

LEDS GP CASE STUDY: THE SUBNATIONAL INTEGRATION OF THE VIET NAM GREEN GROWTH STRATEGY (VGGS)

Viet Nam's National Green Growth Action Plan 2014-2020 was approved in March 2014. To achieve the ambitious 2020 national targets, all 63 provinces are mandated to formulate their own respective Provincial Green Growth Action Plan and integrate them into their local 5 year and annual Socio-Economic Development Plans.



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One key target of the VGGAP includes satisfying 35-45% of the transportation demand in large and medium cities via public transportation.

KEY TAKEAWAYS

The Viet Nam Green Growth Strategy (VGGS) seeks to achieve a low carbon economy and sustainable development by mandating provinces and cites to self determine green growth action plans—with at least 2 targeted indicators, including BTU:GDP and GHG:GDP.

The VGGS 2020 targets include:

- Reduce GHG:GDP intensity by 8-10% (vs. 2010).
- Reduce BTUs:GDP by 1.0-1.5%/yr.
- 42-45% of GDP delivered by green technology.
- 60% of grade III¹ cities have wastewater collection & treatment systems that meet regulatory standards.
- 35-45% of transportation demand is met by public transportation in large and medium cities.
- 50% of large and medium cities meet green urban standards.

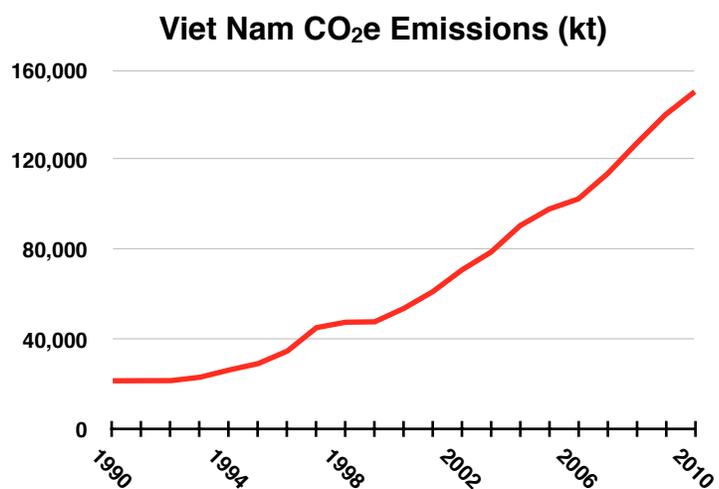
Presently, 10 of the 63 provinces in Vietnam are actively pursuing the definition of their Provincial Green Growth Action Plans (PGGAPs). These “early movers” are pioneering approaches and the lessons learned will help national authorities refine guidance, and future investments in the green growth process. Early lessons at the provincial level from 3 of the most advanced processes are related to;

- Slow adoption by the private sector. Lack of clear “business case” and defined market mechanisms to attract critical private sector investment.
- Vertical communication challenges between national institutions, local authorities and international donors.
- Important need to create a cross learning platform to enable shared learning and synergies between provinces, as well as between international donors.
- Difficulty to establish a clear mandate and authority at the provincial level to found official Task Forces. This is related to the need to create mechanisms for authentic private sector and community involvement in setting targets and priorities.
- Shortage of baseline data at the local level, leading to challenges with monitoring and evaluation.

OVERVIEW - THE VIET NAM GREEN GROWTH STRATEGY & NATIONAL GREEN GROWTH ACTION PLAN

Although the GDP of Viet Nam has been growing 6-8% per annum during the last decades, the quality of growth and productivity has depended extensively on the exploitation of natural and non-renewable resources, high levels of energy consumption, and low degrees of processing. Many of Vietnam’s largest industries are energy-intensive and highly polluting—including the cement, steel and chemical industries. Today, high rates of urbanization and increasing energy demands, along with slowing economic growth, are resulting in unstable macroeconomic balances. Unfortunately, there has not been sufficient investment in new technologies and as a result, the ability of industry and commerce to participate in global value chains is severely limited.

