CLIMATE CHANGE EXPENDITURE AND INVESTMENT REVIEW (CPEIR) - PERIOD 2016-2020 - LAO CAI PROVINCE

1. Climate change in Lao Cai

General introduction

Lao Cai is a highland border province, located between the Northeast and Northwest regions of Vietnam, 265 km from Hanoi. It has an area of 6,364.25 km^2 and a population of 746,360 (in 2020).

In the period 2015-2020, the economic growth rate was remarkably high, averaging 10.02% / year. The average GRDP per capita reached 76.3 million VND, ranking it with the 2nd highest level of economic growth among the Midland and Northern Mountain provinces. Lao Cai is the leading province in the Northern mountainous region in terms of poverty reduction.

In recent years, Lao Cai has focused on promoting industrialization and modernization. Lao Cai defines industry, trade, tourism and services as a breakthrough stage to promote socio-economic development; to associate economic development with new rural construction, environmental protection and social security. To build Lao Cai into an industrial centre for mineral deep processing, and also a key point in the development of foreign economic relations, tourism and border gate services. Lao Cai is one of Vietnam's major key tourist attractions considering Sa Pa, a district level town, is lauded as a national and international tourist site.

The impact of climate change on Lao Cai

As a border mountainous province with strongly divided terrain and in the middle of the largest rainfall center in the North, Lao Cai is affected by 16 out of 19 common natural disasters in Vietnam. In the past 10 years, Lao Cai has experienced extreme, complicated and unpredictable weather phenomena. Ice, drought, flash floods, and hail all occur with increased intensity. On average, each year in Lao Cai, between 10 to 15 cases of landslides and floods occur, causing serious damage to people, property, and significant losses in the hundreds of billions of VND. The decrease in average rainfall, coupled to the increase in average annual temperature, has led to the risk of drought, lack of water for agricultural production and desertification in some places, causing serious impacts on agriculture and people's lives.

Activities to respond to climate change in Lao Cai

Lao Cai province has proactively proposed solutions to respond and adapt to climate change, specifically:

- Plan 1515/KH-UBND dated June 4, 2014 of the Provincial People's Committee approving the green growth action plan of Lao Cai province for the period 2014-2020

- Decision No. 1895/QD-UBND dated 07/07/2014 of the Provincial People's Committee on Approval of the Plan to respond to climate change for Lao Cai city in the period 2014-2020, with orientation to 2030;

- Decision No. 2227/QD-UBND dated August 31, 2012 of the Provincial People's Committee promulgating the Action Plan to implement the National Target Program to respond to climate change in Lao Cai province;

- Implementation plan of the Project No. 10-DA / TU dated November 27, 2015 of Lao Cai Provincial Party Committee on strengthening the management of natural resources, protecting the environment and responding to climate change in the area. Lao Cai province, 2019

- Plan to implement the Prime Minister's Decision No. 161 / QD-TTg dated January 25, 2016 on the goals of ASEAN socio-cultural community to 2025 in Lao Cai province, in which to local climate change response activities.

- Plan No. 325/KH-UBND dated December 23, 2017 of the Provincial People's Committee on the Implementation Plan of Decision No. 2053/QD-TTg dated October 28, 2016 on the promulgation of the Paris Agreement Implementation Plan on Change climate in Lao Cai province;

- Plan No. 232 / KH-UBND dated March 8, 2018 of the Lao Cai Provincial People's Committee on biodiversity management, conservation and development, for the period of 2018-2020.

- Decision No. 392 / QD-UBND dated February 18, 2020 of the People's Committee of Lao Cai province approving the project "Reducing environmental pollution caused by plastic waste in Lao Cai province in the period of 2020-2025";

- Plan No. 68 / KHH-BCĐ dated February 25, 2020 of the Provincial People's Committee on the implementation of the Project of classification of domestic solid waste at source by 2020;

- Plan No. 268 / KH-UBND dated October 9, 2020 of the People's Committee of Lao Cai province on actions to respond to climate change in the period of 2021-2030, with a vision to 2050**.**

Implementing the above plans for the 2016-2020 period, Lao Cai province has focused on the following activities:

- Actively plant, protect and develop forests, increasing the forest coverage rate from 53.3% by the end of 2015 to 56% by 2020.

