

CLIMATE PUBLIC EXPENDITURE AND INVESTMENT REVIEW (CPEIR) –

PERIOD 2010-2020 – MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT (MONRE)

1. General introduction

The Ministry of Natural Resources and Environment (MONRE) is a government ministry in Vietnam responsible for: land, water resources; mineral resources, geology; environment; hydrometeorology; climate change; surveying and mapping; management of the islands and the sea.

Its mandates, function and power have been defined in the Decree No. 36/2017/ND-CP dated April 04, 2017. As a ministerial agency, the MONRE is responsible for drafting laws, resolutions, decrees, policies, and plans and programs to submit to competent agencies, issuing guiding circulars and other policies within its competent authority, and communicating with the public to disseminate information on relevant legal framework, and monitoring law compliance. Apart from that, the MONRE has been assigned specific state administration responsibilities on different aspects relevant to its legally binding mandates as mentioned above. The Ministry is also the focal point to deal with climate change issues in Vietnam.

In the field of climate change, the MONRE is responsible for

- Organizing implementation of policies, laws, strategies, plans, programs, schemes and projects on climate change;
- Proposing and institutionalizing international climate change mechanisms;
- Conducting national climate assessment; developing and updating climate change scenarios; guiding, supervising and assessing impacts of climate change; and proposing response solutions, integrating climate change monitoring results into strategies and plans;
- Developing and implementing a monitoring, reporting and verification (MRV) system for greenhouse gas emission reduction activities, climate change adaptation activities, and relating to losses and damages under the Paris Agreement on Climate Change;
- Organizing implementation, guiding and evaluating implementation of nationally determined contributions (NDC); organizing NDC updates as required by the Paris Agreement on climate change; organizing the development of national reports on climate change and carrying out periodic national greenhouse gas inventories; drafting policies and measures to reduce greenhouse gas emissions in Vietnam;
- Guiding and organizing implementation of measures to manage carbon credit business activities, and issuing certificates for investment projects under the clean development mechanism to reduce greenhouse gas emissions of all economic sectors;
- Managing, developing and updating the national database on climate change; guide to using information on climate change;
- Assuming the prime responsibility for organizing negotiation, signing and implementation of international treaties and participating in international organizations on climate change; mobilizing international resources, coordinating and implement international climate change projects and programs;
- Taking the lead in implementation of the Policy Framework of the Support Program to Respond to Climate Change (SP-RCC);
- Acting as the national focal point for the implementation of the international treatments and agreements committed by the Government of Viet Nam;
- Implementing, guiding and certifying the registration of import, export, temporary import, re-export and use of ozone depleting substances in accordance with the Montreal Protocol;

- Assisting the National Committee on Climate Change to follow up and synthesize the results of implementation of strategies, plans, policies, programs and projects related to climate change, and green growth.

2. Sources of total climate change budget

a) Total climate budget 2010 – 2020.

