CDKN-GIZ Project Roadmap for Vietnam

Status of Climate Finance in Vietnam

Country Assessment Report

August 2013
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Abbreviations

ADB  Asian Development Bank
AF   Adaptation Fund
AFD  Agence Française de Développement
BAU  Business as usual
CDKN Climate and Development Knowledge Network
CDM  Clean Development Mechanism
CER  Certified Emission Reduction
CF   Climate Finance
CIF  Climate Investment Funds
COP  Conference of the Parties
CO²e Carbon Dioxide equivalent
EBRD European Bank for Reconstruction and Development
EU   European Union
GCF  Green Climate Fund
GDP  Gross Domestic Product
GEF  Global Environment Facility
GGS  Green Growth Strategy
GHG  Green House Gas
GIZ  Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GIZ-IS Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH International Services
IBRD International Bank for Reconstruction and Development
IEA  International Energy Agency
IFC  International Finance Cooperation
IRR  Internal Rate of Return
JICA Japan International Cooperation Agency
KfW  Kreditanstalt für Wiederaufbau (German government-owned development bank)
LMs  Line Ministries
MARD Ministry of Agriculture and Rural Development
MoF  Ministry of Finance
MONRE Ministry of Natural Resources and Environment
MPI  Ministry of Planning and Investment
MRV  Measurable, Reportable, Verifiable
NAMA National Appropriate Mitigation Action
NCCC National Committee on Climate Change
NIE  National Implementing Entity
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>NTP-EE</td>
<td>National Target Programme on Energy Efficiency</td>
</tr>
<tr>
<td>NTP-RCC</td>
<td>National Target Programme to Respond to Climate Change</td>
</tr>
<tr>
<td>NP-RCC SO</td>
<td>National Target Programme to Respond to Climate Change Standing Office</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Development Aid</td>
</tr>
<tr>
<td>PAs</td>
<td>Policy Actions</td>
</tr>
<tr>
<td>REDD</td>
<td>Reducing Emissions from Deforestation and Degradation</td>
</tr>
<tr>
<td>SP-RCC</td>
<td>Support Programme to Respond to Climate Change</td>
</tr>
<tr>
<td>SP-RCC-PCU</td>
<td>Support Programme to Respond to Climate Change Programme Coordination Unit</td>
</tr>
<tr>
<td>TNC</td>
<td>Transnational Cooperation</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<td>VEPF</td>
<td>Vietnam Environmental Protection Fund</td>
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<tr>
<td>VND</td>
<td>Vietnam Dong (currency)</td>
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Executive Summary

The Challenge of Climate Finance Readiness

- **Why climate finance readiness?** In 2009, the Copenhagen Accord defined the overall scope of future climate finance pledges by announcing that climate policies and actions in developing countries should be supported with USD100 billion per year of new and additional public and private finance by 2020. Since then, a number of concepts have stressed the need for climate finance readiness. We suggest four pillars to improve a country’s climate finance readiness: (1) supporting capacities for multi-level planning, programming and coordination; (2) institutional strengthening to meet financial access requirements; (3) providing good financial governance, including sound MRV systems; and (4) increasing efforts to engage the private sector.

- **Why Vietnam?** Many countries, including Vietnam, have started developing national approaches to improve climate finance management. In recent years, the government of Vietnam has issued policies and targets in response to climate change needs and green growth aspirations. Disaster preparedness and ensuring food and water security have been prioritized as national climate change adaptation needs. The government has also set targets to reduce Vietnam’s GHG emissions intensity by 8-10% below 2010 levels by 2020 and GHG emissions reduction in the energy sector by 10-20% below BAU depending on adequate international support. In order to meet these commitments, the in-flow and use of climate finance needs to be significantly improved.

- **Why this report?** This report provides an assessment of the climate finance set-up in Vietnam, explaining the current funding architecture, financial flows and sources, and the potential for accessing additional funding and structuring climate finance internally. The objective is to understand climate finance readiness in Vietnam and identify gaps and opportunities to inform future planning in this area led by the government and development partners.

What is the situation in Vietnam?

**National and International Climate Finance**

- **Need for short term climate finance**: Vietnam has estimated that the cost of implementing the National Target Programme to Respond to Climate Change (NTP-RCC) will amount to VND 1,965 billion, or around USD 93.5 million between 2009 and 2015. The Ministry of Planning and Investment (MPI) estimates that VND 100 trillion or around USD 4.7 billion will be required annually to finance climate change activities until 2020.

- **Limited information on current financial flows**: A clear definition of climate finance has not yet been established by the government of Vietnam and therefore tracking and monitoring the related financial flows is difficult. Accounting systems specifically managing climate change related spending are not yet available.

- **Most climate funding is from international sources**: USD 64 billion has been pledged since 1998 in official development aid to Vietnam. In the case of climate finance too, bilateral and multilateral donors are the main source of public climate finance in Vietnam. So far, main climate funding has been distributed via the Support Program to Respond to Climate Change (SP-RCC). USD 240 million has been pledged by international and bilateral donor agencies towards the SP-RCC

**Legal Framework**

- **Evolving mitigation and adaptation frameworks**: The government of Vietnam has put in place a national climate change policy framework. Key policies adopted are the National Target Programme to Respond to Climate Change (NTP-RCC, established in 2008); the National Climate Change Strategy (2011), the National Green Growth Strategy, and the
National Action Plan for Climate Change (both 2012). In addition, the government established the Support Programme to Respond to Climate Change (SP-RCC) in 2011. There is also a financial mechanism and policy on Clean Development Mechanism – 2007.

A Vietnam Environment Protection Fund (VEPF), set up in 2002, also supports the existing climate change architecture.

**Institutional Framework**

- **A shared responsibility for climate finance management:** the Ministry of Natural Resources and Environment (MONRE) is responsible for leading climate change policy in Vietnam, including climate finance planning. Other key ministries central to climate finance use and planning are the Ministry of Planning and Investment (MPI) and the Ministry of Finance (MOF). The MPI has recently established a Climate Finance Task Force to guide the preparation of financing mechanisms for climate change mitigation projects and programmes and those responding to national climate change needs.

- **Existing experience with international climate finance:** One of the agencies experienced in finance access and management is the Vietnam Environment Protection Fund (VEPF) established in 2002. It is charged with overseeing funds for nature conservation and biodiversity protection, pollution prevention, restoration of environmentally degraded areas, and environmental disaster response at national, sectoral, regional and local levels. VEPF is also responsible for managing Vietnam’s CDM activity, including monitoring and managing of certifications, sale and distribution of CERs; development and evaluation of project proposals and supervision of their implementation.

**How “ready” is Vietnam?**

**Planning Capacity**

- **Capacity available to plan national frameworks:** Vietnam has demonstrated capacity in planning a national climate change policy framework, but there has been limited monitoring of the associated goals, strategies, and actions and their links with other sectoral plans and policies. (e.g. integration of SP-RCC policy actions into sectoral action plans).

- **Cost estimates missing:** Estimation of climate change costs has been attempted but results are not as detailed as needed for making strong international climate finance proposals. As a result, clear expectations with regards to donor funding are difficult to determine.

- **Inter-governmental coordination needs improving:** More clarity is needed on the leading authorities in climate finance planning and management. Developing and clarifying the role and capacities of key stakeholders (MONRE, MPI and MOF) is necessary to avoid overlap and promote coordination.

- **Sectoral and sub-national capacities limited:** Work remains in achieving sectoral and provincial level climate change action planning. Concerned representatives from line ministries and provincial government find it challenging to integrate the climate change agenda into existing streams of work.

**Accessing Finance**

- **Direct access modalities not yet achieved:** Vietnam, like other developing countries, is interested in achieving direct access to climate finance sources. To develop National Implementing Entities (NIEs) for direct access, the suitability of institutions such as the VEPF and the SP-RCC, or even an upcoming Green Growth Fund, need to assessed and roles and tasks clarified.
• **Arrangement for climate finance monitoring and tracking needed:** To establish direct access to finances, more guidance is needed on meeting the accessibility criteria and registration requirements mandated by leading sources of global climate finance. Also needed are more advanced and accountable arrangements for climate finance monitoring and management.

• **SP-RCC performance:** The SP-RCC demonstrates Vietnam’s capacity to administer climate funds coming in from international sources. Due to limited capacity and expertise, it takes a long time to review and select climate change project proposals for SP-RCC funding and to ensure that projects are aligned with socio-economic development objectives.

