A stylized landscape illustration featuring rolling green hills, a blue sky with wavy bands, a red bird in flight, a green tree, a purple flower, and a brown path.

Progress on the Viet Nam Green Growth Strategy

Update on Recent Developments

Presentation for the PMR PA5 meeting

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Overview of the Vietnam National Green Growth Strategy (VGGS)

- Approved on September 25 by the Prime Minister (decision 1393/QD-TTG)
- Overall objective of the VGGS – (Low carbon Development Strategy)
 - *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 greenhouse gas emissions and increased capability to absorb greenhouse gas are gradually becoming essential indicators in social-economic development.*
- 3 strategic tasks outlining the scope of the strategy
 - *Low Carbon Growth*
 - *Greening of Production*
 - *Greening of lifestyles*
- 17 solutions addressing specific Green Growth policy directions for sectors and provinces
- 10 priority actions to initiate immediate green growth action
- Overall supervision through the National Committee on Climate change which is headed by the Prime Minister

Targets

The VGGGS sets the following targets for GDP growth and GHG emission reductions:

- For the year 2020:
 - GDP per capita is doubled compared to 2010
 - Reduce energy consumption per unit of GDP by 1.5 to 2% per year
 - Reduce intensity of greenhouse gas emissions per unit of GDP by 8-10% or double the target with international support
- For the year 2030:
 - Reduce total GHG emissions by at least 1% per year without and 2% with international support.
 - Environmental degradation is addressed and natural capital stocks have been improved while the access and use of clean and green technology is significantly enhanced.
- In 2050, Viet Nam has mainstreamed Green Economic Development

Institutional Framework

SEDP/Economic Restructuring agenda

National Climate change committee
Overall coordination/policy coherence
Chaired by PM with MPI and MONRE as co-chairs

REDD
(implemented
by MARD)

VGGS:
- I CB (oversight)
- MPI coordinates/leads
- MONRE: GHG management

VCCS:
- MONRE coordinates
- MPI responsible for
Climate finance

Disaster Risk management
(implemented by MARD)

Green Growth----Climate change Mitigation-----Climate Change Adaptation/CRM

Key Challenges

- Moving from strategy development towards implementation:
 - Developing mechanism for provincial and sectoral target setting requires tools/mechanism
 - Criteria for green growth projects/ programs.
- Assess investment requirements
 - Sources of finance (domestic vs. external)
 - Assessing what market based mechanism are appropriate
 - Promote private sector involvement
- Work on development partner coordination:
 - A coordination framework has been developed but needs to be rolled out
 - Development partners have converging approaches which hampers coordination
- Limited understanding at local level.
- Despite significant identified win-win potential the upfront investment costs remain significant for private sectors which demands new financing mechanism.
- Uncertainty on climate finance and green climate funds limits mid – to longer term commitments.

