

Green Growth and Green Climate Fund in Vietnam

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Vietnam Green Growth Strategy

(Decision No. 1393/QĐ-TTg, 9/2012)

Context for strategy development

Viewpoints and objectives

Three Strategic tasks

Context for strategy development

Opportunities and challenges in national context:

1. Environment; increase of vulnerability to disaster and climate impacts;
2. Energy security (highly dependent on imported coal);
3. Loss of nature resources (biodiversity, ecosystem service);
4. Increase of GHG emission;
5. Social Economic development strategy 2011-2020: Fast and sustainable development; become an industrial country in 2020'
6. The development of marco-economy currently shows a necessary of economic restructuring and institutional reform
7. Vietnam approves the National strategy on Climate Change

Viewpoints

- **Green Growth is part of sustainable development to:**
 - Ensure a fast, efficiency and sustainable development; contribute to the implementation of National Strategy on Climate Change.
- **Green Growth leads to an increasing in investment for natural resources development:**
 - Conserve, develop and efficient use of nature capital;
 - Reduce GHG emissions and improve environmental quality and catalyze economic growth.
- **Green Growth based on relevant science and technology within Vietnam context**
- **Green Growth is the cause of the entire Party, all people, every level of Government, ministries, localities, enterprises and social organization.**

Vietnam Green Growth Strategy: is a means to promote the economic restructuring and to complete the economic institutions in a way of more efficient use of natural resources; to increase the national economic competitiveness, through more investment on technology innovation, nature capital, economic tools; to contribute to climate change adaptation, poverty reduction and sustainable economic development.

Objectives

General objectives: *Green growth, as a means to achieve a low carbon economy and to enrich natural capital, will become the principal direction in sustainable economic development; reduction of GHG emissions and increased capability to absorb greenhouse gas are gradually becoming compulsory and important indicators in socio-economic development.*

Specific objectives:

- Restructure the economy and perfectize the economic institutions by greening existing sectors and encouraging the development of economic sectors to use energy and natural resources efficiently with higher added values;
- Conduct research and enhance application of appropriate advanced technologies to more efficiently use natural resources, reduce greenhouse gas emissions intensity and to contribute to an effective response to climate change;
- Improve living standards of the people, creating an environmental friendly lifestyle through employment generation from green industry, agriculture and services; investment in natural capital; and development of green infrastructure

Strategic Task 1

- ***Reduce the intensity of GHG emissions and promote the use of clean and renewable energy with focus on reducing the intensity of GHG emissions by 8-10% compared to the 2010 levels .***

Strategic Task 2

Greening production :
implement a “clean industrialization” strategy

- Reviewing and adjusting the existing sectoral master plan;
- Encouraging the development of green industry and green agriculture;
- Enhancing investment in natural capital;
- Proactive prevention and treatment of pollution.

Strategic Task 3

Greening lifestyle and promoting sustainable consumption

Implementation of rapid and sustainable urbanization while maintaining the living in harmony with nature in rural area and establishing sustainable consumption behaviors.

Key achievements in Green Growth

- Viet Nam has moved green growth from being a Strategy to an important driver forces for Sustainable Growth;
- Even though it still needs to complete the policy framework, but Vietnam is ready to move from policy to implementation with the integration of climate change and green growth contents in the Law on Environment Protection 2014 and some other regulations;
- Many partners have joined Viet Nam's 'green coalition', such as UNDP, KOICA, GIZ, Belgium, the EU, ADB, USAID, and the World Bank

Vietnam Green Growth Action Plan

(QĐ 403/QĐ-TTg, 3/2014)

12 groups of activities with 66 specific activities:

- Examining institutional arrangements for green growth
- Revision of master plans such as the SEDP
- Promotion of technology transfer
- Business promotion, enterprise development, PPPs
- Reviewing fiscal and financial arrangements

- 16 provinces are preparing their provincial Green Growth Action Plan (GGAP), with integration of green investment: Bac Ninh GGAP has been issued, Quang Ninh, Quang Nam and Da Lat GGAPs are about to release;
- MPI in consultation with other Ministries, provinces and local communities is developing guidelines to support Green Growth Action Plan at provincial level (PGGAP);
- The GGAP of MONRE is issued; other GGAPs of MOIT, MARD, MOC, MOT, MOF are under development;
- MOIT mobilizes international and domestic resources for the implementation of Green Growth Strategy (CFTF, GCF), establishes NDA and collaborates with MOF to set-up GCF operation procedure in Vietnam;
- Access the first Climate Public Expenditure and Investment Review (CPEIR) and Green Growth (Release on 5/2015), as the basis to mobilize resources for Green Growth.

