CLIMATE PUBLIC EXPENDITURE AND INVESTMENT REVIEW (CPEIR) – PERIOD 2016-2020 – SOC TRANG PROVINCE

1. Climate change in Soc Trang

General introduction

Soc Trang province is located downstream of the Hau River. The capital, Soc Trang city, is some 231 km from Ho Chi Minh City and 62 km from Can Tho.

In 2018, the population of the province was an estimated 1.3 million. The Gross Regional Domestic Product (GRDP) per capita was VND 37.5 million (USD 1,629 USD). The total GRDP reached VND 49.3 trillion (USD 2.14 billion[1]).

In recent years, the province's economic situation has been remarkable. Economic growth exceeded 7% in 2017-2018. 16 out of 20 Resolution socio-economic targets were reached and exceeded and 3 of 20 targets reached 99% of the annual Resolution targets.

Specialty rice accounted for 50% of the agricultural area in 2018. The total rice output for the year was 2.13 million tons. Animal husbandry has gradually industrialized with technological advances allowing herd sizes and a focus on quality. The marine product output has also increased. The value of industrial production, export value, total retail sales of goods and revenue from social consumer services all increased over the same period; investments have led to prosperity.

Structurally, the economy continues to shift towards reducing the proportion of the agriculture, forestry and fishery, while increasing the proportion of the industry, construction, trade and services. Trade and services contribute the most overall to the economy, accounting for 43.7%.

The impacts of climate change on Soc Trang

In recent years, climate change through manifestations such as saline intrusion, storms, tropical depressions, tornadoes, and landslides has seriously affected lives and activities. export and daily activities of Soc Trang people.

Activities to respond to climate change[2]

To proactively respond to climate change, Soc Trang People's Committee has developed and issued action plans to respond to climate change, action plan to respond to climate change and sea level rise in Soc Trang province for period 2011 – 2015 as well as review and integrate the content to respond to climate change and sea level rise into the master plan for socio-economic development, construction planning, and specialized planning.

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[1] According to: Soc Trang socio-economic situation in 2018 ". Soc Trang Newspaper, Provincial Party Committee (http://baosoctrang.org.vn/trong-tinh/nam-2018-kinh-te-xa-hoi-cua-tinh-phat-trien-toan-dien-tang-truong- economic-dat-7-2-22551.html)

[2] for reference and integration into the analysis results of public investment in climate change in each locality.

Soc Trang People's Committee has issued Plan No. 43/KH-UBND on the implementation of Resolution 120 on sustainable development of the Mekong Delta climate change adaptation in Soc Trang province. The goal of this Plan is to concentrate all investment resources into building infrastructure; a modern urban infrastructure system is built and distributed reasonably in districts, towns and cities; seamless intra-provincial and interprovincial road and waterway transportation development , support with irrigation and dyke systems; building new countryside adapting to climate change, and protecting the environment. Investment related to climate change response address:

- Construction of irrigation works and dike systems; investment in urban infrastructure systems, rural residential areas to respond to climate change and sea level rise; implementing a pilot project to plant and rehabilitate coastal mangrove forests in Soc Trang province; upgrade the sewer system, electric pump stations to ensure irrigation for production; adjust and supplement the planning of irrigation systems and upgrade the system of works in response to climate change.
- Conduct research on irrigation technologies to save water and improve crop productivity; develop and breed plants that are resistant to adverse weather conditions, conserve local plant varieties, and establish seed banks.
- Deploying afforestation and rehabilitation of mangroves to adapt to climate change in Vinh Chau town with an area of 85 hectares; build a system of saltwater prevention sluice gates and irrigation axial canals to create fresh reserves in critical areas; invest in infrastructure to convert production to suit ecological conditions, improve livelihoods, and adapt to climate change in Cu Lao Dung region.
- Implementing rice-shrimp rotational production models with climate resilient rice varieties towards sustainability, improving the environment, increasing incomes or a community-based forest management model; model of converting crops from sugarcane to citrus trees.
- Raising awareness for all levels of authorities and people about climate change and the challenges posed to the Mekong Delta and Soc Trang province, especially the protecting the forest ecosystem, as well as coastal and riverside mangroves.

