



***National institutional
arrangements for realising
low-carbon green growth***

***Le Duc Chung, 16 Oct'
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- ***Country context;***
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- ***Learning ways to sort out institutional congestion.***



Country context

- *Economic growth of about 7% / year for period 2000-2010, the positive transition of economic structure, increasing people's living standard;*
- *Economic development is not sustainable. The quality growth, productivity, efficiency and competitiveness of the economy are still low; growth rate decline in 2011, 2012 (about 5.5%)*
- *Continued global financial constrains which restrict FDI flows;*
- *Climate impacts are becoming more severe and impacts are wide spread and deeper than anticipated;*
- *Requirement for restructure, change of growth model, effective use of natural resources to increase competitiveness of economy.*

Efforts to mainstream

Sustainable Development Strategy

SEDP 2011-2015

Other Strategies /MP (EE, RE, EP, ..)

VGGS: Green Production, Low Carbon growth, green lifestyles, restore and develop natural capital

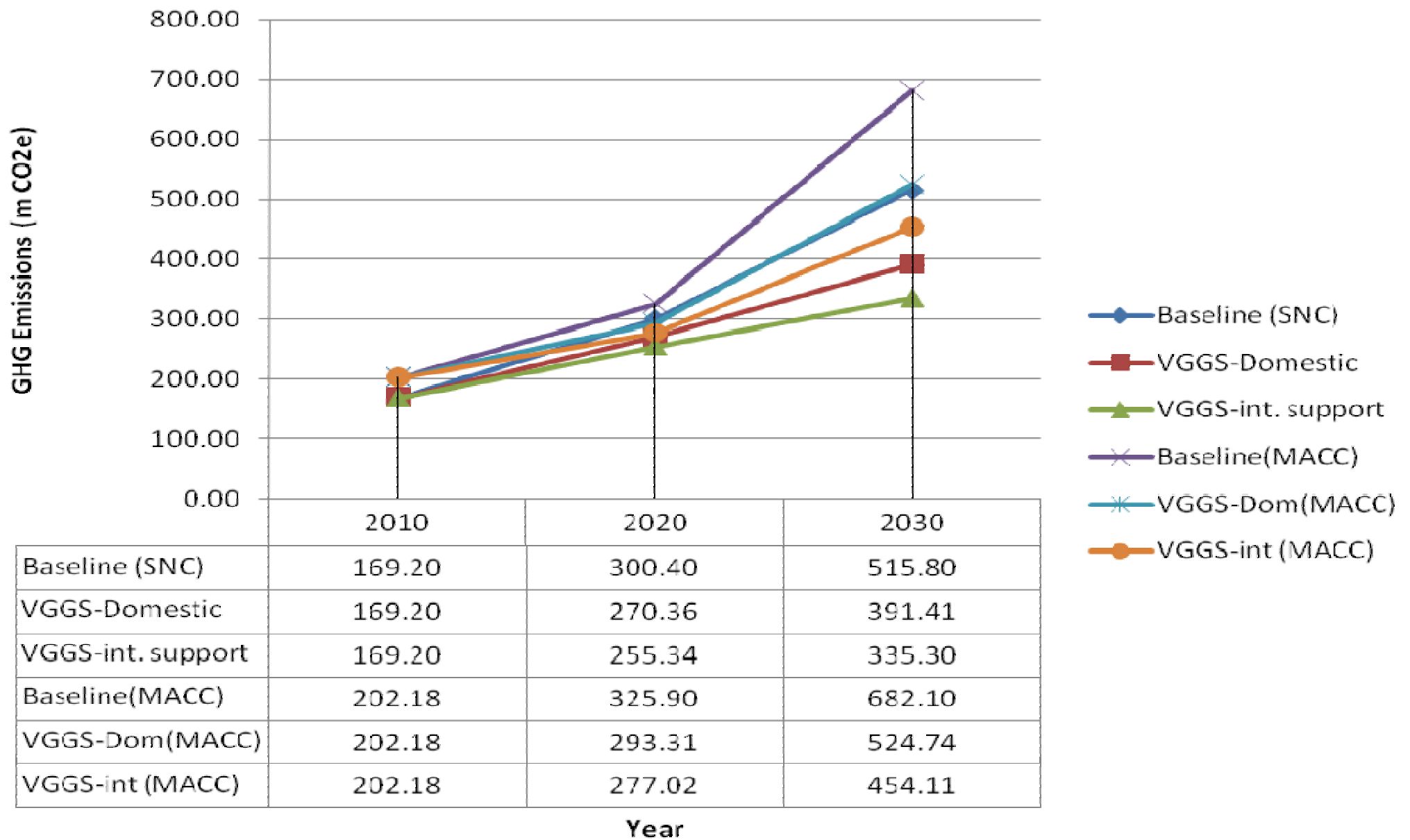
VCCS: Adaptation, capacity building, mainstreaming

Other Strategies/Mp: Disaster Risk Mangt., social protection etc.