**Good Financial Governance**

• **Calculating results and determining the impact of finance:** The history of CDM in Vietnam indicates some experience gained with ensuring a result-oriented climate change policy, with the VEPF playing a major role. However, major steps to establish a classification of climate change expenditure and establishing processes for tracking and monitoring relevant expenditures in the budget are still needed. The implementation of new policy frameworks such as NAMAs, offer new entry points to set up and pilot the requisite MRV structure. In addition, the recently established Climate Finance Task Force should also serve a key role in tracking climate finance flows and results in Vietnam.

**Private Sector Engagement**

• **Private sector's role:** Private sector readiness to engage in climate action is still limited in Vietnam and further investigation in this area is highly recommended. Indications suggest a high potential for the development of public-private partnerships (PPP). In addition, the high amount of state-owned enterprises could provide a great platform to demonstrate best practices and replicable examples in areas such as energy efficiency or disaster risk insurance. **Conducive conditions needed for private sector engagement:** Vietnam implemented 275 CDM projects, accounting for 3.6% of the global total. There is clear potential for expansion in this direction with the right kind of incentives and conditions provided, e.g. a planned eco tax on fossil fuel consumption could create further incentives for the private sector to engage in climate protection. Other schemes like feed-in tariffs, emissions trading systems, tax incentives, etc. could attract private investment to climate change objectives.

**What are the next steps in improving climate finance readiness?**

The recommendations outlined below are based on findings from the desk review and stakeholder consultations conducted in Vietnam during the preparation of this report. These should be regarded as starting points for more in-depth discussion and planning with core policy planners in Vietnam, particularly MONRE, MPI and MoF.

**Strengthening planning capacities by:**

• Establishing clear rules and regulations on how key agencies – MONRE, MPI, MoF – work together in shaping the national climate finance architecture and implementing arrangements such as the NTP-RCC and SP-RCC.

• Developing robust cost estimates on national climate change resourcing needs, especially for achieving adaptation goals.

• Strengthening and building upon existing approaches to climate finance management and coordination, most notably the SP-RCC.

• Facilitating climate finance monitoring and strengthening the services of relevant government agencies such as the SP-RCC Programme Coordination Unit (PCU) or
the Vietnam Environment Protection Fund (VEPF), by establishing and maintaining a
database on the implementation status of policy actions and other progress made.

- Delivering comprehensive trainings and capacity building support (e.g. via the
organization of a climate financing readiness course) to line ministries and provincial
governments on climate finance planning and uptake in sectoral/sub-national
programmes, based on comprehensive needs assessment.

- Establishing coordination and collaboration between MONRE, MPI, MoF (and
sectoral ministries relevant to NAMA goals) on national NAMA framework
development. The NAMA process should also develop mechanisms for involving
private sector stakeholders and donor organizations. Mapping of current practices to
track sectoral work relevant to NAMA objectives will be useful.

**Improving access to climate finance by:**

- Providing technical assistance related to the criteria and registration process for
accessing leading international climate funds, particularly the Adaptation Fund and the
anticipated Green Climate Fund.

- Examining the suitability of different agencies to serve as a National Implementing
Entities to global climate funds. The potential and capacity of national institutions
such as the VEPF should be strengthened to qualify for direct access to international
climate funds.

- Developing a pipeline of bankable projects with local and national stakeholders to
improve climate finance absorption potential, and thereby readiness prospects.

**Ensuring good financial governance by:**

- Establishing a national MRV system to improve monitoring and reporting of climate
finance in Vietnam and demonstrate accountability and transparency in funds use to
the UNFCCC and the international community. This should include efforts to
establish clear climate finance definition and markers in the national budgeting
process and establishing the required reporting and monitoring guidelines.

- Strengthening the knowledge and expertise of ministerial representatives on
monitoring and evaluation of climate finance.

- Supporting the establishment of a national system for MRV of NAMA results based
on an analysis of existing country capacities.

- Gathering information from other countries on appropriate ways to ensure a sound
MRV infrastructure to inform decision making in Vietnam. The “climate finance
options” platform established by the World Bank and the UNDP may serve as a
starting point in this regard.

**Engaging the private sector by:**

- Undertaking systematic research and reflection on how the private sector is already
contributing (directly or indirectly) to the implementation of key climate change goals,
in order to increase awareness of private sector’s relevance to climate change goals
and build on existing experience. Raising awareness among companies and private
stakeholders regarding the commercial opportunities in the climate change
mitigation, adaptation, and financing areas.

- Supporting government’s required knowledge and capacity to design and implement
policies that create enabling conditions for private investment in the climate change
sector e.g. tax incentives and subsidies, feed-in-tarrif schemes, carbon market
development, R&D support etc.
1. Introduction

Climate finance is recognised as key topic in international negotiations on climate change mitigation and adaptation. As per international agreement, the flow of climate finance from developed to developing countries needs to increase to USD 100 billion per year starting from 2020 (UNFCCC COP 15 and 16 agreements). The goal is to enable developing countries to limit their GHG emissions to acceptable levels and to provide financing for adaptation measures. Growing financial pledges from developed countries is resulting in the emergence of new sources of global climate finance and widening investment interest from the private sector. While the international climate finance landscape is getting more complex, developing countries face limited capacities at the national and local levels to make efficient use of evolving resources and opportunities.

In recent years, the government of Vietnam has issued policies and targets in response to climate change needs and green growth aspirations. Disaster preparedness and ensuring food and water security have been prioritized as national adaptation needs, and the government has also set targets to reduce Vietnam’s GHG intensity by 8-10% below 2010 levels by 2020 and GHG emission reductions in the energy sector by 10-20% below BAU depending on adequate international support. In order to meet these commitments, the inflow, management, and reporting of climate finances needs to be significantly improved.

1.1 Objective and Approach

The report serves as a preliminary gap-analysis on climate finance readiness in Vietnam. It provides a structured overview of the state of climate finance in Vietnam, mapping the current systems, policies, and financing trends and needs. It identifies the gaps in Vietnam’s climate finance management capacity, and outlines recommendations for improving climate finance performance and readiness at the policy level in this area.

The purpose of this report is to identify priority assistance for the consideration and uptake of the Indonesian government in collaboration with development partners as part of planning to improve climate finance management and performance in the country.

1.2 Scope and Limitation

This report is the result of the work undertaken by Castlerock and Adelphi, supported by the GIZ office in Hanoi, on behalf of GIZ International Services (GIZ-IS). It is based on findings from desk research and interviews with key stakeholders in Vietnam, including the Ministry of Natural Resources and Environment (MONRE), the Ministry of Planning and Investment (MPI), the Ministry of Finance (MoF), the Department of Meteorology, Hydrology and Climate Change (DMHCC), offices of SP-RCC and the VEPF, the World Bank, and the Vietnam Institute of Meteorology, Hydrology and Environment. Also consulted were representatives from CARE, an international humanitarian aid organization providing disaster risk management and climate change resilience building assistance in Vietnam.

Using four distinct dimensions of climate finance readiness - planning, access, financial governance (including monitoring and reporting of climate finance), and private sector involvement – the study attempts to assess current state of capacities and challenges to climate finance management in Vietnam and make overall recommendations on what developing this area. These reflections should be regarded as starting points to more in-depth discussion and planning with core policy planners and development partners in Vietnam. In addition, they need to be addressed in the medium or long-term perspective and may require a longer consultation process between relevant stakeholders in public and private sector.
2. Climate Finance Readiness

2.1 International Climate Finance

2.1.1 Climate Finance

In 2009, the Copenhagen Accord defined the scope of future climate finance need by setting a USD 100 billion annual target for new and additional financing in support of developing countries climate change policies by 2020 (this pledge was subsequently formalised in the UNFCCC architecture by the 2010 Cancun Agreements). To this end the Green Climate Fund (GCF) is currently being established in Songdo City, South Korea. The Fund is to play a key role in channeling “new and additional, predictable and adequate” financial resources to developing countries (UNFCCC Decision 1/CP.16).

So far it is unclear how these finances will be organised, to what extent public finance will be used to catalyse private sector investment, and whether the GCF will manage large volumes of funding directly or through already existing funding structures. Growing demand for climate funding has already led to the development of a number of bilateral and multilateral funds and facilities and other kinds of financing instruments. The GCF raises some hope for more effective coordination and distribution of climate finance in an otherwise fragmented landscape.