2. Summary of Data on Climate Change Investment in Soc Trang

2.1 Budget sources for climate change investment

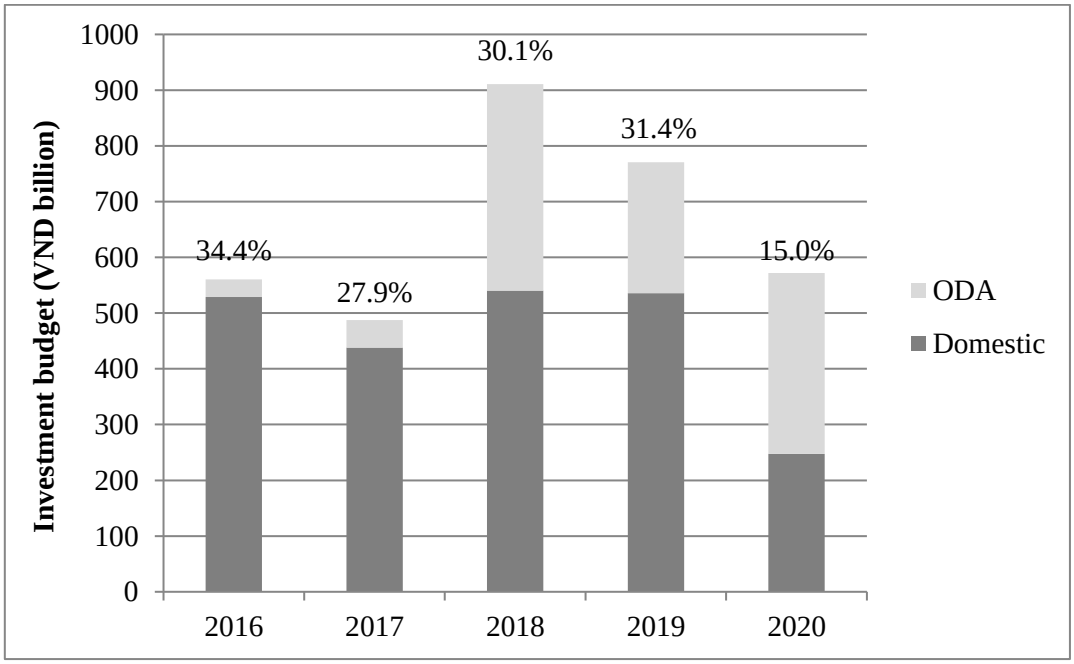


Figure 1: The total investment budget for climate change at Soc Trang *– the percentage that the climate change budget represents of the total Provincial development investment budget is shown as a % on the top of each bar.*

Table 1: Investment for climate change in Soc Trang by year from 2016 to 2020 and by capital source

Year	Domes. Invest. in climate change (billion VND)	Foreign investment in climate change (billion VND)	Total invest. in climate change (domes. + foreign capital) (billion VND)	Rate of domest. Invest. in climate change (%)	Rate of ODA Invest. in climate change (%)	Total public invest. of the province (billion VND)	Ratio of investment in climate change to total public investment of the province (%)
2016	528.7	31.8	560.5	94.3	5.7	1,628.1	34.4
2017	438.2	49.4	487.5	89.9	10.1	1,745.4	27.9
2018	540.3	370.2	910.5	59.3	40.7	3,028.3	30.1
2019	535.9	234.4	770.4	69.6	30.4	2,453.2	31.4
2020	247.2	324.5	571.7	43.2	56.8	3,805.2	15.0

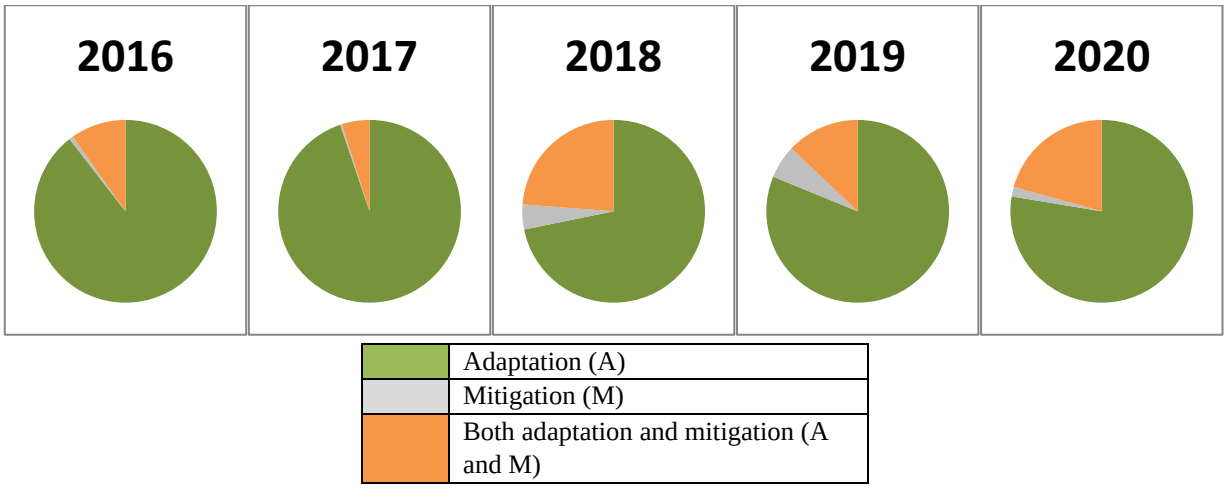
Average investment spending on climate change for the 2016-2020 period was about VND 660 billion/year. The highest was in 2018 (VND 910.5 billion), while the lowest was in 2017 (VND 487.5 billion).

