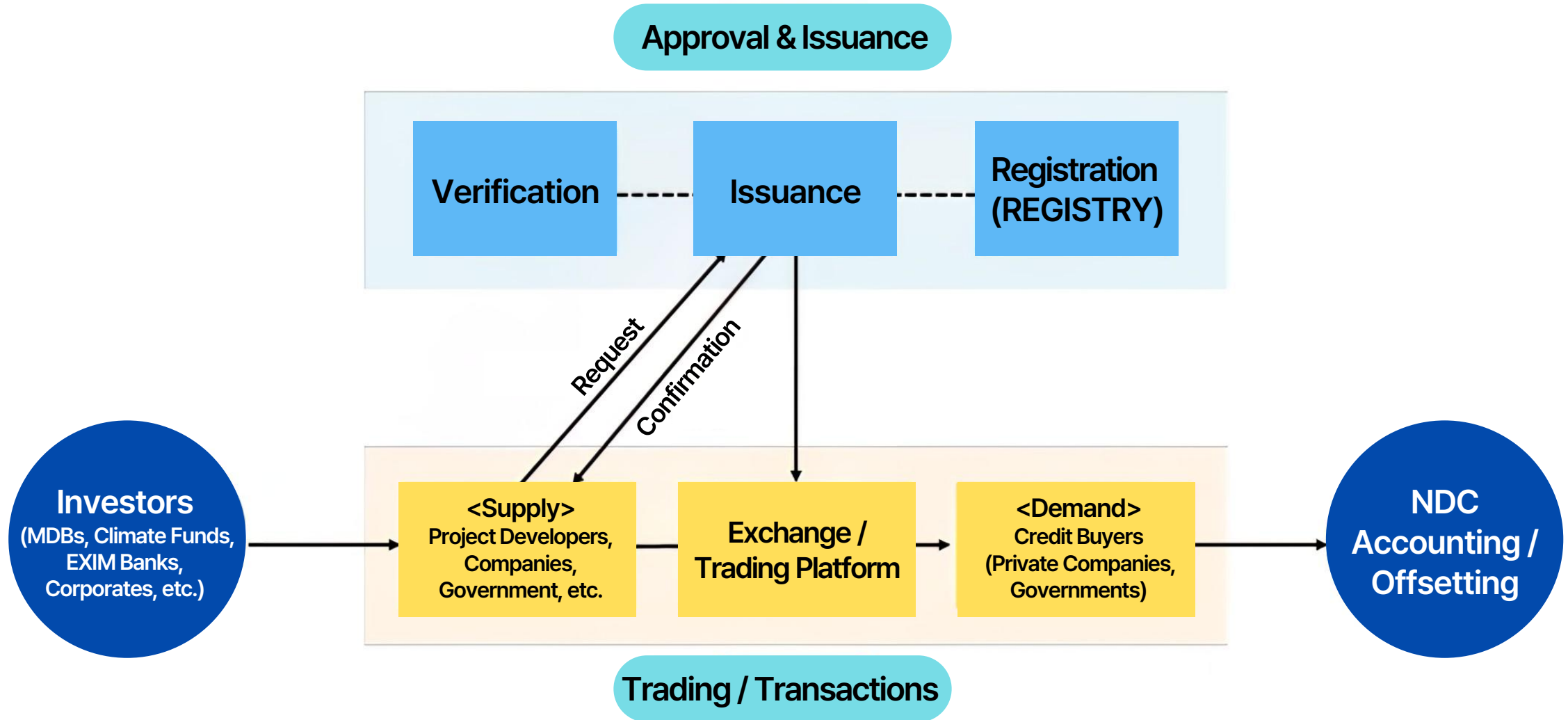


Plan to Build the GVCM

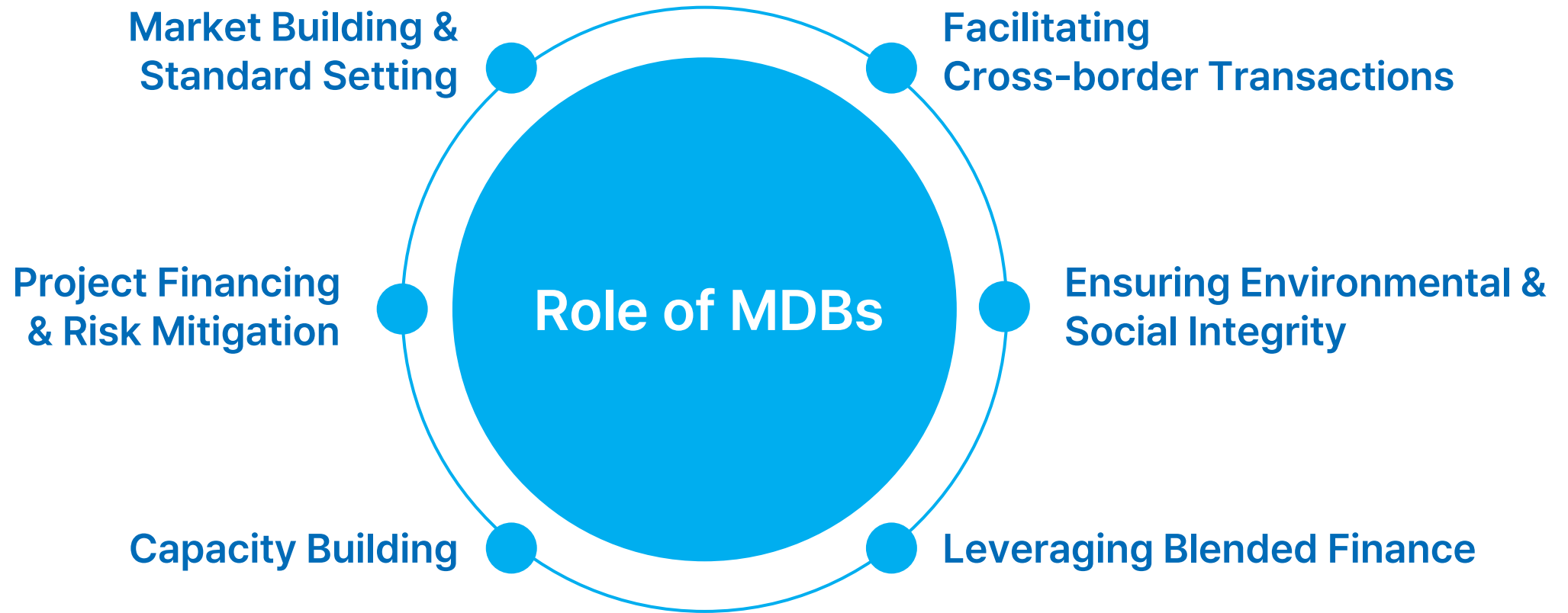
● Planning

- SOI between MOEF and UNFCCC (Nov 2024)
- MOU between MOEF-UNFCCC, MOEF-GGGI (Mar 2025)
- Investigating
- Study and Capacity Building
- Designing

Structure of GVCM



GVCM and MDBs



IV. GKEDC's Work on Climate Action

About GKEDC



Ministry of Economy
and Finance



GKEDcenter
Global Knowledge Exchange & Development Center

by



Korea Development
Institute

Priority Areas

Digital Transformation

Climate Change

Socio-economic Development

Operation by KDI

- Established in **1971**
- Involved in **Policymaking** throughout Korea's development trajectory
- **Data-driven & Evidence-based** Policy Research covering **Comprehensive Research Areas**

Related Programs at GKEDC



Upcoming

2025 Knowledge Exchange Days

- Conference on
"Integrating Policy, Technology and Finance to Scale up Climate Action Impact" (Nov 6, 2025)



Upcoming

2025 Climate Change Projects and Programs (CCPP)

- International Carbon Market Forum on
"Global Carbon Market Mechanism" (Dec 11-12, 2025)

Related Programs at GKEDC

Completed

WHEN	WHAT	PARTNERS
2022 - Present	Knowledge Exchange Programs (Cyber-security, Waste Management, Smart City, Circular Economy, Floating Solar Panel, Blue Carbon, E-mobility)	WB KPOK (OLC)
