



VIETNAM GREEN GROWTH STRATEGY AND NATIONAL ACTION PLAN GREEN PRIVATE INVESTMENT

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Content

- Vietnam Green Growth Strategy and Action Plan (VGGS/AP)
- Demand and Source for VGGS implementation
- Mobilisation of green private investment
- Challenges and The Way Forward



Background

- ❖ National Green Growth Strategy (VGGS) - 09/2012;
- ❖ National Green Growth Action Plan (GGAP) - 3/2014;
- ❖ Vietnam announces NDC (2015); SDG 2030 (2017);
- **VGGS:**

View point: a strategy that stimulates restructuring and improvement of economic institution towards more effective use of natural resources, and increasing competitiveness of the economy through enhancing investment in new technology, natural capital and economic instrument; thus contribute to the response to climate change, poverty reduction and sustainable economic development

General Objective: GG, towards low-carbon economy and enriching natural capital, becomes a mainstream trend in sustainable economic development; reducing emission and increasing GHG absorption is becoming a mandatory and important indicator in Socio-Economic Development (SED)

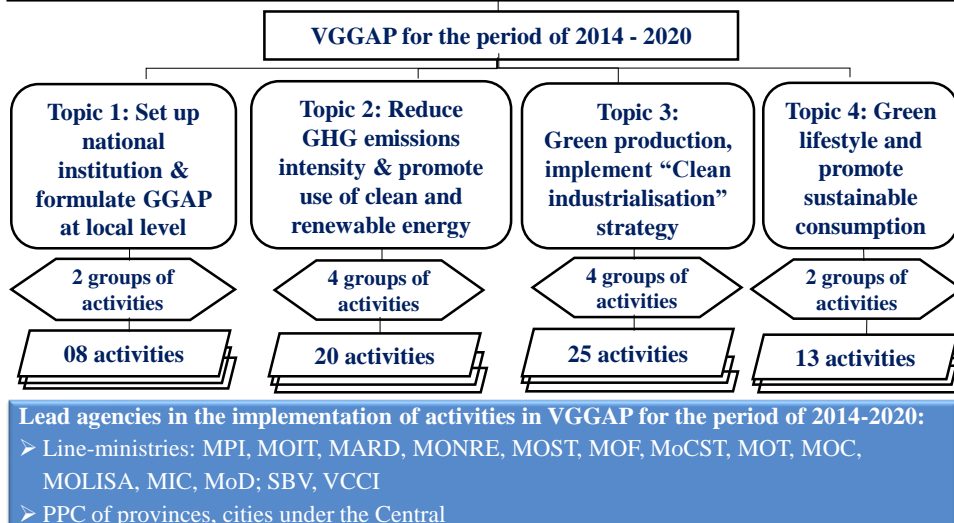
- **VGGAP:** 04 key thematic topics, 12 groups of activities consisting of 66 specific activities



Overview of VGGS/AP

VGGS for the period of 2014 – 2020, with vision towards 2050 has 03 strategic objectives:

- Reduce GHG intensity & promote the use of clean and renewable energy
- Greening production
- Greening lifestyle and promoting sustainable consumption



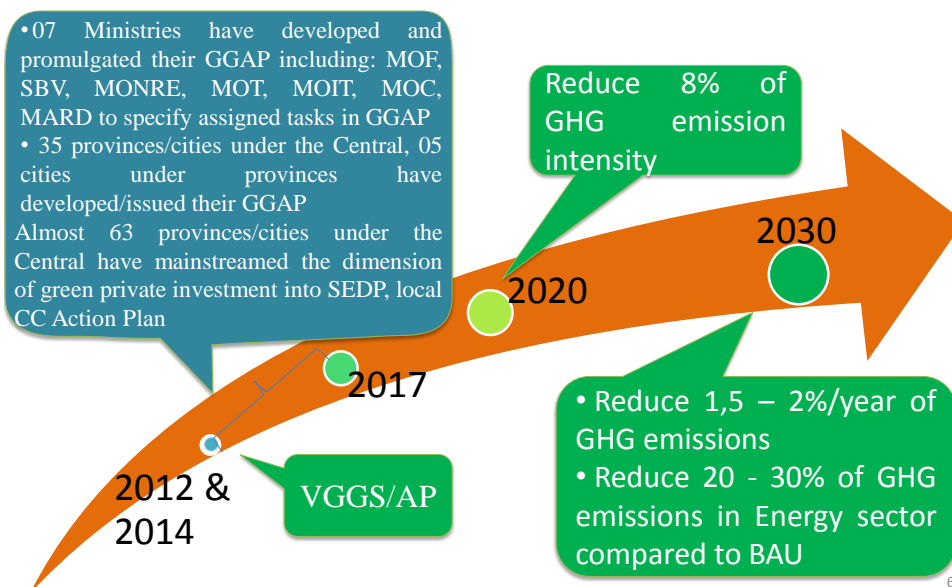


Development of Legal Framework

- Party's Resolution No.24 (6/2013) on actively responding to climate change, strengthening management of natural resources and environmental protection;
- Revised Law on Environmental Protection coming into force since 1.1.2015 has added chapter IV on responding to climate change; Law on economical and efficient energy use (2010); Revised Power Plan 7;
- 10-year SED Strategy 2011-2020 has included Climate Change mitigation content. In concretizing the Orientation for Sustainable Development for Climate Change, Vietnam has issued:
 - National Climate Change Strategy and Action Plan (CCS 2011, CCAP 2013);
 - National Strategy and Action Plan on Climate Change (VCCS 2011, VCCAP 2013);
 - Guidelines for the preparation of the 5-year SEDP 2016-2020 and the coming periods;
 - National Target Program to Respond to Climate Change and Green Growth 2016-2020 (QD 1670 dated 31/10/2017);
 - Paris Agreement and Nationally Determined Contribution of Viet Nam (NDC 2015);
 - VSDGs with 17 common objectives and 115 specific targets that define GG as the means to realize SDGs (622/QĐ-TTg 10/05/2017)
 - Draft Forest Law specifying forest environment services, payment for GHG absorption.

