

THE PRIME MINISTER

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SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom – Happiness

Ha Noi, November 21, 2012

DECISION

APPROVAL OF PROJECT OF GREENHOUSE GAS EMISSION MANAGEMENT; MANAGEMENT OF CARBON CREDIT BUSINESS ACTIVITIES TO THE WORLD MARKET

THE PRIME MINISTER

At the proposal of the Minister of Natural Resources and Environment.

DECIDES:

Article 1. Approval of project of greenhouse gas emission management; management of carbon credit business activities to the world market with the following contents:

I. POINT OF VIEW, OBJECTIVES, SCOPE OF THE PROJECT

1. Point of view

a) Management of greenhouse gas emission.

- Management of greenhouse gas emission (hereinafter referred to as greenhouse gases) must be consistent with the strategy and policies, context of national and international agreements in which Vietnam is a party, aiming to developing low carbon economy, green growth.

- Management of greenhouse gas emission is done with focus, priority, concentrating on each stage of the major sources of greenhouse gas emission in the areas of energy, agriculture, land use, change of land use and forestry (LULUCF) and waste.

- The State shall ensure the necessary resources, encourage and mobilize the participation of all economic sectors, international support on finance, technology, enhance capacity in the management of greenhouse gas emission.

b) Management of carbon credit business activities to the world market.

- Strengthening the management of carbon credit business activities on the basis of proper compliance with the domestic and international regulations.

- Forming the domestic carbon market and participating in the international carbon market.

2. Objectives

a) Management of greenhouse gas emission

- General target: Management of greenhouse gas emission in order to implement the United Nations Framework Convention on Climate Change (UNFCCC) and other international agreements in which Vietnam is a party, at the same time take advantage of the opportunity to develop low carbon economy, green growth and together with the international community in the efforts to reduce greenhouse gas emission, contributing to the implementation of the goal of country's sustainable development.

- Specific target:

+ Strengthening the capacity of national greenhouse gas inventory for the ministries, sectors and localities involved in the national inventory system of greenhouse gases. Setting up and operating the national system of greenhouse gas inventory and performing periodic inventory once for every two (02) years under the process;

+ Disseminating and applying technologies to reduce emissions and increase the capability to absorb potential greenhouse gas in Vietnam;

- + Preparing framework - action programs to reduce the greenhouse gas emission in line with national circumstances (NAMA) in Vietnam and registering and widely deploying NAMA. Making periodic reports on climate change and updating operations to reduce greenhouse gas emissions in the country;

- + Raising awareness and responsibilities of all levels, sectors, localities, enterprises and communities;

- + Strengthening international cooperation to enlist the financial support and the international transfer of technology in the implementation of the national strategy on climate change.

b) Management of carbon credit business activities to the world market

- General target: Managing and monitoring the efficiency of the purchase, sale and transfer of carbon credits generated from the mechanism inside and outside the framework of the Kyoto Protocol to the world market.

- Specific target:

- + Improving the quality and efficiency of the management of carbon credits business activities generated carbon credits from the Clean Development Mechanism (CDM) under the Kyoto Protocol; formulating, issuing relevant regulations, mechanisms and policies so that the agencies, organizations, enterprises and individuals can invest and carry on business of carbon credits to the world market;

- + Contributing to sustainable development of the country from the benefits gained through activities of carbon credit business to the world market.

3. Scope of project implementation

a) Management of greenhouse gas emission

Managing emissions of 06 types of greenhouse gas in accordance with the Kyoto Protocol as carbon dioxide (CO₂), Methane (CH₄) Nitrous oxide (N₂O), hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), sulfur hexafluoride (SFCs); focussing on implementation at the emission sources and greenhouse gas absorbing tank primarily in the country in the areas of energy, agriculture, LULUCF and waste under the guidance of the Intergovernmental Panel on Climate Change (IPCC).

b) Management of carbon credit business activities to the world market

Applying to agencies, organizations, individuals and enterprises involved in activities of construction consultation, implementing projects and carrying on business of carbon credits obtained from emission reduction activities and increasing capacity to absorb greenhouse gases in Vietnam.

