

Consultation on Low Carbon Technology Assessment

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FINANCE SOURCES FOR CLIMATE CHANGE MITIGATION IN VIETNAM

Le Ngoc Cau, PhD

Vietnam Institute of Meteorology, Hydrology and Climate change (IMHEN)

Objectives of the presentation

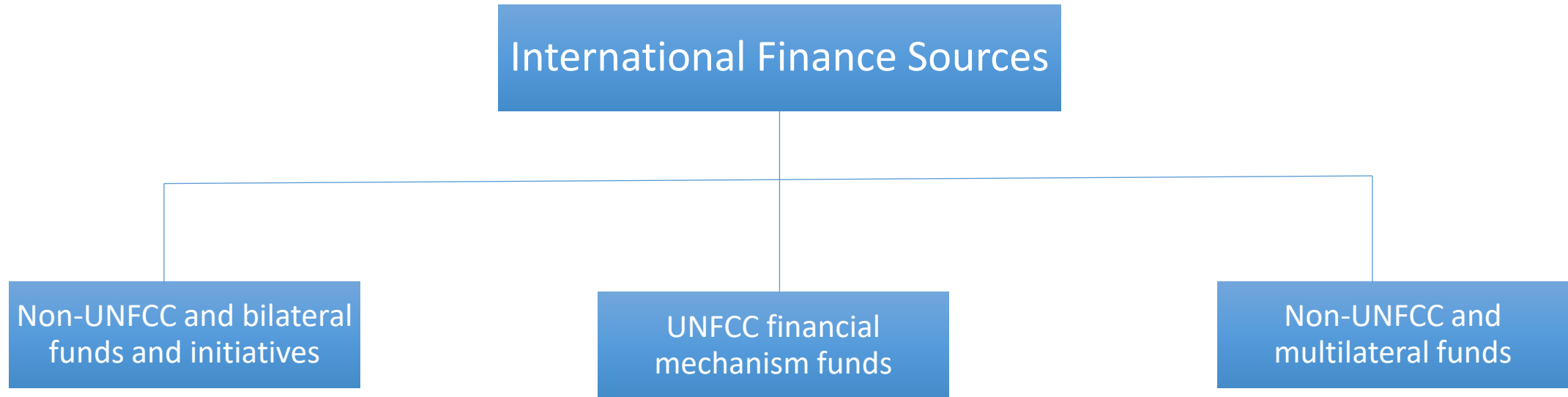
1. To present finance sources identified available for CC mitigation in Vietnam
2. Present a discussion about the role of the identified finance sources for implementation of Vietnam (I)NDC
3. Accessing modality

Outline of the presentation

1. Available finance sources
2. NDC partnership funds and their key features
3. Role of the finance sources for CC mitigation in Vietnam
4. Accessing modality

1. Available finance sources for CC mitigation

Categories of available international finance sources



Overview of International Financial Mechanisms and Channels for CC Mitigation

1. Available finance sources for CC implementation (cont'd)

UNFCCC financial mechanism funds

Funds	Modality of support	Sectors	Fund structure
Green Climate Fund (GCF)	Financial Assistance	CC mitigation and adaptation	<ul style="list-style-type: none"> - GCF supports projects, programmes and policies on CC mitigation and adaptation - Private sector facility allows direct and indirect financing by the GCF for private sector activities - All developing country Parties to UNFCCC are eligible to receive resources from the GCF
Global Environment Facility Trust Fund (GEF/TF)	Financial Assistance	CC mitigation and adaptation	Activities supported by GEF/TF: <ul style="list-style-type: none"> - Climate Change Mitigation: EE, RE; sustainable transport; and management of land use, land-use change and forestry (LULUCF) - Climate Change Adaptation: Promoting both immediate and longer-term adaptation measures in development policies, plans, programs, projects and actions
GEF Special Climate Change Fund (GEF/SCCF)			GEF/SCCF supports the following activities: <ul style="list-style-type: none"> - Adaptation to climate change - Technology transfer - Mitigation in selected sectors : energy, transport, industry, agriculture, forestry and waste management - Economic diversification
GEF Small Grants Programme (GEF-SGP)	Financial Assistance	CC mitigation and adaptation	Activities supported include: <ul style="list-style-type: none"> - Biodiversity - CC Mitigation and Adaptation - Land Degradation and Sustainable Forest Management - International Waters and Chemicals

