VIET NAM

ENHANCED POLICY FOR INCREASED GREEN FINANCE IN VIET NAM

OVERVIEW

<table>
<thead>
<tr>
<th>Country / Global implementation</th>
<th>Viet Nam Lower Middle Income Country (LMIC)</th>
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<tbody>
<tr>
<td>Thematic area</td>
<td>Multi-sectoral</td>
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<tr>
<td>Project start date</td>
<td>Q1 2017</td>
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<tr>
<td>Funding source</td>
<td>Core</td>
</tr>
<tr>
<td>2017 budget</td>
<td>USD 353,708</td>
</tr>
<tr>
<td>% of budget disbursed</td>
<td>95%</td>
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HIGHLIGHTS

- The Minister of Planning and Investment visited GGGI’s HQ in Seoul and signed the second MOU with GGGI’s Director General, launching the next phase of strengthened collaboration between GGGI and Viet Nam in implementing green growth.

- GGGI supported the development of a mechanism for coordinating and mainstreaming green growth to national policy with the aim to enhance mobilization of finance for green investments. A series of 3 regional workshops and 3 business forums were co-organized with MPI and GIZ to review 5-year implementation of the VGGS.

- The final Investment Appraisal Handbook has been endorsed and adopted by MPI which enhances the appraisal framework for public investments to ensure green growth and other socio-economic indicators to be taken into account.

- GGGI conducted a review of international best practices on green criteria for businesses in agriculture, industry and waste sectors which provides key inputs to prepare the draft Green Criteria for SMEs manuals for SME Development Fund. Experiences from the public sector such as the Dutch Green Fund Scheme and from private sector such as Samsung, H&M and PUMA were analyzed and shared with SMEDF and the audience at the consultation workshop.

- GGGI supported an initial study on mainstreaming green growth into the PPP policy framework to further enhance private sector investments in green projects.

- MPI and GGGI co-hosted the consultation workshop on GGGI’s Green Growth Performance Measurement tool of which Viet Nam is one of 3 focused countries. Nearly 50 participants from line ministries and institutes participated the workshop and provided valuable inputs to finalize the tool that would be suitable for the country context.

RELEVANT SDGs

7.3. Mobilize additional financial resources for developing countries from multiple sources.

17.9. Enhance international support for implementing effective and targeted capacity building in developing countries to support national plans to implement all the sustainable development goals including North-South, South-South, and triangular cooperation.


CONTEXT

Viet Nam has decided to shift away from traditional models of growth towards a sustainable green growth development model targeting a low-carbon pathway by 2030. Hence the country has adopted the Viet Nam Green Growth Strategy (VGGS) and a corresponding Green Growth Action Plan. However, the cost of implementing the VGGS is estimated to be at least USD 30 billion.

Due to limitations in domestic financing and ceasing of ODA and concessional loans by 2017 because of Viet Nam’s MIC status means that the country will have to diversify its funding sources and explore innovative funding mechanisms. To this end, the VGGS calls for increased investment across all sectors including through public-private partnerships (PPP) and international sources, and specifically calls for a scaled-up financing of green growth. Mobilizing finance to support the implementation of VGGS and the Country Planning Framework (CPF) will necessitate technical support to develop and strengthen green growth financing policies and institutions.

OVERALL OBJECTIVE

- Support Viet Nam access scaled-up green finance in public and private investments leading to increased implementation of green growth activities.
**OUTCOME 1**

Ministry of Planning and Investment (MPI) adopts green growth measures in key public investment frameworks leading to new sources of green finance.

This outcome is on track and its achievement is subject to the completion of output 1.1. It targets one MPI decision issued to incorporate the Investment Guidelines for Green Growth (IGGG) into the investment appraisal process. The IGGG handbook for investment appraisal is being developed and will be delivered to MPI for approval and adoption into an investment appraisal process.

**OUTPUT 1.1**

IGGG are mainstreamed into key public investment appraisal processes.

GGGI has worked closely with the Department of Investment, Supervision and Appraisal (DISA) to develop the TOR to incorporate the IGGG appraisal process. The procurement of 3 experts in investment, appraisal and finance has been completed. GGGI has been guiding the consultants to develop quality reports that meets DISA's requirements and enable the development of a green appraisal process. A consultant workshop was delivered in November 2017 to present the team's study and gather comments from industry experts.

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**OUTCOME 2**

Institutional arrangements for the implementation of the VGGS are developed.

This outcome is on track subject to the completion of output 2.1. GGGI is working with MPI and GIZ to establish the mechanism for the implementation of the VGGS.

**OUTPUT 2.1**

Establish coordination mechanism for green growth coherence at the national level is developed.

- GGGI has worked closely with MPI and GIZ to develop a coordination mechanism on the implementation of green growth activities. A series of workshops are being conducted in the North, the Central and the South where government officials, private sector, and development professionals met to discuss the implementation of the VGGS throughout the last five years. A high-level meeting will be conducted in the beginning of 2018 to discuss the coordination, progress and future of VGGS implementation. The partnership between GGGI, MPI and GIZ has strengthened the coordination and collaboration on green growth.

- GGGI has worked with several partner countries including Viet Nam, in which MPI is a focal point, to develop GGPM to measure and evaluate green growth performance in each country. In Viet Nam, the tool will make the coordination between various government agencies more effective and efficient thus enhancing the implementation of green growth.

- GGGI’s position as a leading organization on green growth in national and international policy dialogue was strengthened through media promotions and coverage.

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**OUTCOME 3**

SMEDF incorporated green growth criteria into SME loan scheme, increasing share of green business receiving funding.

This outcome targets one policy issued by SMEDF to update SME guarantee to reflect green growth decision-making criteria. As described in output 3.1, the green growth appraisal criterial has been submitted to SMEDF.

**OUTPUT 3.1**

Policy analysis of greening Viet Nam’s SME lending scheme developed and submitted to government.

GGGI has conducted a study on international best practices in green credit and submitted to SME Development Fund to support the development of the Green Criteria Handbook to guide SMEs throughout the loan application process. SMEDF is one of the public funds dedicated to SMEs in Viet Nam (initial capitalization of around USD 88 million). By supporting SMEDF to green their lending portfolio, GGGI will make a major impact in the private sector and enable SMEs to be green and clean.
LESSONS LEARNED

• The development of a national coordination mechanism of green growth activities and enhancing the mobilization of resources are well much better facilitated with a national platform such as the VGGS, than starting from a zero base. However, it is important to ensure on-going capacity building and knowledge sharing, especially at the local level.

ADDITIONAL RESULTS

• MPI, GGGI and GIZ co-organized a series of 3 regional workshops reviewing 5-year implementation of the VGGS with local governments and 3 regional forums with local businesses on the challenges and opportunities in green investments. Around 250 participants attended the regional workshops and business forums, providing valuable inputs to the review of implementing the VGGS and setting the priorities in the next 5 years.

• The draft Green Criteria Handbook was developed based on international best practices of both public sector as well as leading businesses. In particular, representatives from the successful Dutch Green Fund Scheme and PUMA presented on their green criteria and shared their experience at the consultation workshop for the draft Handbook.

• GGGI supported MPI to conduct a review of the current Public Private Partnership policy framework analyzing the challenges and opportunities in mainstreaming green growth in PPP. The study also proposes changes to the PPP policy framework to further enhance mobilization of private sector finance in green growth.

• GGGI’s Flagship publication “Korean Green Growth Experience” was translated and published in Vietnamese.