To benefit from the rapidly evolving climate finance industry, donors as well as recipient countries need to be well prepared (readiness) to avail emerging opportunities and understand the comprehensive range of issues, instruments, and modalities that are materializing in this area. Many developing countries, including Vietnam, are already developing country level strategies to enable greater climate finance access and better utilization of climate finance in meeting national climate change management needs.

2.1.2 Concept of Climate Finance Readiness

The availability of financial resources, and capacities to absorb these, vary across industrialised and developing countries, depending on institutional architecture, policy environment, and existing financial expertise and skills within a political system. As a result donors, think tanks and research institutions have started to conceptualise approaches to evaluate and improve capacities for climate finance uptake and management.

According to the UNDP (2012), climate finance readiness can be defined as “the capacities of countries to plan, access, deliver, monitor and report on climate finance, both international and domestic, in ways that are catalytic and fully integrated with national development priorities and the achievement of the MDGs.”

Exhibit 1: Four Pillars of Climate Finance (Source: UNDP 2012)

<table>
<thead>
<tr>
<th>Financial Planning</th>
<th>Accessing Finance</th>
<th>Delivering Finance</th>
<th>Monitor, Report &amp; Verify</th>
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As outlined in the table the four pillars of climate finance can be described with key activities that are needed to establish an integrated climate financing regime. Such a regime depends on key actors including also the private sector, the coordination mechanisms they use as well as the state of funding access and utilization at different regional levels within a country. Even if an advanced degree of national climate policy planning has been achieved the overall access to or the delivery of the financial resources may still face barriers of implementation. Finally, without a sound system of MRV of finance it may be difficult to track climate policy progress in general and to establish a system of performance-based payments in particular.

Based on its experience in developing capacities for climate finance the GIZ has developed a “Ready for Climate Finance” approach (GIZ 2012) to support “developing countries and diverse stakeholders in planning for and accessing climate finance, establishing and managing national institutions and building expertise”. This approach in a revised new form (see below GIZ 2012b) consists of four dimensions that are similar to the UNDP perspective on climate finance but with a stronger emphasis on addressing the involvement of the private sector:

**Exhibit 2: The “Ready for Climate Finance” approach (GIZ 2012b)**

The first dimension aims to provide strategic and conceptual advice as well as institutional strengthening for multi-level planning and coordination. In addition, the aspect of delivery of programmes can be included as important part of this dimension. Evolving concepts of climate finance put a major emphasize on these aspects because they help:

- To ensure effective, efficient and equitable use of climate finance (e.g. UNDP 2012);
• To match priorities with potentially available resources and plan how to integrate them over time (e.g. UNDP 2012);
• To align climate finance with national development strategies and objectives (e.g. ODI 2012, UNDP 2012);
• To provide a full overview of financing options available, including modes of access and funding priorities (e.g. GIZ 2012a);
• To ensure that project-level activities are in line with national development planning and strategies at the macro level (UNDP 2012).

Hence, planning and coordination is crucial in assessing a country’s needs and priorities and in identifying the policy mix and sources of financing. Planning and coordination needs to be combined with the ability to implement and execute programmes and to coordinate implementation.

Second, institutional strengthening at the national level can support countries in accessing international climate finance.

• To structure climate finance flows provided from various sources (GIZ 2012a).
• To enable the country to increase ownership in funding decisions and allocate resources in line with national priorities and strategies (ODI 2012, GIZ 2012a).
• To enhance a coherent and coordinated governmental response so climate change through tailor-made capacity development in national public finance institutions (GIZ 2012a).
• To formulate projects, programmes and sector-wide approaches that attract and catalyse further public and private financing.

Institutional strengthening at the country level includes activities such as the development of capacities to enable direct access to international climate finance (accrediting National Implementing Entities, NIE), or to blending and combining funds from diverse sources for more efficiency and strategic use.

Third, Good Financial Governance (GFG) of Public Finance Mechanisms (PFM) can be considered as a key requirement for transparent and accountable climate finance spending, particularly:

• To monitor, report and verify financial flows and expenditures (UNDP 2012, ODI 2012).
• To monitor, report and verify results of adaptation and mitigation actions (UNDP 2012, ODI 2012).
• To ensure that climate finance is spent in an efficient and transparent way (GIZ 2012b).

To support good financial governance, the establishment of effective monitoring and evaluation systems is necessary, not least to track the impact of climate change policy and investment. Capacities are needed to develop integrated national reporting systems for monitoring climate finance expenditures and results (performance-based payments). Activities should aim at building the capacities of control institutions and strengthening accountability mechanisms, as well as supporting the development of expenditure management systems (e.g. integrate climate expenditures/revenues through innovative budget coding).

Finally, private sector engagement needs to be systematically addressed to leverage additional funding sources and to harness the potential of the private sector to provide
climate change adaptation and mitigation solutions (UNDP 2012, GIZ 2012). A number of components are included within this challenge, for instance:

- Exploring systematically the role of the private sector in implementing key climate policy programmes (including the identification of local investment potential);
- Creating the conditions needed to engage the private sector, in part by identifying policies and measures that can help establish incentive structures appropriate for micro, small and medium enterprises (MSMEs) and the financial sector;
- Advising the private sector on how to develop profitable projects that are relevant to national climate change policies;
- Ensuring that private climate finances flow to the areas needed (e.g. adaptation as well as mitigation, pro-poor, enhancing local capacities), and are not misallocated to activities which do not yield net climate change and development benefits (ODI, 2013); and
- Implementing appropriate MRV standards for private sector engagement where this is counted towards meeting the UNFCCC climate finance goals (OECD/IEA 2011).
3. Landscape of Climate Finance in Vietnam

3.1 Vietnam’s Policy and Institutional Setup relevant to Climate Finance Readiness

3.1.1 Key Stakeholders in Climate Finance

As a centralised nation, government institutions are the main decision makers in formulating and implementing climate change policy measures in Vietnam. Key government institutions with a role in climate change policy preparation and financing are the Ministry of Natural Resources and Environment Finance (MONRE), the Ministry of Planning and Investment (MPI), and the Ministry of Finance (MoF).

a) The Ministry of Natural Resources and Environment Finance (MONRE) is assigned by the Prime Minister as the leading climate change planning and governance agency in Vietnam. Its main responsibilities include:

- To serve as a focal point to the UNFCCC and related processes i.e. the Kyoto Protocol and Designated National Authority (DNA) for CDM;
- To prepare and lead national climate change policies, targets, and strategies;
- To coordinate the delivery of climate change strategies across sectors and subnational government;
- To lead and coordinate the evaluation and selection of climate change projects under the SP-RCC system;
- To manage verification, monitoring, and reporting to donors regarding activities and expenditure using SP-RCC funds;
- To review and plan climate change budgets with the Ministry of Planning and Investment and the Ministry of Finance;
- To lead the office of the National Climate Change Committee, headed by the Prime Minister.

The Department of Hydro-Meteorological and Climate Change, MONRE has a management role in handling climate change policy issues, while the National Hydro-Meteorology Centre, MONRE is a technical agency in charge of weather forecasting, sea level measurement, and hydrological information.

b) The Ministry of Planning and Investment (MPI) manages overall development strategies, planning, and investment at the central level and is in-charge of resource (including ODA) allocation. The Department of Science, Education and Natural Resources and Environment, MPI is in charge of climate change policy formulation and fund management, and also leads the Green Growth Strategy. In charge of the ODA project management is the Department of Foreign Relations, MPI. Other related departments under the MPI that are involved in climate change policy and management are the Department of General Issues (e.g. allocation of state budget), and the Department for Agricultural Economy.

MPI has recently launched a Climate Finance Task Force to provide advisory services and mobilise funding for mitigation programmes and those responding to nationwide climate change needs (MPI, 2012).