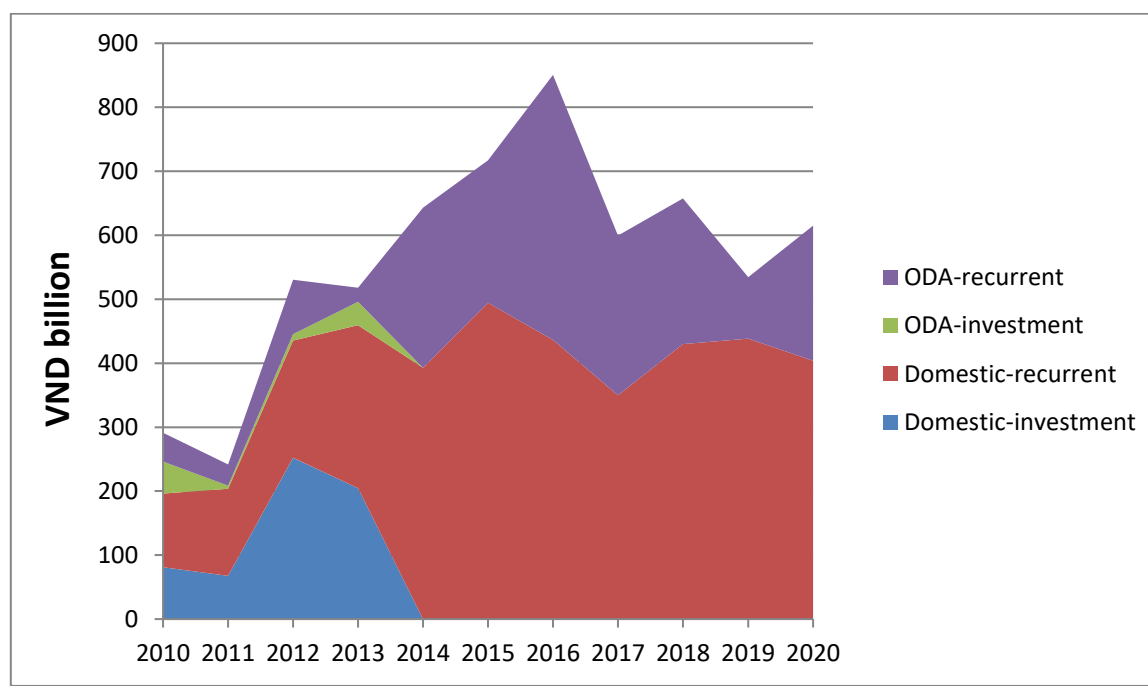


Figure 1: Total climate change budget expenditure in MONRE - includes investment expenditure, recurrent expenditure; from domestic sources and ODA (at 2020's constant prices)

Data limitation: The dataset for MONRE has been consolidated from the previous dataset collected for the last CPEIR report (2010-2013) and the current one (as collected in response to the Ministry of Planning and Investment' official letter No. 8425/BKHDT-KHGD TNMT dated 12/11/2019). Caution should be taken in analysing the data because:

- Both investment and recurrent expenditure data are selectively collected by the authorised agencies from the bunk of the capital and recurrent activities. Thus, other activities, which may be relevant to climate change in some extent may be left out if the agencies perceived them as irrelevant.
- The dataset for investment expenditure is only available for 2010-2013 period. Because of technical problem, MONRE could not collect data on investment projects in 2014-2020 period.
- Total capital and recurrent expenditure in each year is just a sum of total funding amounts of projects and activities being already listed, rather than the actual ministry's yearly total spending.

From the available dataset, the following observation can be made:

- The average recurrent spending on climate change is about VND 500 billion/year for 2010-2020 period years. The annual size of climate recurrent budget in 2014-2020 is rather stable at VND 500-800 billion over years. Therefore, the shares of annual budget in total climate budget recurrent of the entire period tinnily varied from 10-15%.
- The annual average domestic expenditure on climate change recurrent is VND 330 billion, accounting for 66% of the total recurrent spending, while ODA contributes to VND 169 billion per year in average accounting for 34%. The proportion of ODA recurrent varies across the years, the lowest is VND 22 billion in 2013, but VND 414 billion in 2016.

Table 1. Total climate change expenditure in MONRE (2020's price)

	Domestic investment	ODA investment	Domestic recurrent	ODA recurrent
2010	80.965	49.983	115.274	44.988
2011	67.630	4.691	136.284	33.268
2012	252.039	10.183	183.315	85.106
2013	204.693	36.580	254.630	21.968
2014	-	-	392.582	250.667
2015	-	-	494.469	222.828
2016	-	-	436.491	414.087
2017	-	-	349.635	249.984
2018	-	-	429.775	227.842
2019	-	-	438.352	95.853
2020	-	-	403.712	211.200

b) The total climate change budget as a percentage of the total Ministry budget from 2010 – 2020.