The Viet Nam Green Growth Strategy (VGGS) was approved on Sep. 25, 2012 and within the context



Between 1990 and 2010, Viet Nam’s CO₂ emissions from the burning of fossil fuels and manufacture of cement increased 602%. (From 21.48 Mt to 150.23 Mt) (Source: [CDIAC](#), [ORNL](#))

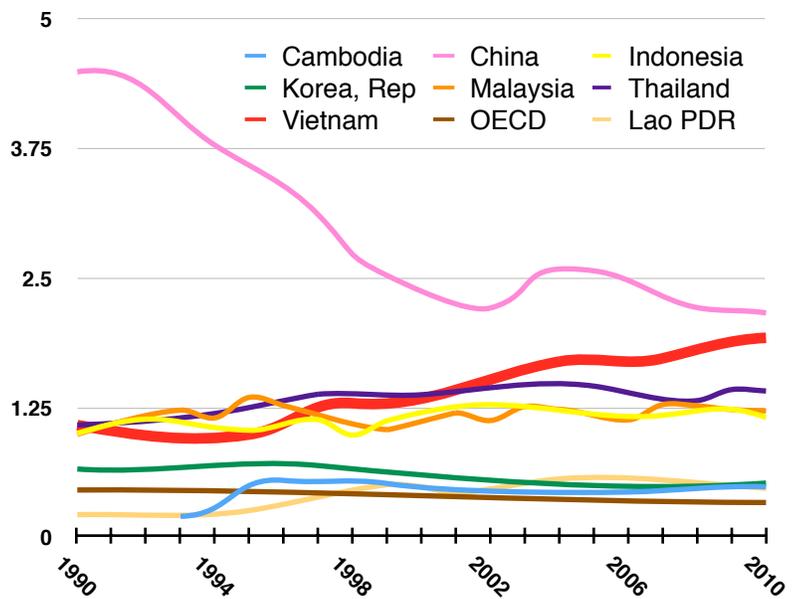
¹ In Viet Nam, a grade III city is a provincial urban area which has a population between 150,000 and 300,000. The urban population density of grade III cities is from 6000 persons/km² and the share of non-agriculture labors to total labour force is at least 75% (stipulated in Resolution No. 42/2009/ND-CP dated May 7, 2009 of the Government).

of the national development plan, represents substantial determination by the Vietnamese government to transform the economy to a greener development path. The creation and commitment to the VGGS is an aggressive priority, initiated at the highest level of government to transform the nation onto a more sustainable path. Green growth in Viet Nam has been purposefully established as a key driver for sustainable development—contributing to improvements of employment, poverty reduction and improving people’s quality of life.

The vision of the VGGS is to establish, ‘Green growth, as a means to achieve a low carbon economy, to enrich natural capital, and drive sustainable economic development.’ This is elaborated into three specific objectives:

- i) Restructure the economy and improve economic institutions by greening existing sectors and encouraging increased efficiency in energy and natural resource use, with higher added values;
- ii) Conduct research and enhance the implementation of appropriate advanced technologies for resource efficiency, reducing GHG emission intensity and responding effectively to climate change;
- iii) The Government of Viet Nam has established an Inter-ministerial Coordinating Board for the implementation of the VGGS under the National Committee on Climate Change. The assigned line ministries include:
 - Ministry of Planning and Investment (MPI) [Focal Point for VGGS implementation]
 - Ministry of Finance
 - Ministry of Natural Resources and Environment
 - Other ministries and Provincial People’s Committees, for different implementation mandates.

CO₂e Emissions (kg) per 2005 US\$ of GDP



In 2010, Vietnam’s kg of CO₂e Emissions per unit of GDP was nearing China’s. (Source: [CDIAC](#), ORNL) Emissions are those stemming from the burning of fossil fuels and the manufacture of cement. They include carbon dioxide produced during consumption of solid, liquid, and gas fuels and gas flaring.

