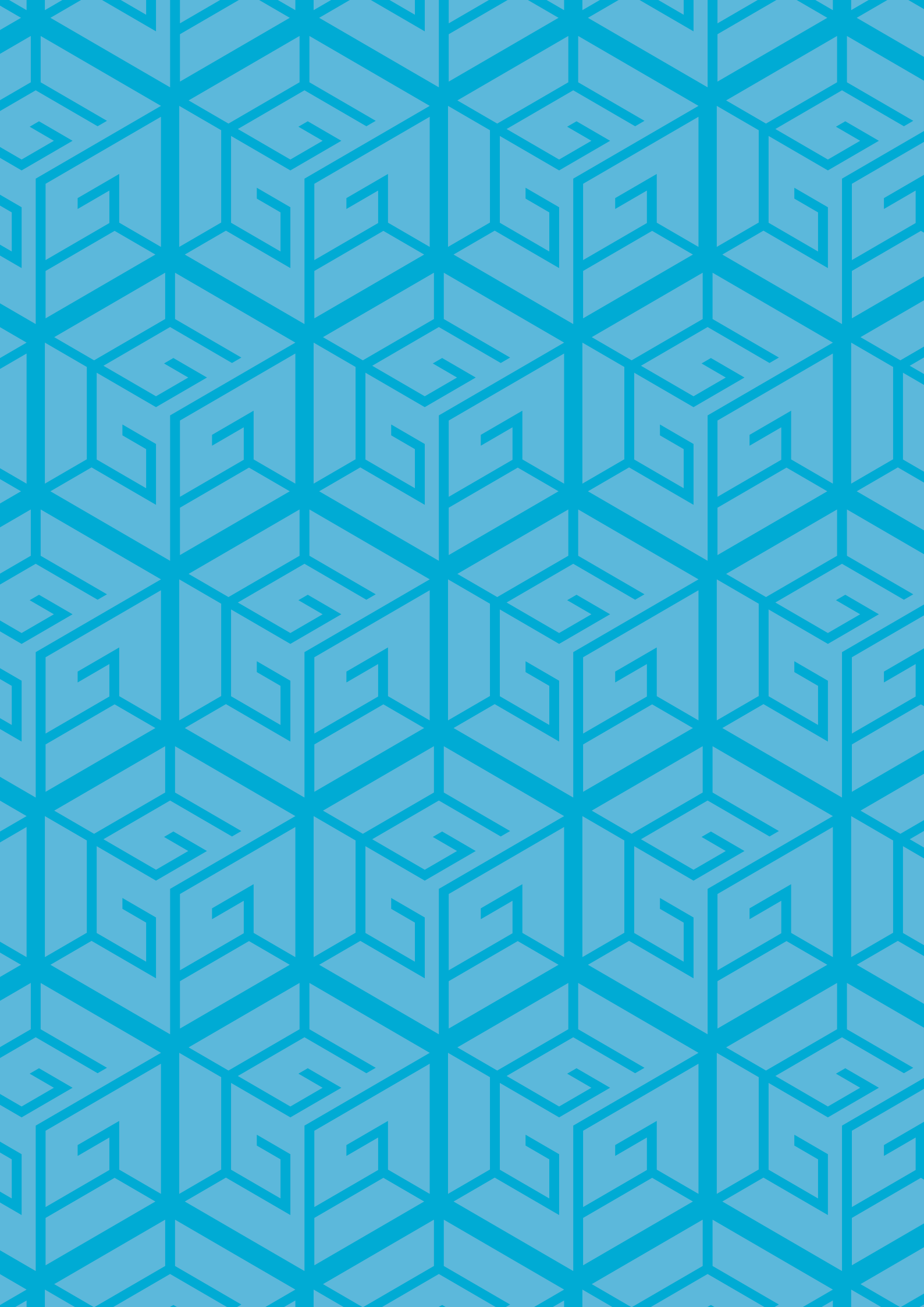




Global
Green Growth
Institute

Summary of Viet Nam Country Planning Framework 2016-2020





Foreword

Viet Nam has undergone rapid growth since the onset of the *Đổi Mới* economic reforms in 1986; with a move away from a centrally planned economy to one more open and market oriented, as well as the ending of the American trade embargo in 1995. These major events have resulted in gross national income per capita increasing from USD 130 in 1990 to USD 1,890 in 2014, and a fall in the poverty ratio from 49% in 1993 to 17% in 2012.

