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);
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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