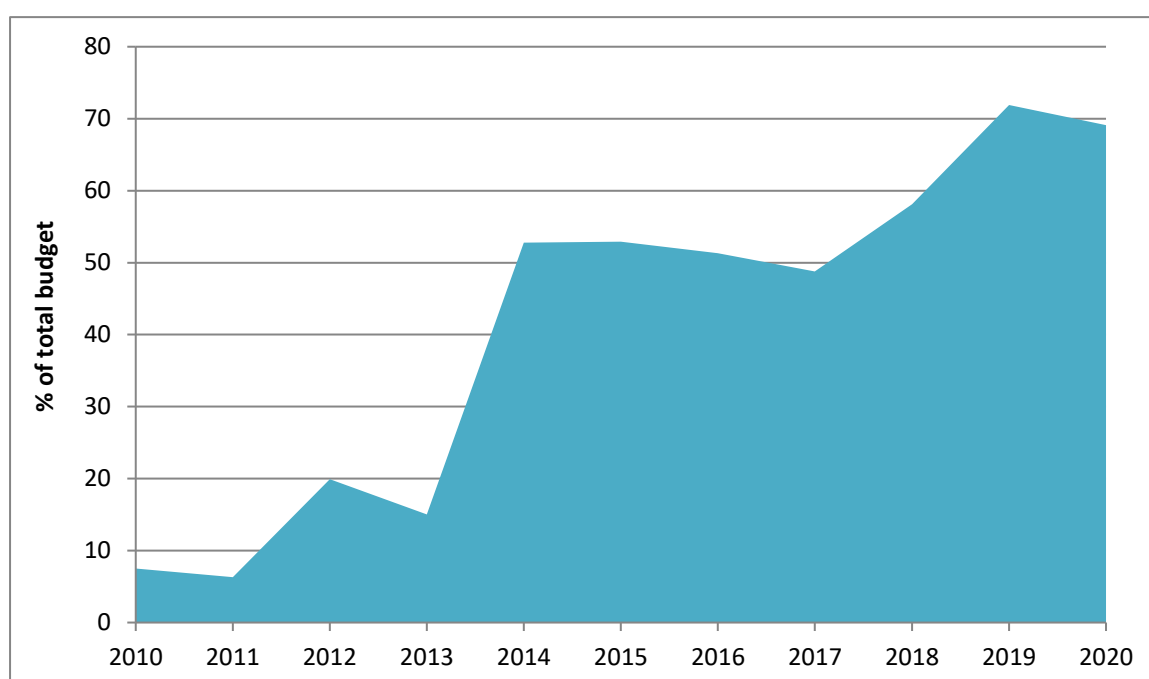


Figure 2: Ratio of budget expenditure on climate change to the total ministerial budget for the period 2010-2020 (unit: %)

- The graph shows that the climate budget varies substantially across years, ranging from small share of 6.3% in 2011 to significant one of 72% of the total recurrent budget in 2019, averaging 28% for the whole study period of 2010-2020. There is a trend of proportion of the climate change budget in comparison to the overall ministerial budget.
- There is a relative high shares of climate budget in the overall ministerial budget since 2014 (almost accounted for a half of the ministerial budget). This suggests relatively high importance of climate related expenditures in MONRE. This observation is aligned with the Ministry's mandates.

Table 2: Share of climate budget expenditure in total ministry's annual budget

	Total CC budget	Total Ministry Budget	% of total budget
2010	291.21	3,863.655	7.5
2011	241.873	3,823.551	6.3

2012	530.643	2,662.129	19.9
2013	517.871	3,451.862	15.0
2014	643.249	1,217.527	52.8
2015	717.297	1,355.462	52.9
2016	850.578	1,657.911	51.3
2017	599.619	1,229.887	48.8
2018	657.617	1,131.151	58.1
2019	534.205	743.270	71.9
2020	614.912	889.399	69.1

3. Purpose of total climate change budget

Allocation of total climate change budget to adaptation and mitigation:

