

**Ministry of Planning and Investment**  
Department of Science, Education, Natural Resources and Environment (DSENRE)

Hanoi, Date: 2 November 2020

**PROJECT COMPLETION REPORT**  
**Strengthening Capacity and Institutional Reform for Green Growth and Sustainable Development in Vietnam (CIGG project)**

**1. General information**

**1.1 General information**

Project title (in English): “Strengthening Capacity and Institutional Reform for Green Growth and Sustainable Development in Vietnam”.

Project Period: October 1, 2014 to September 30, 2018

UNDP Project Code: 00092226 (Award 00084023)

Project Owner: DSENRE, MPI

Implementing partners: MOF, MOT

Total Project Budget: US\$4,158,000 (at the design)

Co-financing donors (at the design)

- ✓ UNDP (TRAC Fund): US\$1,000,000
- ✓ USAID: US\$ 2,400,000
- ✓ EU/UNDP LECB: US\$230,000
- ✓ UN One Plan Fund: US\$300,000 (to be mobilized)
- ✓ Counterpart Fund by GOV: US\$228,000

## 1.2 Project description

### 1.2.1 Project's objective and expected results

The Project aims to build capacities and strengthen policies and regulations for the effective implementation of the Viet Nam Green Growth Strategy and achievement of sustainable development goals.

The project has the following Specific Objectives:

1. To build capacities of MPI, MOF, MOT and provinces for effective implementation and monitoring of the Viet Nam GGS/AP and for mainstreaming green growth into the SEDP.
  2. To develop policies and regulations to promote green growth investments and sustainable development
  3. To improve access to green growth financing and pilot green projects with private sector.
- In order to achieve the three specific objectives above, the Project aims to obtain the following seven results for the following Components related to each SO:

#### Component 1 (for the Specific Objective 1): Strengthen Capacity of MPI, MOF, MOT and provinces for effective implementation and monitoring of the VGGG/AP

- Output target 1: Strengthened capacity at MPI for guiding the implementation and for conducting M&E of the Green Growth Strategy and its Action Plan, including enhancing coordination among national and international agencies and development partners.
- Output target 2: Strengthened technical capacity at MPI, MOF, MOT ministries, and provinces to integrate green growth into the planning, budgeting and spending processes at national, sectoral and provincial levels, including development of green growth action plans for transportation sector and target provinces.
- Output target 3: Enhanced knowledge and awareness of policymakers and businesses on green growth and sustainable development, through joint training and communication programmes on green growth and climate change (with MONRE, MARD, MOC and MOIT through UNDP and USAID-funded projects with these ministries).

#### Component 2 (for the Specific Objective 2): Develop policies and regulations for green growth investments and sustainable development.

- Output target 4: Policy analysis conducted on finance, investment and fiscal, and other barriers to green growth investments, enabling policy dialogue on the research findings.
- Output target 5: Improved investment policies and regulations to tackle barriers to green growth; and strategies and incentives to increase engagement of the private sector into green investments, production and consumption, including renewable and clean energy.

Component 3 (for the Specific Objective 3): Improve access to green growth financing and pilot green projects, including with the private sector.

- Output target 6: Improved climate finance architecture to mobilize funds for green growth and climate change, focusing on international public finance and enabling domestic and foreign private investments.
- Output target 7: Develop and employ a system of tracking and reporting climate change finance that is consistent with international practice, contributing to improvement of planning, budgeting and spending of climate finance.
- Output target 8: Private sector investments and projects contribute to achieving GG objectives.

The project is implemented through national level activities (managed from Ha Noi) and in selected provinces (Quang Ninh, Ha Nam, Cao Bang, Bac Kan, Ho Chi Minh) and localities (Da Lat City)

Relevance of the project contents and objectives to the mandate and program priorities of the supporting UN agency

The UN One Plan 2012-2016 represents the programmatic and operational framework for delivering the United Nations support to the Government of Viet Nam over the next five years and sets out how the United Nations will “Deliver as One” in support of national development priorities. The objectives of the proposed project align with intended outcomes of the UN One Plan, under the “Inclusive, Equitable and Sustainable Growth” Focus Area, especially the outcome 1.3., and the UNDP, UNFPA, UNICEF common country programme document for Viet Nam, 2012-2016.

The Outcome 1.3 of Focus Area 1 of the One Plan is formulated as: ‘Key national and sub-national agencies, in partnership with the private sector and communities, have established and monitor multi-sectoral strategies, mechanisms and resources to support implementation of relevant international conventions, and effectively address climate change adaptation, mitigation and disaster risk management.’

UNDP has the responsibility for realizing this outcome in the area of sustainable development in general and climate change in particular. The contributions of the project to the issues listed in part I.4 will help achieve the specific outcomes 1.3.1, 1.3.4 of the UN One Plan, stated as below:

- Output 1.3.1: Planning and investment processes are climate proofed and specific programmes have been formulated and operationalized<sup>1</sup> for long- term adaptation to reduce climate change vulnerabilities
- Output 1.3.4: National long-term climate change strategy and green economy/low carbon strategy operationalized<sup>24</sup>, which are based on the national development vision (SEDS) while building on the National Target Programme results

Part of the One UN Plan is specifically focused on climate change, green growth through the implementation of inter-linked and complementary projects with all key ministries

## 1.2.2 Project implementation arrangements

The project is implemented by National Implementation Modality (NIM), which is referred to Harmonized Programme and Project Management Guidelines (HPPMG) and UNDP Vietnam’s guidelines on Procedures and Policies in programme implementation.