This Task Force is to be MPI’s focal point and advisory facility for:

- Compiling regular status updates on climate finance in Vietnam, including on-going and planned investments, trends in climate-friendly investment, climate finance flows and their impact (e.g., leverage on co-financing, GHG mitigation, increased
resilience), specific issues (e.g., milestones achieved, issues encountered in implementation, lessons and successes from programmes, etc.);

- Providing updated information (through knowledge products and training) on climate finance sources, such as existing and upcoming instruments, their scope, funding availability, access modalities, best practices, etc.;

- Carrying out preliminary assessment of financing options to combine various financial instruments, including good international practices;

- Strengthening existing market mechanisms and exploring new options such as programmatic and sector-wide approaches;

- Exploring innovative financing approaches (e.g. frontloading schemes for carbon finance projects);

- Facilitating exchange of information among climate finance practitioners, e.g., on ongoing initiatives in Vietnam and lessons learnt (such as readiness gaps, issues with programming, etc.);

- Identifying potential options of combining climate finance with government owned investment programmes via annual and mid-term public investment plans.

c) Ministry of Finance (MoF) is the lead agency for finance management, budget allocation, and risk financing (trust fund, risk insurance). The Department of Public Finance is assigned by the Minister of Finance to be in charge of policy formulation and management of funds and projects related to climate change.

The Department of Legislation is tasked with preparing inter-ministerial curriculums on SP-RCC budget management, while the Department of Administrative and Professional Issues is responsible for allocating the SP-RCC budget. The Department of Investment is responsible for commenting on prioritised climate change projects under the SP-RCC.

d) The Ministry of Agriculture and Rural Development (MARD) is assigned to mainstream climate change in agricultural planning. The Directorate of Forestry, MARD, is the technical agency and resident body for Reducing Emissions from Deforestation and Degradation (REDD). The Directorate of Water Resources is the technical agency and resident body for MARD’s climate change program (food security, rural development, water resources management).

Other ministries and agencies are authorized to integrate climate change planning and coordination within their sectoral mandates and functions, working in particular with respective sectoral climate change action plans.

e) The National Climate Change Committee (NCCC) was established with MONRE as a leading climate change policy agency by the Prime Minister’s Decision No. 43/QD-TTg, 09 January 2012. Other ministries, namely MPI, MOF and MARD, are appointed as members of the NCCC. Exhibit 3 illustrates the organisation and membership of NCCC.
3.1.2 Key Policy Regulation related to Climate Change

The Government of Vietnam has issued several regulations and policies in response to increasing concerns over national climate change risks, and the effect of accumulated anthropogenic GHG emissions. This interest is spurred also by growing global attention towards the achievement of low carbon and climate resilient development.

The most relevant policies and regulations in this context include:

- The Government of Vietnam prioritised climate change actions in the **National Target Programme to Respond to Climate Change (NTP-RCC)**, which was promulgated in 2008 through the **Decision of the Prime Minister No. 158**. It is stipulated in this decision that the selection of climate change measures should be based on the results of climate change impact and vulnerability assessments for different sectors and localities. This decision estimates financing needs for climate action to be around VND1,965 billion or around USD 93.5 million between 2009 and 2015. These financial resources should be generated via the following sources:
  - 50%; sourced from domestic capital;
  - 50% from mixed sources, including about 30% from the central budget, about 10% from the local budget and private sector and other capital contributions amounting to about 10%.

This programme delineates the institutional structure and establishes a National Steering Committee, an Executive Board, and a Standing Office of the National Target Programme.
• Priority actions were defined by the Government towards the development of a carbon market to facilitate mitigation actions in Vietnam in the Plan to Manage GHG Emission and Establish Carbon Trading Activities, which was approved by the Prime Minister (Decision 1775/QD-TTg dated November 21, 2012);

• The National Climate Change Strategy, which was approved by the Prime Minister through Decision No. 2139/2011, outlines in detail the ten strategic tasks that were prioritised in the NTP-RCC. Among nine strategic tasks, number 1, 2, and 3 are adaptation-oriented, while GHG mitigation is covered in tasks 4 and 5. Strategic tasks 6, 9, and 10 are relevant from a climate financing perspective.

• In September 2012, The National Green Growth Strategy was approved by the Prime Minister (Decision No. 1393/2012), as an approach to achieving low carbon economic growth in the country. The strategy highlights the promotion of energy efficiency and increased energy production from renewable sources. It clearly states a GHG mitigation goal and ten prioritised mitigation measures.

The Green Growth Strategy highlights the following climate finance related measures:
- Shift in fiscal policy towards taxation through wider application of eco-tax and carbon tax.
- Encouraging and attracting various sources of loans, ODA funding, climate finance, and technical assistance.

• In October 2012, decision No. 1474/QD-TTg on the National Action Plan on Climate Change stipulated the ten target programmes for 2013 to 2015, with only one out of the ten programmes related to GHG mitigation. It also lists 65 targeted projects to respond to climate change impact, with an implementation period between 2012 and 2020. The majority of programmes are implemented by MONRE (63%). The adaptation focus lies on water resource management, urban adaptation and coastal protection. The mitigation focus is on technological upgradation, development of a national carbon market, REDD+, energy efficiency and renewable energy.

• Some sectoral ministries have also started to develop new strategies or to integrate them into the national master strategies. MARD, for example, has developed the Action Plan Framework for Adaptation and Mitigation of Climate Change in the Agriculture and Rural Development Sector Period 2008-2020.

Exhibit 4: Overview of the policy flow for Climate Change in general, including prioritised mitigation and adaptation measures/areas

- 2007: Decision of Kyoto Protocol Approval/ MONRE
- 2008: Decision National Target Programme on Climate Change / MONRE/Prime Minister
- 2011: Decision on the approval of the National Climate change Strategy/MONRE/Prime Minister
- 2012 Decision on the Approval of the National Green Growth Strategy/ MPI
- 10/ 2012: Decision on promulgation of the National Action Plan on Climate Change 2012-2020/ MONRE
In line with the policy measures outlined above, the main regulations dealing with financial arrangements include:

- **Establishment of the Vietnam Environment Protection Fund** (Decision 82/2002). The decision states that funds be collected for environmental protection activities and appoints MONRE, MoF, and the State Bank of Vietnam as members of the VEPF. A later decision (no.35/2008) updated the legal status of the VEPF and established it as a revolving fund with a charter capital of VND 500 billion.

- **The Clean Development Mechanism (CDM)** (Decision 130/2007). This decision provides clarification on CDM investment and appoints MONRE as the Designated National Authority (DNA).

- **Establishment of the Support Programme to Respond to Climate Change (SP-RCC)** (Decision 5613/VPCP-QHQT): This program was created specifically to mobilize climate finance from international sources in support of national climate change programmes and infrastructure investment projects, particularly the activities laid out in the NTP-RCC. The SP-RCC is considered a successful program in Vietnam in terms of total funding support and in terms of the large number of donors and government agencies involved, at both national and local level. 14 key fundable areas are identified which are categorized into three pillars: mitigation, adaptation and cross cutting issues.

### 3.2 Overview of Vietnam’s Public Finance and Budgeting Cycle

The NTP–RCC circular classifies climate funds entering Vietnam as part of usual ODA (MONRE, 2010a). This makes it necessary to understand the process of public spending and the opportunities for integrating climate change aspects into budgetary systems, as well the processes donors must follow when financing climate change measures in Vietnam. For example, the SP-RCC programme assigns donor contributions to the central budget and the financial flow to selected projects follows ODA regulation.

**Exhibit 5:** Process overview for estimation and approval of state budget and central budget as stated in Decree No.60/2003/ND-CP of June 6, 2003 detailing and guiding the implementation of the state budget law.

As depicted in Exhibit 5, there is a well-established and transparent budgeting system operating in Vietnam. It runs on a yearly budgeting cycle, and the receipt of external funding
from donors is well regulated. MPI is the principal agency for attracting, coordinating, and managing ODA. It is also the key coordinator for negotiations and for monitoring and evaluating ODA funded projects.

The Ministry of Finance (MoF) has also a central role in the allocation and tracking of annual government budget.

Exhibit 6: Process of ODA integration into state budget

3.3 Climate Finance Institutions and Flows in Vietnam

3.3.1 Status of Climate Finance Flows

In addition to the state budget, the major flow of funds for meeting climate change adaptation and mitigation objectives is still largely sourced from ODA in Vietnam. Other sources of climate finance are carbon credits from the Clean Development Mechanism (CDM) and limited private sector investment. The current flows could be distinguished as (i) financial support to the NTP-RCC, (ii) the SP-RCC, and (iii) international funds under grants and loans that support relevant infrastructure development and disaster risk management goals. Another fund, which is not solely dedicated to climate change financing but addresses environmental issues broadly is the Vietnam Environmental Protection Fund (VEPF). A description of these different sources and arrangements is given below.