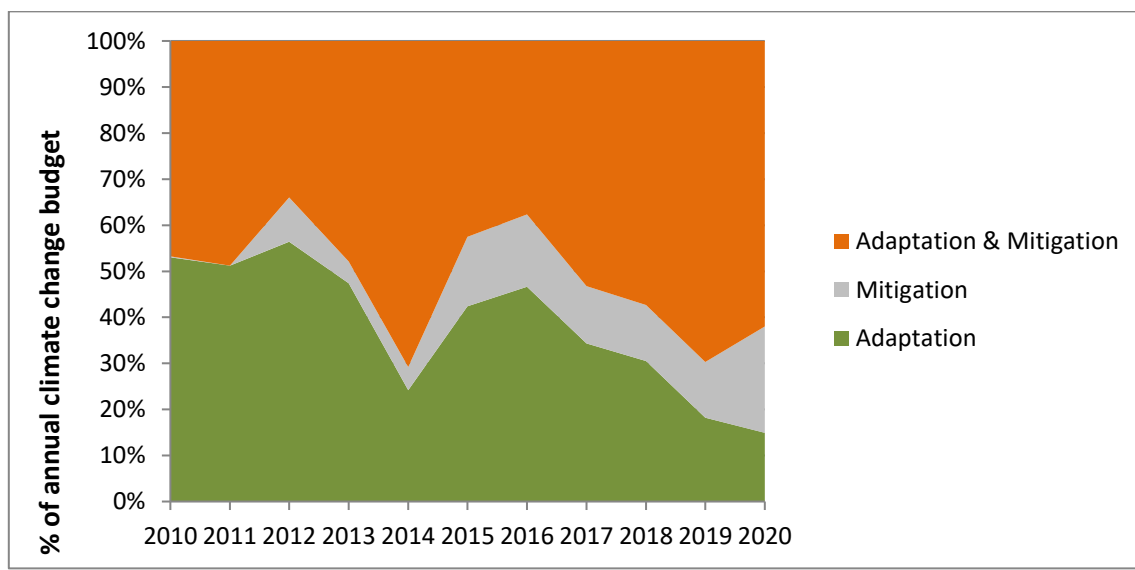


Figure 3: Conceptual distribution of public spending on climate change (i.e. categories: adaptation, mitigation, adaptation + mitigation)

- Total recurrent budget in climate change in the 2010-2020 period were mostly shared between Adaptation and Mix of Adaptation and Mitigation. Mitigation has never reached a quarter of total recurrent budget for climate change, which represented 23% of climate recurrent budget in 2020 and then over 11% for the entire 2010-2020 period years.
- Mix of Adaptation and Mitigation accounted for the largest shares (52%) in the climate recurrent budget in the same period. Given high relevance of the MONRE's mandates to climate change, climate expenditures were spread over almost all departments of the ministries, making the MONRE the most diversified climate response activities.
- In average, Adaptation activities account for 37% of the total climate recurrent budget in the last 11 years. While its share in the first 4 years (2010-2013) was nearly a half of the total budget, their shares in the last 7 years (2014-2020) were taken over by the Mix category. This may imply that the MONRE has shifted its spending focus from pure adaptation to more combination of adaptation and mitigation.

Table 3: Distribution of climate change spending by categories of adaptation, mitigation and mixed

	Adaptation		Mitigation		Adaptation & Mitigation	
	Count	%	Count	%	Count	%
2010	154.598	53.1	0.468	0.2	136.145	46.8
2011	123.954	51.2	0	0.0	118.279	48.8
2012	298.427	56.4	50.775	9.6	179.551	34.0
2013	245.536	47.4	24.257	4.7	248.078	47.9
2014	155.684	24.2	32.182	5.0	455.382	70.8

2015	304.217	42.4	107.993	15.1	305.088	42.5
2016	396.651	46.6	133.966	15.7	319.961	37.6
2017	205.637	34.3	74.833	12.5	318.955	53.2
2018	200.85	30.5	79.906	12.2	376.861	57.3
2019	97.492	18.2	64.381	12.1	372.332	69.7
2020	91.564	14.9	141.965	23.1	381.384	62.0

4. Allocation of total climate budget to climate change themes

a) Allocation of total climate change budget to pillars:

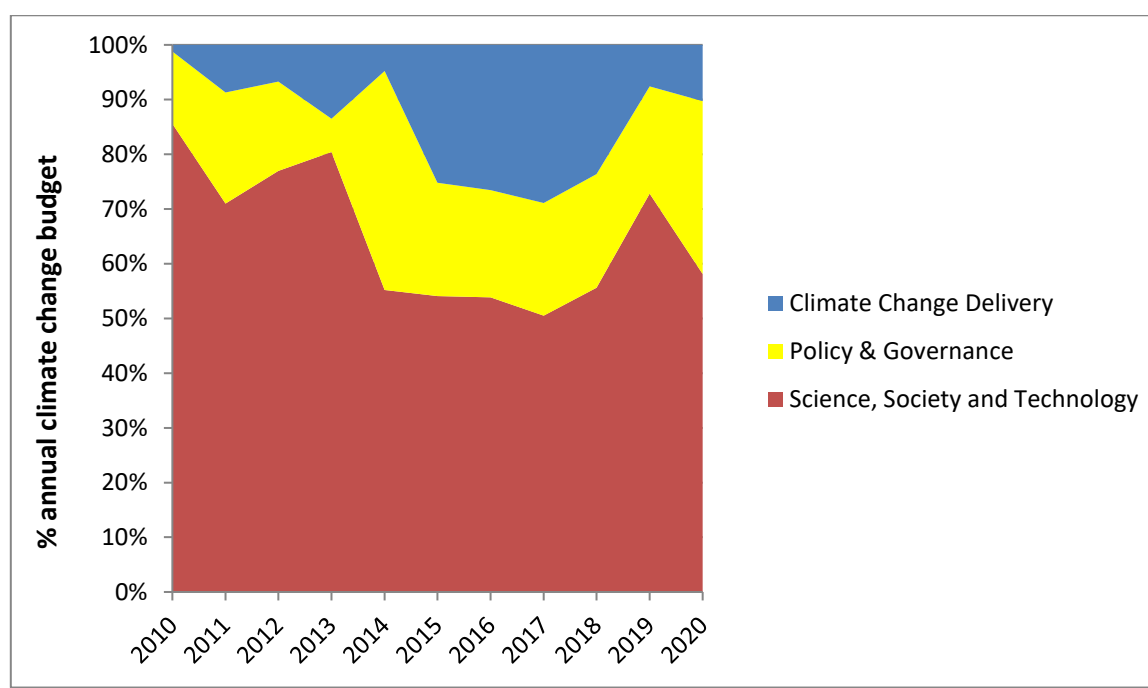


Figure 4: Distribution of public expenditure on climate change – grouped into Investment expenditure (Climate change delivery) and Recurrent expenditure (classified into Science, society and technology and Policy & governance)

- The climate change budget 2010-2020 focuses predominantly on ST. ST was almost 86% of climate budget in 2010 (when ST projects focusing on conducting surveys and measurements to develop different environment related database) and then over 62% for the remaining years.
- PG was the second largest category, accounting for 22% of total climate recurrent budget in the study period. PG got the highest share in the total in 2020, when 32% of total budget was spent on PG projects such as developing different instruments and systems to monitor and evaluate Vietnam's fulfilment of its international commitments regarding climate change and environmental protection.
- CCD was the smallest category, accounting for 16% of total climate budget in the study period.

Table 4: Distribution of public expenditure on climate change by categories of Science and technology, Policy and Governance and Climate Change Delivery

	ST		PG		CCD	
	Count	%	Count	%	Count	%
2010	249.111	85.5	38.553	13.2	3.547	1.2
2011	171.938	71.0	49.226	20.3	21.069	8.7
2012	406.682	76.9	86.418	16.3	35.653	6.7
2013	416.553	80.4	31.387	6.1	69.931	13.5
2014	355.252	55.2	257.032	40.0	30.965	4.8
2015	387.883	54.1	148.786	20.7	180.628	25.2

2016	457.84	53.8	167.073	19.6	225.665	26.5
2017	302.779	50.5	123.367	20.6	173.279	28.9
2018	365.382	55.6	136.861	20.8	155.374	23.6
2019	388.7	72.8	104.895	19.6	40.61	7.6
2020	357.471	58.1	194.163	31.6	63.278	10.3

b) Allocation of Climate Change Delivery tasks (annual mean expenditure VND billion, 2010 – 2020):