Mobilizing and Allocating Resources for Green Growth

Public:

- **Government investment** for climate change programs and projects, including green growth, total around \$1 billion annually:
 - National Targeted Programs (NTP-RCC, Energy Efficiency, Reforestation);
 - Projects and programs directly link to climate change and green growth.
- **Current expenditure:** for research, capacity building projects.
- **ODA:** from 1993, about \$11 billion under the form of CC related projects & programs and budget support.
- **Other sources:** REDD+, Vietnam Environment Protection Fund, CDM, Green Climate Fund, other climate finance.

Mobilizing and Allocating Resources for Green Growth

- 177 programs, projects (USD 10.8 bill) related to 36 actions of the VGGS
- 48 programs and projects related to 10 priority actions of VGGS
- 129 programs, projects related to 26 actions of VGGS
- 30 actions in the VGGS do not receive ODA supports

Challenges and Opportunities

- To implement VGGS, about \$30 billion will be needed by 2020, of which 70% targeted from non-public sources.
- To recover from climate change damages, 2-6% of GDP.
- Shortage of policies to mobilize financial sources, particularly international climate funds. A work in progress.
- Difficulty mobilizing foreign and domestic investors: need to strengthen policy incentives.
- Catalyze and crowd-in investment by leveraging public funds and create PPPs supportive of green growth (e.g., transport, energy).

Future directions

- Focus on initiative on strengthening institutional Reform, policy, resources mobilization and complement with existing initiatives developed by other development partners
- Capacity building activities for MPI, MOF, MOT and provinces for effective implementation and monitoring of the VGGIS and VGGAP and mainstreaming of green growth into the Socio-Economic Development Plan;
- To develop policies and regulations to promote green growth investments and sustainable development;

- Support the preparation of policies and guidelines to assist ministries, sectors and provinces to integrate green growth into planning, budgeting and spending and social-economic planning 2016-2020;
- Improve the financing approach, connect the private sector, credit system to climate finance sources, for example GCF;
- Strengthen measurement, reporting and verification (MRV) mechanism for mitigation actions and GHG emission targets under the VGGS;
- Provide technical training and support to define GHG emission targets and policy options for preparation of GG action plans ministries and provinces;
- Design a training programme on climate change and green growth.

- Revised/new public green procurement and expenditure investments policies introduced;
- Develop feasible fiscal policy frameworks and fiscal tools (e.g., environment and resources taxes, levies) to promote green growth in Viet Nam;
- Improve Viet Nam's climate finance architecture for green growth, as well as reporting on effective planning, budgeting, and tracking of climate finance spending;
- Introduce a green growth investment network to facilitate dialogue and information-sharing and best practices between private sector investors and government;
- Provide training and technical support for project developers, private sector and investors to get access to green financial mechanisms and develop green projects.

Direction for Mobilizing and Allocating Resources for Green Growth

Non-Public:

- Private investment in the form of FDI and equity, local investment, guarantees, and specialized on-lending by state and commercial banks.
- Government investment and ODA will be used as a catalyst to create and attract favorable environment for private investment in climate change and green growth (technology transfer; pilot projects, good practice).
- Introducing on PPP modalities (infrastructure, power generation).

Green Climate Fund Introduction

International climate finance mechanisms

UNFCCC

Green Climate Fund(GCF)

Adaptation Fund (AF)

Trust Fund of Global Environment Facility

Least Developed countries Fund(LDCF)

Special Climate Change Fund (SCCF)

Multilateral Mechanisms

Clean Technology Fund(CTF)

Pilot Programme for Resilience(PPCR)

Bilateral mechanisms

International Climate Fund of the
UK(ICF)

Green Climate Fund

Eligible countries: developing countries

Supported actions: Adaptation (50%) and Mitigation (50%)

Approach: Direct approach and multilateral approach

Required national agencies:

| Roles | Direct Approach | Multilateral approach |
|------------------------------|---|---|
| National cooperation agency: | National designated authority(NDA) <i>or</i> Focal point | National authority <i>or</i> Focal point |
| Implementation : | National implementing entity(NIE) | International and regional implementing entities |
| Execution: | Project executing in end-countries/ Receiving countries | Project executing in end-countries/ Receiving countries |

Overview

The objective of the fund is to contribute importantly and ambitiously to global climate change response effort

- Management unit of finance mechanism under UNFCCC
 - Be established in 2010 at COP 16 Cancun
 - Increase the estimation, effectiveness, financing for climate change under UNFCCC.
- The management board of GCF has the first meeting in 8.2012 – the mobilization has been starting.
- The Fund and its independent secretariat board has office in Songdo, Korea.

