



# Green Growth Planning in Decentralized Viet Nam

*Initial Experiences from the Field*



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# Why Green Growth?

## Viet Nam's National context

- Country faces significant development challenges in terms of:
  - Environmental Management
  - Energy Security (increased reliance on imported coal and other fossil fuels)
  - Loss of natural capital (biodiversity, ecosystem services)
  - Rapidly rising GHG emissions (albeit from a low base)
  - Increased vulnerability to climate hazards and climate change impacts
- Recent macro-economic development have led to the need to restructure the economy and further institutional reform
- Vietnam Approved the Viet Nam Climate Change Strategy and established the National Climate Change Committee
- International context:
  - UNFCCC COP process calls for wider actions through voluntary engagement to start reducing GHG emissions of middle income countries
  - Green Growth is becoming a predominant development path which is increasing reflected in trade and investment flow
  - The Last 2 years have seen a dramatic increase in evidence that climate change impacts are impacting on development throughout the world (US drought (2011-2012) Pakistan floods (2011), Arctic seas ice-free by 2040) with geo-political implications

*The VGGS is in line with these national and international policy agendas and Viet Nam's commitment to contribute to international efforts to combat climate change*

# Green Growth In Viet Nam

- Vietnam has recently endorsed the following key strategies:
  - The Viet Nam Climate Change Strategy, led by MONRE and focusing on science and adaptations acts as an umbrella strategy;
  - The Viet Nam Green Growth Strategy (the VGGS) is linked to both the national climate change – and the economic restructuring policy agenda. Low carbon growth is one of three core strategic directions.
- Viet Nam's GHG voluntary emission target 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

# VGGS-Objectives

**Overall Objective:** *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.*

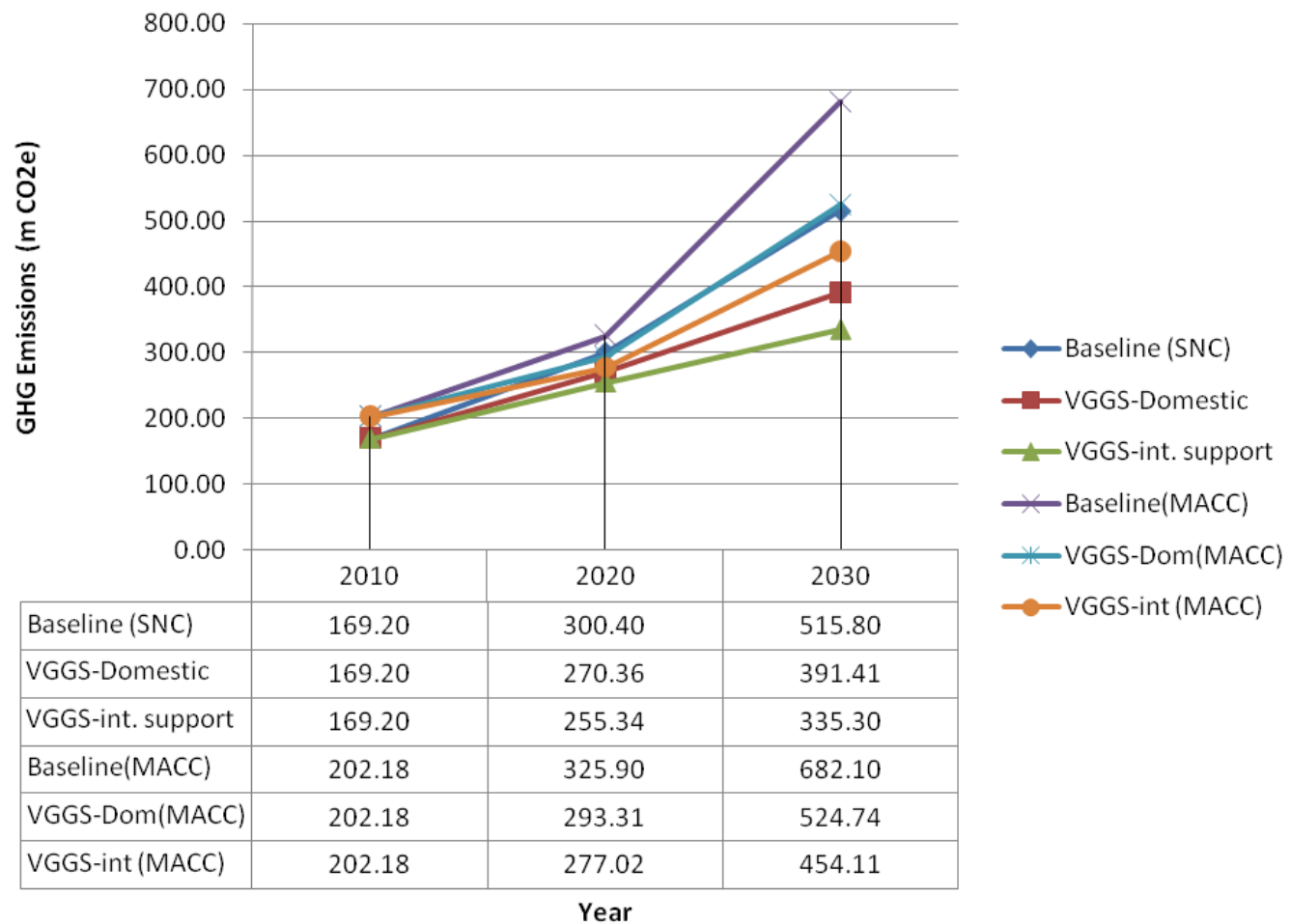
## **Specific objectives:**

1. Restructure the economy and perfect the economic institutions by greening existing sectors and encouraging the development of economic sectors to use energy and natural resources efficiently with higher added values;
2. Conduct research and enhance application of appropriate advanced technologies to more efficiently use natural resources, reduce greenhouse gas emissions intensity and to contribute to an effective response to climate change;
3. Improved living standards of the people, creating an environment friendly lifestyle through employment generation from green industry, agriculture and services; investment in natural capital; and development of green infrastructure