**State Budget:** The first source of domestic financing is the state budget. However, as climate change is an over-arching issue across various sectors including energy, transport, industry, and agriculture, climate change mitigation and adaptation activities are usually embedded in these sectors and not classified as a separate budget line in the state budget. Therefore, it is difficult to estimate the domestic funds sourced from state budget for climate change related spending.
**Carbon Market:** So far Vietnam has generated 1% of issued CERs from CDM projects, which comes to around 7,547,000 CERs (current total global CERs are 1,094,212,000)\(^1\). Taking the current price of CERs (€0.32), Vietnam has generated modest carbon credit revenue of about €2,415,040\(^2\).

**Bilateral & Multi-lateral Funding:** Since 1998, USD 64 billion has been pledged in official development aid (ODA) to Vietnam (Tirpak et al., 2012). Sectors receiving ODA funding include (i) agriculture and rural development (ii) energy and industry, (iii) transportation, post and telecommunication, (iv) health, education and training, (v) environment, science and technology, and others, many of which are relevant to climate change adaptation and mitigation response. However, the level of ODA expenditure going directly towards climate change activity beyond the SP-RCC could neither be traced nor estimated. One example of an ODA beyond SP-RCC is the investment lending for a sustainability programme in Vietnam with a total amount of USD 6 billion over 4 years. It is difficult to segregate which activities are related to climate change within this sustainability programme as many activities are cross-cutting.

In terms of more direct climate finance, the Second National Communication provides a list of relevant climate change projects and donors. Since 2000, there have been eleven projects in the area of adaptation, eight projects relating to mitigation, nine projects in capacity building, three in education and training and four in other activities. Main cooperation partners have included the Asian Development Bank (ADB), UN Environment Programme (UNEP), UN Development Programme (UNDP), Global Environment Facility (GEF), and the governments of Australia, Canada, Denmark, Finland, and the Netherlands. Main funds are distributed through the SP-RCC (more on this below). Currently USD 240 million have been committed to the SP-RCC by various donors and funding agencies including Japan International Cooperation Agency (JICA), Agence Française de Développement (AFD), Australian Agency for International Development (AusAID), Korean EXIMBANK, Canadian International Development Agency (CIDA), and the World Bank.

Among development banks, the largest investment portfolio in Vietnam is held by the Asian Development Bank (ADB). ADB has progressively integrated climate change into its lending portfolio which has a strong focus on mitigation actions and a still minor focus on adaptation measures. This result can also be found in the bank’s Strategy 2020. From 2009 to 2010, ADB invested USD 8 Billion in loans that entailed a major contribution to mitigation and adaptation measures in the region. Until five years ago, ADB was focusing mainly on the energy (mitigation) sector, before it started to take up adaptation funding as well. 9 out of 25 currently running projects of the ADB in Vietnam focus on adaptation areas (mainly water), 14 deal with transport, and 2 other projects focus on energy issues.

The World Bank has also undertaken several climate change projects, mainly around the mitigation objective.

One of the activities supporting the implementation of climate change mitigation action in Vietnam through the sustainability programme is the Clean Technology Fund (CTF). The CTF invests USD 250 million in various projects in Vietnam, ranging from energy efficiency in industry to transport initiatives in Ho Chi Minh and Hanoi. The portion of the CTF channeled through the World Bank focuses on distribution efficiency in Vietnamese power networks, offering loans for energy efficiency equipment and renewable energy projects, as well as for small and medium-sized enterprises. The portion of the CTF channeled through the Asian Development Bank focuses on mass rapid transit in urban transport enhancement and improvement of industrial energy efficiency, offering loans for small and medium-sized enterprises for their investment in energy efficient equipment.

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2. Based on point carbon ([http://www.pointcarbon.com](http://www.pointcarbon.com)) accessed on 14.12.2012, which is 0.32 Euro for secondary CER.
3.3.2 National Finance Management Arrangements

a) Support Programme to Respond to Climate Change (SP-RCC)

The SP-RCC was established to provide donor support for the implementation of the NTP-RCC. The first step towards implementing the NTP-RCC was the development of a policy matrix that cover actions in various sectors: energy, transportation, construction, forestry, agriculture, solid waste management, water resource management, integrated coastal management, natural risk disaster management, healthcare and other cross-cutting issues.

In the absence of a customized mechanism, funding distribution under the SP-RCC follows the state budget law and the funding flow regulation for ODA (decision 131/2006 of the Prime Minister). All budget support to SP-RCC is directed to the central budget. There is also a possibility to co-finance SP-RCC funded projects through the local (provincial/district) budget, but this still needs to be coordinated with the central government, notably with the MPI. The total budget for the year 2012 was USD17 million for financing 11 projects.

Exhibit 7 illustrates the project evaluation and funding distribution process for the SP-RCC, as outlined in the draft inter-circular. MONRE leads and coordinates the evaluation and selection of climate change projects submitted to the SP-RCC fund based on the criteria listed in Decision No. 1719/QD-TTg. The list of selected and prioritised projects put together by MONRE is submitted to the Ministry of Planning and Investment (MPI). MPI allocates the budget for the selected projects from the national/central budget, submits the budget allocation to the Ministry of Finance (MOF) and MOF then passes along this funding to the local budget (either allocating budget for projects submitted through line ministries, through provincial government, or jointly coordinated with community contribution). Further relevant to climate finance management is that the budget allocated to the NTP-RCC in the period from 2009-2015 will also follow the Inter-ministerial Circular on the management of expenditures from the State Budget.

Exhibit 7: Project evaluation and funds channelling flow for SP-RCC based on draft circular inter-ministerial 2012 (not yet approved)

However, as the draft inter-circular to the SP-RCC has not been institutionalised, the previous assigned process from the NTP-RCC still seem to be valid and are illustrated in Exhibit 8.
b) Vietnam Environmental Protection Fund

The Vietnam Environmental Protection Fund (VEPF) was established under MONRE to finance environmental protection activities in Vietnam. Founded in 2002 and formally organized and operated in 2008, the VEPF is charged with overseeing funds from the government, foreign donors, and the private sector for key environmental protection projects mandated by MONRE or other competent authorities in the country. The VEPF provides financial support for nature conservation and biodiversity protection, pollution prevention, restoration of environmentally degraded areas and environmental disaster response at national, sectoral, regional and local levels. A particular area of focus is on ensuring the environmental rehabilitation and recovery of areas where mining has taken place.

The VEPF provides financial support to organizations and individuals through a variety of financial instruments including concessional loans, loan guarantees, and environmental awards. Co-financing is provided for domestic and internationally funded projects.

- The state budget is the primary source of capital for VEPF. Capital comes from an annual VND 500 billion (USD 24 million) allocation from the central government budget. The VEPF also receives additional funding from sources including: Environmental protection fees for waste-water, exhaust gas, solid waste, mineral exploitation and other environmental fees in compliance with the law.
- Compensation for environmental damages paid by organisations and individuals to the state budget in accordance with the law.
- Penalty for administrative breaches within the area of environmental protection in accordance with the law.
- Certified greenhouse Emission Reduction (CER) sale charges from CDM projects in Vietnam.
• Contributions and investment entrustments of the organisations and individuals at home and abroad.
• Other additional sources of capital in compliance with the law.

The VEPF also coordinates with domestic and overseas financial institutions, such as the Global Environmental Facility (GEF).
4. Climate Finance Readiness in Vietnam

4.1 Planning Capacity

Planning capacity is required at multiple levels in a country to attract and manage climate finance from different sources. A prime indication of these capacities is: Are strategies for mitigation and adaptation action and their necessary resourcing clearly outlined and supported in the form of national plans and strategies? This includes the ability to integrate cross-sectoral and multi-stakeholder needs into planning, and designing a policy mix that reflects the available financial management capacities at national and local scale, creates additional instruments for managing climate funding in the country, and enables the government to play a coordinating role.