- Improve the capacity of warning, forecasting, forecasting, proactively preventing, avoiding and mitigating natural disasters, preventing forest fires, and adapting to climate change.

- To convert suitable plant and animal varieties and produce them in a sustainable way to avoid environmental damage and pollution; converting rice land to planting annual and perennial crops; aquaculture combined with rice cultivation.

- To step up the management, protection and development of forests; building models of afforestation with multi-use trees, both for protection and economic efficiency in order to adapt to climate change; pilot implementation of allocating protective forests to hydropower enterprises to protect watershed forests of hydropower plants.

- Strengthen the application of science and technology in aquaculture, agricultural and forestry production. Determination of crop structure in drought conditions. Apply economical irrigation methods to supply water according to the needs of plants.

- Form a system of community tourism villages "green tourism" to receive Homestay Asian awards. Building models of tourism development associated with the development of agriculture, growing flowers, fruits and traditional craft villages in Sa Pa, Bac Ha, Bat Xat ...

- Propaganda to raise public awareness, help people understand the meaning and importance of economical use of water, change the structure of plants and animals, policies and solutions to proactively respond coping with climate change, reducing damage caused by natural disasters.

- Integrating the contents of environmental protection, garbage classification and climate change in extracurricular programs at all levels of general education, professional education ...

2. Summary of Data on Climate Change Investment in Lào Cai

2.1 Budget sources for climate change investment

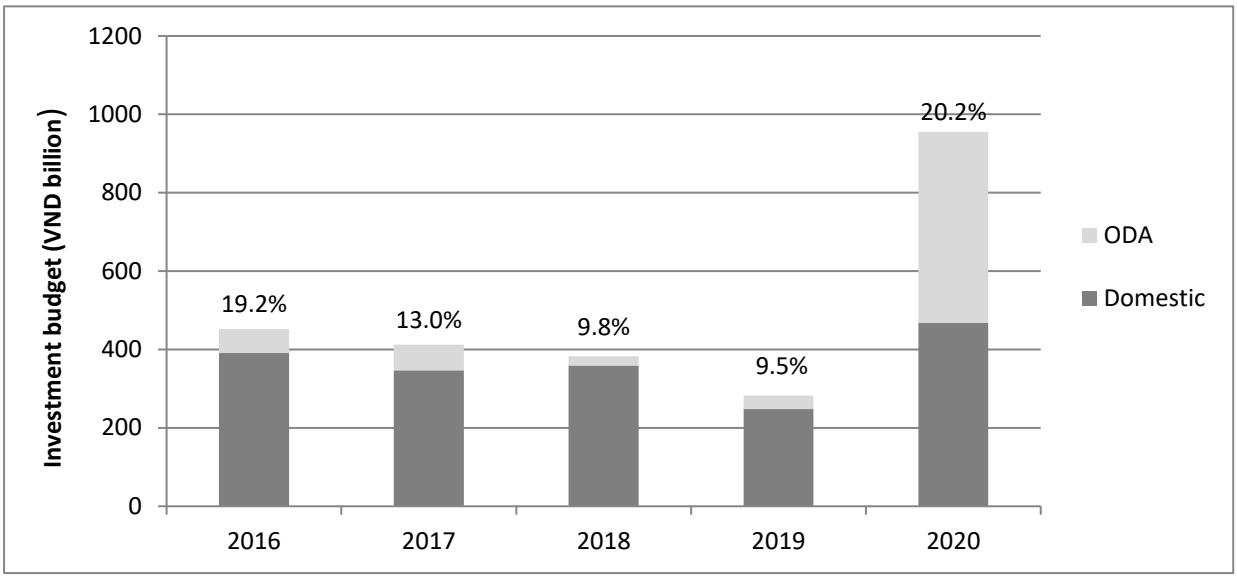


Figure 1: The total investment budget for climate change at Lao Cai – the percentage that the climate change budget represents of the total Provincial development investment budget is shown as a % on the top of each bar.

