



MINISTRY OF PLANNING AND INVESTMENT

HANOI, 27 – 29 JUNE 2016
MOBILIZING FINANCE FOR
PRIORITY ACTIONS



Tracking Public and Private Flows of Climate-Related Finance in Vietnam

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Country Setting:

- Vietnam is highly vulnerable to climate change (CC), country is member of Climate Vulnerable Forum – CVF20;
- The Government of Vietnam has formulated CC Strategy and Green Growth (GG) Strategy and Action Plans which were incorporated into 2016 -2020 Socio-economic development plan and Target Program for CC and GG for 2016-2020;
- INDC at COP21 (8% unconditional; 25% conditional);
- Vietnam's “Resource Mobilization Framework for CC and GG”;
- Reviewing trends in CC to inform the RM Framework



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Country Setting

- Fossil fuel use in the power sector, notably coal-based power, is the primary contributor to Vietnam’s greenhouse gas emissions:
- New National Renewable Energy Development Strategy (REDS), 2015.
- Revised Power Development Plan 7 (2011-2020 with a vision to 2030) in March 2016 (“PDP7-rev.”), including new RE targets.
- **This has the potential to add up to a comprehensive approach to respond to climate change and develop a low-carbon economy.**



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Country Setting

- Green Growth Action Plans have been developed for the transportation, aviation, banking and other sectors, and for upwards of 27 provinces (not all are fully costed).
- Before 'stocktake' in 2018 under the Paris Agreement, Vietnam will explore convergence of (I)NDC, National Green Growth Strategy, and Climate Change Strategy.
- Preliminary estimates of Vietnam's finance gaps point to the need for resource mobilization targeted to specific sectors (e.g., RE, energy efficiency, clean transport, climate-smart agriculture).



Total expenditure for mitigation in Vietnam INDC

Sector	Modality	Reduction target by 2030 (%)	Expenditure (mil. US\$)
Energy	self-executing	-4.4	1,894.3
	international support required	-9.8	5,317.4
Agriculture	self-executing	5.8	885.43
	international support required	41.8	12,093.54
Waste	self-executing	-8.6	311.7
	international support required	-42.1	2,596.2
LULUCF*	self-executing	+50.05	131.98
	international support required	+145.7	1,127.98
Total self-executing expenditure			3,223.41
Total required international support expenditure (mil. US\$)			17,911.71
Total (mil. US\$)			21,135.12

* Increasing GHGs absorptive capacity



GAP OF INVESTMENT FOR for Climate Change Adaptation and Green Growth for 2016-2020 (US\$ billion)

	CC Adaptation (at 4% of GDP)	Green Growth (\$9 Bil.)	Green Growth (NDC)	Total Demand	MTIP 2016-2020	Gap
	46.85	9	17.9		24	
1 st Option				55.85		31.85
2 nd Option				64.75		40.75

* Percentage of 20% of investment for CC&GG will be used for 5 key ministries, ie. \$17.3 bil.;

** Percentage of 5% of investment for CC&GG will be used for all provinces, ie. \$1.57 bil.;

*** Key TPs \$5.2 bil.



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Total estimated investment needs for Climate Change Adaptation (US\$ billion)

Year	2015	2016	2017	2018	2019	2020	Period 2016-2020
GDP	196.00	207.76	220.23	233.44	247.45	262.29	
0.2% Investment (Minimum)*		0.42	0.44	0.47	0.49	0.52	2.34
0.5% Investment*		1.04	1.10	1.17	1.24	1.31	5.86
1.5% Investment*		3.12	3.30	3.50	3.71	3.93	17.57
4 – 6% Investment (Maximum)**		8.31 – 12.46	8.81 – 13.21	9.34 – 14.01	9.90 – 14.85	10.49 – 15.74	46.85 – 70.27

* Denotes ADB estimates within table;

** Denotes TP CC-GG estimates within table



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How Much Climate-Related Finance is Vietnam Spending?

- In 2013, MPI initiated the first national study on tracking climate finance in Vietnam.
- “Financing Vietnam’s Response to CC: Smart Investment for a Sustainable Future. Vietnam Climate Public Expenditure and Investment Review (CPEIR)”, released in April, 2015.
- CPEIR figures updated annually, with most recent figures from 2015 released in early June, 2016.
- Private Climate Expenditure and Investment Review (PCEIR) in process.