The project has Project Steering Committee (PSC)/Project Executive Board (PEB) and Project Management Unit (PMU). The PEB oversees the operation of the project. A representative of UNDP Vietnam Nam Country Office (UNDP-CO) and representative of USAID are members of PEB. UNDP is the project’s quality assurance entity.

The PMU undertakes project management and technical assistance. The PMU is led by the National Project Director (NPD); 1 Deputy Project Director, 1 management member, 1 Chief Accountant, and other members as Project Coordinator, Accountant and Assistant.

## 2. Implementation results

### 2.1 Assessment of completion specific objectives and target

In order to achieve the three specific objectives, the Project pursued the following seven results in three Components (one component per each SO):

#### **Component 1 (SO1): Strengthen Capacity of MPI, MOF, MOT and provinces for effective implementation and monitoring of the VGGs/AP**

Output 1.1: Strengthened Capacity at ministries for guiding the implementation and for conducting M&E of VGGs and its Action Plan (GGAP) including enhancing coordination among national and international agencies and development partners.

Specific Targets	Relevant Activities	Status
A comprehensive M&E for GGS adopted, supported by MRV tools	M&E framework for monitoring of implementation of Green Growth Action Plans at local level was completed in March 2018 (Activity 1.1.1.a)	Target achieved
At least 6 analytical policy studies and 6 coordination meetings/discussions	<u>Coordination meetings</u> In 2016, four coordination meetings were convened between MPI/CIGG PMU with provincial and sector ministries in 2016 to advance the completion of their green growth action plans (Action 1.1f. in 2016). In 2017, a High-level Green Growth Coordination Meeting was organized in January 2017 and followed by an informal coordination meeting between green growth projects in Viet Nam initiated by UNDP in May 2017. In	Target achieved

Specific Targets	Relevant Activities	Status
	<p>2018, CIGG supported MPI's Vietnam Sustainable Forum (Jan 2018), organized 3 consultative events related to preparation of Ha Noi Green Growth Action Plan and 2 events on opportunities for promotion of investments into solar PV rooftop in business sector and on policies to encourage private investment for sustainable development of the Mekong Delta.</p> <p><u>Analytical policy studies</u></p> <p>In 2018, the CIGG published following reports summarizing key lessons from support provided by the CIGG project (Activity 1.3.2.):</p> <ul style="list-style-type: none"> <li>• Synthesis report on the development of Green Growth Action Plans for selected provinces/cities;</li> <li>• Synthesis report on the development and implementation of the Green Growth Action Plan in the transport sector;</li> <li>• Study on Options for carbon pricing in Viet nam;</li> <li>• Report on Climate private expenditure &amp; investment review (PCEIR) in Viet Nam;</li> <li>• Report on Climate public expenditure &amp; investment review in the Mekong Delta (CPEIR)</li> </ul> <p>Two additional studies on opportunities for promotion of investments into solar PV rooftop in business sector and on policies to encourage private investment for sustainable development of the Mekong Delta are being finalized.</p>	

Output 1.2: Strengthened technical capacity at MPI, MOF, MOT ministries, and provinces to integrate green growth into the planning, budgeting and spending processes at national, sectorial and provincial levels, including development of green growth action plans.

Specific Targets	Relevant Activities	Status
A guideline and format for preparation of provincial GGAPs	MPI Guideline and template for the formulation of Provincial Green Growth Action Plans was developed in 2015 and endorsed by MPI a key guidance document for the local and provincial GGAPs (Activity 1.2a.)	Target met
Guidelines/decision to integrate GG into provincial SEDPs and sectoral development plans	Review and development of guidelines and tools to incorporate targets of climate change, green growth, and SDGs into socio-economic development strategy (SEDS, 2021-2030) and plan (SEDP 2021-2025) was conducted in 2018 (Activity 1.2.2.)	Target met

Specific Targets	Relevant Activities	Status
<p>5 MACC studies for target sectors, provinces and city</p> <hr/> <p>By the year 2016, 2 GGAPs of aa &amp; bb Province, and 1 GGAP of Da Lat City, with GHG emission targets by 2020</p>	<p>8 MACC curves were elaborated as part of 8 provincial &amp; local Green Growth Action Plans (see below)</p> <p>Altogether 7 provincial and local GGAPs were formulated, including:</p> <ul style="list-style-type: none"> <li>• 2015: GGAP of Quang Ninh Province (Decision 6970/KH-UBND of 16 Nov 2015)</li> <li>• 2016: Ha Nam province (Decision No. 1356/UBND-TH2 of 17 Mar 2016)</li> <li>• 2017: GGAP of Ha Nam (Decision No. 1573/QĐ-UBND of 25 Sep 2017)</li> <li>• 2017: GGAP of HCMC (Activity 1.2.a.7)</li> <li>• 2017: Cao Bang province (Activity 1.2.a.5.b)</li> <li>• 2017: Bac Kan province (Activity 1.2.a.5.b)</li> <li>• 2018: Support to the development of MACC and preparation of GGAP for Ha Noi Capitol City (Activity 1.2.a.10 in 2018)</li> </ul> <p>and 1 local GGAP produced for</p> <ul style="list-style-type: none"> <li>• 2016: GGAP of Da Lat (Decision No. 1356/UBND-TH2 of 17 Mar 2016)</li> </ul>	<p>Target exceeded</p>
<p>Inclusion of GG/GHG emission reduction, climate change, and sustainable development targets into SEDP 2016-2020</p>	<p>Technical advice and inputs to MPI's drafting team for the next SEDP (2016-2020), recommending approaches to integrate green growth and climate change throughout the next development planning cycle in 2015 (Activity 1.2.d. in 2015)</p> <p>Assessment of GG indicators which were integrated into the socio-economic development plan for the period of 2016-2020' (Activity 1.2.a.9 in 2017)</p>	<p>Target met</p>
<p>By the year 2016, 01 GGAP of MOT</p>	<p>2 GGAPs were developed for transport sector and followed up by a range of implementation documents addressing specific opportunities for integration of green growth in planning and decision-making, use of market-based tools (aviation), promotion of fuel efficiency (inland navigation, sea shipping and motorbikes) and measuring, reporting, and verification of climate change mitigation results (railways an inland navigation). Specifically:</p> <p>A general GGAP for the transport sector (MOIT's GGAP of Transport Sector, Decision No. 1456/QĐ-BGTVT dated 11 May 2016) was developed in 2016 and followed-up by study on integration of green growth criteria into the EIA of transportation projects (Activity 1.2.c.5 in 2016) and a Research and Development for Multi-modal Inland Waterway Transport in Vietnam (Activity 1.2.c.3 in 2016).</p>	<p>Target exceeded</p>