Viet Nam National Green Growth Action Plan

Strategic Tasks	2020 Targets
<u>Low Carbon Growth</u> : Reduce intensity of GHG emissions & promote use of clean and renewable energy.	Reduce GHG:GDP intensity by 8-10% by 2020. (compared to 2010). Reduce BTUs:GDP by 1.0-1.5%/yr.
<u>“Green” Production</u>	42-45% of GDP by 2020 is from green technologies makes up, or the application of clean technologies reaches 50% by the same time.
<u>Green Lifestyles</u> : promote sustainable consumption	60% of grade III cities have wastewater collection & treatment systems that meet regulatory standards, 35-45% of transportation demand is met by public transportation in large and medium cities, and 50% of these cities meet green urban standards by 2020.

To improve the organization for implementation, the VGGS defines some priority administrative actions including, *inter alia*;

- Communication, awareness raising, training, and human resource development
- Develop policy mechanisms and establish the management structure for the implementation of the strategy
- Develop information, data systems and management tools, standards and norms for green growth.

To implement the VGGs, the National Green Growth Action Plan (NGGAP) was created and approved in March 2014. (See Available Resources for link to NGGAP) The VGGs objectives are the foundation for the NGGAP; which defines three strategic tasks and the corresponding activities to achieve them.

The NGGAP identifies 12 task groups with 66 specific activities. These task groups fall into 4 main themes.

Four Main Themes NGGAP²

- Set up institutions and formulate green growth action plans at the local level (8 activities);
- Reduce the intensity of GHG emissions and promote the use of clean and renewable sources of energy (20 activities);
- Green production (25 activities); and
- Green lifestyles and promote sustainable consumption (13 activities).

Among the 66 specific activities, 23 are prioritized for 2014-2020.³

Importantly, as part of the NGGAP, the line-ministries as well as the Provincial People’s Committees, cities and provinces are all required to formulate specific action plans. To support this implementation, the NGGAP identifies capital resources for implementing these activities, including: i) state budget in the “Support Program Responding to Climate Change”; ii) Enterprises; iii) Communities; and iv) International assistance.

SUBNATIONAL INTEGRATION

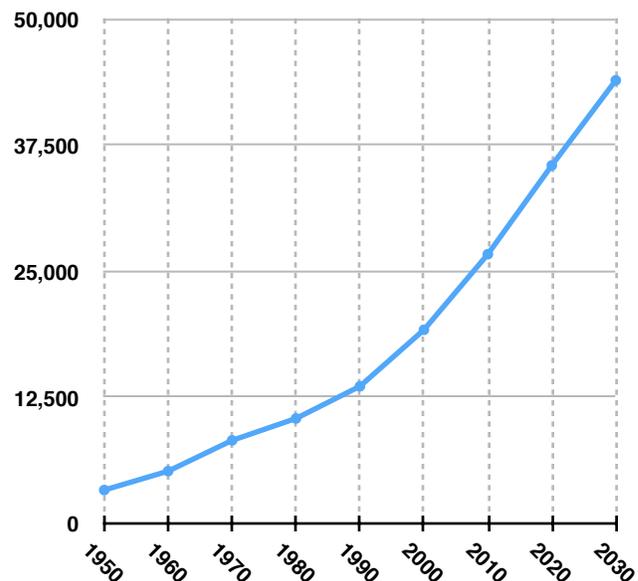
Based on the NGGAP and the guidance template drafted by the Ministry of Planning and Investment (see Additional Resources), provinces will separately design their respective Provincial Green Growth Action Plans (PGGAPs). These PGGAPs will not only include the activities of NGGAP relevant to their territorial areas, but the Provincial People’s Committees and centrally managed cities are also responsible for formulating local projects, action plans and directing the onsite implementation of the VGGs. According to the Ministry of Planning and Investment, all 63 provinces are required to formulate their PGGAPs. The Provincial People’s Committees have the mandate to define specific tasks and integrate them into their local 5 year and annual Socio-Economic Development Plans. PPGAPs must have at least 2 targeted indicators, including; BTU:GDP and GHG:GDP.