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

- **The Vietnam Climate Change Strategy defined specific objective: low-carbon economy, green growth become key trend in sustainable development; GHG mitigation and absorption capacity to be compulsory indicators in socio-economic development.**
- **Vietnam has ambitious laws and action programs for energy efficiency and the large-scale development of renewable energy sources. The mid to long-term objectives of these are to bring the share of renewable energy to 4.5% in 2020 and to 6.0% in 2030 and reduce average energy elasticity ratio of 1.5 by 2015 and 1 by 2020. [Power Master plan VII].**
- **The Vietnam Green Growth Strategy aims to targets:**
 - **To 2020: reduce intensity of GHG emissions by 8-10% compared to 2010 base, reduce energy consumption per unit of GDP by 1 -1.5% per year to 2020 and in the energy sector by 10-20% relative to BAU.**
 - **To 2030: reduce GHG emissions by 1.5-2% per year, in the energy sector by 20-30% relative to BAU.**
- **Vietnam is developing a Proposal on management of GHG emissions and trading carbon credit to international markets. The first phase of this proposal (2012-2013) is designed to formulate initial legislation/policies which are related/deal with the carbon market.**

GHG mitigation via VGGs



Ministries' involvement in VGGs and leading to policy actions

No.	Prioritized Programs leading to Policy actions	Duration	Leading agencies
1	Proposal to formulate mechanism, policy for mobilizing resources for green growth;	2012 – 13	MPI
2	Framework of defining criteria for green growth programs, projects;	2012 - 13	MPI
3	Framework guidance to integrate green growth in sectoral, provincial socio-economic development plans;	2013	MPI
4	Policy Framework for green industries;	2013	MOIT
5	Policy Framework for green agriculture;	2013	MARD
6	Policy Framework for green urban;	2013	MOC
7	Policy Framework for green tax, fiscal including fit-in tariff;	2013	MOF
8	Proposal to develop green technologies;	2013	MOST
9	Framework for M&E, MRV and reporting for VGGs implementation;	2012	MPI, MONRE
10	Action plan for implementation of VGGs, 2011-2015.	2012	MPI

Examples of MBIs already affecting GHG emissions

	<i>Tools</i>	<i>Examples</i>	<i>Legal document</i>
1	<i>Charge: Tax and fee (but mainly impact on inputs)</i>	<i>Gasoline, oil, grease, coal, HCFC</i>	<i>Environmental protection tax Law and its sub-law doc</i>
2	<i>Subsidies (not necessarily structured as MBIs yet and mainly investor led approach)</i>	<i>Development of RE: wind power, solar power</i>	<i>Energy Efficiency Law Decision to promote Wind power</i>
3	<i>Marketable permits and other incl. deposit/ refund systems</i>	<i>CDM projects, PES, REDD+</i>	<i>Decree on CDM, PES (mainly from water resource) Draft Nat' l strategy for REDD+</i>
4	<i>Eco/green-labeling, licenses (not nec. Structured as MBI' s yet)</i>	<i>Green building, Energy label</i>	<i>Energy Efficiency Law</i>

Role of Finance Ministry

- Position and functions of MOF (Decree 118/2008): The MOF - a government agency with functions to perform the state management of finance (including state budget, taxes, fees, charges and other state budget revenues, state reserves, state assets, state financial funds, financial investment, corporate finance, cooperative finance and collective economy); customs; accounting; independent audit; pricing; securities; insurance; financial and other services under its state management; and represents the owner of state capital portions in enterprises according to law.***
- Involving dept's to LED: Tax policy; Legal; Debt management and External Finance; Financial Administrative - Carriers; Financial Institute and some others.***