Management (I)

- Being a Finance management Unit of UNFCCC, GCF is responsible for implement its functions under the guidance of COP
- The fund is managed and monitored by A Management Board composing 24 non permanent members, responsible completely for funding decision
 - Equally members between developing and developed countries
 - Is selected through the appropriate selection process of countries or region of countries
- The decision of Management Board is based on the acceptance of all members
- The World Bank is authorized entity to manage the assets of the fund
 - Subject to be reviewed within 3 years since the operation of the Fund
 - Accountability for the Management Board.
- Vietnam is selected through the member of the Board of developing countries in Asia-Pacific region

Financial contribution(I)

- The developed countries commit to provide **100 billion \$ each year** for climate finance until 2020, most of them is expected to contribute to GCF.
- The Fund will receive financial contribution from developing countries.
- The Fund can receive financial contribution from other sources, including public and private sources.
 - ✓ 10,2 billion \$ is committed to GCF (update 5/2015, 33 developed countries and 8 developing countries).

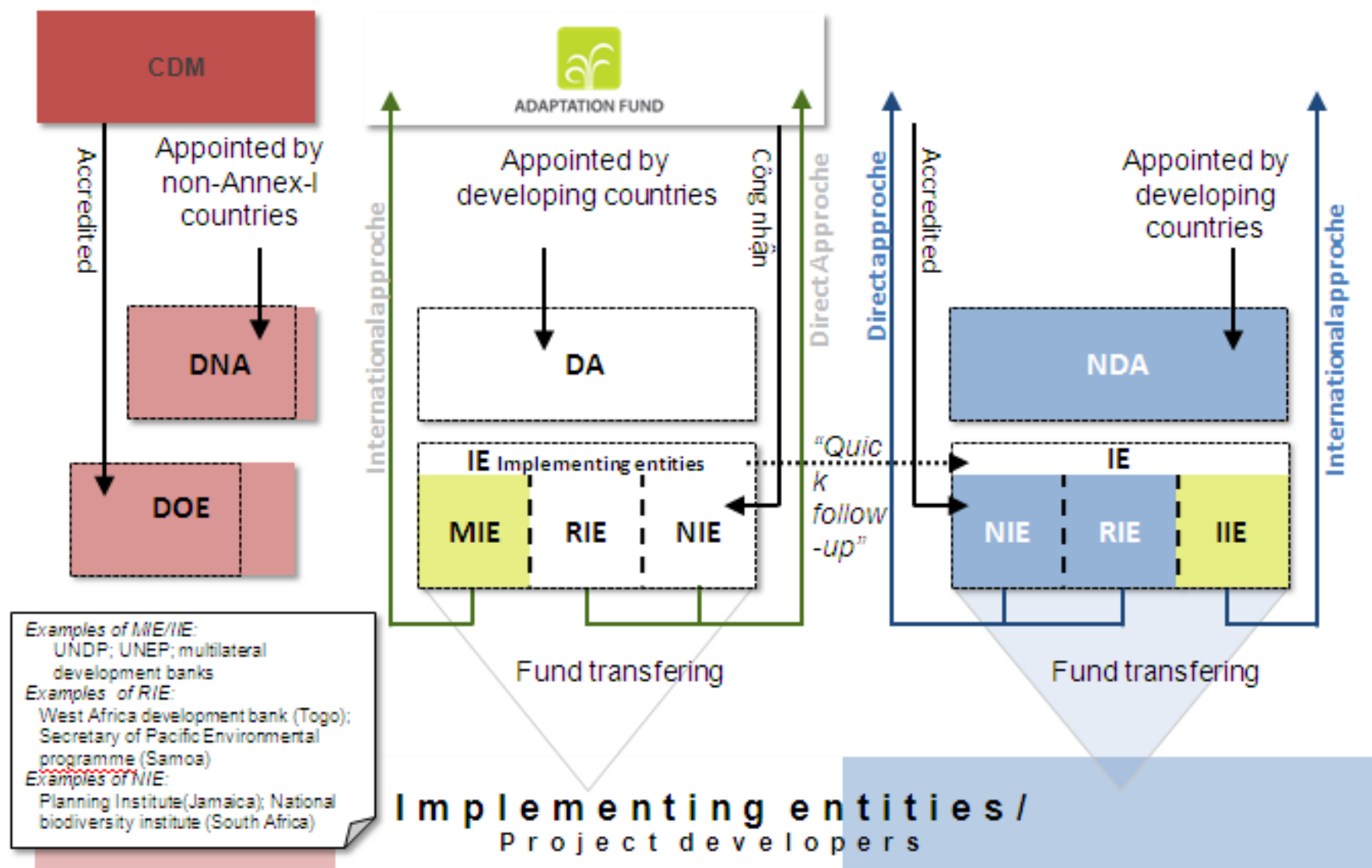
Benefits

- Eligible countries: Participating countries of UNFCCC
- The Fund support activities to implement and provide support for the following activities:
 - The adaption activities to reduce the climate vulnerability, select the options “first priority”, cover the adaptation areas and expand the effective mitigation options based on community
 - Mitigation actions include:
 - Energy efficiency(buildings, equipment, industrial process)
 - Power generated with low emisisions (from low to high scale), transportation and energy
 - Emissions reductions from losses of forests (REDD+)
 - Sustainable forest management (to support mitigation and adaptation) includes forest development
 - Prepare readiness and building capacity for mitigation and adaptation activities
 - Design and plan the cities to support mitigation and adaptation
 - Support cooperation public goods such as “knowledge centre”.
- The fund will have private fund to support direct and indirect for activities of private sector.

Opportunities

- Important contribution to global climate change resilience effort
- Promote to transform the model and support developing countries to transform their economy to a low emissions development and enhance climate change resilience
- Focus on national context and appropriate with national priorities