In terms of preparing the essential policy framework for climate change management, the government of Vietnam has made significant progress in prioritizing and planning actions at the national level. The policy architecture currently includes a National Target Programme on Climate Change, a National Strategy that outlines 10 strategic tasks (adaptation and mitigation) prioritized in the Target Programme, and a National Action Plan on Climate Change that stipulates the 10 target programmes for the period from 2013-2015. In addition to these plans, which are mostly led by MONRE and have a greater focus on adaptation goals, a National Green Growth Strategy has been approved by the Prime Minister that identifies 10 mitigation actions for national policy focus. It appears that a balance between mitigation and adaptation needs is being achieved in the overall national climate change policy framework.

In addition, financing arrangements in the form of the Support Programme in Response to Climate Change (SP-RCC) and the Vietnam Environment Protection Fund (VEPF), which is also relevant to climate change planning, have also been provided, demonstrating a degree of climate finance readiness.

The extent of integration and coordination among different plans and development agendas is not very clear however. There has been limited monitoring of the various climate change related policy actions and their integration with other existing sectoral plans and policies. It is also thought that some of the national climate change documents may be overlapping and inconsistent. For example, the criteria for project selection that supports NTP-RCC should have been consistent with the procedure for project selection under SP-RCC since SP-RCC is the “fund” to operationalize NTP-RCC. Currently, the project selection procedures are slightly different (based on the draft of financial mechanism of SP-RCC).

Inter-governmental coordination

There has been limited success so far with mainstreaming key national climate change goals and strategies at horizontal (line ministries) and vertical (sub-national) levels of government. In 2011, five out of nine line ministries, and six out of fifty eight provinces had actually developed their climate action plans (PEAPROS, 2012), even though the policy process established under the SP-RCC enables greater ministerial engagement. It is also noted that the quality of the climate action plans and initiatives falls short of expectation (Minh, 2012). MONRE’s limited capacity to disseminate and control action plans and their implementation may be one of the reasons (PEAPROS, 2012).

In addition, when it comes to climate finance, there seems to be a lack of clarity on the leading authority, particularly given the overlap with ODA funding. This effects climate finance coordination and planning. The ODA regulations are often handled by MPI, while climate change actions are mostly led by MONRE. Also, the complex process of including
ODA funded initiatives in the ‘calling lists’ for the Prime Minister’s consideration needs to be adjusted to include climate change projects.

Exhibit 9: Policy Actions implemented by the different ministries under the Support Programme - Response to Climate Change (Minh, 2012)

Planning beyond central policy documents and targets

A limited number of sectoral and provincial climate change action plans have been developed to date in Vietnam. The rationale for establishing climate change policy and action plans is perhaps not well understood among line ministeries concerned and local governments, and capacities to take up this agenda in existing streams of work may also be insufficient (PEAPROS, 2012).

Vietnam is also increasingly engaged in developing Nationally Appropriate Mitigation Actions (NAMAs). In the second National Communication to the UNFCCC, the government identified 28 potential NAMA options in multiple sectors. Due to limited capacity however, no NAMA has been developed to a level where UNFCCC registration and financing is possible. As part of the International Climate Initiative of the German Ministry for the Environment, the GIZ is supporting MONRE in establishing a comprehensive framework for NAMA development in Vietnam.

Cost evaluation

Estimation of climate change costs have been attempted, but these are not as detailed as necessary for making international climate finance proposals. As a result, clear expectations with regards to donor funding are difficult to determine.

Especially on the adaptation side, costs estimates are limited (MONRE, 2010b). Some information on this is presented in Appendix I. This information is derived from Vietnam’s Second National Communication to the UNFCCC which remains a key source of reference on climate change cost estimations (MONRE, 2010b). Only 5 out of 58 proposed adaptation actions were assigned cost estimates. This is a significant information gap as adaptation funding needs are expected to be enormous and less likely to attract private equity investors. Dependence on external donor funding is therefore much greater in the case of

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3 Every programme and project that contains ODA has to appear on a “calling list” that has to be approved by the Prime Minister
adaptation financing and cost estimates are necessary to attract adequate support from donors.

On the mitigation side, the Second National Communication reveals agriculture (43.1%), energy (35%, including transportation), and LULUCF (10%) as main sources of GHG emissions in Vietnam. (10% from total GHG emissions) (MONRE, 2010b). As listed in Exhibit 10, a further assessment via a LEAP model in the energy sector led to 15 mitigation options that were examined in detail and supplied with cost estimates. Of these, 5 mitigation options were aligned with the agricultural development plans, 1 was estimated to have negative implementation costs, 8 options were marked for CDM funding potential, and 3 were designed to meet the REDD funding criteria (MONRE, 2010b). No further identification of financing sources has been provided except for stating that government subsidies may be necessary to deliver these objectives (MONRE, 2010b). The total emission reduction potential of these projects over a 10 year period is calculated to be over 15 million tonnes of CO2e (MONRE, 2010b).

**Exhibit 10: Mitigation potential and cost of 28 options in energy, agriculture and LULUCF (MONRE 2010b)**

<table>
<thead>
<tr>
<th>Option</th>
<th>Abbreviation</th>
<th>Mitigation potential (million tCO₂)</th>
<th>Mitigation cost (US$/tCO₂)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing coal with LPG in household cooking</td>
<td>E2</td>
<td>22.0</td>
<td>23.80</td>
</tr>
<tr>
<td>Wind power replacing coal-fired thermal power</td>
<td>E14</td>
<td>14.2</td>
<td>16.20</td>
</tr>
<tr>
<td>Switching from coal-fired to LNG thermal power</td>
<td>E12</td>
<td>16.0</td>
<td>15.10</td>
</tr>
<tr>
<td>High-efficiency refrigerators</td>
<td>E3</td>
<td>7.3</td>
<td>12.30</td>
</tr>
<tr>
<td>Biogas replacing cooking coal in mountain areas</td>
<td>A2</td>
<td>5.2</td>
<td>9.70</td>
</tr>
<tr>
<td>Rice paddy field water drainage in South Central Coast</td>
<td>A4</td>
<td>4.1</td>
<td>7.00</td>
</tr>
<tr>
<td>Rice husk power replacing coal thermal power</td>
<td>E15</td>
<td>6.9</td>
<td>6.60</td>
</tr>
<tr>
<td>Rice paddy field water drainage in Red River delta</td>
<td>A3</td>
<td>21.9</td>
<td>5.20</td>
</tr>
<tr>
<td>Biogas replacing cooking coal in lowlands</td>
<td>A1</td>
<td>17.4</td>
<td>4.10</td>
</tr>
<tr>
<td>Planting short-rotation pulpwod forest</td>
<td>F6</td>
<td>176.0</td>
<td>1.38</td>
</tr>
<tr>
<td>Protection and sustainable management of existing production forest</td>
<td>F1</td>
<td>904.0</td>
<td>1.36</td>
</tr>
<tr>
<td>Planting short-rotation trees for lumber</td>
<td>F5</td>
<td>296.0</td>
<td>0.81</td>
</tr>
<tr>
<td>Conservation of existing protection forests</td>
<td>F2</td>
<td>1,153.0</td>
<td>0.77</td>
</tr>
<tr>
<td>Planting melaleuca forest on alkaline wetlands</td>
<td>F8</td>
<td>25.0</td>
<td>0.59</td>
</tr>
<tr>
<td>Planting long-rotation large timber trees</td>
<td>F4</td>
<td>271.0</td>
<td>0.55</td>
</tr>
<tr>
<td>Growing long-rotation non-timber-product forest</td>
<td>F7</td>
<td>117.0</td>
<td>0.48</td>
</tr>
<tr>
<td>Reforestation of large timber forests in conjunction with natural regeneration</td>
<td>F3</td>
<td>80.0</td>
<td>0.38</td>
</tr>
<tr>
<td>High-efficiency air conditioner</td>
<td>E5</td>
<td>9.9</td>
<td>-4.40</td>
</tr>
<tr>
<td>Innovative brick kilns</td>
<td>E8</td>
<td>14.2</td>
<td>-5.10</td>
</tr>
<tr>
<td>Solar water-heating appliances</td>
<td>E6</td>
<td>13.9</td>
<td>-6.20</td>
</tr>
<tr>
<td>Small-scale hydropower replacing coal thermal power</td>
<td>E13</td>
<td>15.3</td>
<td>-7.20</td>
</tr>
<tr>
<td>Energy-saving compact fluorescent ligh bulbs</td>
<td>E4</td>
<td>23.4</td>
<td>-8.20</td>
</tr>
</tbody>
</table>
In another attempt at estimating financing needs, Decision no. 158/2008 on the National Target Programme on Responding to Climate Change has a figure on funding requirement at the programme level. It estimates budgetary needs to be around VND 1,965 million for implementing NTP-RCC activities during the period from 2009-2015. According to the decision, 15.5% of this budget should come from foreign capital and 50% from domestic capital. Furthermore, the 30% funding should be contributed by the central budget, 10% from local budget, and 10% private capital. However, apart from the basic division and cost estimate, further elaboration is not provided on operationalizing the resourcing plan. For example it is not specified how the 30% resourcing requirement would be drawn from the central budget and accounted for.