In the 2016-2020 period, the average annual domestic expenditure on climate change investment was VND 458 billion, accounting for nearly 70% of total investment expenditure. ODA contribution amounted to VND 202 billion, or 30%. The proportion of investment from ODA sources ranges from 5.7% in 2016 to a high of 56.8% in 2020.

The proportion of investment spending on climate change compared to the total development investment expenditure of the province ranges from from 15.0% - 34.4% (average 26.1%).

2.2 Purpose of the investment budget for climate change

a) The "adaptation" or/and "mitigation" project type distribution:



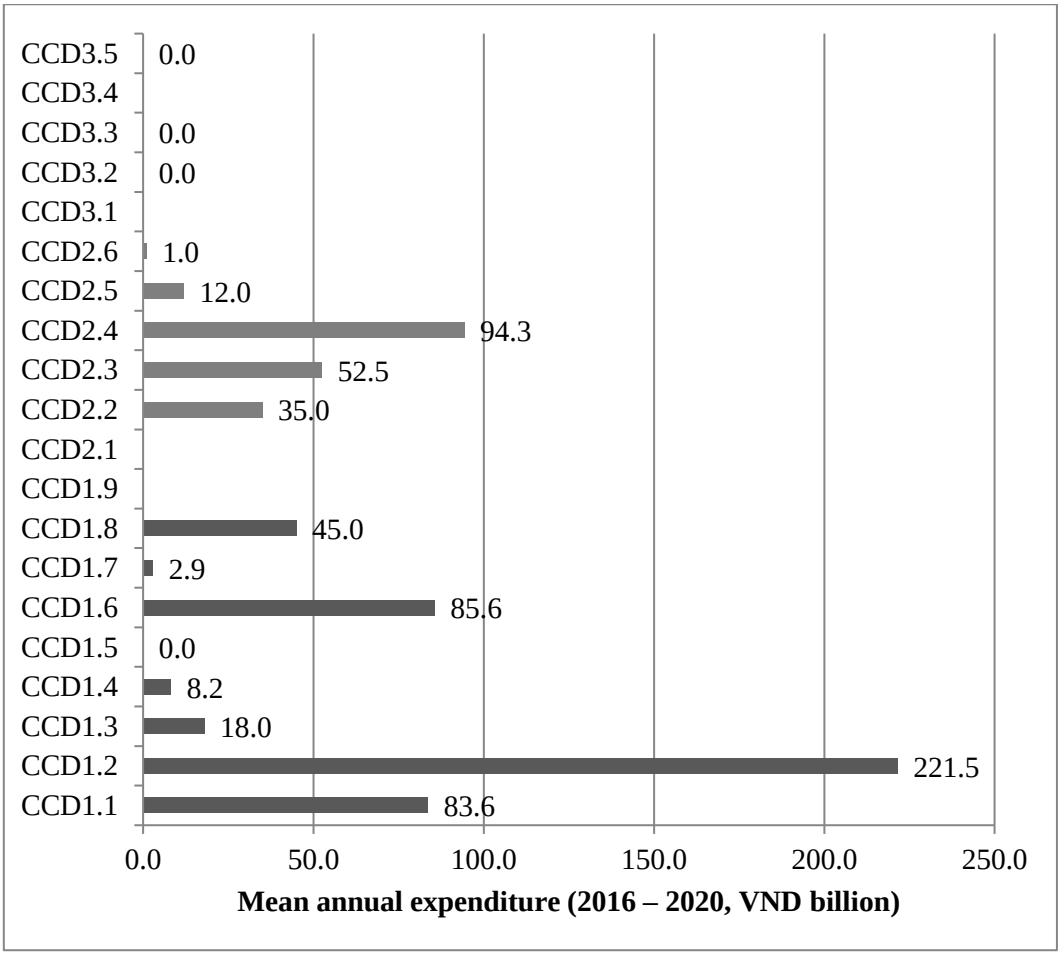
Detailed investment data for climate change adaptation and mitigation