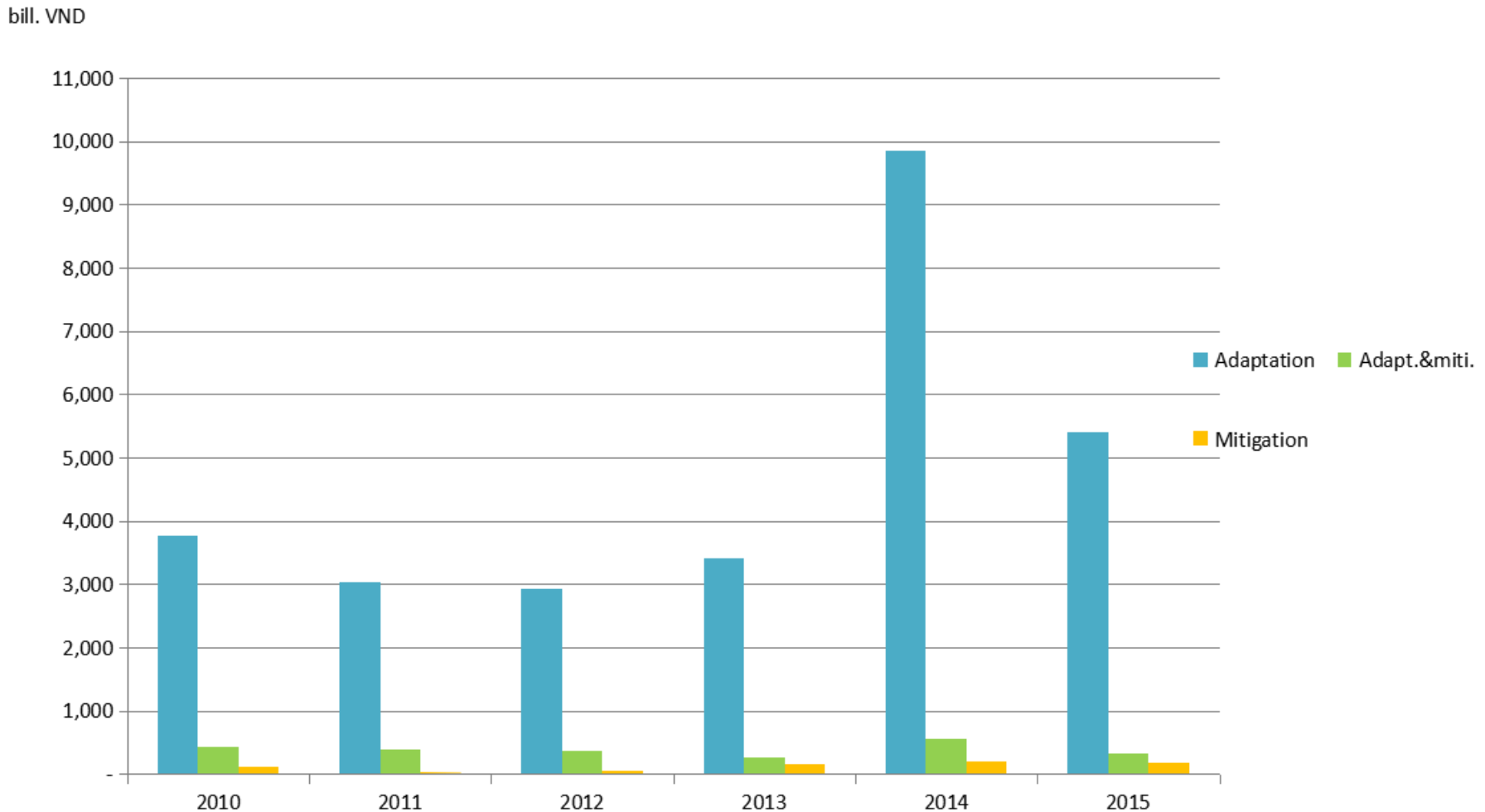


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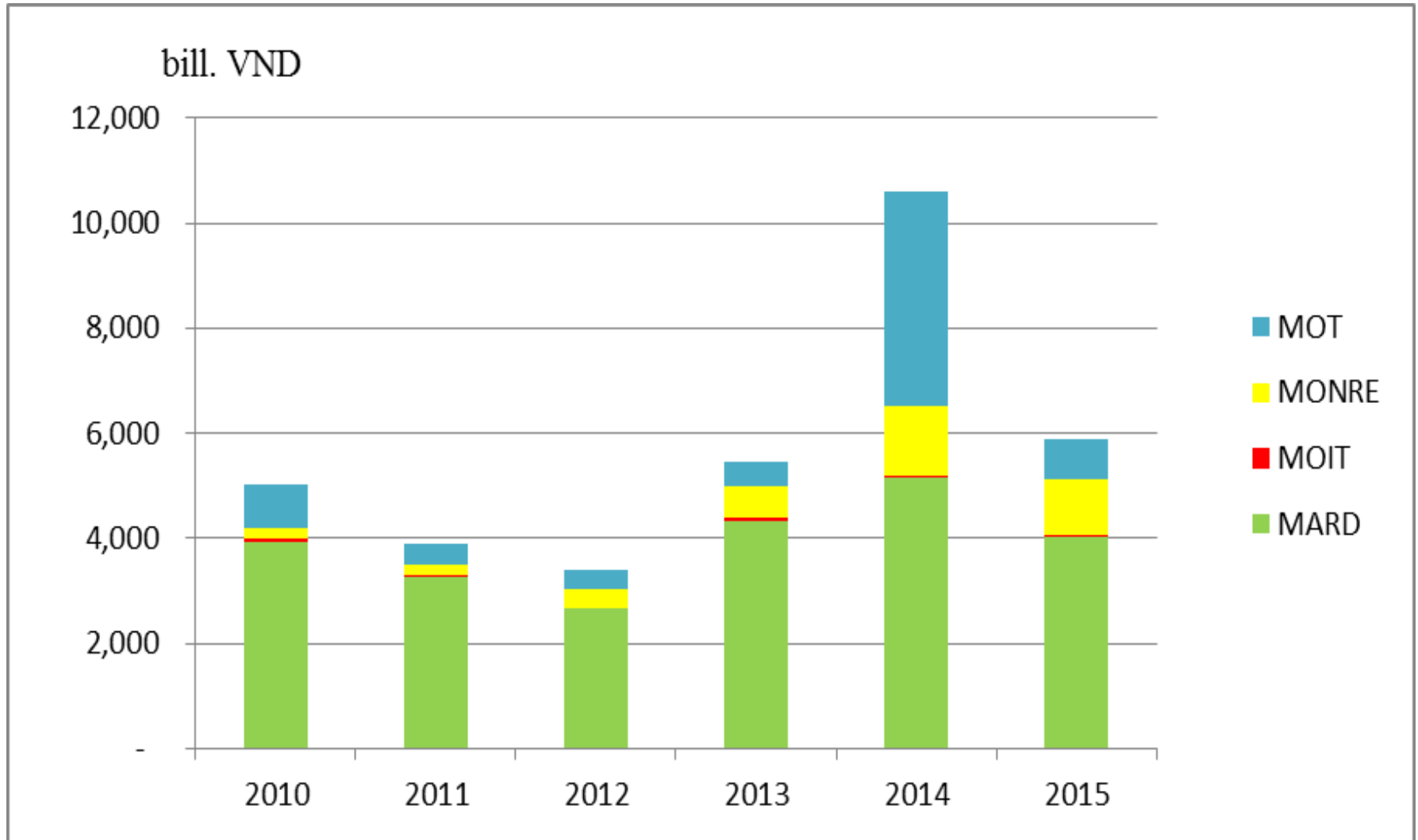


Total annual expenditures for CC Adaptation and Mitigation (2010-15)





