Recommendations
VCCA's contribution to NDC implementation in Vietnam

01 BACKGROUND

The Paris Agreement is the first global legal document binding the responsibilities of all Parties of the United Nations Framework Convention on Climate Change (UNFCCC). The Parties committed to these responsibilities mainly through their Nationally Determined Contributions (NDCs). UNFCCC countries submitted their Intended NDCs (INDC) in 2015 which were then converted to NDC (removing the proposed term) after Paris Agreement came into effect and became the responsibilities of each party. The countries are required to review, update, and submit NDC every five years.

Vietnam submitted its INDC in 2015 outlining the objectives of mitigating greenhouse gas (GHG) emissions and adapting to climate change. The Prime Minister of Vietnam issued the Plan to implement the Paris Agreement in responding to climate change in Decision No. 2053/QD-TTg dated October 28, 2016 with 68 key task groups to be undertaken until 2030. The Government of Vietnam also approved the updated NDC on July 24, 2020 which specifies the country's efforts to implement the Paris Agreement. The 68 key task groups regulated in Decision No. 2053/QD-TTg remain effective despite the introduction of the updated NDC.

In addition to the government's efforts, it is crucial and thriving trend to engage the participation of organizations, individuals and communities in the implementation of the Paris Agreement. Alliances for Climate Action (ACA) was launched from the initiative of C40 cities, CDP, CAN, The Climate Group, AVINA Foundation, Wemeanbusiness and WWF to promote the participation of non-state organizations and individuals in tackling with climate change adaptation. ACA links different cities and connects private sector, investors, universities, social organizations with the government authorities for climate action efforts.

Vietnam Coalition for Climate Action (VCCA) works as an enabling framework that facilitates the mobilization and cooperation among businesses, universities, research institutes, local authorities and social organizations from national to local levels for low carbon development in Vietnam.

Private sector has particularly been the active player in energy sector in particular and in GHG emission reduction projects, and contributes to the implementation of Vietnam's NDC. This policy recommendation aims to highlight the contribution role of VCCA, especially of the private sector and proposes recommendations for future interventions.

ASSESSMENT OF THE CONTRIBUTIONS DELIVERED BY THE PRIVATE SECTOR / 02

Private sector holds a critical role in GHG emission reduction in Vietnam, particularly in resource mobilization. The participation of private sector (referred to as "enterprise" in Vietnam) has been institutionalized in the National Target Program on Climate Change (Decision No. 2139/QD-TTg dated December 05, 2011 of the Prime Minister), specifically: "Socio-political organizations, socio-professional organizations, mass organizations, non-governmental organizations and *enterprises* shall *pro-actively participate in climate change response* according to their functions and tasks; support and promote community participation in responding to climate change, promote effective response models and share valuable experience; *implement or participate in projects within the strategy and implementation plans of ministries, sectors and localities".*

Assessment of the private sector's contributions to the GHG emission reduction in energy sector after the submission of NDC and to the implementation of the Paris Agreement on climate change

Resource contributions of the private sector has been recognized and specified in the viewpoints of the Plan to implement the Paris Agreement to 2030 of the Government of Vietnam, specifically: "Adaptation to climate change continued to be the focus with resources mainly allocated from state budget, including international support. *In the long run, resources for GHG emission mitigation and green growth will come from private investments, with the catalyst from the state actors."*

In recent years, several enterprises have invested extensively in deploying renewable energy, particularly in solar power, wind power, energy saving and efficiency for production and business activities, and significantly contributed to the realization of NDC's objective of GHG emission reduction. The enterprise's active participation is stimulated by the increased demand for energy, incentive policies of the Government of Vietnam as well as convenient access to advanced technologies. According to the updated NDC of Vietnam, enterprises engaging in climate change responses with loans mainly allocated from banks (approximately 70%), equity market (approximately 20 - 30%) and other financial institutions. Energy sector in Vietnam witnessed the huge expenditures of foreign enterprises, particularly in energy efficiency and renewable energy, at about 10 trillion dongs in 2010 - 2013. In 2014 - 2016, solar power, wind power and biomass energy are the climate change-related sectors that successfully attracted eight new FDI projects with the total registered investment of about 442.5 million USD. 39 out of the 79 GHG emission reduction measures to realize the updated NDC are classified in the field of energy and require the total investments to 2030 of about 56 billion USD (2014 price) to ensure the GHG emission reduction objectives set forth for 2030. This is a major resource compared to Vietnam's capacity, which will be mobilized from many different channels such as state budget, international assistance, and contributions from enterprises and communities; of which enterprises' resources are key.

Evaluation of the roles of VCCA and ACA in realizing NDC's objective of reducing GHG emission in energy sector and implementing Public-Private-People" to foster the application, replication and diffusion of climate actions across local communities, households and businesses to support Viet Nam in delivering its Paris Agreement pledges by 2030 with specific objectives to: promote and popularize information and knowledge, raise community awareness of the multifaceted benefits derived from green solutions and successful models.

Evaluation of the roles of VCCA and ACA in realizing NDC's objective of reducing GHG emission in energy sector and implementing Public-Private-People

Research, prototype pilot models, and multiply green solutions in various scales to prove the financial, economic, social, and environmental benefits brought about by those solutions. Mobilize resources and assist low-income families as well as remote and isolated communities in implementing green solutions. Promote the development of renewable energy solutions and other green solutions. Engage in policy advocacy and formation of supporting financial mechanisms to advance application of green solutions all over Vietnam.

