CLIMATE PUBLIC EXPENDITURE AND INVESTMENT REVIEW (CPEIR) – PERIOD 2016-2020 - LAM DONG PROVINCE

1. Climate change in Lam Dong

General introduction

Situated in the South Central Highlands, Lam Dong borders Dak Nong to the west, Dak Lang on the north, and the southern key economic region on its southern borders.

In 2018, the population of the province was about 1.3 million with a gross regional domestic product (GRDP) per capita of VND 59.7 million (USD 2,595). The total value of the province's GRDP reached VND 78.4 trillion (USD 3.41 billion) the same year. The GRDP growth rate reached 8.14% as well.

In terms of economic structure, agriculture continues to be the mainstay accounting for 45% of GRDP, followed by services and tourism (37%), and then construction industry at 18%.

In December 2018, the Prime Minister approved the regional construction planning of Lam Dong province up to 2035 with a vision to 2050. Accordingly, Lam Dong will strive to become the driving economic force of the Central Highlands region with a synchronous and modernized infrastructure system. It is already a national and international high-tech agricultural research centre and a production centre for the development of the mineral mining and processing industry.

The impact of climate change on Lam Dong

Due to the impact of climate change, Lam Dong has experienced increases in magnitude, impact, scale and frequency of occurrence of fog, haze, thunderstorms and hail increase that have affected daily lives and the economy. The average annual increase in temperature in Da Lat is 0.012^{o}C/year and in Bao Loc is 0.020^{o}C/year. The province average temperatures have increased by 0.3-0.5^{o}C over the past 25 years.

The dry season tends to last longer and the rainy season is shorter, although the intensity of rain per storm has steadily increased. More intense rainfall periods have contributed to flooding and landslides. The agricultural sector has been most affected by climate change. In 2017, storms and floods damaged 182 ha of aquaculture in Cat Tien and Bao Loc; in 2010, drought damaged 267 hectares of rice and 200 hectares of crops in Da Lat; in 2017, in Da Lat more than 120 hectares of vegetables and flowers were infected. Similarly, the tourism industry in Da Lat was also seriously affected. Climate change has shifted the growth and reproduction of many species of flora and fauna; threatens the existence and development of many small

and rare plant populations; damaged sensitive ecosystems; and led to changes in habitat and food sources of many species of wild fauna and flora[1].

Activities to respond to climate change [2]

The People's Committee of Lam Dong province issued several documents on the implementation of the Climate Convention, namely: Decision 1246 dated June 28, 2013[3], Decision 2518 dated November 18, 2014[4], Plan 2919 on May 15, 2017[5]. Some tasks were quickly implemented such as promoting economic structure transformation towards an environmentally friendly direction; forest protection and development, biodiversity conservation; and limiting sectors that are at risk of causing environmental pollution and degradation. Many important tasks to combat climate change remain, as such, a review to adjust and update action plans to respond to climate change in the period of 2021-2030, with a vision to 2050 in the province is required.

2. Summary of Data on Climate Change Investment in Lam Dong

2.1 Budget sources for climate change investment

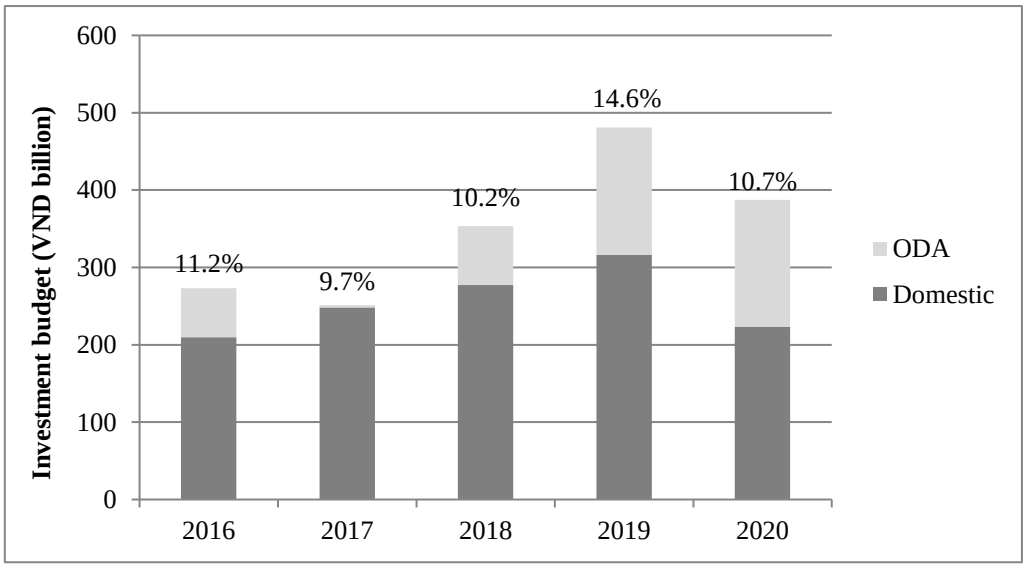


Figure 1: The total investment budget for climate change at Lam Dong *– the percentage that the climate change budget represents of the total Provincial development investment budget is shown as a % on the top of each bar.*