The provinces are currently organizing, preparing information and data for drafting their PGGAPs.

The Ministry of Planning and Investment is the focal point- assigned to take the lead, make guidance, supervise, monitor and evaluate the implementation progress of the GGAPs.

National ministries, provincial equivalents and particular local authorities, are responsible for mobilizing and managing financial resources from; the state budget (both central and local sources), state and private enterprises, communities, as well as assistance from international organizations. Ministries, ministerial equivalents, business associations and concerned agencies are expected to formulate their own programs and activities and submit cost estimates to competent authorities for approval. This is intended as the basis for allocating budgets under the State Budget Law.

Viet Nam Total Urban Population (thousands)



Between 1950 and 2030, the urban population of Viet Nam is projected to increase by 1,236%

² (Pham Hoang Mai, 2014)

³ See Available Resources for link to NGGAP

The draft guidance template for the PGGAP was designed by the Department of Science, Education, Natural Resources and Environment and has recently been distributed to provinces. (see Additional Resources) The template is outlined in 4 chapters:

1. Current status of socio-economic development and environment protection in the province (for the period 2006-2010 and updates up to 2013).
2. Provincial green growth orientation by 2020 and the vision to 2030.
3. Tasks, targets and actions for Provincial Green Growth implementation by 2020.
4. The Implementation organization and lists of targeted programs and projects.

Each chapter includes sections and subsections to make the guidance more specific. Although the template has been crafted at the national level, it allocates considerable flexibility at the provincial level. The provinces will define their own targets, tasks and actions as well as make implementation budget estimates. Each province has contextual natural resource and socio-economic conditions that must drive the PGGAP.

The draft guidance template for the PGGAPs also defines the main steps that the provinces are advised to follow in formulating their PGGAP. These steps include: i) Establish institutional arrangements and provincial task forces; ii) Review the background toward green growth; iii) Prepare the PGGAP; iv) Collect advices/comments and revise; v) Approve and release; vi) Organize, implement, monitor, assess and report.

Currently, more than 10 provinces are formulating their PGGAPs including Lao Cai, Thanh Hoa, Hai Phong, Quang Ninh, Bac Ninh, Ha Tinh, Quang Nam, Ben Tre, Da Lat City, Binh Thuan, Ninh Thuan. However, they are all in the pioneering early stages of the process. Demonstrative process snapshots are included from three provinces: Bac Ninh, Thanh Hoa and Quang Ninh.

BAC NINH PROVINCE

Based on the National VGGs, the Bac Ninh Department of Planning and Investment has studied and completed a report on the theoretical and practical foundations to construct the PGGAP. This was complimentary to efforts to integrate GG concepts into a Provincial Party Resolution that will orientate economic development for the subsequent 5 year period. This is important because the Party Resolutions are considered official guidance to all provincial policies and actions. In the meantime, the Provincial People's Committee together with the provincial line departments have been organizing workshops to raise awareness on GG and the forthcoming Bac Ninh PGGAP.

The Provincial Steering Committee on Sustainable Development has formed a coordinating team and a task force to design the PGGAP and support its implementation. The Bac Ninh Department of Planning and Investment, the coordinating team and task force have been working with experts from the Korea International Cooperation Agency (KOICA) to define the PGGAP. On Sep. 11, 2013 the Provincial Party of Bac Ninh issued the first important legal document of the Program No. 48-CTr/TU, implementing the 7th Conference Resolution to actively respond to climate change, enhance natural resource management and environment protection. The Program was submitted to the Provincial People's Committee at the 11th meeting session in April 2014 and Green Growth was approved for implementation.