# Decentralization

- Initiated as part of 1992 constitutional reform agenda
- The state budget law (Enacted 2002, active in 2004) provide clear fiscal arrangements for decentralized local governments (budget structure is hierarchical and decentralized (dual approval process)
  - In 2012, 39% of the total expenditures were subnational
- The public administration system works under a system of dual subordination → Plans and budget are developed by the Provinces and approved by Provincial People Council and Central Government (MPI/MoF)

# GHG Emission Scenarios



# Sub National Green Growth Activities

- As part of the PMR ,Hoi An and Danang piloting of Market based mechanisms to stimulate green urban development
- Provinces are developing Green Growth Action Plans→ Long An, Thanh Hoa, Quang Nam,
  - Plans are based on low initiatives with high stakeholder engagement
  - These initiatives Focus as well on other than low carbon initiatives
    - Green lifestyles/consumption patterns
    - Green production
      - Non fired bricks
    - Natural capital
      - REDD/PES for forested areas

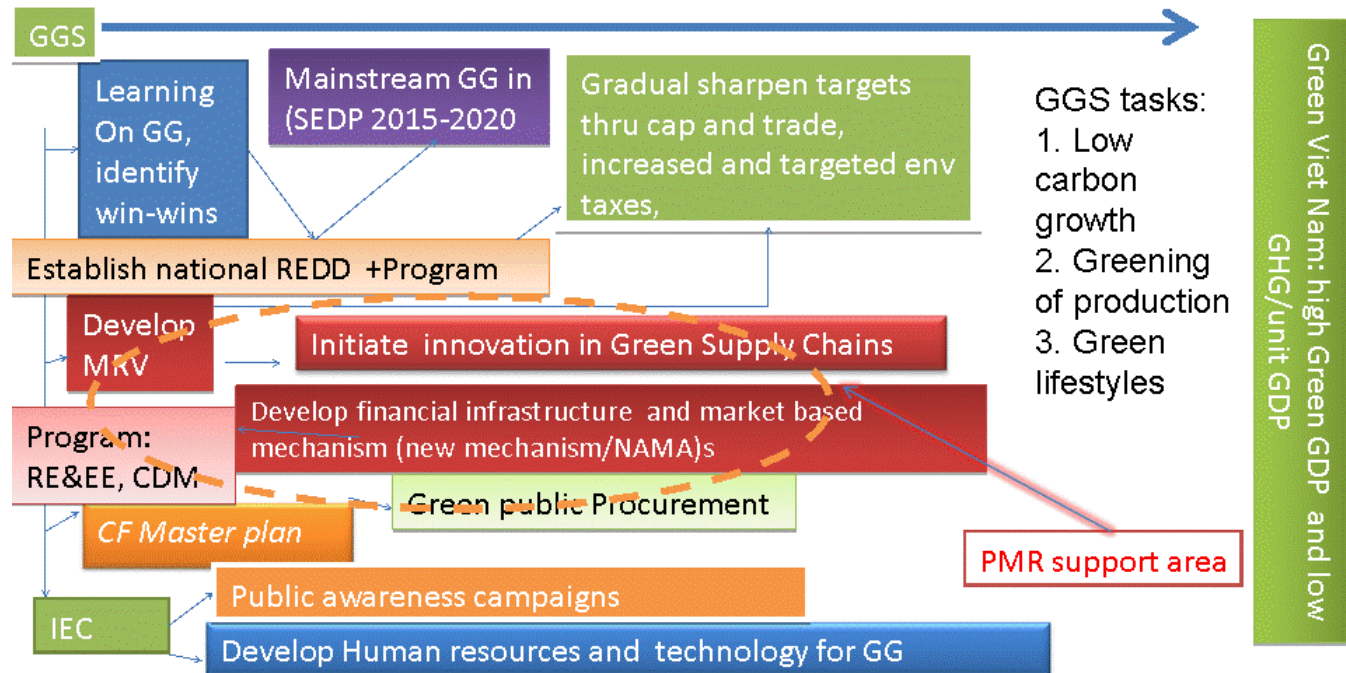


# Proposed Roadmap

## Proposed Roadmap

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

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



# Challenges

- Alignment of the provincial action with national targets:
  - Need for mechanisms to set clear targets for provincial Governments and sector agencies that:
    - Avoid overlap between provincial activities and national sector based activities
    - Are aligned with the decentralization framework
- Ensuring proper prioritization of low carbon action to ensure
  - Continued high economic growth
  - Achieving low carbon development targets
- Developing provincial based capacity in terms of MRV→
  - For policy development→ ensure proper prioritization of the most efficient use of public finance in terms of GHG mitigation
  - Monitoring of progress

# Possible Mechanism

- Develop a national action plan with clearly defined mechanism for provincial green growth planning aligned with VN planning practices, however key issues to be addressed:
  - Low carbon growth: Assess the possibility of provincial carbon budgets
    - Fits well in the Viet Nameese planning traditions
    - Ensures that growth and GHG emission reduction activities are alligned
  - Post 2020, initiate from sector based carbon budget the development of a cap and trade system.
- Develop a multi- criteria decision support system for local government to ensure that:
  - Social and environmental co-benefits are taken into account
  - Avoid the reliance on difficult to manage high data demanding models (demystifying low carbon growth)
  - Ensure stakeholder engagement in selecting low carbon development options