With this rapid development there are challenges to green growth. Viet Nam, and especially the Mekong Delta, is one of the most vulnerable countries in the world to climate change, rising emissions from dependency on coal-based power production, and in the cities a lack of wastewater treatment and public transport facilities.

Recognizing these challenges, the Government of Viet Nam (GoV) launched the Green Growth Strategy (VGGs) in 2012 and subsequent Green Growth Action Plan in 2014. Taken together, these outline Viet Nam's ambition to build an inclusive, sustainable, green economy for all of Viet Nam's citizens. Further, the country reaffirmed its support to green growth through the submission to the United Nations Framework Convention on Climate Change of its Nationally Determined Contribution, and the signing of the Paris Agreement.

The Global Green Growth Institute (GGGI) began working in Viet Nam in 2011, and Viet Nam is a founding member country of GGGI, having signed and ratified the establishment agreement in 2012. GGGI has collaborated on implementing the Green Growth Strategy, spanning the finance, water and urban sectors. Both the GoV and GGGI recognize that there are still many challenges to overcome to realize Viet Nam's green growth ambitions.

It is against this background that GGGI presents this Country Planning Framework (CPF) to support Viet Nam in overcoming these potential challenges. At the center of the CPF is the view that the GoV can best build on its considerable successes by ensuring that future development is increasingly equitable, inclusive and sustainable. This will consequently reduce Viet Nam's vulnerability to climate change. Therefore, GGGI and the GoV have agreed on this five-year CPF to direct support to where it is most needed. The CPF is aligned with the Socio-Economic Development Plan (SEDP) and the VGGs, and is designed to provide strategic support to the GoV in achieving its green growth ambitions. The CPF will guide GGGI's activities in Viet Nam, in order to maximize the value and impact to the core economic objectives of the country, as outlined in the SEDP and VGGs.

We are grateful to the sector Ministries, development partners and stakeholders for their support of, and engagement with, GGGI in the development of this CPF.

We reaffirm our joint commitment to enhancing the effectiveness of GGGI as a key partner in Viet Nam's green growth ambitions.



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The Country Planning Framework (CPF) sets the strategic direction for the Global Green Growth Institute (GGGI) in Viet Nam over the period 2016 to 2020.

The Country Planning Framework (CPF) of the Global Green Growth Institute (GGGI) lays out the green growth objectives that GGGI's interventions aim to support Viet Nam in achieving. The CPF objectives are derived from organizational priorities that reflect GGGI's comparative advantage, and are in alignment with national goals of economic growth, poverty reduction, social inclusion and environmental sustainability. The CPF is thus a contextualized planning document for in-country programming.

During the formulation of the CPF, consultations have been held with a range of government, non-government, private sector and civil society partners, both bilaterally and during a national consultation workshop.

The CPF presents the in-country strategy for the delivery of measurable results against the GGGI Results Framework. The CPF aligns with national priorities found in Viet Nam's National Green Growth Strategy (VGGGS) and the Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change, as well as international processes under the Sustainable Development Goals (SDGs).

Viet Nam's rapid development has been met with challenges to green growth, especially around energy emissions and urban air quality.

Viet Nam's gross national income (GNI) per capita has increased from USD 130 in 1990 to USD 2,060 in 2016¹ as a result of a shift from a centrally planned economy to a more market oriented one. Success on poverty reduction has been substantial with the poverty headcount ratio decreasing from 49% in 1993 to 7% in 2015² - higher rates are seen among non-Kinh minorities (60%) than the Kinh majority (10%).



