National greenhouse gas emissions mitigation and the role of private sector

Consultation and Dialogue on Low Carbon Technology Assessment

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Viet Nam’s perspective on GHG emissions mitigation

- Aiming towards low carbon economy, green growth and industrial nation in a modern direction.
- Vietnam’s NDC:
  - Self implementation: Until 2030, reduce 8%.
  - With international support: Until 2030, reduce 25%.
- This is the best opportunity for institutional improvement on mitigation.
International situation on promoting emissions mitigation

- Target 2°C, effort 1,5°C;
- Commitment submitted by all Parties through NDCs;
- Report on emissions volume and Monitoring with international procedures;
- NDC updated once per 5 years;
- National Determined Contribution of developing countries;
- 100 billion USD / year for the period 2020-2025;
- Business on international emissions credits;
- Development of domestic carbon market;
- Development of new business mechanism for carbon credits.
International situation on promoting emissions mitigation

Requirements for developing countries like Vietnam

1. Clear commitment (Prime Minister’s announcement at COP21);
2. NDC needs to be updated, and comes up with implementation plan → needs to finalize research, clarification on responsibilities and obligations of stakeholders;
3. The implementation process of mitigation should be monitored with international standards → the need for institutions and policies that meet both national and international requirements;
4. To develop the domestic carbon credits market and be ready to participate in international carbon market → the need for legal documents on mitigations, mitigation target allocation, carbon price.
Decision on Roadmap and Option for GHG emissions mitigation

Current policies on mitigation

- Resolution no. 24/NQ/TW (2013) on Active in response to climate change of Central Executive Committee
- Law on Environmental Protection 2014 - Chapter IV. Responding to climate change
- National Strategy on Climate Change (2011)
- Green Growth Strategy (2012)
- Strategy of economic sectors
- Action Plan of economic sectors
- National Target Program of sectors
- National Frontier Program to respond to climate change (2008)
- National Frontier Program to respond to climate change 2012-2015 (2012)

- Socio-Economic Development Plan (2010 – now)
- Integration of CC into Socio-Economic Development Plan (2010 – now)
- GHG emissions Management Scheme; Management of carbon credits trading activities to international market
Decision on Roadmap and Option for GHG emissions mitigation

1. **Strongest politic commitment to international community.**
2. **To regulate clearly the responsibilities** of Ministries and related agencies, local units.
3. GHG emissions mitigation targets (from NDC) **shall have legal base for Ministries, agencies and local units to develop Schemes, plans and guiding instructions on implementation;**
4. Requirement on updates, monitoring and international evaluation shall **have grounds to allocate responsibilities and resources for Ministries, agencies and local units**
5. Ministries and agencies shall **have grounds to develop Specific Technical Guidance;**
6. **Mechanism for domestic carbon trading and legal framework to participate into international market** shall have basis for development and implementation.
Remarks for private sector in GHG emissions mitigation

1. Inventory on GHG emissions;
2. Mitigation potential in sectors;
3. Suitable mitigation options;
4. Measurement, Reporting, Verification (MRV) system at project, sectorial, provincial/city scales;
5. GHG emissions mitigation Scheme.
Remarks for private sector in GHG emissions mitigation

1. Inventory on GHG emissions

- **Regular** GHG emissions inventory plan, including quality control, quality assurance;
- Selection of **methodology** for GHG emissions inventory, emissions factor and related guidance on GHG emissions inventory;
- To develop **data collection form** on activities, information relating to GHG emissions inventory;
- **To coordinate with PSO** for collection of operational data and information for GHG emissions inventory;
- **To organize** GHG emissions inventory, quality control, quality assurance, to develop the Technical report on GHG emissions inventory;
- To develop **Technical report** on GHG emissions inventory for the development of provincial/city GHG emissions Mitigation Scheme.
2. Mitigation potential of sectors

- **Main sectors**
  - Energy,
  - Agriculture,
  - Land use, land use change and forestry (LULUCF)
  - Waste Management
  - Related and high potential Subsectors

- **Potential identification**
  - Based on inventory results
  - Development plan of sectors/sub-sectors
  - Investment Resource
  - *Cost / benefits*
3. Suitable mitigation options

- **Identification of suitable options for each sector**
  - Energy,
  - Agriculture,
  - Land use, land use change and forestry (LULUCF)
  - Waste Management
  - Related and high potential Subsectors

- **Roadmap for implementation of those options**
  - Business/Investment Plan
  - Incentives
  - Mechanism/policy
  - *Cost / benefits*
Remarks for private sector in GHG emissions mitigation

4. Measurement, Reporting, Verification (MRV)

- MRV at project scale
  - Monitoring according to approval methods
  - Reporting process to internal and management agency
  - Verification on request/demand