The mean annual climate change investment budget for 2016 – 2020 is 497 VND billion. There was a steadily decreasing trend of climate change investment from 2016 to 2019, however, a large increase was apparent in 2020. Consequently, the highest climate investment budget was in 2020 (955 VND billion), whereas the lowest was in 2019 (282 VND billion).

Domestic investment contributed to 80% of the total climate budget 2016 – 2020 (362 VND billion per year), with ODA contributing the remaining 20% (135 VND billion). The proportion of ODA is not stable varying between 6.3% in 2018 and 12% in 2019 but up to 51% in 2020. The large jump in 2020 was due to rapid increase in both domestic and ODA sources.

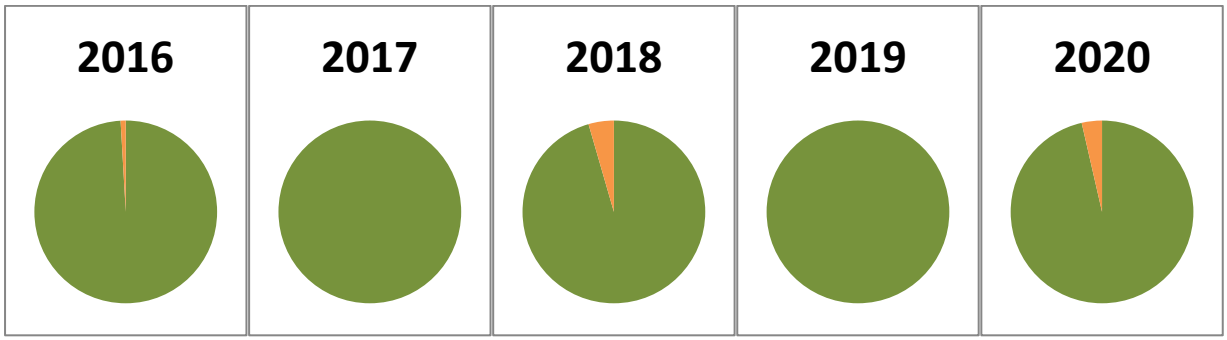
In most of the years analysed the climate investment budget represents between 9.5 – 20 % of the total investment budget. In 2020, the climate investment budget was the highest proportion of the provincial investment budget at 20%, whereas it was lowest at 9.5% in 2019.

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

Year	Domestic	ODA	domestic + ODA	% domestic	% ODA	Total Province Data	(ODA+ domestic / total province domestic) x 100
2016	390,659	61,174	451,833	86.5	13.5	2349,02	19.2
2017	347,117	65,243	412,36	84.2	15.8	3175,271	13.0
2018	358,843	24,122	382,965	93.7	6.3	3917,178	9.8
2019	247,827	34,269	282,096	87.9	12.1	2962,380	9.5
2020	467,830	487,479	955,309	49.0	51.0	4727,173	20.2