1. Available finance sources for CC implementation (cont'd)

Non-UNFCC financial mechanism funds - Multilateral Funds

Funds	Modality of support	Sectors	Fund structure
Clean Technology Fund (CTF)	Financial Assistance	Power, Transport, EE	<ul style="list-style-type: none"> - CTF aims at promoting scaled-up deployment and transfer of clean technologies by funding low-carbon programmes and projects - CTF focuses on three sectors: (1) Power; (2) Transport; (3) EE - 5 projects approved by the CTF in Vietnam through the IBRD, ADB and IFC for a total of USD 110m approved grants and loans
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	Financial Assistance	EE, RE	GEEREF invests in private equity sub-funds that specialise in financing small and medium-sized project developers and enterprises (SMEs) to implement energy efficiency and renewable energy projects in developing countries and economies in transition
Forest Carbon Partnership Facility (FCPF)	Financial Assistance	REDD+	<ul style="list-style-type: none"> - The FCPF consists of a Readiness Fund (RF) and a Carbon Fund (CF), and has become operational in June 2008 - FCPF assists developing countries to reduce emissions from deforestation and forest degradation, enhance and conserve forest carbon stocks, and sustainably manage forests (REDD+)
UN-REDD Programme	Financial Assistance	REDD+	<p>UN-REDD supports are channeled through:</p> <ul style="list-style-type: none"> - Direct support to the design and implementation of National REDD+ Programmes - Complementary tailored support to national REDD+ action - Technical capacity building support through sharing of expertise, common approaches, analyses, methodologies, tools, data, best practices and facilitated South-South knowledge sharing

1. Available finance sources for CC implementation (cont'd)

Non-UNFCCC financial mechanism funds - Multilateral Funds (cont'd)

Funds	Modality of support	Sectors	Fund structure
Future Carbon Fund under the Carbon Market Initiative (ADB CMI)	Financial Assistance	EE, RE	<ul style="list-style-type: none"> - ADB CMI supports and encourages EE and RE projects, and other projects with long-term greenhouse gas (GHG) abatement benefits beyond 2012 - Assisting countries have mandatory or voluntary GHG reduction targets and policies beyond 2012 by providing ongoing access to certified emission reductions (CERs) and verifiable emissions reductions (VERs) - Enhancing the affordability and attractiveness of low-carbon technologies over conventional options through the reduction of the initial capital barriers of GHG mitigation projects
Asian Clean Energy Fund (ACEF)	Financial Assistance	EE, RE	<ul style="list-style-type: none"> - ACEF was established by Japan as part of its initiative of Enhanced Sustainable Development for Asia - ACEF supports efforts of developing member countries towards reducing greenhouse gases through utilization of renewable energy and energy efficiency technologies
Clean Energy Financing Partnership Facility (CEFPF)	Financial Assistance	Energy	<p>CEFPF supports:</p> <ul style="list-style-type: none"> - Deployment of new clean energy technology - Projects that lower the barriers to adopting clean energy technologies - Projects that increase access to modern forms of clean and efficient energy for the poor - Technical capacity programs for clean energy

