CLIMATE PUBLIC EXPENDITURE AND INVESTMENT REVIEW (CPEIR) – PERIOD 2016-2020 - ĐẮK LẮK PROVINCE

1. Climate change in Đăk Lăk

General introduction

Situated in the middle of the Central Highlands region, Dak Lak province is upstream of the Serepok river system and a part of the Ba River basin. The provincial capital, Buon Ma Thuot city, is considered the capital of the Central Highlands region and is positioned some 350 km from Ho Chi Minh City (HCMC).

In 2018, the estimated population of the province was 1.92 million. The total gross regional domestic product (GRDP) per capita was VND 41.0 million (~ 1,781 USD) while the total provincial GRDP amounted to VND 78.7 trillion (3.42 billion USD). Experiencing a GRDP growth rate in 2018 of 7.8% and 9.2% the following year, average per capita income soared to VND 49.0 million.

Primarily an economy driven by the production and export of agricultural and forestry products, Dak Lak boasts the largest coffee export area and products in Viet Nam. The coffee exports in the province account for 40% of the country's coffee output. The province is also home to Vietnam's cotton, cocoa, rubber, and cashew plantations.

The impact of climate change on Đắk Lắk

Recently, changes in weather patterns in Dak Lak have become increasingly unusual and extreme. Heavy rains, devastating floods, and tornadoes are causes of damage to property and loss of life. Here, remote areas are most affected by natural disasters, particularly severe drought.

In addition, population increases have driven up demand for productive land for cultivation leading to unplanned deforestation, exploitation of natural resources, and ecological imbalance.

Activities to respond to climate change[1]

Dak Lak provincial leaders have put forward solutions to respond to climate change suitable for each locality to ensure socio-economic development, green growth, and sustainable resource use.

These include: i) a focus on planning and zoning to prevent flash floods and landslides; ii) afforestation of bare lands, bare hills, and mountains; iii) protecting forested watersheds and iv) ecosystem protections. Due diligence towards prospective hydropower projects, investing in irrigation, more efficient water use,

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

enforcing water regulation during the dry season, and shifting the livestock and agriculture in a locally-oriented direction towards sustainable food systems

2. Summary of Data on Climate Change Investment in Đăk Lăk

2.1 Budget sources for climate change investment

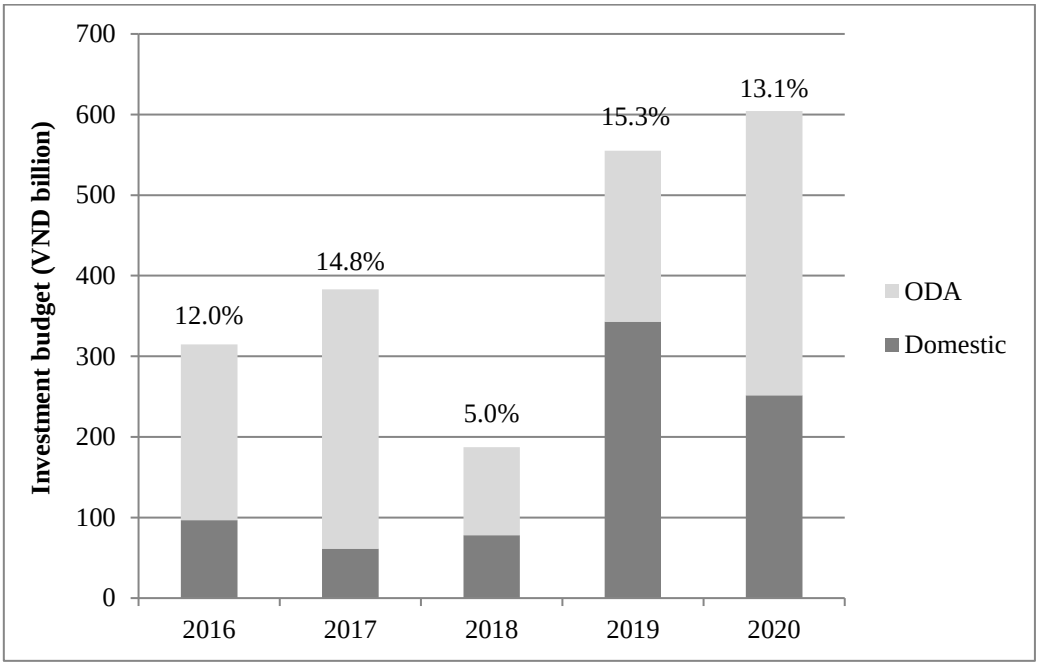


Figure 1: The total investment budget for climate change at Đăk Lăk *– the percentage that the climate change budget represents of the total Provincial development investment budget is shown as a % on the top of each bar.*