### 4.2 Accessing Finance

Evolving architecture and availability of global climate finance requires a varying range of skills and expertise from national and sub-national recipients. In recent years, the issue of direct access to climate funding sources, e.g. the Adaptation Fund, has been gaining prominence in global policy dialogue and drawing attention to the availability of fiduciary capacities and accreditation credentials in developing countries.

Compliance with environmental and social safeguards and competencies for serving as an implementing entity are becoming increasingly important for intended recipient countries. Accessing finance also requires country government to demonstrate capacities in efficient utilization of money, including the ability to blend and combine different resources in the national policy mix and using funds to catalyze further public and private investment.

Section 3.3 talks about the type and volume of climate finance flowing into Vietnam. Currently, climate finance in Vietnam is dominated by donor funds as shown in Appendix B. However, due to remarkable economic development and increase in the per capita Gross Domestic Product (GDP), Vietnam has risen to the status of a lower-middle-income country as defined by the World Bank. This ultimately reduces Vietnam’s eligibility for receiving high levels of development aid and international donor support, and the country needs to enhance capacity for attracting climate finance from more diversified sources, including domestic ones.

#### Achieving direct access to funds

Vietnam has extensive experience in working with intermediaries to climate investment funds (most prominently the CTF) and GEF funding programmes (MONRE 2010b). But to establish direct access, more guidance is needed on meeting the accessibility criteria and registration requirements mandated by leading sources of global climate finance. Also needed are more advanced and accountable arrangements for climate finance monitoring and management.

Greater clarity and coordination around climate finance strategies and institutional arrangements, including a clear allocation of tasks between the VEPF and the SP-RCC, or even an upcoming Green Growth Fund, is also required. The potential role of these institutions in achieving NIE accreditation to the Adaptation Fund and gaining direct access...
to international funding should also be assessed and accordingly developed. This will require building institutional capacities for NIE functions, improving fiduciary standards, and working with the private sector to establish public-private partnership modalities. As a consequence, such an institutional strengthening (e.g. of the VEPF already experienced with CDM implementation) will also contribute to improved financial governance.

**Capacity to administer international finance**

The SP-RCC is a demonstration in existing country capacity to administer climate funding from international sources towards national, sectoral, and provincial climate change actions. A comprehensive evaluation of the SP-RCC, sponsored by JICA, shows good achievement in terms of developing policy, raising awareness among different line ministries, and providing a platform for donor coordination. But challenges and capacity gaps were also evident in certain areas of functioning (PEAPROS 2012). These include:

- **Weak uptake at sectoral and provincial level**: The first phase of SP-RCC was focused on mobilizing line ministries and provinces to develop their respective climate change action plans (PEAPROS, 2012). However, a limited number of sectoral and provincial action plans have been developed to date. It was also found that ministries were not well aware of the rationale for establishing climate change policy and action plans and were struggling to integrate this with their ongoing work and programmes.

- **Budget allocation issues**: Budget allocation issues were also reported, as ministries were hesitant to include actions under their annual budget plans in the absence of an overall budget line for such policy action authorized by the Ministry of Finance (PEAPROS, 2012).

- **Legislation overlap**: With the establishment of the National Committee on Climate Change, and the creation of a budget line for NTP-RCC, institutional arrangements and roles may be overlapping between the SP-RCC Programme Coordination Unit (PCU) and the NTP-RCC Standing Office (SO) (PEAPROS, 2012).

- **Improvements to policy action development**: There is a lack of technical assistance in developing policy actions that needs to be addressed. Line ministries need to contribute to technical assistance budget as domestic/national support. Duration of policy actions needs to be beyond one year and broader stakeholder involvement is needed (PEAPROS, 2012).

- **Lack of human resources to evaluate and verify projects**: Due to limited capacity and expertise, it takes a long time to review and select climate change project proposals for SP-RCC funding and to ensure that projects are aligned with socio-economic development objectives.

- **Coordination is challenging**: Regular and effective coordination between MONRE and other ministries is difficult to maintain, as a result, information does not flow freely among the stakeholders.

**Climate Finance Capacity Building Initiatives**

There are several measures underway to improve climate finance access and coordination in Vietnam. These include:

- **UNDP – Climate Finance Options**: The UN Development Programme (UNDP), together with the World Bank, is developing a Climate Finance Options (CFO) Platform for Vietnam, with the involvement of MONRE and the MPI. The platform is expected to increase knowledge sharing and collaboration on climate finance and support Vietnam’s Green Growth Strategy.

- **World Bank & UNDP - Climate Public Expenditure and Institutional Review (CPEIR)**: Support through CPEIR is provided to assist the government in performing more efficient public
budgeting for climate-related investments. The work is focusing on the Investment Fund which involves MONRE, Ministry of Industry and Trade (MOIT), and Ministry of Agriculture and Rural Development (MARD) as the executing agencies. The study is expected to be finalized in 2013.4

- **JICA – SP-RCC**: JICA is supporting the evaluation of the SP-RCC programme. Further assistance to government may be provided based on recommendations (PEAPROS, 2012).

### 4.3 Good Financial Governance

Good Financial Governance (GFG) necessitates the availability of satisfactory monitoring and evaluation systems to assess the performance of investments and to assure the best use of funds. Sound information on climate finance received and disbursed is a key criterion for decision-makers in developing countries. As per global agreements, developing countries are expected to start submitting biennial update reports (BUR) in 2014 on the results of climate change actions and funding availed. These reports will include description of domestive monitoring, reporting, and verification (MRV) processes and information on financial support needed and received, along with updates on GHG inventory and mitigation actions.

The objective of such efforts is to have better financial and impact monitoring data available to inform decision making on financial spending and climate change planning. Transparent monitoring also helps to build trust among recipient and donor countries. This can ultimately lead to increased financial support in the future (Tirpak et al. 2012).

The history of CDM in Vietnam indicates some experience gained with ensuring a result-oriented climate change policy, with the VEPF playing a major role. However, the classification of climate finance is still not clear in public budgeting processes and indicators to characterise financial data are inconsistent. Mechanisms to monitor, report, and verify (MRV) climate change related expenditures in national budget, involving loan as well as grant funding, are still not fully established. Information on use of private finance is also lacking, even though tracking private sources of funding is necessary for designing policies that encourage private investment in climate change missions.

Furthermore, the distinct roles of different ministries involved in climate finance development are still being defined. In the interim, it is not completely clear which policy institution is responsible for climate finance approval (in this case it is still limited to SP-RCC), monitoring, planning and distribution. In addition, doubts remain if a separate budget line for climate finance will be introduced in public budget.

The Climate Public Expenditure and Institutional Review (CPEIR) for Vietnam is likely to outline further needs in improving MRV processes within the national climate finance architecture. Addressing such needs will require significant capacity building and technical support to relevant public and private institutions in the country to facilitate the delivery of advanced MRV functions.

The implementation of emerging policy frameworks, such as NAMAs for instance, offer new entry points for designing and piloting required MRV structures. In addition, the recently established Climate Finance Task Force should also serve a key role in tracking climate finance flows, planning, and impact in Vietnam.

**Primary Challenge in Monitoring Climate Finance**

To being with, one of the challenges to tracking funds is the fact that there is no agreement on climate finance markers, which makes it difficult to distinguish it from other sources of finance, including general development expenditure. Most donor funding entering Vietnam is

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4 Interview with the World Bank on the 22nd of November 2012
still in the form of ODA and it is not easy to segregate from climate change related expenditure, especially in the case of adaptation funding. But it is important to mark and track climate specific funds as this enables performance-based budgeting.