1. World Bank, "<https://data.worldbank.org/indicator/NY.GNP.PCAP.CD?end=2014&start=1962>, 2016
2. ADB, "<https://www.adb.org/countries/viet-nam/poverty>", 2015

Table 1. Viet Nam at a glance

Total population, 2014	90,728,900
Total area (sq. km)	129,736,256
Forest cover (% of land area), 2012	40.7
Agricultural area (% of land area), 2013	35.1
GNI, Atlas method (current USD) in 2014	171.9 billion
GNI per capita, Atlas method (current USD), 2014	1,890 (Lower MIC)
Poverty headcount ratio at national poverty lines (% of pop.), 2012	17.2
Proportion of land-use certificates held by females, 2004, 2008	0.213, 0.198
Human Development Index, 2013	0.638 (121 of 187)
Environmental Performance Index, 2016	58.50 (131 out of 180)
CO ₂ emissions intensity (metric tons per capita), 2011	2.0
GHG emissions (thousand metric tons CO ₂ equivalent), 2010	
<ul style="list-style-type: none"> • Total (land use, land-use change and forestry (LULUCF) excluded) • Total (LULUCF included) • Energy • Agriculture • Industry • Waste • Transport 	<p>266,049</p> <p>246,831</p> <p>141,172</p> <p>88,355</p> <p>21,172</p> <p>15,352</p> <p>31,817</p>
Share of renewable energy generation (% of total installed capacity), 2014	6.13
Percentage of population with access to improved water source, 2015	98
ND-GAIN Vulnerability Index, 2013	0.446 (106 of 182)

Sources: Government of Viet Nam, Notre Dame Global Adaptation Index, Organisation for Economic Co-operation and Development (OECD), United Nations Development Programme (UNDP), UNFCCC, World Bank, Yale University



Diversifying the economy is a priority in the long- and medium-term development plans. Viet Nam has increased the share of economic gains from the private sector while scaling back the role of state-owned enterprises through a policy of equitization. Foreign direct investment has increased, although it has initially focused on low value-added manufacturing this is beginning to change with a shift toward high-tech industries. Viet Nam is a member of a number of free trade agreements, and has recently agreed to one with the European Union and the Trans-Pacific Partnership (TPP)³. As the lowest income country covered by the TPP, Viet Nam is projected to gain considerably in terms of exports and further GNI growth.

Urban populations have increased at 3% annually, which has resulted in worsening air and water quality⁴. Viet Nam's most recent greenhouse gas emissions inventory shows a 602% increase since 1990⁵. Moreover, emissions growth per unit of GDP has surpassed all other Asia-Pacific developing countries except for China⁶. The emissions are a result of the power generation, transport, industrial and cement sectors. Most notable is the electricity sector in which coal currently makes up 36% of the electricity supply, and is set to grow to 56%⁷.

Viet Nam is highly vulnerable to climate change, with 10,8% of its population to be affected⁸.

3. ADB, "Asia Regional Integration Center: Free Trade Agreements," <https://aric.adb.org/fta-country>.
4. World Bank, "Viet Nam Urbanization Review: Technical Assistance Report," 2011.
5. Low Emission Development Strategies Global Partnership, "LEDS GP Case Study: The Subnational Integration of the Viet Nam Green Growth Strategy (VGGs)," 2014, 2.
6. Ibid., 3.
7. United States Energy Information Administration, "Coal, nuclear, and renewables expected to boost Vietnam's electricity capacity," August 3, 2015, <http://www.eia.gov/todayinenergy/detail.cfm?id=22332>.
8. Susmita Dasgupta et al., "The Impact of Sea Level Rise on Developing Countries: A Comparative Analysis," World Bank Policy Research Working Paper 4136, February 2007, 28, <https://openknowledge.worldbank.org/bitstream/handle/10986/7174/wps4136.pdf>.



The Mekong Delta is one of the world’s three most vulnerable deltas to sea level rise, which is estimated to be 30cm by 2050⁹. Viet Nam is highly vulnerable to floods, droughts, saltwater intrusion, landslides and typhoons. Further, unchecked urban and industrial encroachment into rural areas is putting stress on soil and water resources, while agricultural runoff threatens depleted coastal mangroves¹⁰.

These figures are backed up by GGGI’s Green Growth Potential Assessment that shows challenges remain around air quality, carbon intensity, CO2 emissions growth and waste generation intensity. The assessment highlights the lack of renewable energy as a major challenge, but also draws attention to Viet Nam’s successes, especially in the area of reforestation.