1. Available finance sources for CC implementation (cont'd)

Non-UNFCC financial mechanism funds - Bilateral Funds

Funds	Modality of support	Sectors	Fund structure
UK's International Climate Fund (UK-ICF)	Financial Assistance	Climate Change	Activities supported by the ICF include: <ul style="list-style-type: none">- Building global knowledge and evidence;- Developing and scaling-up low-carbon and climate resilient programs;- Building capacity in the public and private sectors and supporting country level action;- Mainstreaming climate change into UK development aid
Actions for Cool Earth 2.0 (ACE 2.0)	Financial Assistance	Climate Change	ACE 2.0, a new initiative of the Japanese Government for supporting action in developing countries and advancement of innovative technologies to address climate change <ul style="list-style-type: none">- A total amount of US\$10.5 billion will be provided as climate finance to developing nations in 2020- Supported activities: RE production, resilient infrastructure, and a variety of other mitigation efforts
Japan's fast start finance (J-FSF)	Financial Assistance	Climate Change	Japan's FSF supports both mitigation and adaptation activities <ul style="list-style-type: none">- Mitigation activities supported: energy savings, increased energy efficiency technologies, and new, clean energy initiatives- Assistance for adaptation projects may include adaptation planning, forestry, rural electrification research, drought management, and co-benefit approaches

1. Available finance sources for CC implementation (cont'd)

Market-based Financial Mechanisms

Funds	Modality of support	Sectors	Fund structure
Clean Development Mechanism (CDM)	Financial Assistance	Climate Change	The CDM allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of CO ₂ . These CERs can be traded and sold, and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol
Joint Crediting Mechanism (JCM)	Technology and Financial Assistance	Climate Change mitigation	<ul style="list-style-type: none">- Facilitating diffusion of leading low carbon technologies, products, systems, services and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of developing countries- Appropriately evaluating contributions from Japan to GHG emission reductions or removals in a quantitative manner, and use them to achieve Japan's emission reduction target- Contributing to the ultimate objective of the UNFCCC by facilitating global actions for GHG emission reductions or removals
Partnership for Market Readiness (PMR)	Technical and Financial Support	Climate Change Mitigation	<ul style="list-style-type: none">- PMR is a global partnership of developed and developing countries administered by the World Bank- MPR aims to use market instruments to scale up mitigation efforts in middle income countries

1. Available finance sources for CC implementation (cont'd)

Domestic Finance Sources

Funds	Modality of support	Sectors	Fund structure
Sustainable Energy Promotion Fund (SEPF)	Financial Support	RE	SEPF, created at the Prime Minister's Decision No. 2068/QD-TTg dated November 25th 2015 "Approving the Viet Nam's Renewable Energy Development Strategy up to 2030 with an outlook to 2050" as a financial support source for renewable energy development and utilization, aims to provide financial support to the promotion of RE development on the national scale
Vietnam Environmental Protection Fund (VEPF)	Financial Support	Environmental Protection, CC	<ul style="list-style-type: none"> - VEPF is a financial institution under MONRE - VEPF provides loans to environmental protection projects - VEPF provides financial assistance CC mitigation activities
Green Growth Strategy Facility (GGSF)	Financial Support	Climate Change	<ul style="list-style-type: none"> - GGSF is funded by The Government of Vietnam and Belgium Government - GGSF supports the implementation of the Green Growth Strategy (GGS) and a Green Growth Action Plan for 2014-2020
Green Investment Facility (GIF)	Financial Support	EE in bricks and ceramic production, and food processing	<ul style="list-style-type: none"> - GIF is established under "Low Carbon Transition in Energy Efficiency Sector" which is supported by the Government of Denmark - GIF supports small and medium enterprises (SME) in Vietnam get access to funding for energy efficient (EE) projects

2. NDC partnership funds*

Funds	Modality of support	Sectors	Fund structure
Global Climate Partnership Fund	Financial Assistance, Technical Assistance	Agriculture, EE, RE	<ul style="list-style-type: none"> - GCPF facilitates broad-based investments in climate-relevant projects in selected countries - Providing local financial institutions with credit lines, which these institutions then use to offer loans for investments in RE, EE, ..
Low Carbon Transition in the EE sector	Financial Assistance, Technical Assistance	EE	<ul style="list-style-type: none"> - Promoting EE of new Building Construction as well as in SMEs in selected sectors - The project addresses a wide range of barriers to EE in Buildings, such as lack of capacity to design EE Buildings - Providing financial assistance for SMEs
Norway's International Climate and Forest Initiative (NICFI)	Financial Assistance	Forestry & REDD+	<ul style="list-style-type: none"> - A Norwegian government fund aims at supporting efforts to slow, reduce and eventually halt greenhouse gas emissions resulting from deforestation and forest degradation in developing countries (REDD+)