Billion Dong	2016	2017	2018	2019	2020

Billion Dong	2016		2017		2018		2019		2020	
Adaptation (A)	501.7	89.5%	461.9	94.7%	648.6	71.8%	623.3	81.1%	443.5	77.6%
Mitigation (M)	3.7	0.7%	1.5	0.3%	39.4	4.4%	45.6	5.9%	9.9	1.7%
Both adaptation and mitigation (A and M)	55.2	9.8%	24.1	4.9%	215.0	23.8%	99.5	12.9%	118.4	20.7%

Most investment related to climate change is in the field of adaptation, accounting for more than 81%. Similar to other provinces in the Mekong Delta, Soc Trang has investments dedicated to mitigation, with the highest total capital of more than VND 100 billion. These projects address hospital waste treatment, industrial waste etc. Mixed projects attracted an average investment of more than VND 100 billion/year, and include initiatives to protect and develop forests along coastal provinces of Soc Trang province through planting, restoration as well as reducing erosion prevention affecting mangrove plantations to protect the coast.

b) Allocate investments in response to climate change (CCD) according to specific tasks (Average annual spending in the 2016-2020 period; Unit: billion dong)



In the field of investment projects to respond to climate change in the locality, 05 topics have been implemented, accounting for more than 80% of the total investment, including:

- CCD 1.2 (Saline intrusion; investment of VND 221.5 billion/year, accounting for 33.6%),
- CCD 2.4 (Waste management and treatment; investment VND 94.3 billion/year, accounting for 14.3%),
- CCD 1.6 (Rural development and food security; VND 85.6 billion/year, accounting for 13.0%),

- CCD 1.1 (Coastal and coastal protection; investment VND 83.6 billion; accounting for 12.7%) and
- CCD 2.3 (Transportation; investment VND 52.5 billion; accounting for 8.0%) and

The remaining areas of investment are: Fishing and fisheries, Resilience of urban and residential areas, Irrigation, Specialized disaster resilient infrastructure, dykes and embankments. River protection (CCD 1.8, CCD 2.2, CCD 1.3, CCD 2.5, CCD 1.4) account for 1% to less than 7%.

Soc Trang province has issued and implemented: National target program to respond to climate change (NTP-RCC) of the province 2010-2015, Climate Change Action Plan (CCAP), Green Growth Action Plan (GGAP) and Plan for Implementation of Paris Agreement (PIPA), so we have the conditions to evaluate whether the above investment activities are in line with local policy, here are some observations:

- Most aforementioned investment areas have been mentioned in the CCAP, in line with the province's priority policy.
- Many investment projects in the transport sector are considered to be related to climate change (adaptation), but not yet concretized by local investment incentives / guidelines.
- Although mentioned in local policies, investment in the forestry sector is still limited (investment value VND 2.9 billion / year).

2.3 Budget expenditure from ODA

Listed below, the 05 (five) biggest ODA projects for climate change (Project name, funding source, investment period, share of total ODA investment):

1. Project of upgrading sea dike combined with construction of a seawater prevention system from My Thanh 2 bridge to Bac Lieu boundary (section from Tra Set to Bac Lieu boundary) (2016-2020, 26.1%)
2. Construction of saline prevention sluices and irrigation canals to create fresh reserves in critical areas in Soc Trang province (2016-2020, 15.2%).
3. Technical infrastructure investment project to convert production suitable to ecological conditions to adapt to climate change and improve people's livelihoods in Cu Lao Dung (2016-2020, 14.9%)
4. Project of planting protective forests to protect river and sea dikes in Soc Trang province for the period 2016-2020 (2016-2020, 12.8%)
5. Salt prevention and production stabilization system in the left bank of Saintard River (2016-2020, 10.8%).

2.4 Policy and planning instruments

Instrument	Yes (√) or No (X)
Local NTP-RCC, report period to 2015	√
Climate Change Action Plan	√
Green Growth Action Plan	√
Plan for Implementation of Paris Agreement	√
Others: none	