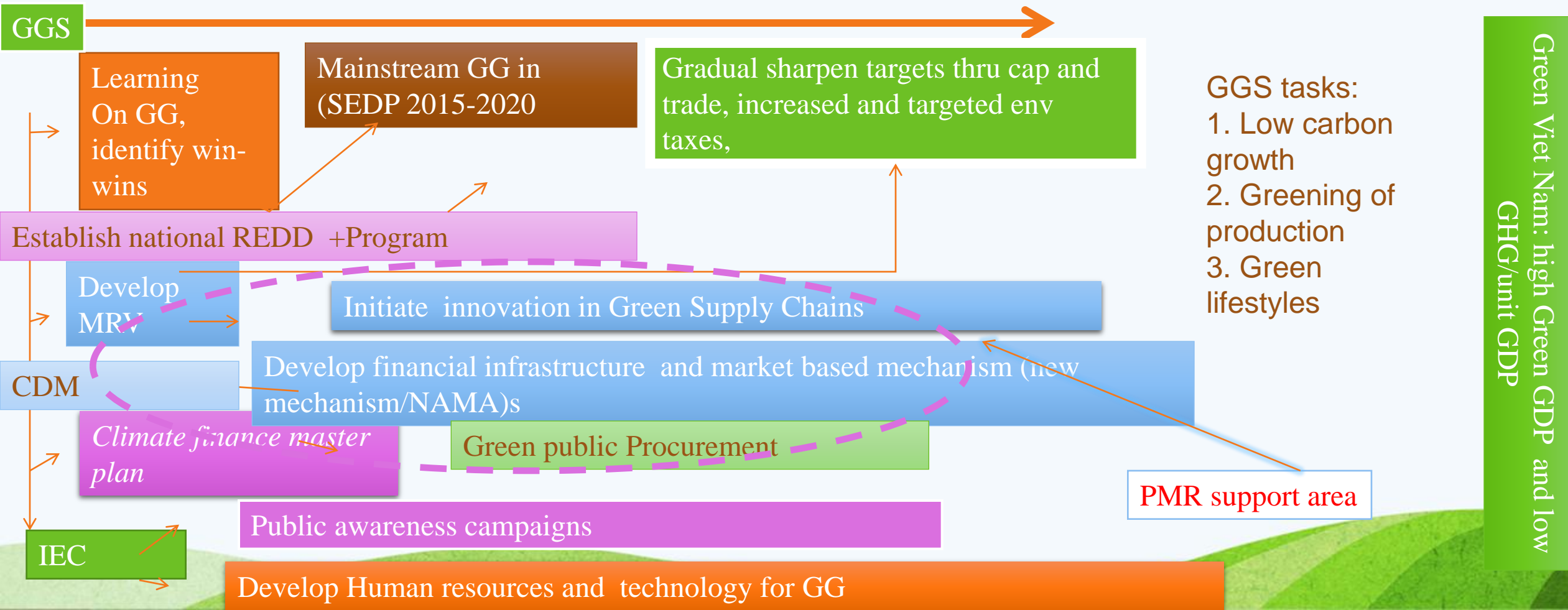
Green Growth Financing

- Assessing existing expenditures on climate and green growth
 - UNDP and WB supported Climate Public Expenditure and Investment Review (has been initiated).
- Improving access to climate finance:
 - Establish the Vietnam Climate Finance Options Framework (inception workshop March 26);
 - In collaboration with UNEP and Frankfurt School of Finance and Business develop green growth/climate financing mechanisms;
 - MPI DSENRE is a member of the Steering Committee for the Asia Low Emission Development Strategies Partnership Forum – a partner network of the LEDS Global Partnership.
- Work with sectors and provinces to set targets and identify policy actions and investments:
 - Work on developing the MACC (Marginal Abatement Cost Curve) findings into investments and policy actions.
 - Develop synergies between existing work at sectoral level (agriculture and rural development, renewable energy, green industry strategy)

Proposed Roadmap

Phases: Learning → main-streaming → Green Growth → towards a GE → “green Viet Nam”

2012-----2015-----2020-----2025-----2030---→ 2050



PMR and the VGGs

- PMR: Collective innovation and piloting of market-based instruments (MBIs) that reduce greenhouse gas emissions;
- First step: to build market readiness capacity, such as MRV (Measuring – Reporting and Verification) systems to create a central registry of carbon emissions, and study, identify and prepare scaled-up crediting instruments.

Market Readiness Proposal (MRP) with 02 key activities: Overall policy development/Developing market instruments for sectors

3 Strategic Tasks of VGGs:

- Low Carbon Growth
- Greening of Production
- Greening of Lifestyles

Desired Tools are MBIs

MBIs in Vietnam are still limited, but some initial successes with water, forest sectors, CDM, etc.

The PMR is jointly implemented by MPI and MONRE and supported by the ADB and the WB

key activities of Vietnam's MRP

Activity 1: Central MBI Planning and Coordination, as well as the Communication, and Consultation of the MRP design to manage the preparation of Viet Nam's MRP proposal

Activity 2: Preparation of Potential Market Based Instruments for Steel, Solid Waste Management, and Power (EE) Sectors

- Market readiness assessment of the identified sectors
- Technical and institutional/regulatory market readiness components of the sectors
- Assessment of the appropriate market-based instrument(s)
- Preliminary design of a scaled-up GHG crediting instrument for the three sectors
- Organization, communication, consultation, and engagement
- MRP implementation plan is developed

Next steps

- Roll out the 10 priority programs (including the financing)
- Design the VGGIS Implementation Plan, obtain approval and roll out of the priority actions (second half of 2013) which includes low carbon policy instruments.
- Coordinate interested Development partners based on aid effectiveness principles.
- At provincial – and sectoral level, awareness and understanding remains limited → requires additional capacity building investments.
- Develop an overall climate/green growth finance mechanism to start working towards directly assessing the Green Climate Fund.

Specific requirements

- Procedures from the WB and the ABD need to be more responsive and aligned with the country's need. The process has been slow to start the design of the MRP
- Learn from case studies of other countries such as Mexico and Costa Rica. Mexico has an approach centered on NAMA development that fits Viet Nam well while Costa Rica is well advanced with its low carbon development.
- The need for regional learning and sharing in the ASEAN, with an emphasis on the ASEAN region, will help to accelerate capacity building.



Thank you for your attention!