* <http://www.ndcpartnership.org/about-ndc-partnership>

2. NDC partnership funds (cont'd)

Funds	Modality of support	Sectors	Fund structure
Mitigation of Climate Change in Agriculture (MICCA) Programme	Technical Assistance, Capacity Building	Agriculture, Climate Change, Coastal Resources, Forestry & REDD+, Gender, Land Use	<ul style="list-style-type: none"> - MICCA programme is a FAO's initiative to address climate change in the agriculture, forestry and fisheries sectors and supports countries participating in the climate change negotiation processes within UNFCCC
Multilateral Fund for the Implementation of Montreal Protocol	Financial Assistance, Technical Assistance	Climate Change/General	<ul style="list-style-type: none"> - The main objective of the Fund is to assist developing country parties to the Montreal Protocol whose annual level of consumption of the ozone depleting substances (ODS) chlorofluorocarbons (CFCs) and halons is less than 0.3 kilograms per capita to comply with the control measures of the Protocol - The total budget for the 2015-2017 triennium is US \$507.5 million - To facilitate the phase-out by Article 5 countries, the Executive Committee has approved 144 country programmes, 143 HCFC phase-out management plans and has funded the establishment and the operating costs of ozone offices in 145 Article 5 countries
Nationally Determined Contribution Leadership Compact (NDC LC)	Technical Assistance	Agriculture, Climate Change, EE, RE, Forestry & REDD+, Infrastructure and Industry, Land Use	<ul style="list-style-type: none"> - A U.S-led initiative with 15 or more developing countries from Africa, Asia, and Latin America and the Caribbean that are leaders in their commitments and actions to move quickly in making substantial progress in addressing climate change - NDC LC enables developing countries to implement their NDC commitments
Partnership on Transparency in the Paris Agreement	Technical Assistance, Capacity Building	Climate Change/General	<ul style="list-style-type: none"> - To support a practical exchange on mitigation-related activities and MRV between developing and developed countries in order to help close the global ambition gap

2. NDC partnership funds (cont'd)

Funds	Modality of support	Sectors	Fund structure
Clean Technology Fund (CTF) of Climate Investment Fund	Financial Assistance	EE, RE, Transport	<ul style="list-style-type: none"> - Driving down technology costs - Bridging financing gaps - Creating markets - Innovating private sector finance
Green Climate Fund (GCF)	Financial Assistance	Agriculture, CC, EE, Forestry & REDD+, Infrastructure and Industry, Land Use, RE, Transportation, Urban Adaptation, Waste, Water	<p>The GCF aims to promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to CC</p>
Capacity Building Initiative for Transparency (CBIT) Trust Fund	Financial Assistance	Enhance capacity and transparency in CC mitigation	<ul style="list-style-type: none"> - Global Environment Facility (GEF) council will act as the CBIT Council, which will utilize the policies, procedures, and the governance structure of the GEF Council - GEF policies and procedures, such as M&E policies, reporting requirements, gender policy and environmental and social safeguards will apply to projects supported by the CBIT

3. Role of the international finance sources or CC mitigation in Vietnam

- GHG emission mitigation targets was ambitiously set high **with international supports** (Vietnam committed to reduce GHG emission by 25% compared to BAU by 2030 - Vietnam (I)NDC)
- Key sectors identified to contribute to GHG emission mitigation are energy (including fuel consumption and fugitive emission), agriculture, LULUCF, and waste

4. Accessing modality

- Vietnam is eligible for all of the identified finance sources
 - Specific eligibility criteria and pre-selection criteria vary from one fund to another
 - Some funds can be accessed directly while others may require a trustee or credit institution for lending
- Details about fund volume and governance structure are available
 - Designated national focal points are different from one fund to another



Thank you for your attention!