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

[1] According: http://www.lamdong.gov.vn/vi-VN/home/news/tin-trong-tinh/Pages/bien-doi-khi-hau-va-ung-pho.aspx
[2] for reference and integration into the analysis results of public investment in climate change in each locality
[3] Action plan to respond to climate change in Lam Dong province until 2020.
[4] Promulgating the Action Plan No. 64-Ctr / TU dated 11/10/2013 of the Provincial Party Committee implementing the Resolution No. 24-NQ / TW dated June 3, 2013 of the Party Central Committee... on proactively responding to climate change, enhancing natural resource management and environmental protection in Lam Dong province.
[5] Plan to implement the Prime Minister's Decision No. 2053 / QD-TTg dated October 28, 2016 promulgating the Plan to implement the Paris Agreement on climate change in Lam Dong province.

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	209,8	63,5	273,3	76,8	23,2	2.438,9	11,2
2017	248,4	2,8	251,2	98,9	1,1	2.583,9	9,7
2018	277,1	76,3	353,4	78,4	21,6	3.457,7	10,2
2019	316,3	164,6	480,9	65,8	34,2	3.301,6	14,6
2020	223,2	164,2	387,4	57,6	42,4	3.621,7	10,7

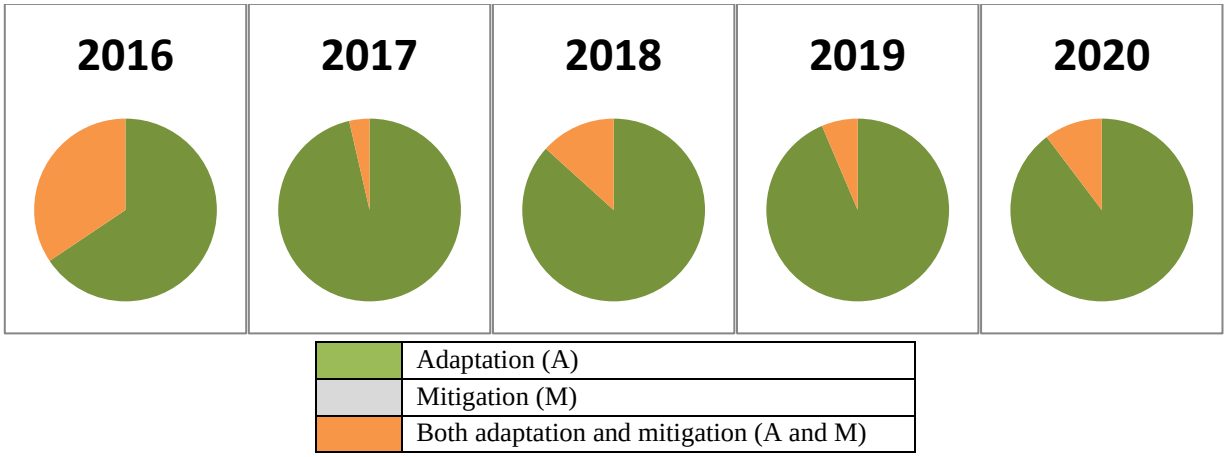
Average investment spending on climate change for the 2016-2020 period of Lam Dong province was about VND 350 billion/year. The investment budget for climate was highest in 2019 (VND 481 billion) and lowest in 2017 (VND 251 billion).

In the 2016-2020 period, the annual average annual domestic expenditure on climate change investment was 255 billion VND, accounting for 73% of the total investment expenditure. ODA contributed about VND 94.2 billion, accounting for 27% of climate investments. The proportion of ODA investment varies dramatically by year, with the lowest at 1.1% in 2017 and the highest at 42.4% in 2020.

The ratio of investment spending on climate change to total development investment expenditures of the province varied from 9.7% to 14.6%, an average of 11.3% for the 5-year period.