Specific Targets	Relevant Activities	Status
	<p>A specific GGAP for civil aviation (CAAV's GGAP of Civil Aviation sector (Decision No. 4206/QĐ-BGTVT dated 28 Dec 2016) was developed and followed up by a study on Measuring emissions for Aviation of Vietnam and design a market based system for Vietnam (Activity 1.2.c.4 in 2016)</p> <p>The following activities focused on fuel efficiency:</p> <ul style="list-style-type: none"> <li>• Reducing CO2 emissions in the waterway transport (Activity 1.2.c.1 in 2016)</li> <li>• Technical Assessment of Feasibility of Fuel Additives to Reduce CO2 Emissions from Marine Vessels in Vietnam (Activity 1.2.C.2 in 2016)</li> <li>• Development of a system to provide technical solutions in the sea-ship control for fuel efficiency (Activity 1.2.d.3 in 2017)</li> <li>• Scaling up of management tool for fuel efficiency in sea-shipping sector (Activity 1.2.d.4 in 2018)</li> <li>• Developing Regulations on Automatic Labelling for Motorbike, Motorcycle Manufacturing, Assembling and Importing New Products (Activity 1.2.d.5 in 2018)</li> </ul> <p>Activities on measuring, reporting, and verification of climate change mitigation results (MRV) included:</p> <ul style="list-style-type: none"> <li>• MRV system for actions to reduce emissions from the national railway and urban railway transport (Activity 1.2.d.1 in 2017)</li> <li>• MRV system for actions to reduce emissions from sea/river transport and inland shipping (Activity 1.2.d.2 in 2017)</li> </ul>	

Output 1.3: Enhanced knowledge and awareness among policymakers and business of green growth and sustainable development, through joint training and communication programs on green growth and climate change.

Specific Targets	Relevant Activities	Status
A comprehensive programme for Training of Trainers adopted	<p>A set of Training of Trainer (TOT) curriculum and modules on green growth for government staff at national and provincial levels were developed in 2016 (Activity 1.3.3)</p> <p>TOT modules for green growth for university education prepared by the Viet Nam National University in 2017 (Activity 1.3.4)</p>	Target met
500 and 1,000 trainers; at national and provincial level have been trained by	1,728 persons at national and provincial level have been facilitated and trained by 2015, 2016 and 2017.	Target met

Specific Targets	Relevant Activities	Status
2016 and 2018 respectively.		
A Comprehensive Communication Strategy/Plan prepared and implemented.	<p>A comprehensive communications plan on green growth developed for MPI in 2015 and 2016 (Activity 1.1.c)</p> <p>Communication Plan including Green Growth Week, awareness raising activities on sustainable consumption in transport and trade, promote green production, consumption and lifestyle models were implemented in 2017 and 2018 (Activity 1.3.1.a.)</p> <p>Information corners on selected green growth subjects/models were published during 2016-2018 (Activities 1.3.1.b, 1.3.1.c, 1.3.1.d)</p>	Target met

**Component 2 (SO2): Develop policies and regulations for green growth investments and sustainable development**

Output 2.1: Policy analysis conducted on finance, investment and fiscal, and other barriers to green growth investments, enabling policy dialogue on the research findings.