December, 2022	WB KGGTF Kick-off Seminar (Water, Urban, and Environment)	WB KGGTF
May, 2023	ADBI-KDI GKEDC Joint Seminar: Digital, Climate, and Resilience	ADBI
May, 2023	WB Environmentally Harmful Subsidy Report Launching Seminar	WB KGGTF
May, 2024	WB Knowledge Exchange and Capacity Building Conference	WB T&I Lab
September, 2024	ADB Bio-Circular-Green Economy Capacity Building Program	ADB (Thailand)
November, 2024	Republic of Korea-UNFCCC Asia Needs-based Finance (NBF) Investment Forum	MOEF, UNFCCC
May, 2025	ADB K-Hub-KDI GKEDC Business Seminar for Climate Technology Partnerships	ADB (K-Hub)
September, 2025	ADB-KDI GKEDC Knowledge Sharing on Critical Minerals to Manufacturing Value Chains	ADB EAKPF
October, 2025	Korea Technology Immersion Program: Digital Transformation for Smart and Sustainable Agribusiness in LAC	IDB Invest

Forthcoming

WHEN	WHAT	PARTNERS
April, 2025 - July, 2026	EBRD Blended Learning Program on Food Loss and Waste Reduction	EBRD
Jan, 2026	WB-KDI GKEDC Mauritius Climate Finance Knowledge Week	WB ENV
Apr, 2026	WB-KDI GKEDC Mongolia Air Quality Knowledge Exchange	WB ENV
-	Sectoral Capacity Building (Report, leaflet, Lecture Notes) – ① Carbon Markets, ② Energy	GKEDC Mandate



THANK YOU



www.gkedc.go.kr