2.2 Purpose of the investment budget for climate change

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

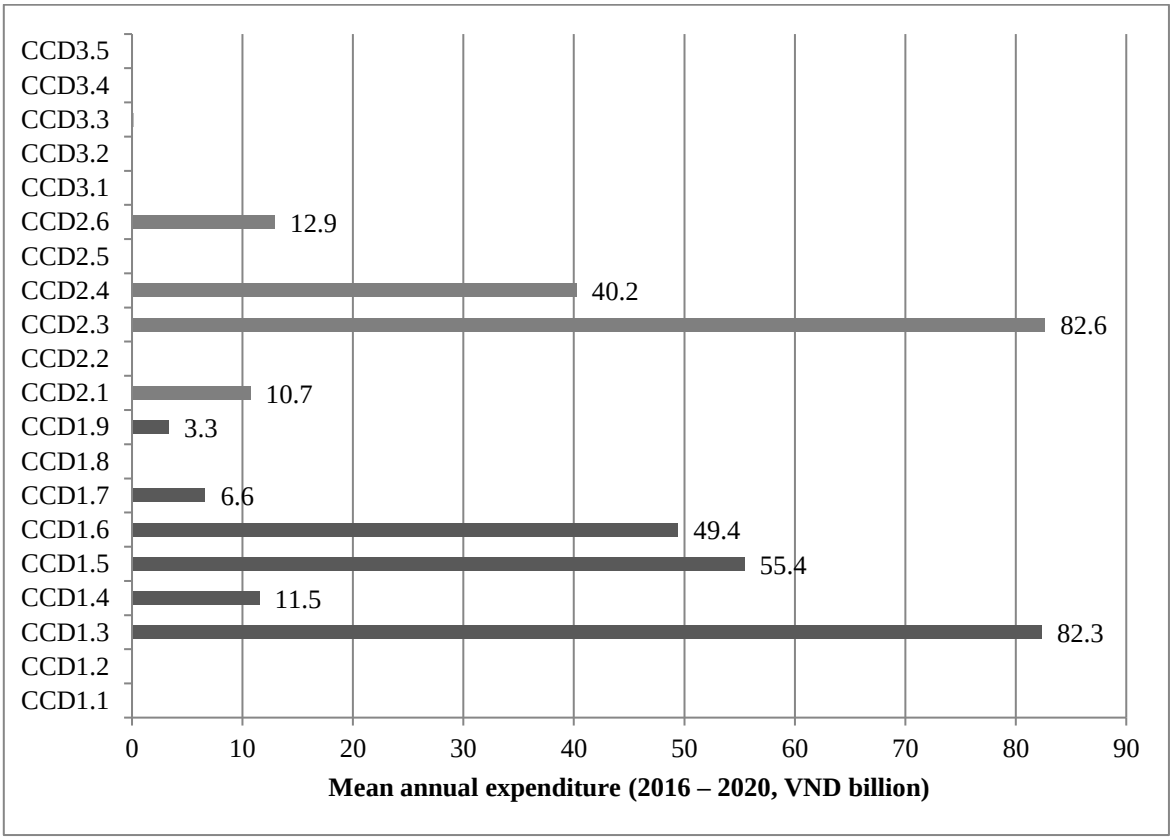


Detailed investment data for climate change adaptation and mitigation

Billion Dongs/%	2016		2017		2018		2019		2020	
Adaptation (A)	179,4	65,6%	256,6	96,4%	306,4	86,7%	462,7	93,6%	347,6	89,7%
Mitigation (M)	-	0,0%	-	0,0%	-	0,0%	-	0,0%	-	0,0%
Both adaptation and mitigation (A and M)	93,9	34,4%	9,7	3,6%	47,0	13,3%	31,6	6,4%	39,8	10,3%

In Lam Dong province, investment projects related to adaptation account for about 87% of climate investments. There were no mitigation projects, but there were multi-purpose projects contributing to both adaptation and mitigation with a total investment of about VND 222 billion per year. Projects that took place included forest development, forest protection and development of Bidoup Nú Ba National Park, building the drainage system, wastewater treatment system of Da Lat city, improving the quality and safety of agricultural products, and developing a biogas programme.

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



Regarding the area (topic) of investment projects to respond to climate change in the locality, the five main investment areas related are as follows:

- Traffic, investment 82.6 billion /year, accounting for 23.2%
- Irrigation: investment 82.3 billion /year, accounting for 23.2%
- Water quality and supply, investment 55.4 billion / year, accounting for 15.6%
- Rural development and food security, investment 49.4 billion /year, accounting for 13.9% and
- Waste management and treatment, investment 40.2 billion /year, accounting for 11.3%.

Other sectors have smaller investment from 0.1 billion to 12.9 billion/year.

Regarding the local policy on climate change and green growth, the Provincial People's Committee issued and implemented the localised Climate Change Action Plan (CCAP), Green Growth Action Plan (GGAP), and Plan for Implementation of Paris Agreement (PIPA). Some comments comparing the above investment activities with the policy priorities outlined in the local Action Plans can be seen below:

- Transport sector plans related to climate change (adaptation) have not been mentioned in CCAP and PIPA, in which the localized PIPA mentions waste from transport. Investments in irrigation, water

supply, and rural development listed above as (partially) climate investments are not clearly stated in the localised CCAP and PIPA.

- Waste management is repeatedly mentioned in the localised CCAP and PIPA
- Investment on forestry is minimal but prominently mentioned in the localised CCAP and PIPA.
- The above investment activities are not mentioned directly, but are indirectly mentioned in GGAP of Lam Dong.

2.3 Budget expenditure from ODA

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

1. Rural clean water expansion and sanitation program based on results in 21 provinces (2016-2020, 28.6%)
2. Dam safety and repair in Lam Dong province (W8) (2016-2020, 18.6%)
3. The Project of Sustainable Agricultural Transformation in Viet Nam (VNSAT) (2016-2020, 17.3%)
4. Construction of water drainage, wastewater collection and treatment system for Da Lat city phase 2 (2016-2020, 16.8%)
5. Project to develop rural infrastructure for production in the Central Highlands provinces (2016-2020, 11.4%).

2.4 Policy and planning instruments

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