Specific Targets	Relevant Activities	Status
5 policy studies completed	<p>CIGG supported MOF and MPI in commissioning 8 policy studies examining the use of economic instruments to support green growth investments:</p> <p>2015</p> <ul style="list-style-type: none"> <li>• Technical Assessment of Fees for Appraisal of Environmental Impact Assessment Reports (1.2.a.2)</li> <li>• Proposal of fees and charges for the energy labelling (1.2.a.3)</li> <li>• Assessment of fiscal policies on climate change against existing CC/GG strategies/policy frameworks, comparable to international best practice (3.2.1)</li> <li>• Assessment of implementation and propose improvement of policies for environmental protection fees for mining exploitation (2.2.c.1)</li> <li>• Assessment of implementation of natural resources tax policy (2.2.c.2)</li> <li>• Assessment of implementation of environment protection tax policy (2.2.c.3)</li> </ul> <p>2016:</p> <ul style="list-style-type: none"> <li>• Financial policies and instruments for environmental protection charges for air emission sources contributing to green growth implementation (2.2.c.4)</li> </ul>	Target met



Specific Targets	Relevant Activities	Status
	<ul style="list-style-type: none"> <li>Assessment of revenues as prescribed by law fees and charges for environmental protection (2.2.c.6)</li> </ul>	
5 high-level policy dialogues organised	<p>CIGG supported 7 high-level international events that addressed green growth agenda:</p> <ul style="list-style-type: none"> <li>2015 Asia LEADS Partnership regional workshop: How to mobilize investment in low emission development in Asia's agriculture sector</li> <li>2016 Asia LEADS Forum: Mobilizing Finance for Implementing Priority Actions</li> <li>2016 Asia LEADS Forum: "Mechanisms to catalyse Finance for Grid-Connected Clean Energy in Asia"</li> <li>2016 High level Seminar VGGs Pathways towards Implementing the Paris Agreement-Vietnam &amp; EU Experience</li> <li>2017: International Seminar 'Urban Management Policy Challenges and Solutions in Vietnam' co-organised with MOC, OECD and UN-Habitat.</li> <li>2017: Asia LEADS Partnership to organize two forums on Resource Mobilization for NDC Implementation in Asia and 3rd Asia Pacific Forum on Urban Resilience and Adaptation-Resilient Cities Asia Pacific Congress 2017 (RCAP 2017)</li> <li>2018: CIGG PMU supported MPI in organizing GCF Asia Structure Dialogue (April, 2018)</li> </ul>	Target met

Output 2.2: Improved investment policies and regulations to tackle barriers to green growth; and strategies and incentives to increase engagement of the private sector into green investments, production and consumption, including renewable and clean energy.

Specific Targets	Relevant Activities	Status
5 policy analysis relating to green investments and fiscal policy	<p>5 studies on the promotion of green investments using carbon credits:</p> <ul style="list-style-type: none"> <li>• 2016: Study on Solutions, Mechanisms to Promote the Development, Management, and Use of Carbon Credits and Basis for Revision of Decision 130/2007/QĐ-TTĐ on CDM (2.2.c.7.)</li> <li>• Study the overall revenues under the Law of fees and charges related to environmental protection; elaborating guidance enclosed with the list of charges and fees (Activity 2.2.c.6 in 2016).</li> <li>• 2017: International consultant's study on Design of the Paris mechanisms to maximize benefits from the Vietnamese CDM pipelines (2.2.c.7.)</li> <li>• 2017-2018: National consultant's study on Design of the Paris mechanisms to maximize benefits from the Vietnamese CDM pipelines (2.2.c.7.)</li> <li>• 2017-2018: Study on the design of a national carbon tax coupled with a project-based offset system (2.2.c.8.)</li> </ul>	Completed
3 revised/new investment policies, with inclusion of incentive mechanisms for green investment from private sectors	<ul style="list-style-type: none"> <li>• 2016: Roadmap to implement renewable energy strategy (1.1.3)</li> <li>• 2017-2018: Research on potential opportunities for PPP for low carbon development (1.2.a.8)</li> <li>• 2018: Prioritization mechanisms and policies to encourage private investment in the Mekong Delta (3.3.b.4)</li> </ul>	Completed
2 policies on public green procurement	<ul style="list-style-type: none"> <li>• 2015: Support to MOF to propose fees and charges for the energy labelling, contributing to GG implementation (1.2.a.3)</li> <li>• 2015: Study on green procurement by Hanoi Economic University</li> </ul>	Completed
1 fiscal policy framework and at least two fiscal tools	<ul style="list-style-type: none"> <li>• 2016: Green Growth Investment Guidelines produced with two modules on agriculture and energy (2.2.b.1)</li> <li>• 2016: Assessment of the management and disposal of hazardous wastes in and recommendations on the policy, institutional and investment solutions for period 2016-2020 (1.2.a.1)</li> <li>• 2018: Support a mechanism/tool which defines investment proportion in environmental pollution treatment for investment projects in order to implement PM's Directive 25 (Activity 1.2.a.11/2018)</li> </ul>	Completed

**Component 3 (SO3): Improve access to green growth financing and pilot green projects, including with the private sector.**

Output 3.1: Improved climate finance architecture to mobilize funds for green growth and climate change, focusing on international public finance and enabling domestic and foreign private investments.