This project shall be carried out from now to 2020. The objectives and tasks of the project are determined to focus priorities for the period from now to 2015. On the basis of the assessment and review of the results made, propose the adjustment of the objectives, requirements and contents for the next period.

II. PRINCIPAL CONTENTS OF THE PROJECT

1. Management of greenhouse gas emissions

a) Inventorying the national greenhouse gas for the momentous year 2005 and preparing basic emission scenarios.

- Building the system of national level greenhouse gas inventory with the participation of ministries, sectors and localities concerned; building, reviewing, supplementing and completing the financial mechanism, policy and legal normative documents, regulations on greenhouse gas inventory in accordance with IPCC guidelines for national greenhouse gas inventory.

- Implementing the national greenhouse gas inventory for the momentous year 2005 under the guidance of the IPCC. Assessing and classifying emission sources and main greenhouse gas absorbing tank primarily in the area of energy, industrial processes, agriculture, LULUCF and waste.

- Preparing basic emission scenarios by 2020 for the areas of energy, agriculture, LULUCF and waste.
- Developing plan for implementation of periodical national greenhouse gas inventory.

b) Implementing the target of emission reduction and increase of absorption of greenhouse gas by 2020

Implementing a number of targets of reducing greenhouse gas emission particularly mainly in the areas of energy, transport, agriculture, waste and increasing absorption capacity of greenhouse gas in the area of LULUCF by 2020 in accordance with national circumstances and conditions and international agreements in which Vietnam is a party.

- Area of energy and transportation.

Target of reducing greenhouse gas emission compared to 2005: 8%

Activities and measures to reduce emission:

- + Enhancing the efficiency of use and energy saving; energy conservation;
- + Developing renewable energy;
- + Converting the use of fossil fuel use in power production.
- + Developing public transportation;
- + Using liquefied gas to replace gasoline, diesel oil for passenger vehicles;
- + Producing constructional material, urban technical infrastructure.

- Agricultural area

Target of reducing greenhouse gas emission compared to 2005: 20%

Activities and measures to reduce emissions:

- + Applying advanced measures of rice cultivation in the direction of saving water and reducing input costs;
- + Applying technical measures to improve the efficiency of fertilizer use, reduce N₂O emissions in rice cultivation;
- + Applying solutions to save energy and fuel in soil preparation, watering industrial plants, developing and applying minimum cultivation measures to reduce greenhouse gas emission;
- + Collecting, recycling, re-using agricultural by-products. Developing and applying organic waste treatment technology in the cultivation of vegetables, sugar cane, short and long-term industrial crops;
- + Changing the diet in livestock and poultry raising. Providing nutrition MUB cake for dairy cows;
- + Applying process of good agricultural practices in Vietnam (VIETGAP) in animal husbandry;
- + Using antibiotics from bacteria, the intestinal bacteria to reduce level of greenhouse gas emissions from livestock;
- + Developing biogas technology and system of collection, storage and handling of manure in livestock and poultry breeding.

- Target of increasing the absorption of greenhouse gases compared to 2005: 20%

Activities and measures to increase the absorptive capacity:

- + Forest protection;
- + Afforestation, reforestation;
- + Boosting reforestation, natural regeneration;

+ Reducing greenhouse gas emission through efforts to limit deforestation and forest degradation, sustainably managing forest resources, conserving and enhancing forest carbon stocks (REDD +).

- Area of waste

Greenhouse gas emission reduction targets from 2005: 5%

Activities and measures to reduce emissions:

+ Recovery and use of methane (CH₄) from landfills;

+ Industrial wastewater treatment.

c) Assessing technology needs, dissemination and application of technology to reduce emissions and increase the ability to absorb greenhouse gas potential in Vietnam.

- Identifying and classifying areas and assessing technologies to reduce greenhouse gas emission, increase the capacity to absorb the potential greenhouse gas on the basis of the National Strategy on Climate Change, National Action Plan contributing the implementation of sustainable development objectives in Vietnam.

- Identifying barriers for dissemination and application of the technology to reduce the potential greenhouse gas emission.