Although the detailed PGGAP in Bac Ninh has not yet been finalized, it will be structured around three pillars, namely: i) Reduce GHG emission intensity and promote the use of clean and renewable energies; ii) Greening production; and iii) Greening lifestyle and promoting sustainable consumption. This aligns directly with the VGGs and helps the provincial economy move towards a greener path in the future (Bac Ninh Department of Planning and Investment, 2014).

The determination of the Provincial People's Committee of Bac Ninh to implement GG is clear and the province is very actively pursuing PGGAP preparation. KOICA is actively supporting the Task Force and line departments in the province with technical capacity building activities. The green development ambition is crucially important in the province in light of the large and expanding industrial zones in recent years; including Que Vo, Yen Phong, Tu Son, among others.

Despite the strong progress, the provincial authority is also cognizant of the challenges associated with designing and implementing a PGGAP. They recognize the general lack of awareness in state institutions, as well as the larger population. There is a lack of data to serve as the baseline for creating the Plan. Other constraints in the province include; limited resources, difficulty in mobilizing available funds, and the challenges of coordinating implementation

between diverse stakeholders. The risks of inadequate funding along with the lack of incentives to encourage private sector participation, threaten the successful implementation of the PGGAP. In recognition of the risks, the Provincial People's Committee and Task Force are designing the PGGAP to include projects and feasible activities that involve both the public and private sectors, as well as requiring periodic monitoring and evaluation actions.

THANH HOA PROVINCE

While the Province of Thanh Hoa has a strong agricultural industry, the province is growing rapidly, targeting a per annum GDP of 19% mainly from industrial expansion. Today there are 5 industrial zones established totaling approximately 200 km², with plans to build an additional 10 more industrial parks by 2020. There are 2.3 GWp of coal-fired thermoelectric generation plants under construction, along with an oil refinery that will have the capacity to process 10 Mt of crude oil per year.

The Provincial People's Committee of Thanh Hoa has been actively developing a process to establish the PGGAP, seeking international support as soon as the VGGs was approved. This has resulted in the current collaboration and support from the United States Agency for International Development (USAID). To date, the province has organized two important workshops with USAID assistance, held on Dec. 9-10, 2013 and April 3, 2014. The first kick-off workshop gathered representatives from line ministries, projects, provincial departments and donors in the field of GG in Vietnam.⁴ The interactive meeting helped participants better understand different components of GG strategies and identified key stakeholders that need to be involved in planning. Participants also discussed the immediate challenges of monitoring and enforcing GG practices. The workshop participants agreed on some next steps for advancing a GG strategy in the province, including: i) Establish a provincial GG Task Force to coordinate activities and define the PGGAP; ii) Conduct follow-up workshops to refine assessments of pertinent actors, engage both government departments and private sectors and then outline objectives for GG in Thanh Hoa; iii) Engage partners to conduct GHG emission inventories for different sectors and set subsequent emission reduction targets; and iv) Identify resources for implementing activities and solutions.



Participants at the Dec. 2013, Thanh Hoa Workshop, "Putting Policy into Practice: Green Growth Strategies for Thanh Hoa Province."

technical capacity building from international experts from USAID. The meeting helped to define follow-up steps for the GG focal point team in Thanh Hoa, strategies for defining a feasible GG Strategy, and specific steps for formulating a provincial GG Strategy and PGGAP.

In support of the ambitions to stimulate a low carbon economy in the province, a "2020 Renewable Energy Development Master Plan" was presented by the TH Department of Planning and Investment, and a plan for "GHG Emission Reductions in the Agriculture and Forestry Sectors in Thanh Hoa" was presented by Dr. Chris Dickinson from the USAID Vietnam Forests and Deltas program. These activities are both considered crucial foundations for generating green growth in Thanh Hoa.