Viet Nam has made green growth a clear national priority.

This is shown through the Socio-Economic Development Strategy and Plan, the National Green Growth Strategy and Action Plan, as well as key climate change priorities outlined in the National Strategy on Climate Change and NDC, and the signing of the Paris Agreement.

The NDC sets an unconditional emissions reduction target of 8% and a conditional emissions reduction target of 25%, these are roughly equivalent to those outlined in the VGGS.

Viet Nam has established a number of national financing vehicles to support implementation of green growth, such as the Small & Medium Enterprises Development Fund (SMEDF) and the Green Growth Strategy Facility.

Table 2. Viet Nam’s NDC target¹¹

Unconditional Targets by 2030	Conditional Targets by 2030
8% reduction in overall GHG emissions	25% reduction in overall GHG emissions
20% decrease in emissions intensity (GHG:GDP)	30% decrease in emissions intensity (GHG:GDP)
Increase in forest cover to 45%	

11. The different reference years makes direct comparisons difficult, but the following differences in targets among similar nations are worth noting: the Philippines’ NDC has a conditional target of a 60% reduction from 2000 levels; and Thailand’s NDC calls for an unconditional target of 20% reduction from 2005 levels.

GGGI has partnered with Viet Nam since 2011, and as a trusted advisor, embedded within the government, has delivered a number of results in the finance, energy, water and urban sectors.

This includes working with the Viet Nam National Mekong Committee on capacity development, strategic policy advice and investment identification, as well as launching a flagship report on unleashing green growth in the Mekong Delta and developing a detailed study on wastewater investment needs in Tien Giang province.

Building on this work, GGGI is developing a bankable project for urban wastewater management in Ben Tre City, enabling the city to access a loan from the Asian Development Bank (ADB) for up to USD 25 million.

In the urban sector, GGGI has partnered with the Ministry of Construction (MOC) to develop a set of urban green growth indicators, and with Da Nang City on a Green Growth City Development Strategy. GGGI has also provided a series of interactive capacity development workshops for municipal decision makers.

GGGI has worked with MPI to develop the Investment Guidelines for Green Growth. These guidelines enable the line ministries to mainstream green growth into their public sector financing decisions, including the Socio-Economic Development Plan.

GGGI is established as a trusted advisor to MOC and MPI, and through initiatives such as the Inclusive Green Growth Partnership, can bridge the public and private sectors to develop bankable projects and scale up national financing vehicles, to leverage the needed financial resources.

GGGI has worked with the Ministry of Industry and Trade (MOIT) to develop a bioenergy plan for Soc Trang province, outlining the bioenergy potential for the province to off-set future coal production. GGGI, in partnership with GIZ, has also worked with five sugar companies to develop pre-feasibility studies for generating electricity from bagasse waste – including matching with potential financiers.

The CPF has identified four critical threats to achieving Viet Nam's green growth objectives.

The government's institutional arrangements and planning processes are overlapping, not optimally coordinated, or lack sufficient green growth mainstreaming. This can be seen by the conflicting responsibilities and planning processes for climate change and green growth, as well as the different and incompatible targets across a number of strategy documents. Further, a focus on strategies over projects has meant a slow start for implementing green growth.

There is a lack of the necessary finance for green growth, with the estimated requirement of around USD 30 billion to implement the Green Growth Strategy¹². Viet Nam has recently achieved middle-income status, which means that grant-based and highly concessional lending is due to end in 2017. As such, Viet Nam must develop new and novel sources of financing to invest in green growth.

There is an insufficient enabling environment for the development, implementation and scale up of clean and energy efficient technologies. The current enabling environment does not promote the scale up of renewable energy, with low feed-in tariffs and subsidies on the electricity prices. This means that despite significant potential, especially within the solar and biomass sectors, renewable energy accounts for just 6% of total installed capacity¹³.

Finally, rapid urbanization has had negative consequences in terms of green growth. Viet Nam's cities lack critical wastewater and public transport infrastructure, and are extremely vulnerable to climate change. Inadequate spatial planning has led to an ever-expanding city center, and there is a lack of capacity for long-term, sustainable urban development approaches at the local level.

