



Case Studies on Low Emission Development

Vietnam's National Green Growth Strategy

February 2013

The Vietnam Green Growth Strategy (VGGS) aims to accelerate the process of economic restructuring in order to use natural resources efficiently, reduce greenhouse gas emissions through research and application of modern technologies, develop infrastructure to improve the entire efficiency of the economy, cope with climate change, contribute to poverty reduction, and drive economic growth in a sustainable manner.

Approved in September of 2012, the VGGS is an effort to synthesize green action plans of major sectors and society in order to:

- Promote “green production” via more efficient use of resources and new technologies. This objective aims to facilitate sustainable production, green existing business, and create new green businesses.
- Reduce the intensity of greenhouse gas emissions by 8-10 percent as compared to the 2010 level; and reduce energy consumption per unit of GDP by 1-1.5 percent per year. Reduce greenhouse gas emissions from energy activities by 10 percent to 20 percent compared to the business as usual case. This commitment includes a voluntary reduction of approximately 10 percent, and an additional 10 percent reduction with additional international support. This objective underlines Vietnam's commitment to low carbon growth and to global efforts to mitigate climate change.
- Stimulate green lifestyles and promote sustainable consumption.

A Supportive National Policy Environment

The VGGS is driven by several national policies and Vietnam's awareness of, and contributions to, international efforts to respond to climate change. The **Vietnam National Climate Change Strategy**, approved in December 2011, provides a strong foundation for formulating long-term socio-economic development plans amid climate change challenges. The strategy outlines overall objectives, prioritized projects to be implemented in 2011-2015, and plans for 2016-2025 as well as a vision to 2100. It considers a low carbon economy and green growth as principles in achieving sustainable development, with greenhouse gas emission reduction and removal to become a mandatory index in social and economic development.

Factors for Success

- Use multiple channels to raise awareness at all levels—from top leaders to the grassroots level—that the impacts of climate change are real and responding to climate change is vital.
- Apply a participatory approach with top leaders, involving them from the beginning and throughout the policymaking process.
- Provide direction and clarity to local governments and investors through the development of long-term strategies for achieving green growth and addressing climate change; low emission development strategies (LEDS) is one of the solutions.
- Integrate LEDS and other climate measures to respond to climate change into all sectoral development strategies and plans.
- Facilitate international cooperation and support.
- Develop appropriate flexible finance modalities which enable blending of different funding sources and facilitate innovation.
- Market-based mechanisms are important to mobilize low carbon development options, and this may require a review of electricity subsidies.

A Participatory Process

Phase 1: Strategic Framework Development

Vietnam first established Drafting and Editing Boards for developing a green growth framework that included leaders and directors from relevant sector ministries (e.g. finance, industry and trade, natural resources and environment, agriculture and rural development, transportation, science and technology, and construction). The framework was formulated in a consultation with the international community on 24 November 2011.

Phase 2: Detailed Strategy Development

Consultation took place with stakeholders that included two consultations with the business community, three with local authorities, research institutes and social society organizations, and one with the international community. The drafting team received directions from the country's top leaders through thematic reports and comments from members of the National Council for Climate Change. In addition, detailed assessments and studies of low carbon development options were undertaken. Study tours to South Korea, Mexico, Germany, and the Netherlands helped members of the drafting team learn from other countries' experiences. International expert consultations also took place with support from a variety of donors.

Implementation

To guide implementation, a "roadmap" was developed for the period 2012 through 2050 that outlines the key processes and actions to take place in the coming years and decades.



Because the VGGs requires coordination across a wide variety of ministries and sectors, Vietnam established an **Inter-ministerial Coordinating Board** under the National Committee on Climate Change, to support effective implementation of the VGGs. The Deputy Prime Minister serves as the Head, and the Minister of Planning and Investment will be the standing Vice Head of the Board along with four other Vice-Heads drawn from leaders of the ministries of finance, industry and trade, agriculture and rural development, and natural resources and environment. Inter-ministerial Coordinating Board members include representatives of selected ministries and sectors, local authorities, and representatives of associations. A supporting office is located in the Ministry of Planning and Investment.

