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VIETNAM CLIMATE CHANGE FINANCIAL MANAGEMENT



MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT
DEPARTMENT OF METEOROLOGY, HYDROLOGY AND CLIMATE CHANGE

VIETNAM

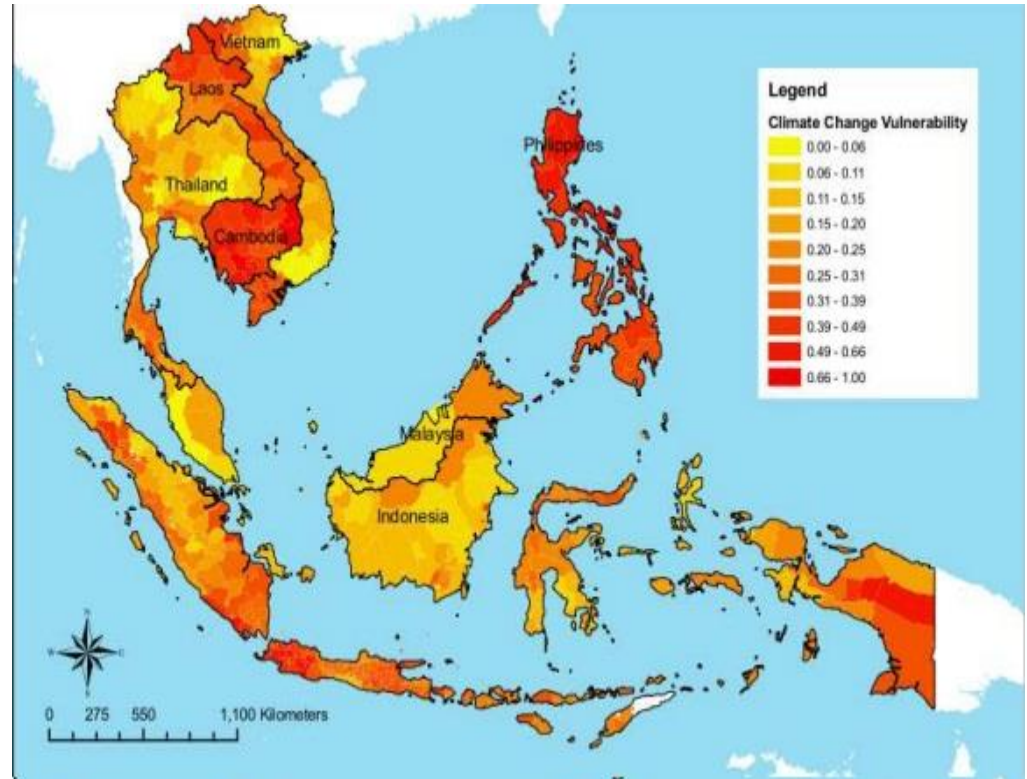
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Viet Nam is among the most vulnerable countries in the world to climate change

- Over the past decade, climate related disasters (particularly storms and floods) have caused an annual average cost in damages of 2-6 percent of GDP
- Viet Nam's rate of emissions growth currently outstrips that of its GDP growth and committed to reduce the emissions.