12. Tu Hoang, "US\$30 billion needed for climate change, green growth," The Saigon Times, May 25, 2015, [http://english.thesaigontimes.vn/41033/US\\$30-billion-needed-for-climate-change-green-growth.html](http://english.thesaigontimes.vn/41033/US$30-billion-needed-for-climate-change-green-growth.html).

13. BNEF, "Climatescope 2015: Vietnam," <http://global-climatescope.org/en/country/vietnam/#/details>.

During the next five years, the Government of Viet Nam and GGGI will support delivery of the NDC, SDGs and GGGI's corporate strategy by working across three outcomes.

Outcome 1: Green growth objectives are mainstreamed into development planning processes and national financing arrangements

Outcome 1 aims to mainstream green growth into national planning processes of the next phase of the Socio- Economic Development Strategy (2021-2030) and the Socio- Economic Development Plan (2021-2025). It also aims to strengthen Viet Nam's green growth domestic financing arrangements. This outcome is cross-cutting and it addresses many of the SDGs. It will assist Viet Nam to meet an identified roadblock to NDC implementation- access to finance as:

- Institutional arrangements and planning processes are overlapping, not optimally coordinated or lack sufficient green growth mainstreaming;
- Lack of finance at scale for green growth investments inhibits sustainable development and encourages "brown growth".

Outcome 2: Green energy uptake is increased through enhanced enabling environments and the development of bankable projects

This outcome will focus on increasing the uptake of renewable energy through enhancing the enabling environment and developing bankable projects. This outcome will primarily contribute to achieving SDG1 (No Poverty) and SDG7 (Affordable and clean energy), particularly target 7.2 to increase substantially the share of renewable energy in the global energy mix. It will also help Viet Nam to meet its commitment under NDC priority area four (Promote New and Renewable Source of Energy). This outcome will work to tackle the first three critical challenges:

- Institutional arrangements and planning processes are overlapping, not optimally

coordinated or lack sufficient green growth mainstreaming;

- Lack of finance at scale for green growth investments inhibits sustainable development and encourages "brown growth".
- Insufficient enabling environment for the development, implementation and scale up of clean and efficient energy technologies.

Outcome 3: Green growth is integrated into Viet Nam's urban development strategies and bankable projects are developed

This outcome aims to mainstream green growth into urban planning and development to ensure delivery and coordination. This outcome also aims to develop bankable projects to increase financing to address critical urban green growth infrastructure gaps such as urban wastewater management. It will include knowledge management and capacity development activities that are focused on the development of practical skills to deliver green growth. This outcome will primarily contribute to achieving SDG11 (Sustainable cities and communities), particularly targets 11.3 on sustainable urban planning and 11.6 on reducing the impact of cities through waste management. It will support Viet Nam to uphold its NDC under priority area seven (waste management). This out come will tackle these challenges:

- Institutional arrangements and planning processes are overlapping, not optimally coordinated or lack sufficient green growth mainstreaming;
- Lack of finance at scale for green growth investments inhibits sustainable development and encourages "brown growth".
- Rapid urbanization has had negative consequences in terms of green growth.

Alignment with the GGGI strategic plan, SDGs and NDC

The CPF outcomes will contribute to GGGI's corporate goal in "strengthening of national, sub-national, local green growth planning, financing and institutional frameworks" and "increased green investment flows". The program also directly to the SDG and Viet Nam's NDC.

Table 5 reflects how the GGGI Viet Nam CPF will align in-country support to the GGGI Strategic Plan 2015-2020 and national green growth priorities.