2.2 Purpose of the investment budget for climate change

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



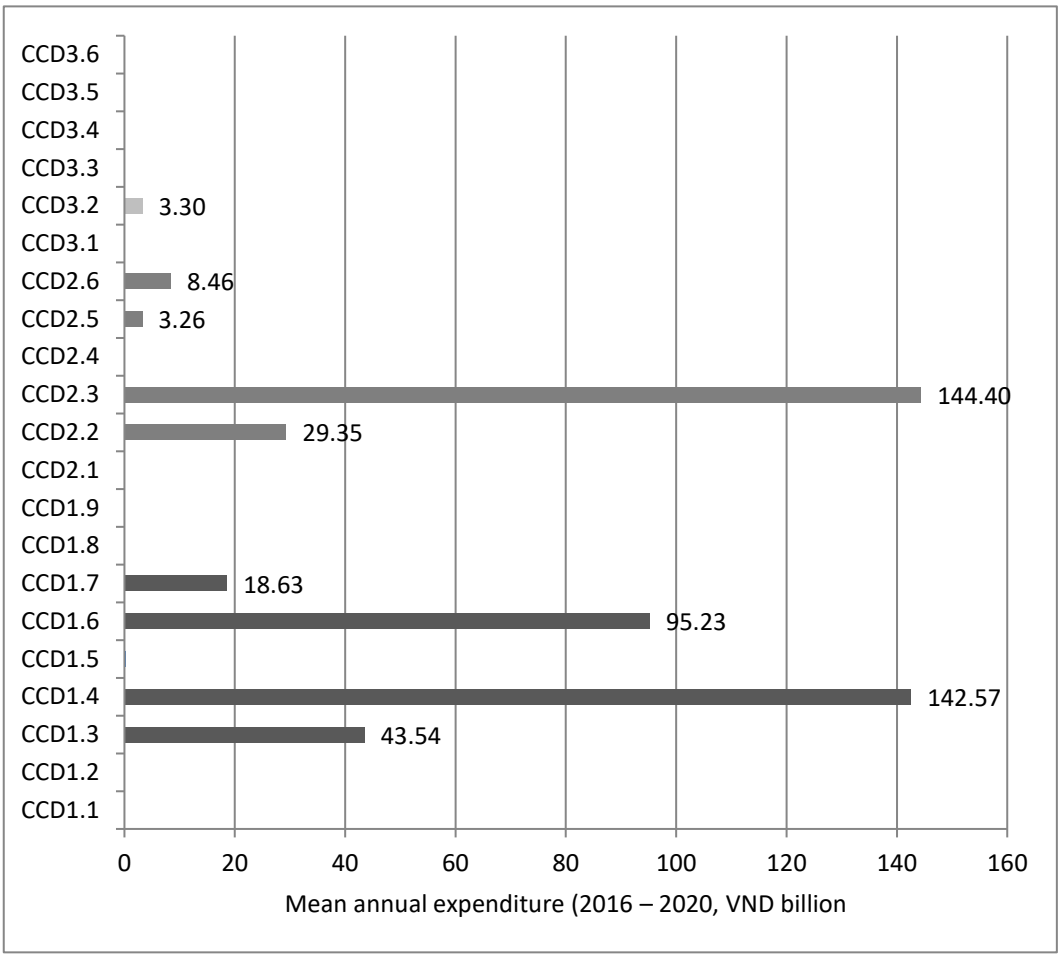
	Adaptation (A)
	Mitigation (M)
	Adaptation and Mitigation (AM)

Total investment in climate change in the 2016-2020 period focuses on adaptation. Adaptation represented 96% of climate investments in 2016 and 2020, 99% in 2016 and 100% in 2017 and 2019.
The remaining allocation is spent on a project on enhancing capacity of forest fire prevention and fighting in Lao Cai province period 16-20; Management and improvement of protective forests for environmental protection New urban area LC-CD, Binh Minh ward, Lao Cai city in Lao Cai province that are both adaption and mitigative.

Detailed investment data for climate change adaptation and mitigation

Unit: VNDb	***2016***		***2017***		***2018***		***2019***		***2020***	
A	447,591	99,1	412,359	100	365,804	95.5	282,096	100	921,075	96.4
M	0	0,0	0	0	0	0.0	0	0	0	0,0
A/M	4,242	0,9	0	0	17,16	4.5	0	0	34,233	3.6

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



The main targets of investment in climate change from 2016 - 2020 has been in transportation (CCD2.3) accounting for 29.5%, dykes and river embankments (CCD1.4) accounting for 29.2%, rural development and food security (CCD1.6) accounting for 19.5 %, irrigation (CCD1.3) accounts for 8.9%, strengthening city resilience (CCD2.2) accounts for 6% and Strengthening disaster risk reduction (CCD2.6) account for 1.7%, forest development (CCD1.7) accounts for 3.8%.