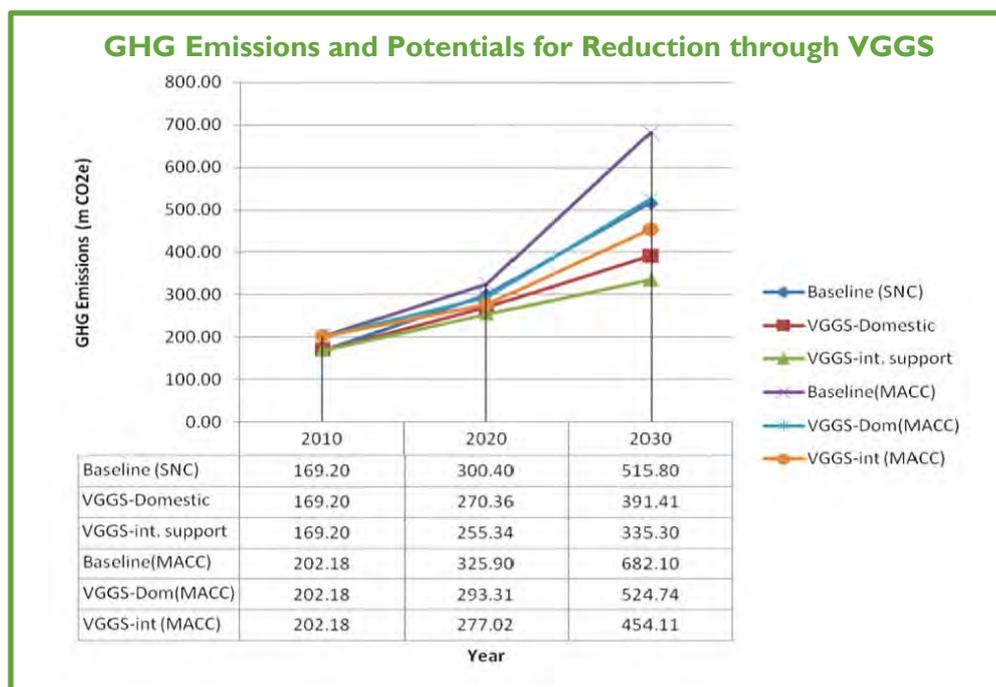
Proposed Targets

As part of the VGGS, Vietnam has established a series of greenhouse gas emission reduction and related targets based on studies of sectors with high emissions, such as the energy, forestry, and agriculture sectors.

Year	Targets
2020	<ul style="list-style-type: none"> Gross domestic product (GDP) per capita doubled compared to 2010 Reduced energy consumption per GDP by 1.5 to 2 percent per year Establish modern economic structures Reduce greenhouse gas emissions from energy activities by 10 percent to 20 percent compared to the business as usual case. This commitment includes a voluntary reduction of approximately 10 percent, and an additional 10 percent reduction with additional international support.
2030	<ul style="list-style-type: none"> Reduce total greenhouse gas emissions at least 1.5 percent to 2 percent per year Reduce greenhouse gas emissions from energy activities by 20 percent to 30 percent compared to the business as usual case. This commitment includes a voluntary reduction of approximately 10 percent, and an additional 10 percent reduction with additional international support. Environmental degradation addressed and natural capital improved while improved basic standards for clean and green technology established
2050	<ul style="list-style-type: none"> Green economic development is mainstreamed

Greenhouse Gas Emissions and Potentials for Reduction

Vietnam undertook a Marginal Abatement Cost Curve (MACC) analysis on key sectors which showed significant win-win options in the energy and agricultural sectors and large cost effective opportunities in the forestry sector. The study underlined that with appropriate levels of investments, Vietnam's greenhouse gas emission reductions targets can be achieved while maintaining high growth levels.



Financing

In order to mobilize resources for implementation, Vietnam is looking to effectively blend and manage international and national, public, and private sector finance for green investments. These include a variety of strategies to mobilize financing and encourage domestic and international organizations to provide financial assistance for the VGGS in a focused and effective manner, prioritizing win-win solutions:

- Increase investment from the state budget, taking into account the decentralization and mainstreaming processes of budget management for green growth, and assessment of new funding mechanisms such as the possibility of a Green Growth Fund.
- Mobilize international support through the Green Climate Fund and other Official Development Assistance opportunities. Through a Climate Public Expenditure and Investment Review (CPEIR), develop and apply

financial mechanisms that suit existing international climate change policies and enable the country to mobilize and use effectively bilateral and multilateral financial aid for responding to climate change.

- Promote private sector engagement and promote green foreign direct investment.
- Encourage further development of market-based mechanisms and financial instruments, such as the CDM. Consider a shift in fiscal policy towards taxation through wider application of eco-taxes and a carbon tax.
- Increase management and coordination in using domestic and international financial resources for responding to climate change.

Implications

The VGGs is part of a wider economic restructuring agenda in Vietnam is a crucial step on the path to sustainable development. Resource-intensive sectors will be required to adopt new ways of production to make better use of natural resources and assume greater control of waste management. Embarking on a low emission development path will allow Viet Nam to develop new, green industries and products, and generate opportunities for increased competitiveness and job creation.

For more information on Vietnam's Green Growth Strategy, please contact the Department of Science, Education, Natural Resources and Environment, Ministry of Planning and Investment at: dieutrinh@mpi.gov.vn



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About the Asia LED Partnership

The Asia LED Partnership is a voluntary network of government, nongovernmental partners working to advance LED and green growth in Asia. It builds on, and cooperates with, existing regional Asian networks and initiatives, and links efforts in Asia with related work in other regions. Representatives from over a dozen Asian countries are actively engaged in the Asia LED Partnership, as well as numerous international partners. Membership is free and is open to individuals or organizations. For more details, visit: http://en.openei.org/wiki/Asia_LED_Partnership



About the Climate & Development Knowledge Network

The Climate & Development Knowledge Network aims to help decision-makers in developing countries design and deliver climate compatible development. We do this by providing demand-led research and technical assistance, and channeling the best available knowledge on climate change and development to support policy processes at the country level. For more details, visit: <http://cdkn.org/>



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