- Developing technology action plan; dissemination and applying technologies to reduce the selected potential greenhouse gas emission.

d) Building framework of action program to reduce the greenhouse gas emissions in line with national circumstances of Vietnam, registering and deploying activities - action programs to reduce the greenhouse gas emission in line with national circumstances.

Building framework of NAMA program of Vietnam including key programs to be taken to reduce greenhouse gas emission in the country, serving the country's sustainable development.

NAMA operations in Vietnam are built to focus on the following priorities:

- Area of energy

+ Efficient use of energy, energy conservation and saving;

+ Conversion of fossil fuel use;

+ Development of new energy sources, renewable energy;

+ Restructure of energy use in the transportation sector, replacement of petroleum fuel with the liquefied gas for passenger automobiles.

- Area of agriculture.

+ Application of advanced farming practices to reduce greenhouse gas emissions in agricultural production;

+ Application and development of organic waste treatment technologies in agriculture;

+ Change of the diet of livestock and poultry breeding. Application of VIETGAP process in breeding;

+ Development of biogas technology in livestock and poultry breeding.

- Areas of land use, land use change and forestry.

+ Afforestation and reforestation;

+ Promotion of reforestation and natural regeneration;

+ Reduction of greenhouse gas emission through efforts to limit deforestation and forest degradation, sustainable management of forest resources, conservation and enhancement of forest carbon stocks.

e) Setting system of measurement, reporting and verification

System of measurement, reporting and verification (MRV), including national and sectoral level set in the early stages of the Project in order to serve the requirements related to national greenhouse gas inventory, management of greenhouse gas emission, including the development of emission coefficients for the country. In the next stages, this system shall be extended to monitor the activities causing more greenhouse gas emissions by the sectors and areas and meeting the requirements to provide data for periodic examination and reports as prescribed by the UNFCCC; while creating favorable conditions for the NAMA activities.

f) Information and propagation

Implementation of the propagation, dissemination and education of awareness, responsibility, raising of awareness on the management of greenhouse gas emissions by the subject groups including state management agencies from central to locality, state-owned enterprises, private enterprises, organizations and individuals concerned.

2. Management of credit carbon business activities to the world market

a) In the framework of the Kyoto Protocol

Continuing to review, supplement and complete the system of legal normative documents to strengthen the management of carbon credit business activities generated from CDM projects under the Kyoto Protocol.

b) Ngoài khuôn khổ Nghị định thư Kyoto Outside the framework of the Kyoto Protocol

+ Reviewing and supplementing legal normative document system as the basis for the organization and activities of the voluntary carbon credit market;

+ Developing policies to create conditions for localities, agencies, organizations and enterprises to invest in the projects of carbon credit business from forest in the direction of socialization of protection and development of forests; mobilizing social resources to participate in this work.

+ Developing regulations and guidelines for management, monitoring of carbon credit business activities generated from projects and programs outside the framework of the Kyoto Protocol.

c) Information and propagation

Organizing dissemination and propagation activities to raise awareness, encouraging agencies, organizations, enterprises, communities and individuals to actively participate in the carbon credit business activities under the mechanisms inside and outside the Kyoto Protocol in accordance with domestic and international regulations.

III. IMPLEMENTATION SOLUTIONS

1. Supplementing, adjusting and completing the system of legal normative documents.

Reviewing, adjusting and supplementing and completing the system of legal normative documents, mechanisms and policies to serve the State management on greenhouse gas emissions and carbon credit business activity management to the world market in accordance with the new situation after 2012.

2. Enhancing investment and finance

- Mobilizing the financial resources of the agencies, organizations and individuals at home and abroad to participate in activities to reduce emissions and increase the capacity to absorb greenhouse gas and carry on business of carbon credits.

- Upgrading material facilities and technical equipment to serve the state management on greenhouse gas emission and carrying on business of carbon credit.

- Assigning ministries, central and local agencies to build and implement the tasks assigned in the project, actively preparing and generalizing funds for implementation of the project at the same time with the making of annual estimate of budget state for the submission to the competent authorities for consideration and decision.