5

Process of Developing and Implementing VGGs/AP



6



Demands and Resources for VGGS implementation

References:

- Studied documents to prepare the draft of VGGS (2011-2012) with pretty high targets of GHG emission reduction
- NDC (11/2015) with emissions reductions of 8% and 25% compared to BAU of 2020-2030
- Medium-term investment plan 2016-2020
- Provincial GGAPs



Capacity of Public Investment for GG

PUBLIC INVESTMENT PLAN 2016 - 2020	Total Investment (billion, VND)	Total Investment (billion, VND)	Percentage for Green Growth
1. State Budget	1.120.000	201.265 – 207.991	17.9% - 18.6%
1.1. Target programmes	147.306	67.811	0% - 25% - 100%
1.2. ODA	300.000	120.000	40%
1.3. Allocation for programs, projects & 02 National Target programs	672.694	13.454 - 20.180	
2. Local budget	880.000	26.400 -35.200	3% - 4%
TOTAL	2.000.000	227.665 –243.191 (10 – 10.7 bil. USD)	11% - 12,2%

*: ODA Source might be allocated for the implementation of Target programmes



Shortage of Investment Capital for Green Growth for the Period of 2016-2020 (Bil. USD)

	GREEN GROWTH (MACC)	GREEN GROWTH (NDC)	PUBLIC INVEST. 2016-2020
DEMAND	30	21,1	10 – 10,7
SHORTAGE	19,3 – 20	10,4 – 11,1	

In order to meet the needs for implementing Green Growth, financial resources have to mainly mobilized from private sector. At the same time, process of greening this important economic sector will be ensured



Mobilisation of Private Sector to Implement Green Growth

Legal framework to support enterprises to implement GG

- Enhance competitiveness of the private sector, create a fair competition mechanism with the following laws: Enterprise Law; Investment Law, Bidding Law, Construction Law, etc. Particularly recent is the Law on Support to Small and Medium Enterprises (6/2017).
- Encourage and foster participation of the private sector, especially in green growth such as renewable energy, energy efficiency, cleaner production, with the Law and the sub-law Electricity Law No. 28/2004 / QH11 and Law No. 24/2012 / QH13 Law Amending and Supplementing a Number of Articles of the Electricity Law No. 28/2004 / QH11 and Law on Energy Efficiency and Conservation No. 50/2010 / QH12, Law on Environmental Protection No. 55/2014 / QH13.
- Some Decrees of the Government have stipulated investment incentives, post-investment support, state credit incentives... for green projects



Green Private Investment

ITEM	09/2016, bil. VND	%	Increase from 12/2015	06/2017, bil. VND	%	Increase from 12/2016
Green finance account outstanding, end of accounting period	84,789	1.57%	14.7%	109,729	1.7%	29.4%
Account outstanding, for which social & environmental risk evaluation is completed	129,160	2.49%	562%	449,468	7.72%	348.1%
Number of banks with green finance reports	11			20		
Number of banks with social & environmental risks evaluation reports	20			20		

Green finance policies – Environmental and Social risk assessment and green credit (SBV's Directive on the promotion of loans for environmental protection & GG projects)

Source: SBV and GIZ, 2017



Challenges

- High pressure of maintaining GDP growth at 6-7% per year;
- Investment in GG requires large amount of funding (about \$30 billion), with policies aiming at: private sector 70%, state budget 30%, while public investment is limited;
- Limited capacity and experience: i.e. how to assess priority and potential GG areas for sectors, sub-sectors, provinces, cities;
- Lack of engagingly attractive investment policies to mobilize financial resources, such as international climate funds;
- Policies are often single, not synchronised, which make line ministries/sectors find it difficult to provide guidance on the implementation;
- Consistency in policy decision-making as well as investors';
- Start-up in GG sectors is limited; Very few core technologies in the energy sector and others;
- Budget issue: Mid-term investment plan approved in 2015 and under implementation, so significant source to support GG implementation is quite limited, except for the international assistance.



Challenges

- Many duplicated contents among VGGS, VCCS, NDC, VSDGs with many focal points that leads to difficulty in the implementation if there is no clear division of labour and good coordination, especially in the condition of limited resources, many conflicts and benefits can deflect the implementation
- Economic restructuring process towards Green Growth has identified many challenges related to adjusting resources: land, capital, integrated planning, pressure of spending for adaptation...
- Efforts of the GoV. and some sectors (Industry and Commerce) are very high, but lack of linkage and synchronous measures among sectors: Natural Resources and Environment, Finance, Agriculture and Rural Development -> lack of timely guidance on the implementation for localities and investors
- Each locality has its own way of doing business, lack of consistency, which leads to difficulty for the private sector to plans, estimate investment cost, ...
→ high risk for enterprises.



The Way Forward

- Mainstream contents of VGGS into VSDG 2030;
- Develop VGGS and GGAP for the period of 2021-2030;
- Mainstream VGGS into Socio-Economic Development Plan (SEDP) in the period of 2021-2025 and SED Strategy for the period of 2021-2030;
- Prioritise public investment resources, including ODA, for the implementation of VGGS;
- **Encourage, promote domestic and foreign investors in green growth implementation;**
- **Strengthen international cooperation, attract resources from bilateral & multilateral partners in various forms to promote GG**