⁴ <http://www.asialeds.org/resources/support-vietnams-green-growth-strategy-thanh-hoa>

The first draft of the “2020 Renewable Energy Development Master Plan” has been completed and shared with line ministries, ministerial equivalents and provincial line departments in the province for comments and consultations. It is expected to be revised and submitted to the Provincial People’s Committee of Thanh Hoa in the 2nd quarter of 2014.

Thanh Hoa faces several challenges and constraints towards renewable energy development. The current number of renewable energy projects is few and the share of renewable energy in the provincial energy matrix is quite limited. The initial investment for renewable energy is higher than “traditional” energies, leading to challenges in securing financial investments. The lack of financial resources is another important challenge and limited awareness of the community on the benefits of renewable energies is also a real constraint (Le Trong Han, 2014).

The April 2014 workshop also established a plan for establishing the Provincial GG Task Force, presented by a representative from the Thanh Hoa Provincial Department of External Affairs. This included the composition, and initial actions of the task force. Currently, the Provincial People’s Committee of Thanh Hoa is working to officially establish the Task Force and will then commence activities for the design and subsequent implementation the PGGAP.

QUANG NINH PROVINCE

The Provincial People’s Committee of Quang Ninh has identified the urgent need to change the dominant economic model of the province and the creation and implementation of an official PGGAP will provide this opportunity. For the past years, provincial growth has relied principally on extractive and polluting industries— such as coal mining, thermal power plants, cement manufacturing and large industrial factories that produce construction materials. Therefore, developing a GG strategy has been prioritized by the provincial leadership, to include the goals of promoting rapid but sustainable development, with a shift towards green industries, environmental pollution controls, and mitigating GHG emissions.

The province has the goal to become an “economic engine” of the Northern part of the country by 2020; focusing on service, modern industries and international tourism. During the process of transforming the economic growth model and constructing the PGGAP, the province recognizes it must establish a difficult balance between exploiting mining resources and protecting the environment while developing tourism.

Towards the PGGAP design, Quang Ninh has outlined some initial specific measures. These include: i) Promote education and raise awareness for provincial GG; ii) Review and adjust development plans to support GG and the construction of appropriate infrastructure; iii) Enhance economic transformation; iv) Implement pollution control measures; v) Improve natural resource use efficiency, mitigate GHG emissions, improve adaptation and resilience to climate change and sea level rise; vi) Conserve biodiversity; vii) Promote regional and international cooperation and attract resources to support conservation of natural resources; viii) Conduct training and promote human resource development; ix) Invest in science and technology development and application; and x) Emphasize administrative reform for green development.

In addition to implementing the national GGAP at the province with activities No. 6, 19, 23, 55, 60, 63 and 65 from the NGGAP, the provincial leadership has assigned provincial departments to focus on 23 prioritized activities of the province by the year 2020. The province is also aware of the challenges of GG implementation, including learning from the experiences of other provinces. One of the unresolved issues in Quang Ninh is how to effectively integrate the private sector into the GG process. Resolving this issue is a goal for the design of a successful PGGAP, currently underway.

STAKEHOLDERS

The Ministry of Planning (MPI) and Investment is the focal point for the implementation of the VGGs. The Strategy states that, “MPI will guide, supervise, evaluate, examine and review the implementation progress. MPI will take the lead in collaboration with the Ministry of Finance and other related ministries to identify and allocate domestic resources and coordinate external sources to successfully implement the green growth strategy.”

The other key VGGs stakeholders include line-ministries, Provincial People’s Committees and local authorities at all levels, as well as business associations, commercial enterprises (including both state-owned and private), local communities and other concerned agencies (such as the Vietnam Chamber of Commerce and Industry, or civil society organizations). Among these



Participants map key stakeholders at the Dec. 2013, Thanh Hoa Workshop.

stakeholders, the mentioned government agencies are assigned to support the implementation process corresponding to their institutional mandates. Although these government agencies are responsible for mobilizing financial resources for implementation of the VGGs, this support depends 100% on the national state budget. Support from the other stakeholders such as businesses or communities will very much depend on their respective resources and “Return on Investment” logic. The business case of GG needs to be made clear to investors, this is why technical capacity building for all stakeholders is considered a key element of VGGs success.