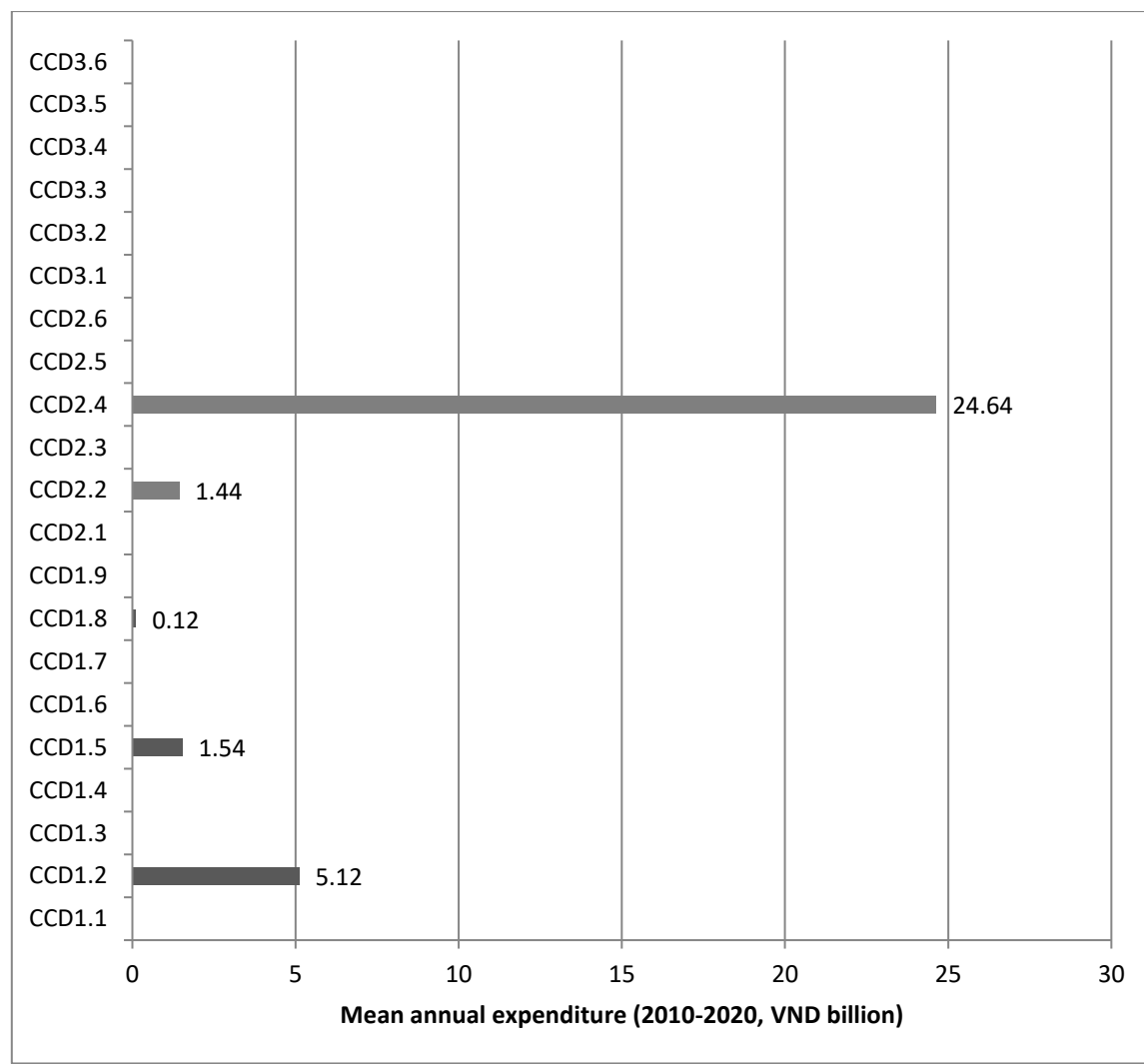


Figure 5: Distribution of public expenditure on climate change within the (Climate change delivery (CCD) category

- The dominant target of climate change from 2010 - 2020 was CCD 2.4 (Waste management and treatment) accounting for 27% of the CCD recurrent budget. The second target of CCD expenditures were Saline intrusion (CCD1.2) for 6%. Water quality and supply (CCD 1.5) and Residential and city area resilience (CCD 2.2) accounts for 2% respectively.
- Smaller amount of budget has been allocated to Fisheries & aquaculture (CCD1.8), accounting for negligible percentage.

Table 5: Public expenditure on climate change within the CCD category

CCD1.1	0	CCD1.8	0.12	CCD2.6	0
CCD1.2	5.12	CCD1.9	0	CCD3.1	0
CCD1.3	0	CCD2.1	0	CCD3.2	0
CCD1.4	0	CCD2.2	1.44	CCD3.3	0
CCD1.5	1.54	CCD2.3	0	CCD3.4	0

CCD1.6	0	CCD2.4	24.64	CCD3.5	0
CCD1.7	0	CCD2.5	0	CCD3.6	0

c) Allocation to Science, Society and Technology and to Policy and Governance tasks (annual mean expenditure VND billion, 2010 – 2020):