Table 1: Investment for climate change in Đăk Lăk 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	96.5	218.3	314.8	30.7	69.3	2,633.9	12.0
2017	61.5	321.6	383.1	16.0	84.0	2,592.3	14.8
2018	78.1	109.2	187.3	41.7	58.3	3,710.5	5.0
2019	342.9	212.3	555.1	61.8	38.2	3,638.2	15.3
2020	251.7	352.7	604.4	41.6	58.4	4,607.9	13.1

Investment spending on climate change for the 2016-2020 period of Dak Lak province averaged VND 409 billion/year. Over the 5-year period, the investment budget was the highest in 2020 (VND 604 billion) and lowest in 2016 (VND 315 billion), the year the medium-term plan started.

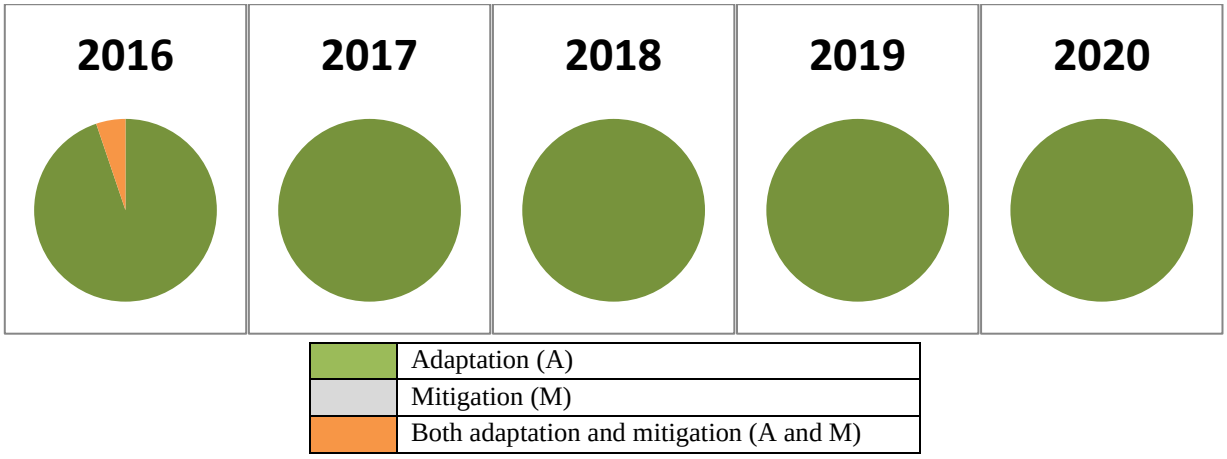
In the 2016-2020 period, the annual domestic expenditure on climate change investment averaged VND 166 billion, accounting for more than 40% of the total investment expenditure. ODA resources contributed VND

243 billion, or nearly 60% of the climate budget. The proportion of ODA investment varies from year to year, the lowest being 38% in 2019 and highest 84% in 2017.

The ratio of investment spending on climate change to total development investment expenditures varied from 5% to 15.3%, an average of 11.9% for the 5-year period in Đăk Lăk.