3. Development of human resource

- Surveying and assessing the status of human resources in the area of State management on greenhouse gas emissions management and carbon credit business activity management; agencies, organizations, enterprises and communities participating in programs and projects to reduce emission, increase the capacity to absorb greenhouse gas and other carbon credit business activities.
- Improving the knowledge of state management for policy makers and cadres on the management of greenhouse gas emission and management of carbon credit business activities.
- Training and fostering knowledge to agencies, organizations, enterprises, communities and individuals in the implementation of activities to reduce emissions and increase the capacity to absorb greenhouse gas and carbon credit business activities.

4. Work of propagation and education

- Diversifying and reaching in many ways of the programs, propagation activities, raising awareness and responsibility of state agencies, enterprises and communities to reduce emission and increase the capacity of greenhouse gas and carbon credit business activities.
- Strengthening the leadership, coordination between state authorities and communication agencies at central and locality in the activities of propagation and dissemination of information on reducing emission, increasing absorption of greenhouse gas and carrying on business of carbon credits.

5. Application and development of technology

Application and development of technology to reduce greenhouse gas emission on the basis of assessment of need and research of technology, development and assessment of a number of potential greenhouse gas reduction plans with low cost, efficiency and in accordance with national conditions in the areas of energy, transportation, agriculture, LULUCF and waste.

6. Enhancement of inspection and supervision

Raising capacity for inspection and supervision of the State management agencies at central and locality for emission reduction activities, increasing capacity of absorption of greenhouse gas and carbon credit business of localities, agencies, organizations, enterprises and individuals concerned.

7. Enhancement of international cooperation

- Attracting investment, financial support, technology transfer for activities to reduce emissions, increase the capacity to absorb greenhouse gas and carbon credit business to develop low-carbon economy and green growth.
- Learning and exchanging of experience with other advanced countries on greenhouse gas emission management and carbon credit business on the world market.

IV. SCHEDULE AND FUND FOR IMPLEMENTATION PROJECT

1. Implementation schedule

a) Period 2012 - 2015:

- Establishing Steering Committee of Project implementation implementation through regulation on activities and development of detailed plans for implementation of the tasks of the project.
- Giving priorities to deploy the following activities:
 - + Propagation and education of awareness and responsible for the reduction of greenhouse gas emission of all levels, sectors, localities and enterprises;
 - + Setting up the system of national greenhouse gas inventory
 - + Building database on national greenhouse gas inventory. Inventorying the National greenhouse gas for the momentous year 2005 under the guidance of the IPCC;

- + Preparing the basic emission scenarios by 2020 for the areas of energy, agriculture, LULUCF and waste;
- + Studying, developing, disseminating and applying technologies to reduce emission and increase the absorption of selected potential greenhouse gas in the areas of energy, transportation, agriculture, LULUCF and waste;
- + Building framework of NAMA program in Vietnam. Studying the preparation of methodology, registration and pilot implementation of NAMA;
- + Building relevant national and sectoral-level MRV system, related for NAMA;
- + Propagating and raising the awareness for localities, agencies, organizations, enterprises and individuals for the development and implementation of carbon credit business activities in accordance with the of national and international provisions;
- + Reviewing, assessing and completing the legal system policies for CDM projects;
- + Developing mechanisms and fiscal policies to form and operate the carbon markets;
- + Enhancing the capacity of policy makers, management staff of ministries, sectors and localities in managing carbon credit business activities;
- + Developing database for the management of carbon credit business under the Kyoto Protocol;
- + Building regulations governing the programs, projects of carbon credit business outside the Kyoto Protocol.

b) Period 2016 - 2020:

- Continuing to implement deeply the contents of the Project, including:
 - + Raising awareness, responsibility, strengthening the capability for the implementation of the reduction of greenhouse gas emission;
 - + Strengthening the capacity of organization, institution, policy on management and monitoring of greenhouse gas emission;
 - + Implementing a number of targets to reduce emissions and increase capacity to absorb greenhouse gas specifically in the areas of energy, transportation, agriculture, LULUCF and waste;
 - + Periodically inventorying greenhouse gas;
 - + Developing and applying system of standard and target of energy consumption and emissions;
 - + Registering and widely deploying NAMA on the basis of the successful results of the pilot NAMA;
 - + Preparing periodic reports on emission and reduction of greenhouse gas emission;
 - + Strengthening the management of carbon credit business activities to the world market in accordance with the domestic and international context.
- Summarizing and assessing the efficiency of project implementation.
- Making report to the Prime Minister on the results of implementation of the project and proposing a appropriate work for the next stage.