SUCCESSSES, DEVELOPMENT BENEFITS AND LESSONS

An incremental approach has been taken to successfully secure such an ambitious target at the highest level of government, via the set up appropriate green programs or projects. Particular projects and short term goals have been used as catalysts or leverages for promoting the case for green business as well as provide an opportunity for learning and adaptive management. Before the VGGs was promulgated, an inter-ministerial drafting team was established. Most of the initial VGGs targets were summarized from those of the National Climate Change Strategy (promulgated by Decision No. 2139/QĐ-TTg dated 05 December 2011) and National Energy Efficiency Program 2006-2015 (VNEEP). The interministerial drafting team then organized many rounds of consultation and included all ministries, business associations and other concerned organizations. As a representative of business associations, the Vietnam Chamber of Commerce and Industry was invited to contribute to the VGGs draft.

As the various PGGAP begin to take shape, more lessons will become apparent.

One important early success to note was the VGGs integration with the National Climate Change Strategy and National Energy Efficiency Program 2006-2015 (VNEEP). The VGGs is helping to make these other strategies operational at the local community and commercial level.

It is also recognized that the VGGs presents an important opportunity to implement a horizontal cross-learning platform to enable shared learning and take advantage of synergies.

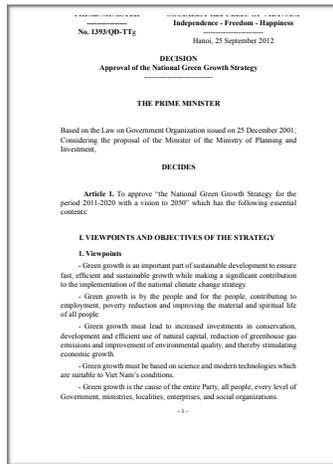
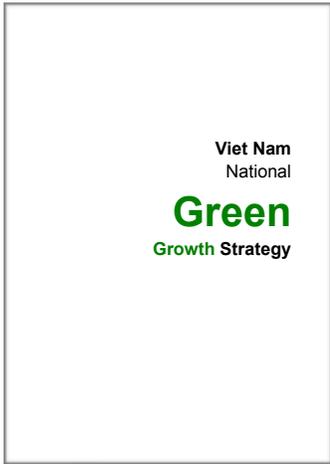
A small number of lessons and early benefits can already be drawn from the VGGs process underway.

- The pro-active role played by national level management (such as MPI) is very important to help subnational authorities to have good orientations toward green growth and better prepare for PGGAP formulation. Provinces are essentially waiting for guidance from the central management level for implementation.
- There are varying degrees of Provincial efforts to design and implement PGGAPs. The more active provinces are quicker in attracting resources and experiences from national and international agencies.
- There is insufficient coordination among international donors and institutions, as well as communication challenges between different ministries, as well as between national ministries and local authorities. Improved mechanisms for vertical and horizontal coordination may prove beneficial.
- Subnational Task Forces for designing PGGAPs need to include representatives of the private sector, as well as state agencies.
- The greatest potential risk to the VGGs is the lack of financial resources for green growth and the lack of business interest and awareness of green growth strategies. This is why market-based mechanisms and the business case for GG needs to be established.
- It takes time for these market-based instruments (carbon tax, emissions trading/cap and trade system etc...) to be developed and applicable in Vietnam.