- MRV at sectorial scale
  - Sectorial regulatory agency to collect the List of monitoring methods
  - Guidance on reporting process/methods
  - Guidance on verification process

- MRV at provincial/city scale
  - Provincial/city authorities to approve the measure method
  - Guidance on reporting process/methods
  - Guidance on verification process

→ Orientation/Target of the development of mitigation Scheme at Provincial/city scale
5. GHG emissions mitigation Scheme

- To identify **targets and plan** of GHG emissions mitigation;
- To identify the **resources and reservoirs** of GHG emissions of the sector, GHG emissions **inventory** of the management sector/area;
- To analyze, identify the **future GHG emissions trends** and estimate the **potential GHG emissions reduction**;
- Review, **prioritization mitigation options** for GHG emissions;
- Contributions to **national mitigation targets/ NDC**;
- Strengthen competitiveness/ investment resources for province/city;
- Development towards **a low carbon economy**.
Current mitigation policy and the development of carbon market

- To promote the implementation of national determined contribution
  - Mobilizing greater mitigation potential of potential sectors;
  - Strengthening the implementation of available policies in different sectors;
  - Contributing to reduce the national mitigation cost in long-term.

- To serve policies targets of wider goals and with more benefits
  - To create readiness to approach different climate support types of financing;
  - Paving the way for more comprehensive application of market-based tools.

- Bringing opportunities to design and pilot mechanism in the future
  - Develop base on experiences through implementation;
  - Overcome the limitations of current approaches.
Current mitigation policy and the development of carbon market

Potential market and non-market mechanisms that “increase the scale” of GHG emissions mitigation actions

<table>
<thead>
<tr>
<th>MARKET-BASED MECHANISMS</th>
<th>NON-MARKET-BASED MECHANISMS &amp; FINANCIAL MECHANISMS</th>
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<tbody>
<tr>
<td>1. Domestic ETS</td>
<td>1. Direct regulation (eg performance standards)</td>
</tr>
<tr>
<td>2. Carbon fee</td>
<td>2. Policy, mechanism for investment on low carbon technologies/ economy</td>
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<tr>
<td>3. Credit tool</td>
<td>3. Financing tools</td>
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<tr>
<td>• Credit recognized by international (e.g NMM or FVA)</td>
<td>• Funded as financing tools for international climate</td>
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<tr>
<td>• Voluntarily national credit program</td>
<td>• NAMA (with credits)</td>
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<tr>
<td>• National credit program in accordance with ETS/domestic tax</td>
<td>• Other traditional financing options</td>
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Current mitigation policy and the development of carbon market

Foundation for transferring from NON-CREDIT → CREDIT mitigation results

- Policy measure analysis
- Option design
- Mitigation potential Assessment
- Data collection
- Data management
- MRV
- Regulation framework and institutions and coordination
- Quantitative methods (including establishment basis)
- Methodology and procedures for accreditation / credit issuing
- Methods to achieve net emission reductions
- Registration for project and credit issuing unit
- Forming or promoting domestic demand
- Financing means
- Capacity building, participation and engagement of beneficial stakeholders
- Pilot activities
- Implementation actions
Current mitigation policy and the development of carbon market

Feasible roadmap for expanding credit scale

- By sectors with target for each sector;
- Credit approach method under policy
  - Base on national MRV manner (GHG inventory related)
  - Adopt standards across all sectors of the economy
- Approach to integrated credit
  - Scale below national scale Phát (city level, affiliate programs) can range from many sectors
  - The scope of credit programs may depend on the authority and domestic/international climate policies
Current mitigation policy and the development of carbon market

Example on the expansion of credit scale

- **Integration method - policy addition**
  - Energy recovery of buildings + mandatory energy efficiency standards
  - Incentive loans for renewable energy + incentive tariff system
  - Non-refundable financing for fuel saving vehicles + fuel economy standards

- **Policy-driven approach - increased ambition**
  - Energy efficiency standard
  - Incentive tariff system
  - Increased ambition in domestic carbon pricing: promoting the removal of fossil-fuel dependency, increasing carbon taxes, enhancing ETSETS

- **Based on the target of the sector - to promote the target (method appointed by the country)**
  - Power Generation Sector
  - Industrial sectors such as steel, cement
  - Waste sector
Conclusion

- Greenhouse gas emissions reduction has become an urgent need / responsibility;
- Mechanisms and policies for greenhouse gas emissions mitigation are rapidly formed;
- The carbon market is seen as a tool for enhancing greenhouse gas emissions mitigation;
- It is important that the transition from non credit to credits of the mitigation result;
- Expanding mitigation activities in parallel with developing carbon market;
- Selection of approaches to develop national and sectorial policies and capacity building is essential.
Thank you very much for your attention!