2. Fund for project implementation

a) Funds for implementation of the tasks of the project identified in the list attached to this project are estimated at 220 billion, of which:

- From the State budget: 120 billion dong;
- From ODA source: 100 billion dong.

b) Funds for management and operation of the Project shall deduct a portion of funds under the scheme.

V. ORGANIZATION OF PROJECT IMPLEMENTATION

1. The Ministry of Natural Resources and Environment shall assume the prime responsibility and coordinate with the relevant ministries and sectors in organizing the implementation of the Project; develop plans to implement the project on schedule; direct, guide, urge and supervise and evaluate the results of implementing the project in the ministries, sectors and localities.

- Issuing under the competence or requesting the competent authorities to issue regulations on the methodology, the process of collecting, generalizing and reporting data for national greenhouse gas inventories under the guidance of the IPCC.

- Monitoring and supervising the implementation of the objectives and targets to reduce greenhouse gas emissions at the source of emissions and mainly absorb the greenhouse gas managed by the ministries, sectors and localities.

2. The Ministry of Information and Communications shall direct and guide the news and press agencies to make propagation to raise awareness and responsibilities of agencies, organizations and people in the implementation of activities to reduce emissions and increase capacity to absorb greenhouse gas and carbon credit business activities.

3. The Ministry of Planning and Investment shall assume the prime responsibility and coordinate with the ministries, branches and localities to integrate the issue of management of greenhouse gas emission and carbon credit business activities into the carbon green growth strategy in line with the general emission reduction orientation of the economy as well as the development of low-carbon scenarios studied and developed by the ministries and sectors. Coordinating with the relevant ministries, sectors and localities in mobilizing international technical and financial assistance to help Vietnam in management of greenhouse gas emission in each period.

4. The Ministry of Agriculture and Rural Development shall assume the prime responsibility and coordinate with the relevant ministries and sectors to study and develop and promulgate documents guiding the localities, agencies, organizations and enterprises associated to carry on business of carbon credits obtained from forest on the market outside the Kyoto Protocol.

5. The Ministry of Industry and Trade, Ministry of Transport, the Ministry of Construction are responsible for implementing the tasks of the project on schedule and effectively; allocating funds in the annual budget estimate and raising from other capital sources as prescribed by law to organize the implementation of contents and tasks of the project.

6. The Ministry of Finance shall assume the prime responsibility and coordinate with the relevant ministries and sectors to aggregate the funding demand for the implementation of the tasks and project components of the Project for submission to the Government for approval and budget allocation.

7. The People's Committees of centrally-affiliated provinces and cities in collaboration with the relevant ministries and sectors involved in the process of national greenhouse gas inventory, shall monitor the implementation of the target to reduce greenhouse gas emission of the sources of emission and absorb the greenhouse gas in the scope of locality; coordinate with relevant ministries and sectors to strengthen the management of carbon credit business activities of agencies, organizations, enterprises and individuals in the area of management. To actively mobilize more resources and integrate the management activities of greenhouse gas emission in the programs and projects that reduce emissions and enhance absorption of greenhouse gas, carry on business of carbon credit as prescribed.

Agencies, organizations and enterprises shall comply with the provisions of the State on the management of greenhouse gas emission and manage carbon credit business activities and the contents mentioned in this Project.

In the process of building tasks and specific projects listed in the list of the projects, the ministries, sectors and localities shall review to ensure no overlapping with the tasks and projects stated in the outlined in the national target program to respond to climate change, the green growth strategy in

accordance with the general direction of emission reduction of the economy, and policy matrix framework under the supporting Program to cope with climate change.

Article 2.This Decision takes effect as of its signing date.

The Ministers, heads of ministerial-level agencies, the heads of the agencies under the Government, the Chairmen of the People's Committees of centrally-affiliated provinces and cities and relevant organizations and individuals are liable to execute this Decision. /.

THE PRIME MINISTER

Nguyen Tan Dung