Specific Targets	Relevant Activities	Status
<p>Those who are involved in climate finance and CC negotiations have good (4/5 of a range 1-5 ranking) level of understanding on international climate finance.</p>	<p>2015: CIGG PMU developed briefing materials on the GCF including its fiduciary and safeguard requirements, to support MPI's outreach with line ministries respecting resource mobilization for implementation of the VGGs/GGAP.</p> <p>2016: CIGG also supported MPI members of VN delegation to UN Climate Summit in Paris (COP21) in Nov 2015. MPI staff who was members of Vietnam's delegation to the received training in climate change negotiations. The training included: review of main negotiating text, application of negotiation theory, approaches to formulating GoV's policy positions, blocs of interest, coordinating with other countries, communications.</p> <p>2017: CIGG supported one VN participant at the NDC Global Conference: Integrated Governance, Finance, and Transparency, for Delivering Climate Goals, taking place from 2-6 May in Berlin, Germany.</p> <p>2017: COP23 in Bonn, Germany</p> <p>2018: COP24 in Poland</p>	<p>Exceeded</p>
<p>An advanced, transparent and effective national climate finance architecture/facility introduced</p>	<p>2015-2016: CIGG supported MPI in establishment of GCF inter-ministerial task force/network.</p>	<p>Completed</p>
<p>All non-confidential data/information on management, decision making processes and finance made available on the website</p>	<p>2015: The PMU helped to design the GG portal for MPI's website. The website is located at: <a href="http://cfovn.mpi.gov.vn">http://cfovn.mpi.gov.vn</a></p> <p>2016: A number of articles on green growth that have been published on MPI's website for national audiences (in Vietnamese only). The website is located at: <a href="http://www.mpi.gov.vn/Pages/default.aspx">http://www.mpi.gov.vn/Pages/default.aspx</a></p> <p>2016: Developed the communication strategy.</p> <p>2017-2018: Communication package to implement. strategy.</p> <p>2018: Green Growth Coordination and Project Closing Workshop (21 December 2018)</p>	<p>Completed</p>

Output 3.2: Develop and employ a system of tracking and reporting climate change finance that is consistent with international practice, contributing to improvement of planning, budgeting and spending of climate finance.

Specific Targets	Relevant Activities	Status
2 review reports of practices and lessons on tagging, tracking and reporting of climate finance, respectively	2015: Developed the typology on Climate Change Relevant Expenditure as a part of the Climate Public Expenditure Review (CPEIR) in collaboration with the World Bank (1.1.b)  2018: Lessons learnt with MPI approach to determination of Climate Change Relevant Expenditure and Investment Review replication at Provincial level (CPEIR) (3.3.b.3)	Completed
A systematic system of tagging, tracking and reporting on climate finance	2017: Provided extensive inputs into proposed MPI's Guidelines on identification and classification of public investment for climate change and green growth for Mekong provinces (3.3.b.3)	Completed
3 reports on climate public and private expenditure	2017: Climate Private Expenditure and Investment Review (3.3.b.2). 2018: Climate Public Expenditure and Investment Review in Mekong Delta (3.3.b.3) 2018: Prioritization mechanisms and policies to encourage private investment in the Mekong Delta (3.3.b.4)  2018-2020: Public Climate Investment and Expenditure Review (on-going)	Completed

Output Target 3.3 Private sector investment and projects contribute to achieve GG objectives.

Specific Targets	Relevant Activities	Status
1 banking sector review	2015: Review of banking sector products and tools of commercial banks, investment funds, environmental protection funds and foreign funds in Vietnam to identify gaps and opportunities for green growth investments and lending (3.3.a.1).  2018: Study on private funding opportunities for renewable energy and energy efficiency investments in Viet Nam	Completed

Specific Targets	Relevant Activities	Status
2 forums held	<p>2016: The CIGG PMU facilitated high-level dialogue with the Vietnam Development Bank (VDB) on the topic of on-lending to domestic SMEs to increase the ration of ‘green investments’ in VDB’s lending portfolio. The dialogue focused on VDB’s willingness to seek accreditation as a National Implementing Entity (NIE) under the Green Climate Fund, in order to subsequently design a proposal to the GCF in support of the VGGs objectives (2.1.b)</p> <p>2017: High-level dialogue with the private sector organized during the mission of GCF Executive Director in June.</p>	Completed
2 projects developed	<p>2015: Based on the approved PGGAP of Quang Ninh, JICA has deployed project support to introduce new waste management systems on tourist boats, seaports and surrounding areas to limit discharge into Ha Long Bay (1.2.b)</p> <p>2018-2019: Study to promote investments in solar rooftop from business sector, quantify demand and use of renewable energy by businesses and private sectors; and promote establishment of a national carbon market (3.3.b.7)</p> <p>2018- 2019: Proposal for upgrading management system for agricultural organic waste in Da Lat City</p>	Completed

### 2.3. Financial disbursement output

The financial disbursement output is summarized as in table below:

Source	Fund Committed	Total disbursement	Disbursement rate, %
UNDP (TRAC), USD	1,000,000	1,000,000	100
EU-UNDP (LECB), USD	246,100	246,100	100
USAID	2,400,000	2,400,000	100
SECO	50,000	50,000	100
<b>Total ODA, USD</b>	<b>3,696,100</b>	<b>3,696,100</b>	<b>100</b>
Counterpart funding, USD	228,000	228,000	100

### 2.4. The factors affect to the project outputs

At the end of the project, the USAID (that co-financed the project) suggested the following set of questions on factors that affected the project outputs:

- Over the last five years, what major changes and trends in the external context - ie. in both Vietnam and internationally.
- How well did the project adapt to these changes?
- What are the preliminary implications for the next few years of programming?

The following text examined these questions per each project above questions

### **Activities implemented by MPI focusing on Green growth action plans and facilitation of green growth investments**

The first key change that occurred during the implementation of the project and change the context of the project was the *signature and ratification of Paris Agreement by Viet Nam*, followed by adoption of its National action plan for implementation of Paris Agreement that defines the Viet Nam's mitigation and adaptation commitments. Existence of these new climate change commitments has affected MPI's efforts to support green growth projects since the investment priorities start shifting towards implementation of Nationally Determined Contribution (coordinated by MONRE) with less investment provided for implementation of the National Green Growth Strategy (coordinated by MPI).