Smaller amounts of investments have been made allocated to Energy Efficiency (CCD3.2) accounting for 0,7%.

Detailed investment in climate change by sector (for reference)

CCD1.1	0	0.0	CCD1.8	0	0.0	CCD2.6	8.46	1.7
CCD1.2	0	0.0	CCD1.9	0	0.0	CCD3.1	0	0.0
CCD1.3	43.54	8.9	CCD2.1	0	0.0	CCD3.2	3.30	0.7
CCD1.4	142.57	29.2	CCD2.2	29.35	6.0	CCD3.3	0	0.0
CCD1.5	0.23	0.0	CCD2.3	144.40	29.5	CCD3.4	0	0.0
CCD1.6	95.23	19.5	CCD2.4	0.00	0.0	CCD3.5	0	0.0
CCD1.7	18.63	3.8	CCD2.5	3.26	0.7	CCD3.6	0	0.0

2.3 Budget expenditure from ODA

The five biggest ODA projects for climate change: 1. Medium-Grade Urban Development Project - Lao Cai City Sub-Project (WB Capital) (2016-2020, 29.6%) 2. National Centre for Sustainable Poverty Reduction (2016-2020, 11.7%) 3. Urban development project along the Greater Mekong Subregion Corridor (GMS) - Sa Pa Urban Subproject, Lao Cai Province (ADB capital) (2016-2019, 10.2%) 4. Residential protection embankment in Bao Ha temple area (WB capital) (2020, 7.8%) 5. Phase 2 of the Northern Mountains Poverty Reduction Project (WB capital) (2016-2020, 6.9%)

41.3% of the ODA in the investment climate budget 2016 – 2020 came from two projects: Medium-Grade Urban Development Project - Lao Cai City Sub-Project and National Centre for Sustainable Poverty Reduction; both these projects were supported through Word Bank and were active 2016 - 2019, The third largest projects contributing 10.2% to the ODA climate investment budget was from ADB in this period,

2.4 Policy and planning instruments

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

Achievements of the NTP-RCC until 2015:

- Resolution on strengthening environmental management and climate change response
- Formulated action plan to implement the national target program to respond to climate change, action plan for sustainable development, plan to implement Resolution 09-NQ / TU, and action plan for disaster risk management and climate change and clean water supply and rural sanitation,
- Strengthened communication for ethnic minorities on forests, biodiversity conservation and development; communication and training for sectors and communities on climate change,
- Promoted afforestation, greening bare land and barren hills, especially highland districts; developed forestry improvement models; developed ecotourism; set up the forest protection & development fund
- Changed the structure of crops and livestock, adjusting cropping seasons and production techniques for climate change conditions, and implemented the Action Plan on Natural Disaster Prevention and Mitigation
- Constructed embankments to prevent landslides (Red river erosion control embankment project),
- Integrated climate change responses into masterplans on land use, water resources,

PIPA (reduction of GHG emissions):

1. Formulate and implement Nationally Appropriate Mitigation Actions (NAMAs) for industry, transport, construction, and agriculture & rural development sectors

PIPA (Adaptation to climate change):

1. Review information, data on climate change adaptation, loss & damage; propose additional research, information collection and sharing for issuing reports, contributions to the national level on responding to climate change
2. Implement target programme on responding to climate change and green growth (73/NQ-CP 2016)
3. Implement target programme on sustainable fisheries development (73/NQ-CP 2016)
4. Implement target programme on sustainable forest development (73/NQ-CP 2016)
5. Implement target programme on agricultural transformation and responding to and mitigating of natural disasters (73/NQ-CP 2016)