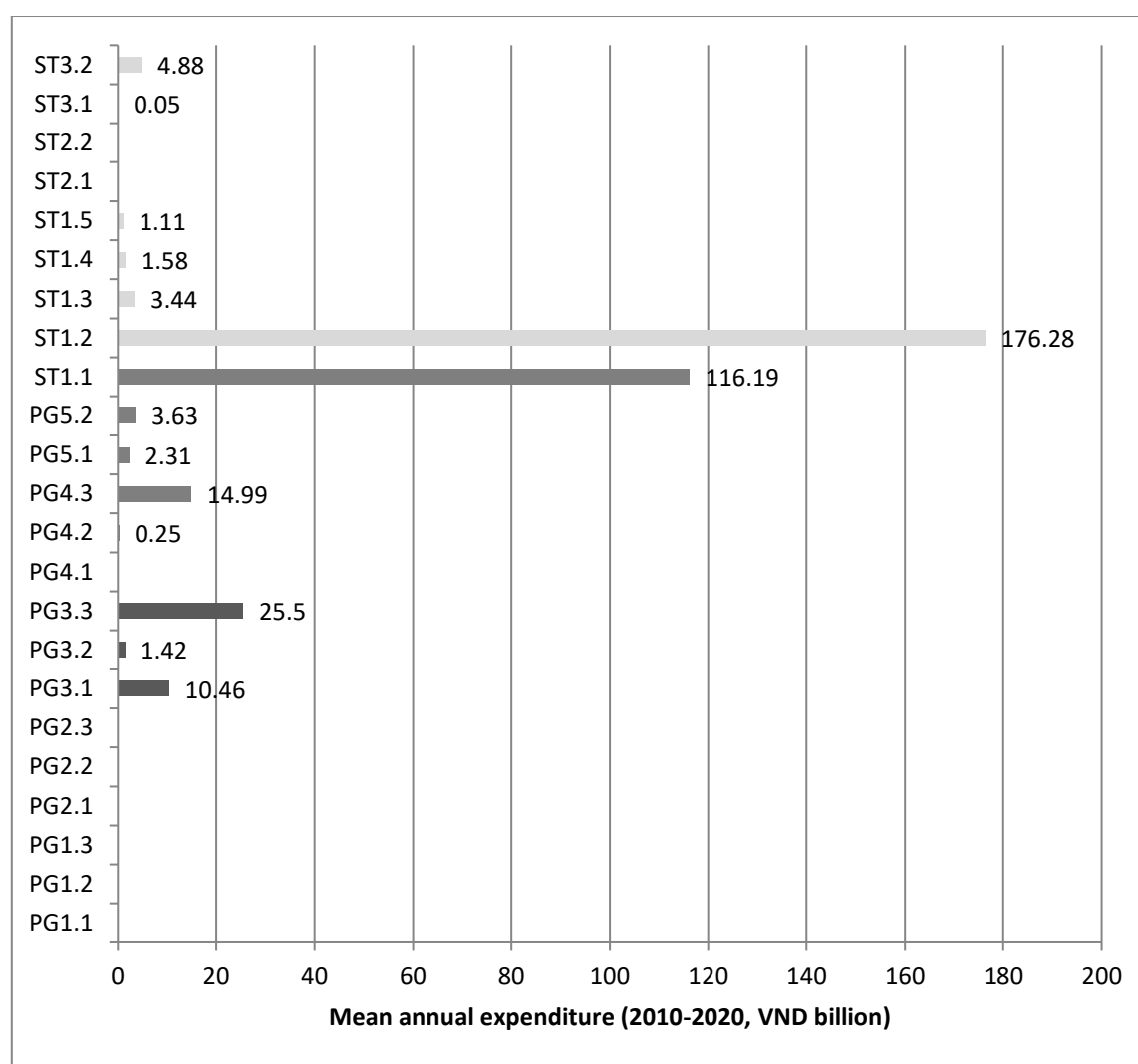


Figure 6: Distribution of public expenditure on climate change within the ST and PG categories

- The main targets of budget in climate change for ST and PG task from 2010 - 2020 has been in Hydrometeorology and early warning system and climate change projection (ST1.2) accounting for 37% of total budget for ST and PG. Information and database development (ST1.1) for 25%, CC Capacity building (PG3.3) accounts for 5%, Mitigation and Adaptation Instruments (PG 4.3) accounts for 3%, and Action and Sector Plans (PG3.1) accounts for 2%.
- Smaller amounts of budget (less than VND 10 billion per project in average) have been allocated Capacity across whole community in climate change response (ST3.2), Effective management and coordination of foreign and domestic investment (PG 5.2), Biological & genetic resource strengthening (ST1.3), Strengthen cooperation and partnership with international community on CC issues (PG5.1), Survey and assessment on CC impacts (ST1.4), and CC Impact assessments (PG 3.2) among others. Putting together, all small projects and activities accounts for 4% of the total ST and PG recurrent budget of the MONRE.