Total annual expenditures for CC Adaptation by key Ministries



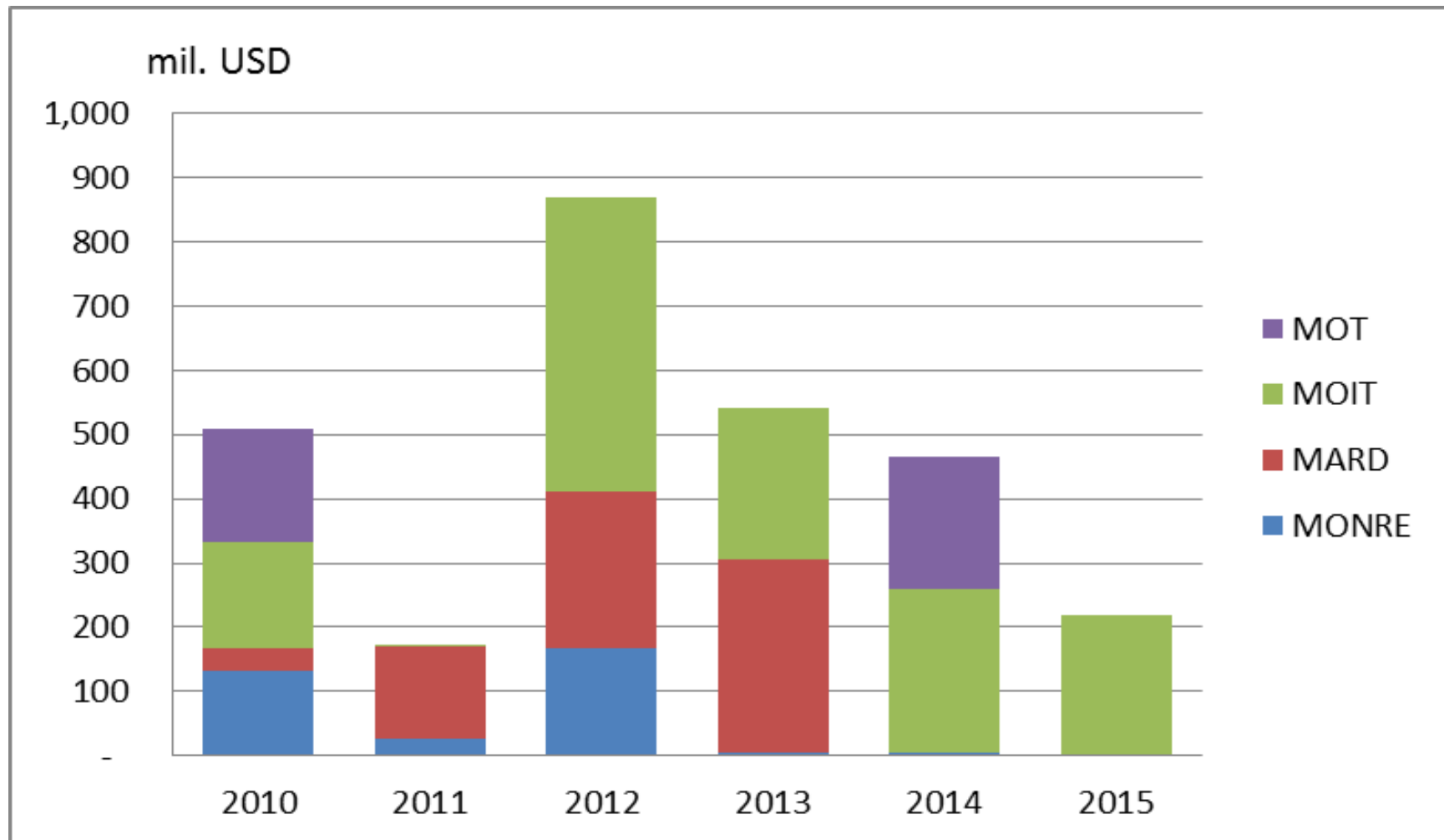


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Total annual expenditures for CC Mitigation by key Ministries





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- **Mapping out ODA to support Green Growth:**
 - Over \$10b leveraged to support ~180 programs and projects to address 36 priority VGGs actions;
 - Some 30 actions in the VGGs do not receive ODA support.
- **Support Program to Respond to Climate Change**
 - Supports from Development Partners are mixed with state budget, and financing for preparation of the policy actions under SP-RCC as well as priority projects under National Program on CC and GG.
- **ODA Resources Mobilisation Framework**
 - Support the planning and implementation of the GG by directly or indirectly providing technical and financial



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CPEIR 2010-2013 (rev. 2015)

Finance sources: State Budget

05 ministries: MONRE, MOIT, MARD, MOC, MOT; 03 provinces; not representative for public expenditures as 70% of that spending at provinces.

Data collection at specific 05 focal points of ministries and 03 provinces.

Total spending on CC in 05 ministries at \$ 200 million/year (mostly for Adaptation, Mitigation is only at 3%)

PCEIR 2010-2015

Investment made by all types of enterprises in Vietnam, incl. SOEs

Reviewing investment in selected key sectors (energy, industries, agriculture, transport, forestation) in both Mitigation and Adaptation.

No statistics on private investment, data is scattered, multiple sources and types, many sub-sectors and provinces, defining climate relevance

- Total investment for only renewable energy ~ US\$8.5 billion for 2010-2015, US\$1,7 billion/year;

- CC Investment by private sector mainly for Mitigation.



