

# CLIMATE ACTION IN

# VIET NAM

## Country context

Viet Nam's economy has been growing rapidly, with an average year-on-year growth of 6.46% in its Gross Domestic Product (GDP) from 2000 to 2012, when the Viet Nam Low Emission Capacity Building (LECB) project started. The industry and trade sectors are key drivers of the economy as well as its greenhouse gas (GHG) emissions, contributing to over 50% of the country's emissions.

Green growth and a low carbon economy rank high on Viet Nam's agenda. At the time that the LECB project commenced, the government had already moved to strengthen its national framework on climate change through strategies and policies including the Sustainable Development Strategy (2004), the National Target Program to Respond to Climate Change (2008), the National Climate Change Strategy (2012), the National Green Growth Strategy (2012), and the National Action Plan to Respond to Climate Change (2012).

Viet Nam sought to develop evidence-based policy measures to promote low carbon industrial development and tap into market opportunities for investment from domestic resources, international finance and commercial sources. The government was also keen to utilize international climate financing mechanisms such as the Nationally Appropriate Mitigation Actions (NAMAs) and the Green Climate Fund (GCF).

Viet Nam's strong political commitment and ensuing policy action had set the stage for widespread climate change action; LECB project support sought to help realize benefits from these policy efforts.



# LECB VIET NAM at a glance



**Total financing**  
US \$1,027,200



**Timeframe**  
6 years (2012-2018)



**Sectors**  
Energy and Industry  
(steel, chemical fertilizers,  
pulp and paper, cement)



**Counterparts**  
Ministry of Industry and  
Trade (MOIT); Ministry of  
Planning and Investment  
(MPI)



## Thematic areas

- Institutional frameworks
- GHG inventory systems
- NAMAs
- LEDS
- INDC support
- MRV systems
- Private sector involvement
- Climate finance

## LECB ASIA

### Fully-fledged national NAMA process for industry sectors

LECB undertook comprehensive technical assessments for the development of NAMA proposals for the steel and chemical fertilizer sectors, and provided initial support to kick-start the process of NAMA proposal development for the pulp and paper, and cement sectors. It also prepared an application to the GCF that seeks funding for the NAMA on energy efficiency in the chemical fertilizer sector, supported by a monitoring, reporting and verification (MRV) Readiness Report to help establish an effective MRV system for tracking and accounting of GHG emissions. Further, LECB drove the establishment of a cross-ministerial NAMA Technical Working Group within the Ministry of Industry and Trade (MOIT) to steer the government's efforts towards design of NAMA processes and proposal preparation.

**+20**  
**mitigation opportunities**

identified at factory level through the GCF proposal for the chemical fertilizer sub-sector

**168**  
**National and provincial authorities**

and policy makers trained on climate policy and mitigation

### Demonstrated GHG emission reduction and financial savings in the steel industry

The LECB project identified opportunities for emission reduction and designed site-specific technical solutions and mitigation action plans in four steel enterprises. Proposed measures were further implemented on a pilot basis. This activity successfully demonstrated the potential for GHG emission reduction and financial savings realized from energy conservation in the steel production industry.

**34,000**  
**tonnes of CO<sub>2</sub> eq annual GHG emission reduction**

through pilot implementation of mitigation opportunities in steel factories

**4**  
**steel factories**

supported in pilot action for energy conservation and GHG emission reduction

# RESULTS

### Piloted low carbon product certification for seven products

To support government efforts to improve access to green growth financing and to pilot green projects to the private sector the LECB project carried out a Private Climate Expenditure and Investment Review (PCEIR) study. This exercise has enabled the government to map (identify, tag, and track) and analyze the main flows and incentives for private sector investment into climate change mitigation activities, thus contributing to transparency, mitigating risk, and building trust. The PCEIR focused on the areas of renewable energy (hydro and wind) and energy efficiency measures in four industry sectors (cement, steel, sugar, and pulp and paper). The PCEIR exercise resulted in concrete policy recommendations to facilitate and attract further investments from the private sector in these focus areas.