- Promote the participants of private sector.

Summary of approache and accredited mechanisms



GCF Approach: Preparation of Việt Nam

- In 10/2010, participate in international conference of effective support and financing for climate change;
- Study on Green Climate Fund funded by FFS and some other organizations;
- After issuing Green Growth Strategy, MPI establishes the Task Force on Climate Fund (CFTF);
- Deploy capacity building, especially NDA;
- The PM assigns the GCF NDA at Informative No. 4478/HTQT-VPCP;
- Participate in international forum of climate finance, green growth and low carbon development;
- Climate Public Expenditure and Investment Review (CPEIR) and first readiness assessment of Vietnam;
- Workshops 1) Readiness for accessing climate finance 14-15/10/2014, 2) Institutional capacity assessment for direct approach of climate funds on 25/11/2014 and determine options to mobilize and intergrate climate finance sources.

GCF Approach: Preparation of Việt Nam

- In 1/2015, meeting in Hanoi between GCF and MPI, MOIT, MOF, MARD, MONRE, SBV, VDB, some commercial banks (BIDV, Techcombank, Vietcombank, Vietinbank, Sacombank, Agribank, Social policy bank, ACB); EVN, Vinacomin, VNSteel, PetroVietnam, Vinatex and some development partners such as UNDP, World Bank, AFD, GIZ, Belgium, KOICA, JICA.
- On 27/6/2015, workshop on Pathway and Readiness of Vietnam to join GCF, includes proposals:
 - **#1**: National Designated Authority: Policy, Plan and Implementation
 - **#2**: Development of investment planning and define priority options
 - **#3**: Participants of MIEs and IEs
 - **#4**: Approve NIE

GCF Approach: Preparation of Việt Nam

- In 8/2015, the working group had a meeting with GCF's Director in Songdo to discuss about:
 - 1) GCF's conditions of funding for Vietnam in the coming period, especially when Vietnam becomes a mid-income countries;
 - 2) The funding of 30 triệu USD for project “ Building coastal climate change resilience for vulnerable community” proposed by MARD and MOC; and
 - 3) Support of GCF for capacity building to successfully access s the Fund..
- From 10/2014 until now, to prepare drafts of:
 - Decision on Establishment Steering Committee for Green Climate Fund in Vietnam;
 - Decision on Working regulations of this Steering Committee;
 - Decision on SPECIAL MECHANISM TO MOBILIZE RESOURCES FROM GREEN CLIMATE FUND to submit to the Prime Minister for approval. *(will be detailed later on)*

Thank you for your attention!

**Thank you for your support and
cooperation!**

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