Despite this backdrop, MPI continued to support elaboration of Green Growth Action Plans in provinces and localities with ambition to generate local projects that offer both economic and climate-related gains. Altogether 8 provincial and local GGAPs were formulated with CIGG support, including:

- 2015: GGAP of Quang Ninh Province (Decision 6970/KH-UBND of 16 Nov 2015)
- 2016: GGAP of Da Lat (Decision No. 1356/UBND-TH2 of 17 Mar 2016)
- 2016: Ha Nam province (Decision No. 1356/UBND-TH2 of 17 Mar 2016)
- 2017: GGAP of Ha Nam (Decision No. 1573/QD-UBND of 25 Sep 2017)
- 2017: GGAP of HCMC (Activity 1.2.a.7)
- 2017: Cao Bang province (Activity 1.2.a.5.b)
- 2017: Bac Kan province (Activity 1.2.a.5.b)
- 2018: Support to GGAP for Ha Noi Capitol City (Activity 1.2.a.10)

The CIGG project has within this process try to adjust the methodology used for formulation of GGAPs which, based on the MPI's template for such plans, required elaboration of GHG emission inventories and development of marginal abatement cost curves (MACCs) for potential interventions on the basis of pre-defined economic assumptions. The last GGAP for Ha Noi is still based on GHG inventories and MAC curves but was more used as GG prioritisation exercise for existing investment project pipelines (i.e. not being based on entirely hypothetical investment propositions) and paid much more emphasis to consultation with the relevant line agencies and consideration of co-benefits (economic, social and environmental) that may such investment attractive on multiple fronts (i.e. not only in environmental terms).

Unfortunately, due to constraining public budget framework in 2016-2017 (culminating in passage of Law on Public Debt Management in 2017), it nevertheless became clear that most of the green growth projects will have to be financed by private sector – either as part of their own economic

activities – or through cooperate agreements with the public sector through Public Private Partnerships.

To this end the CIGG project has in 2017 commissioned a dedicated *Research on potential opportunities for PPPs for low carbon development* (Activity 1.2.a.8) which found several PPP opportunities for green-growth investments in especially waste management (wastewater and solid waste management), energy saving in public lighting (LED systems), and renewable energy generation using public infrastructure (rooftop solar power on public buildings). The research at the same time noted numerous challenges due to complexity of the legal framework for the PPPs, problems with cost-recovery systems (i.e. system of collection of fees covering waste management and waste-water treatment) and limited investment guarantees for investors into such long-term projects (investors being cautious that any PPP arrangement that they develop may be adversely affected by changes in the relevant personnel in public authorities having supervisory powers over the give area.

Following these findings the CIGG project has in 2018 commissioned four dedicated studies to examine detailed opportunities for facilitation of investments from the MPI side through e.g. improved reliability and simplifications of regulatory frameworks in priority green growth areas. The studies include:

*Study to promote investments in solar rooftop from business sector, quantify demand and use of renewable energy by businesses and private sectors; and promote establishment of a national carbon market* (Activity 3.3.b.6). This assignment reviewed interest in rooftop PV installations on industrial buildings (industrial zones and commercial centres) and note constrains – e.g. definition of solar rooftop project, issue related to inclusion into power development planning, power operation license and third- party involvement, connection agreement, technical standards of solar PV cell and solar PV module, payment cycle, tax regulation applied on power trading. The assignment is still ongoing and currently focuses on practical proposals for facilitation of these investment potentials through simplification of regulatory framework.

*Study on private funding opportunities for renewable energy and energy efficiency investments in Viet Nam* that mapped private funding opportunities for renewable energy and energy efficiency investments which are available for mobilizing in Viet Nam and determined key conditions for their de-risking and attracting private sector engagement and investments. The assignment interviewed some 20 key investors that are interested in Vietnamese renewable energy sector and found out that 13 of them could make at least 10 billion USD immediately available for Viet Nam in form of equity and debt. They are however so far hesitant to invest in Viet Nam because of uncertainties about future electricity prices (they would appreciate having at least some forecasts for electricity retail prices for forthcoming 2 - 3 years.

They would also need standard Power Purchase Agreements providing them with assurance that that electricity they produce can be absorbed by the grid and paid for. They would also like to be allowed to repatriate any profits made if they wish so.

*Development of prioritization mechanisms and policies to encourage private investment in the Mekong Delta* (Activity 3.3.b.6) which was conducted in cooperation with GIZ. The assignment

focused on mapping and analysing existing and planned private investments into renewable energy, environmental infrastructure, agriculture and aquaculture, food processing and associated logistical systems). Besides identifying key planned private investments in these areas, the

*Proposal for upgrading management system for agricultural organic waste in Da Lat City* which aims to assist Da Lat PPC in development of a comprehensive and practical system for management of organic agricultural waste (i.e. its collection, transport, treatment and use of residues and by-products generated through the treatment) that can be supported through public-private partnerships. The assignment is still ongoing – consultants have just completed the first mission that involved in-depth interviews with stakeholders (public authorities and representative sample of organic waste producers).