Table 6: Public expenditure on climate change within the ST and PG categories

PG1.1	0.01	PG3.3	25.50	ST1.3	3.44
PG1.2	0	PG4.1	0	ST1.4	1.58

PG1.3	0	PG4.2	0.25	ST1.5	1.11
PG2.1	0	PG4.3	14.99	ST2.1	0
PG2.2	0.03	PG5.1	2.31	ST2.2	0
PG2.3	0	PG5.2	3.63	ST3.1	0.05
PG3.1	10.46	ST1.1	116.19	ST3.2	4.88
PG3.2	1.42	ST1.2	176.28		

5. Overseas Development Assistance climate programmes

Contribution of ODA to total climate change budget (average 2010 –2020):	31.62 %
<p>Five largest ODA allocations in terms of climate budget:</p> <ol style="list-style-type: none"> 1.Project on pollution management in industrial zones in the basin of Dong Nai and Nhue Day rivers (2014-2020, 22.5%) 2.Technical assistance to make plan for management of HCFC removal in Vietnam (phase 2) (2015-2020, 13.8%) 3.Strengthening capacity to implement National Climate Change Strategy (CBICS) (2014, 2016-2018, 11.5%) 4.Integrating biodiversity conservation, climate change adaptation and sustainable forest management in mid- Truong Son landscape Vietnam (2016-2020, 9.4%) 5.Strengthening land management and land database (2016, 2.1%) 	

- ODA projects in this 2010-2020 period focused on providing remedies for environment pollution, efficient management of natural resources (land, forest, biodiversity...).
- Strengthening national capacity to implement the National Climate Change Strategy and similar strategic documents is also ODA priority. In the next ten-year period, this will be more emphasised by development partners.

6. Policy and planning instruments

Instrument	Yes (√) or No (X)
Climate Change Action Plan	√
Green Growth Action Plan	√
Plan for Implementation of Paris Agreement	X
Others: none	

Climate Change Action Plan (ministry) (see [table 5 in chapter 1])

- Continue implementing key tasks, including assessment of the impact of climate change and sea level rise; build monitoring systems for areas with high risk of flash floods
- Develop land use masterplans for key economic regions including adaptation to climate change
- Determine changes in land area and quality due to sea level rise, desertification, erosion, etc.
- Zoning sea and islands for management and use of natural resources of sea and islands; determine the environmental carrying capacity of each region; mapping geological conditions of the coastal zone
- National Greenhouse Gas Inventory, communications to the UNFCCC
- Develop plans on exploitation water resources for economic regions in the context of climate change
- Develop a system for monitoring climate change and forecasting saline water intrusion
- Risk and vulnerability assessment, identification of need for strengthening adaptive capacity and solutions to climate change losses and damages for key economic regions

Green Growth Action Plan (ministry) (see [table 6 in chapter 1] for nationally defined responsibilities)

Decision 965/QĐ-BTNMT of the Minister of Natural Resources and Environment of 23 April 2015 on implementation of the green growth action plan in the Natural Resources and Environment sector 2015-2020, has the annex:

No.	Description	Implementation period	Governing body	Cooperating entity
1	Establish the policy framework for the green growth provided for by natural resources and environment authorities for the period 2016-2020	2015-2020	Vietnam Environment Administration	Department of Planning; Departments of Natural Resources and Environment in cities or provinces
2	Design the scheme for protecting environment at the national level and the level of centrally affiliated cities and provinces	2016-2020	Vietnam Environment Administration, Departments of Natural Resources and Environment in cities or provinces	Department of Planning
3	Formulate the proposal to mobilize resources for the work of environmental protection	2015-2020	Vietnam Environment Administration	Department of Planning and Department of Finance; Departments of Natural Resources and Environment in cities or provinces
4	Outline the proposal to manage and control urban environmental pollution by 2020	2015-2020	Vietnam Environment Administration	Department of Planning; Departments of Natural Resources and Environment in cities or provinces
5	Conduct research into enforcement of rules and regulations on public green spending to be applied to the administration of natural resources and environment	2016-2020	Department of Finance	Vietnam Environment Administration, Department of Planning; Departments of Natural Resources and Environment in cities or provinces
6	Research and organize activities to carry out the pilot application of granting of quotas for surface and underground water exploitation in specific regions	2016-2020	Department of Water Resources Management	Vietnam Environment Administration; Departments of Natural Resources and Environment in cities or provinces
7	Check and set up the database on natural capital sources	2017-2020	Institute of Strategy and Policy on	Department of Information

			Natural Resources and Environment	Technology; Departments of Natural Resources and Environment in cities or provinces
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Plan for Implementation of Paris Agreement (PIPA)

See [table 8 in chapter 1] for nationally defined responsibilities of MONRE for the period until 2020)