Proposals of Financial Policies to Support for Green Growth

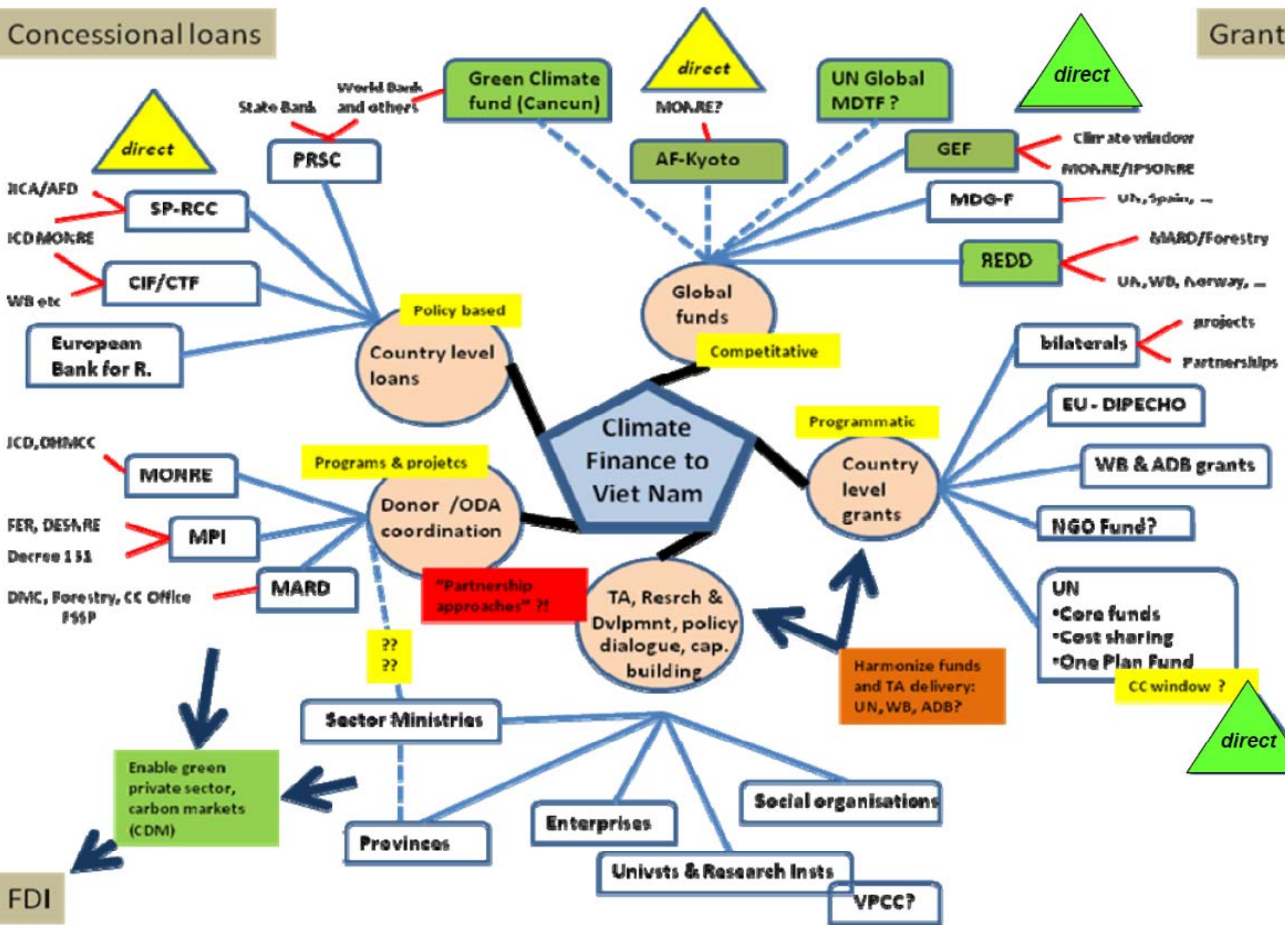
- 1. Orientation for fiscal policy planning (tax and budget spending) in conformity with the 'Green Growth Strategy for the period from 2011 to 2020 and Vision to year 2050';***
- 2. Require a financial mechanism to encourage and support for production and business sectors to utilize the clean technology and energy via i.e the tax policy, legal documents and procedures, favourable investment mechanism;***
- 3. Increase the budget spending for clean technology development investment, technologies with less natural resources and energy consumption;***
- 4. Strengthen the PPP in order to support better for green growth; at the same time to provide the preferable measures (tax, credit) to promote the private investment for green growth;***
Example: Tax and Budget Reform towards green and environment taxes with 3 approaches are: (i) apply some types of new taxes related to the environment; (ii) re-structure several types of existing taxes; (iii) gradually reduce/exempt the favourable conditions on taxes and subsidies harmful to the environment. (may include carbon tax, vehicle tax, final waste treatment tax; tax on packages and natural resources tax etc.).

Major difficulties and challenges for realizing full-fledged mainstreaming

- Lack of professional human resources;***
- Planning and budgeting changing factors: uncertainty, new;***
- Diversity and cross sector characteristics of sources: 60 various types of funds for mitigation, VN accesses to 7;***
- Resources as seeds to invest in are mainly external;***
- Mandate of ministries/agencies left behind evolution of CFs;***
- Donor coordination and delegation;***
- Low level of technology.***

Concessional loans

Grant



Learning ways to sort out institutional congestion

- LEDS should mainstream into existing planning system based on critical requirements of restructure of economy as a whole;*
- Full involvement of key ministries at early stage with well coordination are critical;*
- To improve LEDs related legal basis such as draft and submit Law of renewable energy.*
- To improve its policies and provide a solid legal foundation to attract more foreign investors in the field of renewable energy;*
- MoF should be more active to work with sectoral ministries to explore benefits from investments in LEDs, further application of MBIs.*