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Scope of PCEIR: Sectors & Sub-Sectors

CC Activities	Economic-Sector	Projects types	Sub-sector	Case Studies
Mitigation	Industry	Renewable Energy (RE)	Hydro, biomass	Power generation (PE)
			Wind, solar, biogas	Power generation and Heat.
		Energy Efficiency (EE)	Cement	Waste Heat Recovery (WHR), Co-generation, Technology changes
			Iron and Steel	
			Sugar Cane	
			Chemicals	Technology improvement or replacement; Wastewater treatment and biogas recovery; 3R, using high energy efficiency equipments and devices etc.
			Pulp and Paper	
			Food processing, Beverages, Textile	
	Commercial Residential	Building & Residential Sectors		
			Transport	
		Agriculture		
		Forestation		
Adaptation				



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Vietnam's Private Climate Expenditure and Investment Review (PCEIR)

Some Challenges:

- Limited analysis focused on tracking private climate finance flows in developing countries.
- Issues to address:
 - how to measure private investment relevant to climate change?
 - investments include many economic sectors and instruments (equity, guarantees, insurance, debt, grants);
 - data on private investment is not published and diffuse (e.g., depts. for tax, imports, business registration; banks);
 - investment sensitivity & confidentiality;
 - investors unaware of climate co-benefits.
- Data sources:
 - Import and customs records, FDI database, structured interviews with corporations (incl. SOEs), corporate disclosure reports, Institutional investors, financial institutions, government records (e.g., Investment Agency)