VCCA's participation in particular and ACA activities in general will significantly contribute to the successful delivery of Vietnam's updated NDC, following the orientations of the National Strategy on Climate Change as well as promoting GHG reduction efforts to outrun the committed targets. VCCA's objectives are in line with the measures indicated in Vietnam's updated NDC. Measures of the NDC should be mainstreamed into proposals for GCF, GEF, IKI, KCEP, NDC Support Facilities, etc. in the planning process to facilitate their implementation.

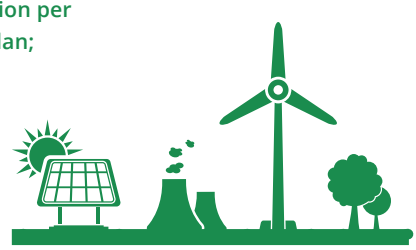
03 / RECOMMENDATIONS ON THE PARTICIPATION AND CONTRIBUTION OF VCCA AND PRIVATE SECTOR TO NDC IMPLEMENTATION

Recommendations on the participation and contribution of VCCA and private sector to the implementation of NDC in energy as well as Paris Agreement

Low-carbon development in implementing NDC and Paris Agreement has become the irreversible trend globally. Most of the world's major financial institutions has suspended their investments in fossil fuel-based energy projects (ie. coal-based energy projects). Carbon footprint, carbon border adjustment, carbon tax and other economic tools have been applied more popularly and stringent to ensure that the produced goods and services meet the low-carbon requirements. In Vietnam, the revised Law on Environmental Protection has been submitted to the National Assembly for review and endorsement in October 2020, in which it embraces a number of regulations on reduced GHG emissions to assist the implementation of NDC and Paris Agreement.

Enterprises should conduct GHG inventory, develop and implement GHG emission reduction measures, and mainstream GHG emission reduction activities in their programs such as quality control, cleaner production and environmental protection at local facilities. At the same time, improved measures should be encouraged in production chain in order to reduce GHG emission, participation in the national and international carbon credit markets, etc. Since the legal framework for enterprises' participation in GHG emission reduction of NDC is being developed, the following recommendations are proposed for the consideration of policy makers and sector management authorities.

- Guidance should be issued by relevant authorities on the assessment of the enterprise's GHG emission status, identification of emission level or energy consumption per product unit, and development and implementation of the GHG emission reduction plan;
- Supports should be provided to staff training programs in monitoring and reporting their GHG emission activities to ensure transparency requirement as well as relevant to GHG mitigation measurement, reporting and verification (MRV) regulations in each sector, and by country.



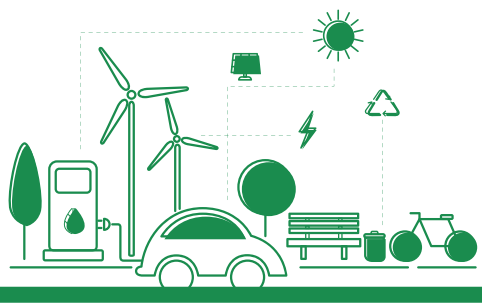
▶ Business's feedbacks should be taken into consideration in the global carbon market negotiations as well as domestic carbon market development, including the preparation for COP26 negotiations in the UK in 2021; specific guidance for enterprises on participating in the carbon markets.

▶ Training courses and dialogues for experience exchange for enterprises should be conducted for further discussion on current carbon credit exchange mechanisms such as Clean Development Mechanism (CDM), Joint Crediting Mechanism (JCM); guidance should be issued to facilitate their incremental conversion to Sustainable Development Mechanism (SDM) which is being developed to replace CDM to preserve invested capital of enterprises.

Proposed priority actions with potentials of good cooperation of VCCA and private sector

▶ GHG emission reduction: GHG emission quota should be set for each type of product and service; production and service associations should be established to support and exchange their good GHG emission reduction practices; GHG emission reduction plans should be formulated and implemented for industrial and service sector; certain GHG emission reduction measures of the updated NDC should be piloted; business projects that use energy-efficient power appliances should be deployed in the field of trading and service; modern production systems and high technologies should be applied in industrial production activities to enhance energy efficiency in the sector; measures should be conducted to encourage the use of energy-efficient air conditioners, refrigerators, and energy-saving devices in households; incentives for the development of power plants that generate based on renewable energy sources such as small hydro-, solar-, wind-, biomass-, waste-to-energy and biogas-power plants; improved ultra-supercritical technology applied for coal-fired power plants; projects should be implemented to increase the percentage of households who use cleaner energy in cooking, particularly the use of biogas in replacing coal in rural areas; measures should be introduced to promote the use of electric motorbikes and cars in replacement of conventional fossil-fuel based vehicles; advanced technologies should be applied in cement production sector, including combustion optimization, reduction of heat loss in cement kilns and application of vertical grinding machines; low-carbon technologies should be developed and applied in clay brick production; energy efficiency and GHG emission reduction technologies should be improved and promoted in building material sector, including the addition of anthracite to boilers, preliminary heating of scrap steel before putting them in electric arc furnace, heating in steel rolling machines and gas-to-heat recovery from basic oxygen furnace (BOF).

▶ Climate change adaptation: (i) Enhance efforts in improving climate change adaptation efficiency through strengthened state management on climate change and further mainstreaming of climate change adaptation measures into strategy and planning systems; (ii) Strengthen the resilience and adaptation ability of local communities, economic sectors and ecology through investments in adaptation solutions, science and technology, and awareness raising to get them well prepared for climate change; and (iii) Mitigate the risk and damages caused by natural disasters and efficiently respond to the increasing natural disasters and extreme events in the context of climate change.



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