2.2 Purpose of the investment budget for climate change

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

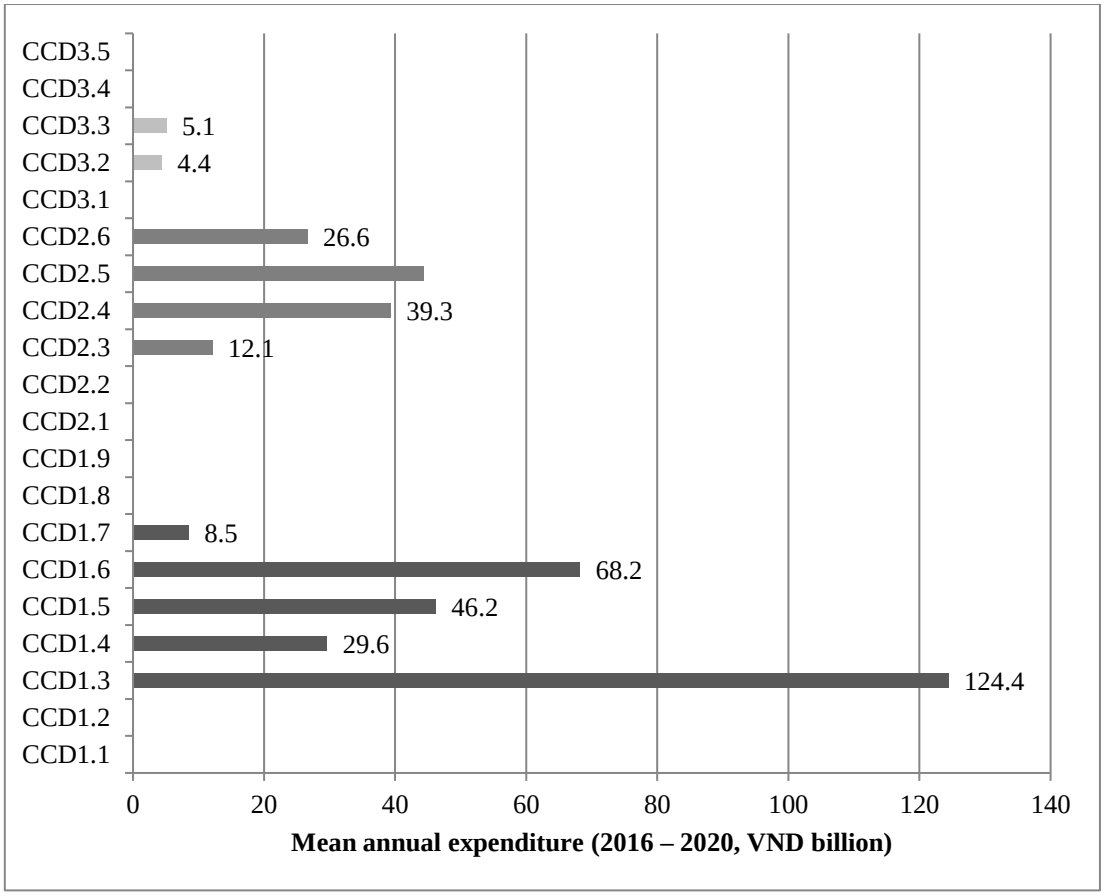


Detailed investment data for climate change adaptation and mitigation

Billion Dongs/%	2016		2017		2018		2019		2020	
Adaptation (A)	298.4	94.8%	383.1	100.0%	187.3	100.0%	555.1	100.0%	604.4	100.0%
Mitigation (M)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Both adaptation and mitigation (A and M)	16.5	5.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%

The vast majority investment projects related to climate change in Dak Lak were dedicated to the adaptation sector, accruing more than 99% of funds. No mitigation project or mixed adaptation and mitigation projects can be accounted for since 2016. In 2016, mixed adaptation and mitigation projects were implemented on protection, special-use and production forest development, and forestry development projects to improve the livelihoods of Farmers in the Central Highlands (FLITCH).

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 Dak Lak CCD 1.3, Irrigation works (reservoir projects to solidify canals and ditches and enhancewater efficiency to mitigate the effects of droughts, were the largest projects accruing investments of over 124 billion VND/year, for 30.4%. CCD 1.6, The second largest were dedicated to rural development and food security, with investments of 68.2 billion/year or16.7%.

There were about 09 other related investment areas, namely:

- CCD 1.5 (Water quality and supply: investment 46.2 billion/year, or 11.3%),
- CCD 2.5 (Special disaster resilient infrastructure: 45.6 billion/year, or 8.9%),
- CCD 2.4 (Waste management and treatment: 39.3 billion/year, or 9.6%),
- CCD 1.4 (Dyke and river protection embankment: 29.6 billion/year; or 7.2%)
- CCD 2.6 (Strengthening natural disaster risk reduction: 26.6 billion/year; or 6.5%) and
- The remaining 4 projects are small in scope with investments ranging from 4.4 billion to 12.1 billion/year.

The above investment activities are consistent with local policies on Action Plans to respond to Climate Change and Green Growth issued by the province.

2.3 Budget expenditure from ODA

The 05 (five) biggest ODA projects addressing climate change were (Project name, funding source, investment period, share of total ODA investment):

1. Project on poverty reduction in the Central Highlands region (2016-2020, 16.5%)
2. City Development Project Type 2 in Quang Nam, Ha Tinh, Dak Lak - Buon Ma Thuot Sub-project (2016-2020, 16.1%)
3. Project to expand the drainage system of rainwater, wastewater and connect households in the city. Buon Ma Thuot (2016-2020, 15.6%)
4. Scaling up rural clean water sanitation program based on results in 21 provinces (2016-2020, 13.3%)
5. Dam safety improvement and repair project (WB8) (2016-2020, 13.0%)

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	X
Others: none	