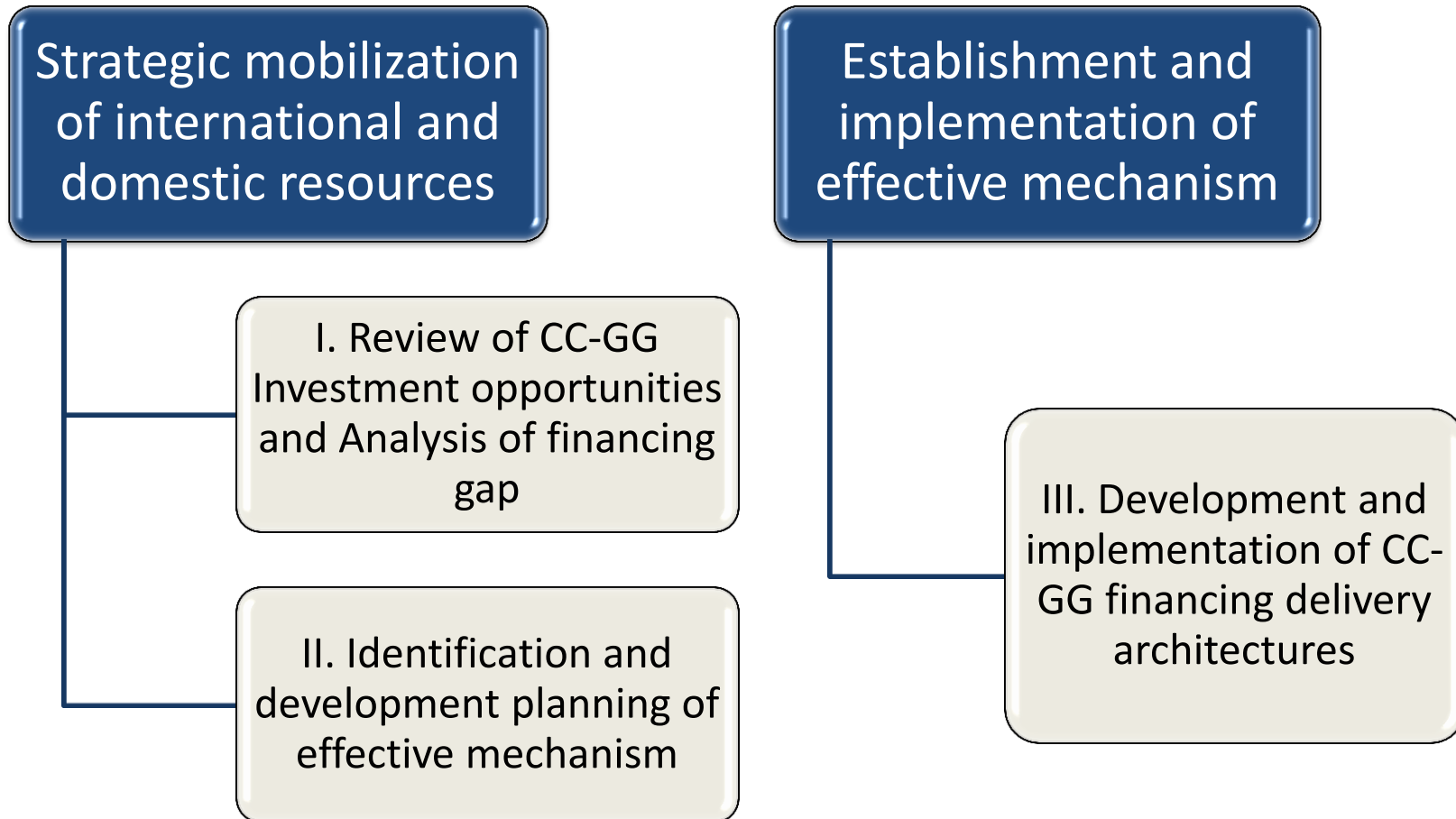


- **Climate Change and Green Growth Resource Mobilization Framework (CC-GG RMF) aims to:**

1. Support the planning and implementation of the Government of Vietnam's CC and GG response;
2. Establish the approach for resource mobilization over the next five years:
 - related to the Government's Medium Term Public Investment Plan for 2016-2020
 - Cooperation programmes of Development Partners (DPs)