All of these assignments suggest that it is timely to switch the focus from institutional or policy-level interventions (which was the focus of the CIGG) to tailor-made assistance to specific projects that involve private sector actors. Renewable energy with its decreasing investments costs represents the key priority area (both in private sector as well as in public sector – such as rooftop solar PV installations on schools, hospitals, government buildings). Such investments should be ideally focus on Mekong Delta which has considerable investment potentials for RE and is supported through multi-DP coordination process that operates under PM Resolution 120. Potential private sector GG-CC investments in MD may also cover food processing which offers energy saving potentials and will have to adopt to changing climatic conditions and progressing environmental pressures in the delta. Lastly, local waste management projects (such as Da Lat project on management of agricultural waste) implemented through PPP regimes that are appropriate for local circumstances could be another promising future area.

*The second key change* that occurred within the timeline of the project and was associated with the Paris Agreement was a new Viet Nam's commitment to establish *national frameworks for monitoring reporting and verification (MRV)* of national GHG emission levels, the tracking of climate finance flows received or the impact of mitigation actions. Although the MRV was originally established through the Bali Action Plan in 2007, the entire MRV concept gained on prominence with the adoption of the Paris Agreement since it became a critical factor underpinning transparency of national efforts and achievements for implementing the NDC.

The CIGG project has responded to this need through two separate lines of activities – by supporting MOT in design of MRV systems in the transport sector (see next section) and by supporting reporting on climate expenditure reviews (outlined here).

The CIGG project has in 2017 undertaken the first *Private Climate Expenditure Review of Viet-Nam* which mapped CC-GG investments into primarily energy efficiency and renewable energy but also considered expenditures related to green growth investments in agriculture. The PCEIR concluded that private investment appetite for climate change mitigation investments into energy efficiency and renewable energy in Viet Nam is driven primarily by cost/benefit considerations that are pre-dominantly influenced by electricity prices. Regulated energy prices and limited consideration of environmental and climate externalities in electricity production mix currently do not offer sufficient incentives for mitigation investments by the private sector. The investment interest can be boosted also by enforcement of applicable regulations, loan subsidies, investment



guarantees and awareness rising that can provide additional (if not dominant) incentives for private actors to engage in mitigation actions.

In 2017, the CIGG also supported finalisation of *MPI Guidelines on identification and classification of public investment for climate change and green growth*. The guidelines were drafted with the World Bank support but the initial draft featured number of areas that required improvements. Following MPI's invitation to contribute to this process, the CIGG provide multiple inputs both on the wording of the guidelines as well as on Annex 4 that defines the basic typology of key CC-GG interventions in Viet Nam that deserve financial tracking.

In 2018, the CIGG in cooperation with GIZ has commissioned *Climate and Green Growth Public Expenditure and Investment Review in the Mekong Delta (CPEIR-Mekong)* which introduced the MPI Guidelines as their first application in Vietnam to the 13 MD provinces and analysed both actual CC-GG investments during 2015-2017 and compared them with planned CC-GG investments for 2016-2020 period (using project lists contained in Mid-term Investment Plans). The pilot testing confirmed that The MPI Guidelines provide a framework that can be used to encourage the structured integration of CC&GG into existing investment appraisal at a level of detail that is appropriate for the scale of the investment and its importance for delivering adaptation, mitigation and/or green growth. The classification of expenditure is useful in raising awareness about past and planned trends and patterns. However, to fully integrate CC&GG into planning and budgeting, it will be necessary to deepen the methodology to consider the effectiveness of CC&GG investment in delivering adaptation and/or mitigation and to apply these methods in the design, appraisal and approval of new projects. This will then allow governments to provide a structured and consistent estimate of the adaptation gap and, hence, to provide strategic guidance over the main options for closing that gap.

### **Activities implemented by MOT focusing on green growth support actions for the transport sector**

The MOT component of the CIGG project was implemented as planned and was not affected by the any major change in external context. The MOT focused on actions that are well fit into in both VSSG as well as into the National Action Plan for Implementation of Paris Agreement.

The key CIGG support actions focused on identification of key GG measures in the sector. In 2016, two GGAPs were developed for transport sector with CIGG's support – a MOIT's GGAP of Transport Sector and GGAP of Civil Aviation sector. In addition, in line with MRV obligations under the Paris Agreement, CIGG supported elaboration of key MRV systems for the transport system through the following assignments.

*Study on Measuring emissions for Aviation of Vietnam and design a market based system for Vietnam* (Activity 1.2.c.4) which in 2016-2017 compared different MRV requirements for international aviation (under ICAO reporting system) and domestic aviation (conducted in accordance with IPCC requirements) and considered opportunities for achieving carbon-constrained growth of Vietnamese domestic aviation through carbon-offsetting measures (such as domestic CDM pipeline, CORSIA, etc.). Outcomes of these studies are now being used in follow-up activities supported by GIZ.

*Development of MRV system for actions to reduce emissions from the national railway and urban railway transport (Activity No.1.2.d.1) and of MRV system for actions to reduce emissions from sea/river transport and inland shipping (Activity no. 1.2.d.2). Both activities examined MRV guidance documents and data availability and suggested simple MRV systems.*

The generic CIGG support to the MOT was followed up by a range of specific studies that examined opportunities for fuel savings in transport sector through:

- Reducing CO2 emissions in the waterway transport (Activity 1.2.c.1 in 2016)
- Technical Assessment of Feasibility of Fuel Additives to Reduce CO2 Emissions from Marine Vessels in Vietnam (Activity 1.2.C.2 in 2016)
- Development of a system to provide technical solutions in the sea-ship control for fuel efficiency (Activity 1.2.d.3 in 2017)
- Scaling up of management tool for fuel efficiency in sea-shipping sector (Activity 1.2.d.4 in 2018)
- Developing Regulations on Automatic Labelling for Motorbike, Motorcycle Manufacturing, Assembling and Importing New Products (Activity 1.2.d.5 in 2018)

Considering the results of studies, the most promising activities in transport sector appear to be those related to fuel savings in inland navigation and sea shipping. Specifically, the activity on 'Scaling up management tool of fuel efficiency in sea-shipping sector' prepare a roll-out of locally developed software for managing fuel use which achieves 2% improvements compared with normal management. The testing of this software on 6 commercial ships and proposed strategy for its upscaling its application to entire VN fleet of 1400 internationally trading ships of 400 gross tonnage promises to significant fuel savings.