**8**  
**audits in chemical fertilizer enterprises**

in support of GCF proposal

# IMPACTS



## Robust knowledge base and foundation for further low emission action in Viet Nam's industry and trade sectors

This was created through the technical assessments conducted for the NAMA proposals. Public institutions have developed an appreciation for the application of a structured approach for prioritization of industry sectors and targeted, evidence-based action.



## Country-owned and tested methodology for identifying, categorizing and transparent accounting of private sector investment for climate action

This was put in place through the PCEIR study outcomes and the MRV Readiness Test conducted for the chemical fertilizer sector, which will contribute to Viet Nam's MRV system under the NDC.



## Strengthened capacities of public and private stakeholders for climate change mitigation and applying mechanisms such as NAMAs

Key line ministries now cognizant of their role and the opportunities within their functional areas to contribute positively to the country's climate commitments. This strengthened capacity and awareness allowed for active engagement of public agencies in the INDC planning process and post-Paris NDC implementation planning.



## Strengthened engagement with private enterprises, going beyond energy efficiency to addressing options and technologies for climate mitigation

LECB enabled private enterprises in targeted industry sectors to explore practices, measures, and best available technologies beyond what they could have done on their own.



## General overview of the UNDP Low Emission Capacity Building Programme

Since its inception, the UNDP LECB programme has paved the way for effective and lasting climate action by building capacities of government staff to develop policies, strategies and tools that help implement their climate change goals. Focusing specifically on essential building blocks such as strengthening GHG inventory data and systems; formalization of institutional arrangement for climate actions; development and alignment of low emission development strategies (LEDS); and the creation of Nationally Appropriate Mitigation Actions (NAMAs), LECB provided much of the enabling environment necessary for countries to respond quickly to emerging needs, such as the submission of Intended Nationally Determined Contributions (INDCs) and socialization of the Paris Agreement. Given its flexible nature and strong country ownership, often the originally-envisaged and measurable LECB outputs have been exceeded, leading to some unplanned but highly welcomed additional impacts.

## CASE STUDY

# VIET NAM'S FIRST PRIVATE CLIMATE EXPENDITURE AND INVESTMENT REVIEW (PCEIR)



The LECB project supported Viet Nam in undertaking its first PCEIR study, enabling the country to supply missing information on climate-related spending by the private sector, including state-owned enterprises. The PCEIR process seeks to unlock private sector climate finance and inform the design of effective policies and strategies. It also contributes to establishing robust reporting practices in both the public and private sectors.

The PCEIR was conducted by the Ministry of Planning and Investment (MPI),

with support from UNDP and USAID (United States Agency for International Development), and focused on the areas of renewable energy (hydro and wind) and energy efficiency in the cement, steel, sugar, and pulp and paper sectors. This detailed review analyzed and mapped private sector investment flows, characteristics, funding modalities and critical triggers for investments. The MPI intends to use outcomes from the PCEIR to contribute to establishing a transparency system for resource allocation, and to support Viet Nam in its NDC commitments under the Paris Agreement.

The study developed a new, simplified, country-specific approach which is based on market survey analysis; this was appreciated by local investors interested in investing into climate change response. Using this methodology, it will be easy to update the PCEIR regularly, and possibly also expand it to other sectors. Given the challenges faced in undertaking PCEIR exercises, Viet Nam's PCEIR offers inspiration and a useful methodology for other countries contemplating embarking on similar studies to follow.

The PCEIR will help inform our planning and budgeting process. This study will be useful to set a baseline for investors to understand the size of climate finance requirements in Viet Nam. MPI dedicated a lot of time and efforts to the PCEIR work because we see the value that this exercise brings to our country.



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### LECB Viet Nam made possible by:

The UNDP Low Emission Capacity Building (LECB) Programme was launched in January 2011 as part of a joint collaboration between the European Union, the Governments of Germany and Australia and UNDP. It is a global programme that helps countries build the public and private sector capacities needed to scale up country-driven mitigation actions.



Supported by:



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