 - leveraging private sector resources.
3. Establish and implement an effective operational mechanism to deliver climate finance, with a focus on efficiency and transparency.
4. Help to understand what, where, and how much Vietnam is current spending and the impacts/benefits being achieved.



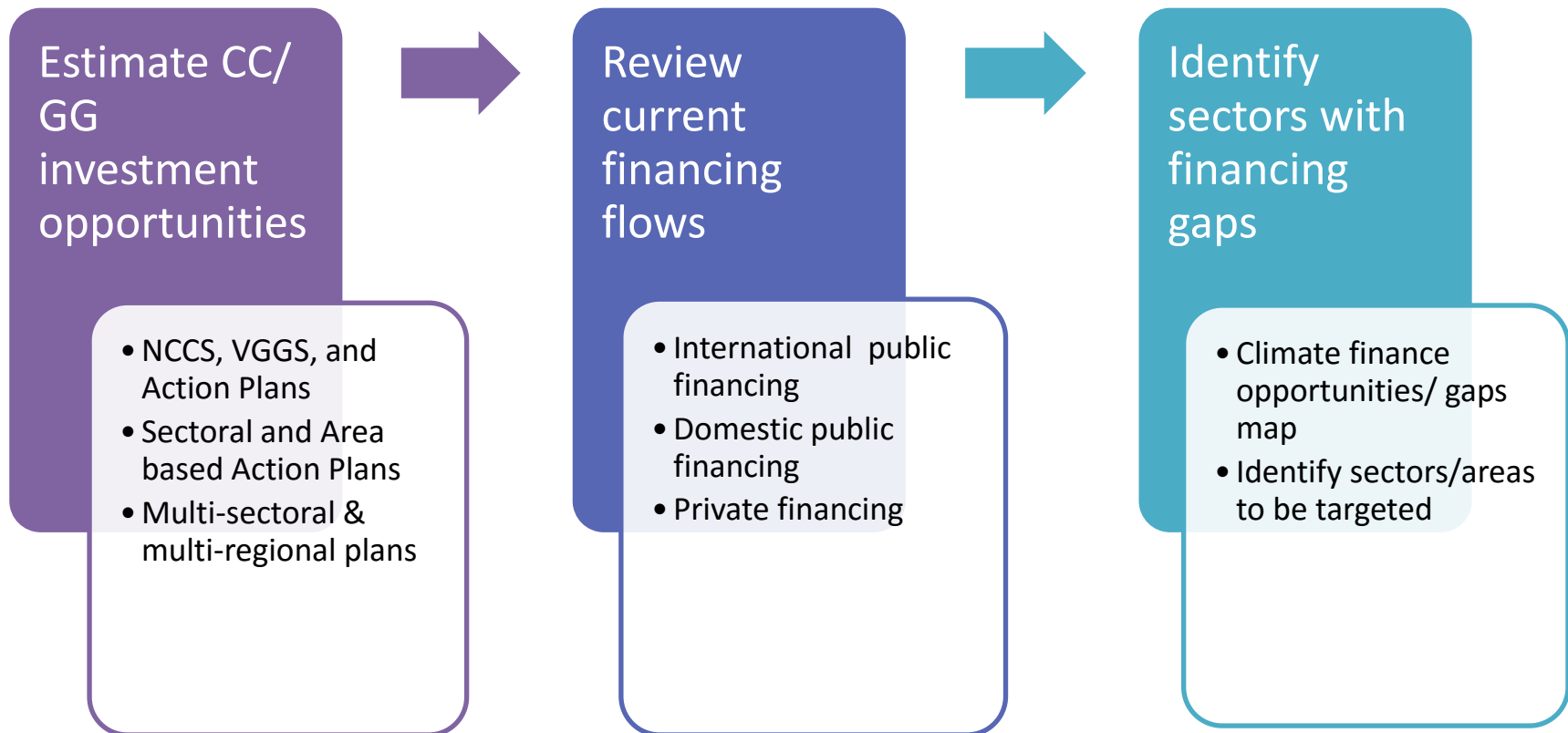
Vietnam's Resource Mobilization Framework for Climate Change & Green Growth:





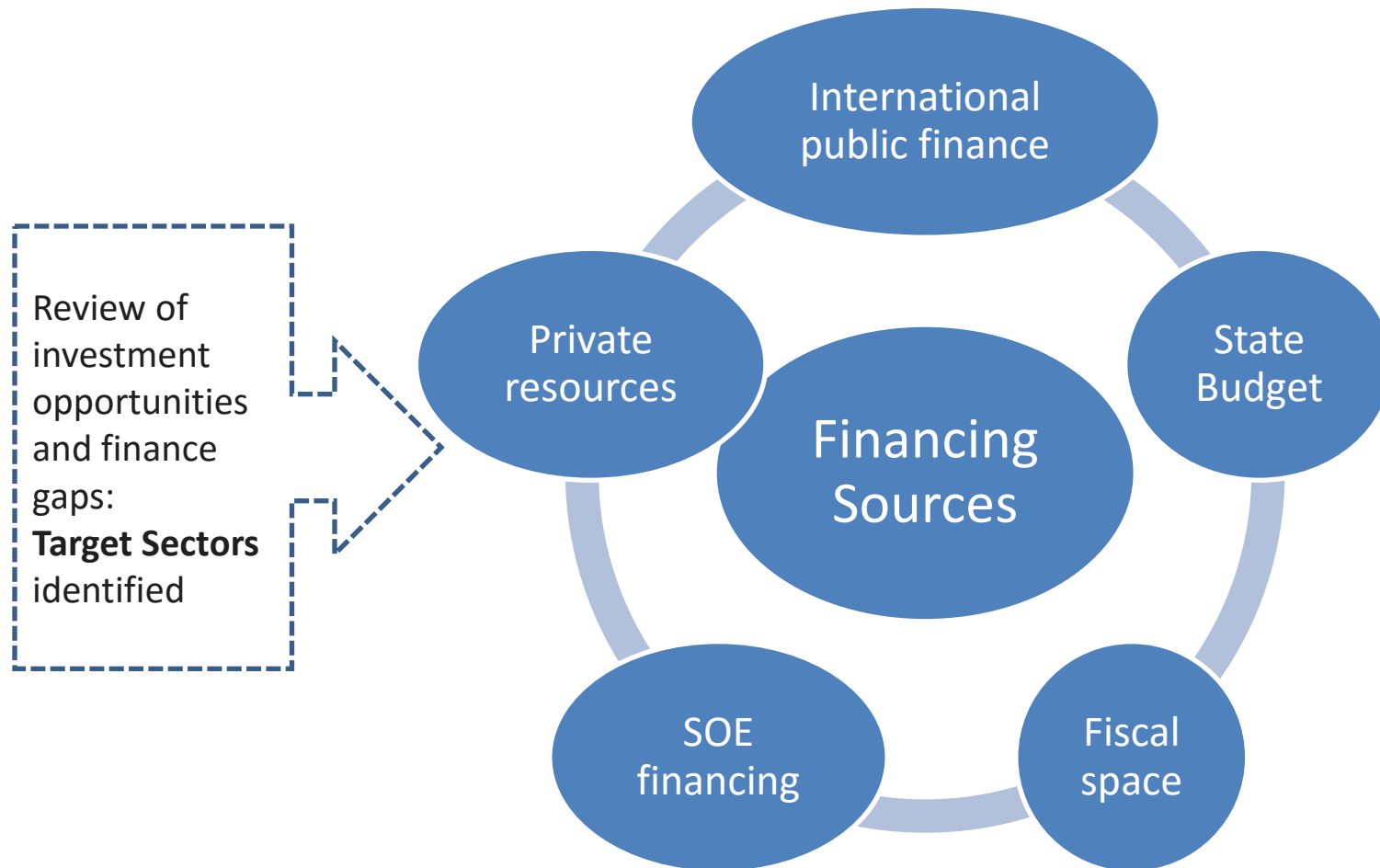
Pillars and Modules of the RM Framework

Pillar 1: Review of Climate Change and Green Growth Investment Opportunities and Analysis of Financing Gaps