Table 5. Alignment with GGGI strategic areas and VGGAP

Strategic Outcomes	Viet Nam Green Growth Action Plan Activity	GGGI Thematic Priority	GGGI Value Chain
Outcome 1: Green growth objectives are mainstreamed into development planning processes and national financing arrangements	<ul style="list-style-type: none"> • Activity 2 (Institutional framework) • Activity 3 (Green growth financial policy framework) • Activity 6 (Sub-national GGAP) 	<ul style="list-style-type: none"> • Cross cutting 	<ul style="list-style-type: none"> • Green Impact Assessment • Sector/Sub-sector strategy and planning • Design, financing and implementation
Outcome 2: Green energy uptake is increased through enhanced enabling environments and the development of bankable projects	<ul style="list-style-type: none"> • Activity 9 (National energy strategy) • Activity 26 (Policies to develop clean energy sources) • Activity 27 (R&D of geothermal and biomass sources) • Activity 49 (Energy infrastructure sustainability) 	<ul style="list-style-type: none"> • Energy 	<ul style="list-style-type: none"> • Sector/Sub-sector strategy and planning (Energy) • Design, financing and implementation
Outcome 3: Green growth is integrated into Viet Nam’s urban development strategies and bankable projects are developed	<ul style="list-style-type: none"> • Activity 28 (Clean air) • Activity 54 (Green urban master plans) • Activity 55 (Sustainable urban infrastructure) • Activity 60 (Green urban landscape) 	<ul style="list-style-type: none"> • Green Cities • Water 	<ul style="list-style-type: none"> • Sector/Sub-sector strategy and planning (Green Cities and Water) • Design, financing and implementation

For mitigation, the NDC identifies seven priority areas.

Table 6. CPF outcome alignment with relevant NDC mitigation priority areas

NDC Mitigation Priority Areas	Relevant CPF Outcomes
Strengthen the role of the State in responding to climate change	Outcomes 1, 2 and 3 (cross-cutting)
Improve effectiveness and efficiency of energy use, and reduce energy consumption	Outcome 3
Change the fuel structure in industry and transport	Outcomes 1 and 2
Promote effective exploitation and increase the proportion of new and renewable energy sources in production and development	Outcome 2
Waste management	Outcome 2
Communication and awareness raising	Outcomes 1, 2 and 3 (cross-cutting)
Enhance international cooperation	Outcomes 1, 2 and 3 (cross-cutting)

The adaptation component of Viet Nam’s NDC is critical given how vulnerable the country is to the adverse impacts of climate change. Table 7

highlights where the NDC adaptation component overlaps with the three outcomes.

Table 7. CPF outcome alignment with the NDC adaptation priority areas

NDC Adaptation Priority Areas	Relevant CPF Outcomes
<p>Respond proactively to disaster and improve climate monitoring:</p> <ul style="list-style-type: none"> • Mainstream resilience and climate change scenarios into SEDPs; • Use community-based adaptation in local areas including cities. 	Outcomes 1 and 3
<p>Ensure social security:</p> <ul style="list-style-type: none"> • Develop resilient livelihoods and production processes linked to poverty reduction and social inclusion; • Improve regulations and standards for infrastructure, including transport and construction; • Implement integrated water resources management. 	Outcomes 1 and 3
<p>Respond to sea level rise and urban inundation:</p> <ul style="list-style-type: none"> • Mainstream sea level rise scenarios in urban planning for infrastructure and industry; • Implement anti-inundation measures for coastal cities; • Construct climate resilient urban infrastructure. 	Outcome 3



About GGGI

GGGI was founded to support and promote a model of economic growth known as green growth, which targets key aspects of economic performance such as poverty reduction, job creation, social inclusion and environmental sustainability.

GGGI envisions a resilient world achieved through strong, inclusive and sustainable green growth, and is dedicated to supporting the transition of GGGI member countries toward a green growth model. In pursuit of these goals, GGGI works with developing and emerging countries to design and deliver programs and services that demonstrate new pathways to pro- poor economic growth.

GGGI supports stakeholders through two complementary and integrated work streams—Green Growth Planning & Implementation and Knowledge Solutions—that deliver comprehensive products and services designed to assist in developing, financing and mainstreaming green growth into national economic development plans.

GGGI's interventions emphasize change in four priority areas considered to be essential to transforming countries' economies including energy, water, land use and green cities.

Headquartered in Seoul, Republic of Korea, GGGI has 28 Members with operations in Africa, Asia-Pacific, Latin America, and Middle-East North Africa. Viet Nam is a founding member country of GGGI.



Member countries

Partner countries



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