LEGAL & INSTITUTIONAL FRAMEWORK

- **2011-2015 Socio-economic development plan**

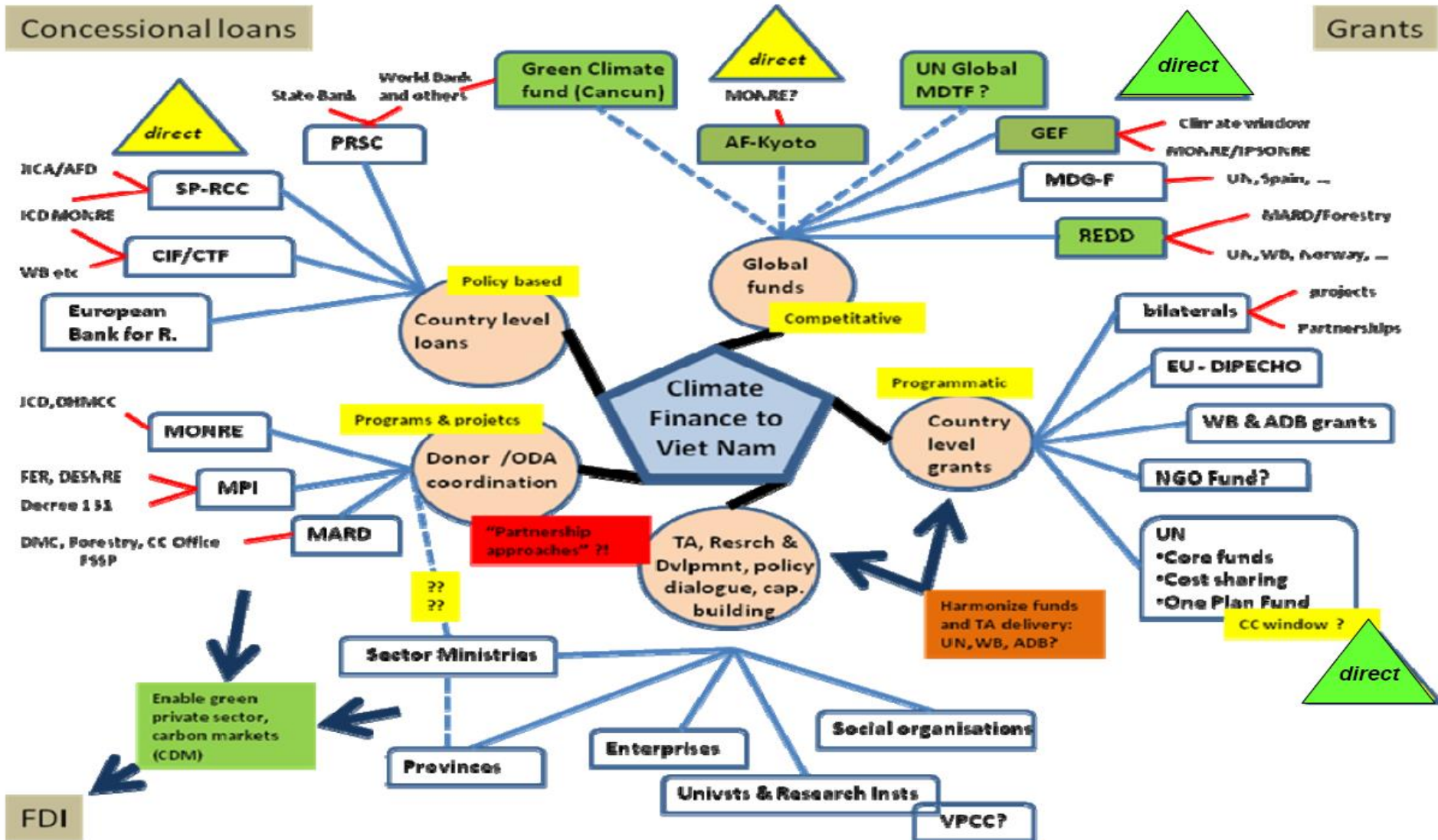
Recognizes climate change as a significant threat to development and reaffirms commitments on improved natural resource and disaster risk management.

- **The climate change related strategies/action plans**

- The 2011 Vietnam Climate Change Strategy (VCCS);
- The 2012 Vietnam Green Growth Strategy and the National Action Plan to Respond to Climate Change (NAPCC);
- The 2013 National Action Plan for Green Growth Strategy;
- The National Target Program to Respond to Climate Change (NTP-RCC) - three phases (2008-2011, 2012-2015 and 2015-beyond).



CLIMATE FINANCE IN VIETNAM



Forms of Climate Change Finance

- Various forms of Climate Change Finance have been introduced to meet the increasing and diversified needs:
- **Government investment** for Climate Change projects and programs (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 of about \$2 billion under the forms of CC related projects & programs and budget support;
- **Others:** REDD+, Vietnam Environment Protection Fund, CDM.

Vietnam Climate Public Expenditure/Investment Review

- **Clarify** alignment of climate change and green growth spending under the national budget;
- **Assess** options for tagging and tracking climate change and green growth relevant expenditures;
- **Provide** analyses on climate change and green growth expenditures;
- **Recommend** improvements in monitoring and assessment;
- **Assess** the institutional set up and governance structures;
- **Review** the existing climate finance architecture;
- **Suggest** appropriate directions for developments of the fiscal policy framework in Viet Nam.

Challenges

- Total economic costs of CC are about 2-6% GDP or \$3-9 billions (ADB 2009) and \$1-2,5 billion will be needed for adaptation;
- To implement Green growth strategy, about \$30 billion will be needed by 2020;
- Shortage of policies to mobilize financial sources, particularly International Climate funds;
- Difficulties in mobilizing international and domestic investors.

Solutions

- **Legal Framework:** Formulating Action plans/ Priority Projects for Climate Change & Green Growth strategies.
- **Climate Financial Mobilization:**
 - + Develop market based mechanism to generate financing for green growth (NAMAs, future cap and trade system);
 - + Improve existing capacity and consolidate the set up and strengthening of fiduciary procedures for resource mobilization (VEPF, VGGSF...).
 - + Set up Climate Finance Task Force & Climate Finance Option.
- **Climate Finance Utilization:**
 - + Formulating Adaptation Prioritization Framework & Green Investment Guideline for public investment .

Solutions

- **Engagement of private sector:**
 - + Government investment and ODA will be used as a catalyst to attract/create favorable environment for private investment in Climate Change/Green Growth (Technology transfer/Pilot projects/Good practice);
 - + Introducing on PPP modalities (infrastructure, power generation).

Thank you for your attention



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