Pillar 2: Identification of CC&GG Financing Sources





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Pillar 2: Identification of CC&GG Financing Sources

Module 2a: Development of strategies and engagement options available to the Government for international public finance;

Module 2b: Prioritization of national and sub-national budgets for CC&GG expenditures;

Module 2c: Identification and analysis of options to increase fiscal space for CC & GG activities;

Module 2d: Identification and analysis of policy options and measures to leverage SOEs financing for CC&GG;

Module 2e: Introduction of policies and incentives to channel private resources into CC & GG

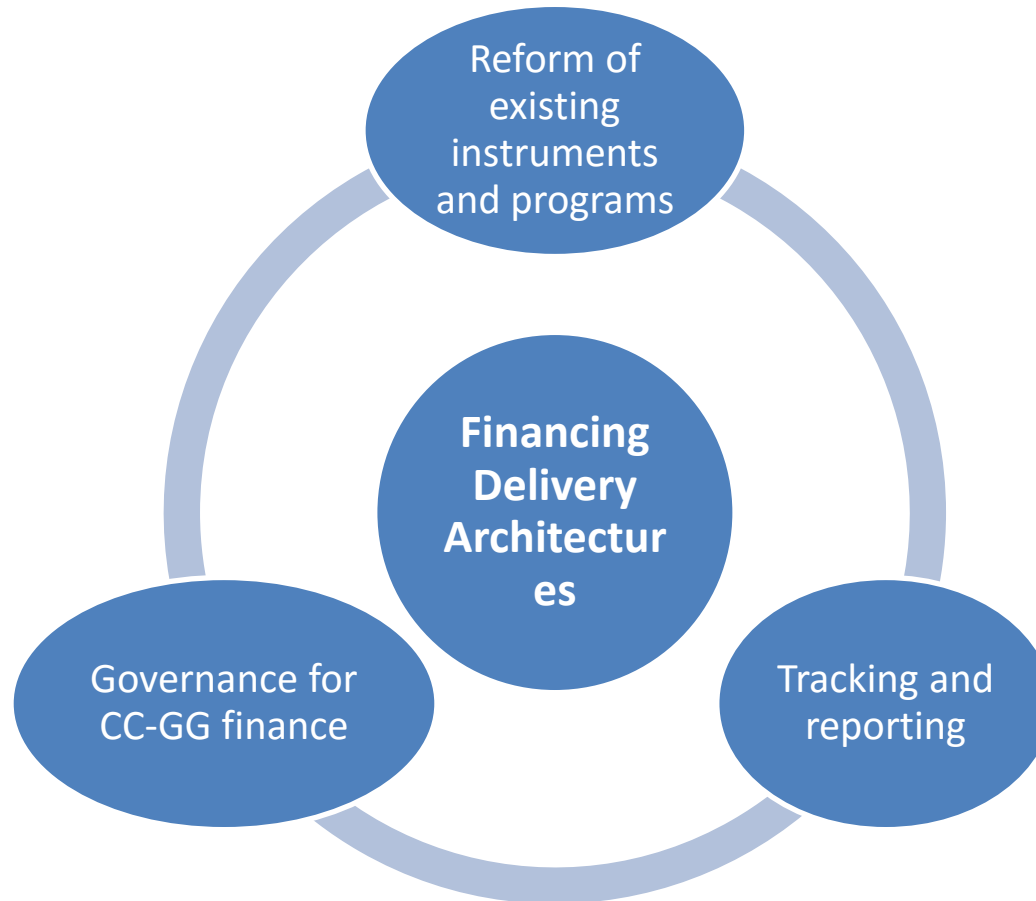


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Pillar 3: Development and Implementation of CC&GG Financing Delivery Architectures





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Pillar 3: Development and Implementation of CC&GG Financing Delivery Architectures

Module 3a: Reform and scale up of existing CC&GG financial instruments and improvement of existing Government investment programs;

Module 3b: Improvement of tracking and reporting processes for CC&GG finance;

Module 3c: Strengthening of the governance for financing CC&GG.

Thank you for your attention!

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