The study team now plans to undertake further development of this software using machine learning and elements of AI that could help analyse complex factors affecting fuel use during sea shipping (speed, drought, etc.). This project presents very interesting private sector R&D opportunity in GG area with potential international replicability in low-income countries that operate ships similar to current VN fleet.

### **Activities implemented by MOF focusing on economic instrument for green growth**

CIGG's collaboration with MOF was only shaped by internal policy-making issues related to use of environmental fees and taxes in Viet Nam and was not affected by the Paris Agreement.

In 2015-2016, the CIGG supported MOF in conducting 8 studies related to various economic instruments for environmental protection:

- Technical Assessment of Fees for Appraisal of Environmental Impact Assessment Reports (Activity 1.2.a.2)
- Proposal of fees and charges for the energy labelling (Activity 1.2.a.3)
- Assessment of fiscal policies on climate change against existing CC/GG strategies/policy frameworks, comparable to international best practice (Activity 3.2.1)

- Assessment of implementation and propose improvement of policies for environmental protection fees for mining exploitation (Activity 2.2.c.1)
- Assessment of implementation of natural resources tax policy (Activity 2.2.c.2)
- Assessment of implementation of environment protection tax policy (Activity 2.2.c.3)
- Financial policies and instruments for environmental protection charges for air emission sources contributing to green growth implementation (Activity 2.2.c.4)
- Assessment of revenues as prescribed by law fees and charges for environmental protection (Activity 2.2.c.6)

Since these studies identified limited potential for use of economic instrument, the ensuing CIGG's support focused on promotion of green investments using carbon credits:

- 2016: Study on Solutions, Mechanisms to Promote the Development, Management, and Use of Carbon Credits and Basis for Revision of Decision 130/2007/QĐ-TTĐ on CDM (2.2.c.7.)
- Study the overall revenues under the Law of fees and charges related to environmental protection; elaborating guidance enclosed with the list of charges and fees (Activity 2.2.c.6).
- 2017: International consultant's study on Design of the Paris mechanisms to maximize benefits from the Vietnamese CDM pipelines (2.2.c.7.)
- 2017-2018: National consultant's study on Design of the Paris mechanisms to maximize benefits from the Vietnamese CDM pipelines (2.2.c.7.)
- 2017-2018: Study on the design of a national carbon tax coupled with a project-based offset system (2.2.c.8.)

Unfortunately, the current status of CDM mechanism does not generate interest in carbon credits that would support new green growth projects in Viet Nam.

In order to examine other market-based mechanisms, the CIGG's support to MOF culminated in 2017-2018 with a *Study on the design of a national carbon tax coupled with a project-based offset system* which resulted in production of comprehensive publication of a comprehensive publication 'Opportunities for Carbon Pricing in Viet Nam' which presents various systems of carbon pricing globally and compares three primary options that are applicable in Viet Nam – i.e. better reflection of price of carbon in the existing Environmental Protection Tax, establishment of a new Carbon Tax and development of carbon fees that would be part of system of environmental fees in Viet Nam. The report presents different options and support expert debate on this subject. Considering recently rejected proposal for an increase of the Environmental Tax on petroleum products, it is a useful material to support a rational debate about potential different ways of carbon pricing in Viet Nam and their potential impacts on the economy and society.

### **3. Project Lessons learnt and Recommendations**

#### **3.1. Project Lessons learnt**

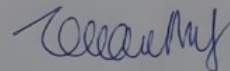
- Engagement of various stakeholders at different levels and and coordination among related initiative is of important for the joint efforts in the implementation of green growth strategy and action plans. High level's commitment cannot be realized without understanding of and implementation by sectors by sectors and provinces and provinces

- The project has done well on knowledge sharing and capacity buildings, however practical results - ideally changing some important policy that facilitates private sector engagement in GG should be materialised
- Future assistance is required for assessment of implementation of GGS and GGAPs so as to prepare for an update of GGS
- In terms of technical substance, key issues are important for the implementation of GGAP, i.e: improvement of climate response budgeting process (continue and upscale CPEIR and climate tagging); integration of GG into the under-development of the SEDS and SEDP; electro-mobility in major cities, options for introduction of carbon tax to Viet Nam), etc.

### 3.2. Recommendations

- Coordination and knowledge sharing in the areas of green growth should be maintained for continuous implementation and realization of GGS and GGAP. What the project have been doing for 4 years is to build capacity and environment enabling, thus maintaining dialogues among agencies and with the business sector to discuss attractiveness of and barriers in the future markets that GG agenda gradually creates and will continue to create in the years to come
- Actions by provinces and investment by sectors should be enhanced and facilitated to minimize greenhouse gas emission for the green growth of the ecoeconomy.

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