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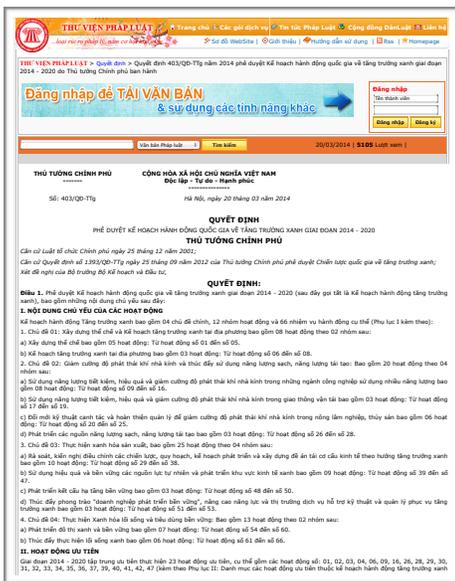
ADDITIONAL RESOURCES

VIET NAM NATIONAL GREEN GROWTH STRATEGY



[VGGS](#) (English, 19p)⁵

VIET NAM NATIONAL GREEN GROWTH ACTION PLAN



[VGGAP](#) (Vietnamese, 17p)⁶

DRAFT - PROVINCIAL GREEN GROWTH ACTION PLAN TEMPLATE

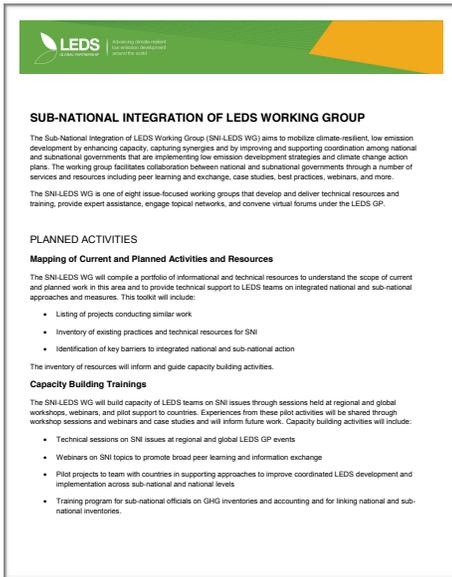
[PGGAP](#) (English, 20 p)⁷

⁵ www.greengrowth-elearning.org/pdf/VietNam-GreenGrowth-Strategy.pdf

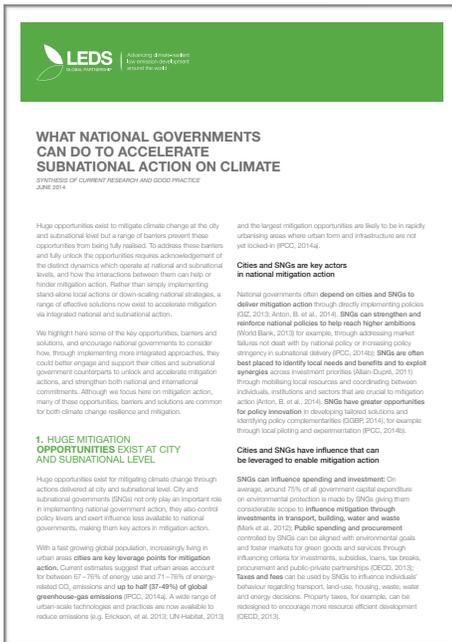
⁶ thuvienphapluat.vn/archive/Quyet-dinh-403-QD-TTg-nam-2014-Ke-hoach-hanh-dong-quoc-gia-tang-truong-xanh-giai-doan-2014-2020-vb224162.aspx

⁷ http://en.openei.org/w/index.php?title=File:GGAP_provincial_template.pdf&page=1

OTHER DOCUMENTS OF THE LEDS GP WORKING GROUP ON SUBNATIONAL INTEGRATION⁸



[SNI WG Pamphlet](#)



[Synthesis of Current Research and Good Practice on Subnational Integration, "What National Governments Can Do to Accelerate Subnational Action on Climate."](#)

⁸ See <http://ledsgp.org/planning/NationalSubnationalLEDS>

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