Generally, a climate finance marker should indicate whether a policy programme or project contributes to GHG emissions reduction or not, at least in the case of tracking and evaluating mitigation performance. Secondly, a performance based system should also consider the marginal budget shares for quantified emission reductions in order to generate information on cost effectiveness.

In Vietnam, the MRV of GHG mitigation actions as part of national climate change programmes will be crucial to ensuring performance and measurable results. GHG emission inventories should help to measure climate policy results already achieved – a robust and transparent tracking system is also a prerequisite for introducing performance-based payment systems. A performance budgeting system needs to be equipped with mitigation budget scores and a similar approach for the field of climate change adaptation is to be developed.

4.3 Private Sector Engagement

Private sector’s readiness to engage in climate change activity is still limited in Vietnam and further investigation into this area is highly recommended. An analysis of public-private partnerships (PPP) by the ADB (2012a) suggested that the finance sector in Vietnam is underdeveloped and cannot yet sufficiently meet the need for long-term capital. It needs to be recognised, however, that only since around 2005 has Vietnam been trying to transform itself into a more market-orientated economy, having made good progress in terms of liberalisation of trade regimes and increasing recognition of private property.

There are indications of high potential for the development of public-private partnerships in Vietnam and for government to leverage private investment for financing climate change objectives via appropriate policy arrangements and partnerships. In addition, the high amount of state-owned enterprises could provide a great platform to demonstrate best practices in areas such as energy efficiency or risk insurance.

Four current initiatives from Vietnam are outlined below to give an idea of the potential available for private sectors’ involvement in climate action:

- **CDM Experience:** Vietnam implemented 275 CDM projects, accounting for 3.6% of the global total. 212 projects have been implemented in the hydro-power sector and 24 in methane avoidance. There is clear potential for expanding in this direction with the right kind of incentives and conditions provided to investors, especially as Vietnam considers establishing a carbon market.

- **Public Private Partnership Unit:** There are plans to establish an independent PPP unit in Vietnam (ADB, 2012) to address gaps in infrastructure financing, estimated to be in the range of USD 150 - 160 billion over the next 10 years. ADB and AFD have voiced interest to support PPP efforts in the area of power, transport and water, which are very relevant climate change management (ADB, 2012).

- **Eco tax:** The government has recently announced an Environment Protection Tax Law that is set to introduce an eco-tax on fossil fuel consumption and on polluting items such as plastic bags (UNESCAP, 2012). This constitutes a step towards influencing the long-term investment decisions of private sector stakeholders.

- **Leveraging donor finance:** A component of the Clean Technology Fund (CTF)(industrial energy efficiency) is to channel credits for Small and Medium Scale Enterprises to install energy efficient equipment or to implement energy efficiency retrofit. The credit is channelled through private banks and the intention is to develop an energy efficiency revolving fund from this initiative (MPI, 2011b).
The Government of Vietnam can support the engagement of the private sector by developing innovative policies, including tax incentives, low-cost debt financing, equity investments, and sharing of research and development costs. However, the factors that can contribute to a more favourable investment environment in Vietnam still need to be analysed in detail to explore further potential for climate financing. A systematic reflection of the climate finance relevance of private sector activities is also needed.

In general, comprehensive public-private dialogue is required to bring together prospective investors with climate change planners and policy-makers in order to mobilise the necessary level of climate funding.
5. Recommendations

5.1 What are next steps in improving climate finance readiness?

The recommendations outlined in this section are based on findings from desk review and stakeholder consultations conducted in Vietnam during the preparation of this report. These recommendations should be regarded as starting points for more in-depth discussion and planning with core policy planners in Vietnam, particularly MONRE, MPI and MoF.

**Strengthening planning capacities by:**

- Establishing clear rules and regulations on how key agencies – MONRE, MPI, MoF – work together in shaping the national climate finance architecture and implementing arrangements such as the NTP-RCC and SP-RCC.

- Developing robust cost estimates on national climate change resourcing needs, especially for achieving adaptation goals. This requires an appropriate methodology that takes into account multi-sectoral and sub-state level adaptation needs and aligns these with national strategies. MONRE, MPI, and the MoF should be supported in creating and piloting such a tool and process.

- Strengthening and building upon existing approaches to climate finance management and coordination, most notably the SP-RCC. The management capacity of the SP-RCC’s Programme Coordination Unit (PCU) needs to be supported in line with outcomes of negotiations between the PCU and the NTP-RCC.

- Strengthening advisory services of relevant government agencies such as the PCU or the VEPF by establishing and maintaining a database on implementation between Policy Actions, action plans and other policy changes to facilitate monitoring activities. In addition, capacities are needed among the focal points of the line ministries and assist in aligning different national strategies with each other (e.g. Green Growth Strategy with National Climate Change Strategy, etc.).

- Using the sectoral and provincial climate change action plans as a benchmark, a capacity needs assessment should be undertaken to identify the skills and information requirements at local and sectoral level in the successful delivery of climate change plans and funds.

- Delivering comprehensive trainings and capacity building support (e.g. via the organization of a climate financing readiness course) to line ministries and provincial governments on climate finance planning and uptake in sectoral/sub-national programmes, based of appropriate needs assessment. The target of such trainings should be to improve appetite and ability for integrated climate change policy planning and delivery at downstream levels. National Climate Change Strategy, etc.).

- Establishing coordination and collaboration between MONRE, MPI, MoF (and sectoral ministries relevant to NAMA development) on national NAMA framework development. The NAMA process should also develop mechanisms for involving private sector stakeholders and donor organization. Mapping of current practices to track sectoral work relevant to NAMA objectives will be useful.

**Improving access to climate finance by:**

- Providing technical assistance related to the criteria and registration process for accessing leading international climate funds, particularly the Adaptation Fund and the anticipated Green Climate Fund; this also requires facilitating coordination between MONRE, MoF and MPI.
• Examining the suitability of different agencies to serve as a National Implementing Entities to global climate funds. The potential and capacity of national institutions such as the Vietnam Environment Protection Fund (VEPF) should be strengthened to qualify for direct access to international climate funds. Developing a pipeline of bankable projects with local and national stakeholders to improve climate finance absorption potential, and thereby readiness prospects. In addition to technical assistance and training, this objective may be supported by more scoping and research into mitigation and adaptation investment opportunities at sectoral and sub-national levels and appropriate financing instruments to facilitate these.

**Ensuring good financial governance by:**

• Establishing a national MRV system to improve monitoring and reporting of climate finance use in Vietnam, avoid duplication of efforts, identify funding gaps, and demonstrate climate finance accountability and transparency to the UNFCCC and international community. This should include efforts to establish clear climate finance definition and markers in the national budgeting context and establishing the required reporting and monitoring guidelines.

• Strengthening the knowledge of ministerial representatives and provincial governments on managing MRV of climate finance, with a special focus on NAMA development. The capacity to perform MRV requires technical capability in all sectors that are climate sensitive (e.g. energy production, transport, waste). To this end, a framework concept is needed that comprises general as well as sectoral guidelines on MRV of NAMAs. This framework should ideally be established with broad stakeholder engagement and can be accompanied by international partners.

• Gathering information from other countries on appropriate ways to ensuring a sound MRV infrastructure in order to inform decision making in Vietnam. The “climate finance options” platform established by the World Bank and the UNDP may serve as a starting point in this case.

**Engaging the private sector by:**

• Undertaking systematic research and reflection on how the private sector is already contributing (directly or indirectly) to the implementation of key climate change goals in order to outline the climate finance relevance of existing private sector activities and improve understanding.

• Raising awareness among companies and private stakeholders on the commercial opportunities in the climate change mitigation, adaptation, and financing areas

• Developing policy relevant knowledge and capacities on designing and implementing policies that create enabling conditions for private investment e.g. tax incentives and subsidies, feed-in-tarrif schemes, carbon market development, R&D support etc.
6. References


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Minh, V. 2012: Support Programme to respond to climate change - Vietnam Experience.


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## APPENDIX A: Adaptation Cost

<table>
<thead>
<tr>
<th>#</th>
<th>Water resources</th>
<th>S</th>
<th>L</th>
<th>Est. costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Formulate plans for sustainable water resources development</td>
<td>X</td>
<td>-</td>
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<tr>
<td>2</td>
<td>Reinforce, upgrade, complete the existing structures and add new water resource infrastructure, including dams, reservoirs, drainage channel networks, irrigation systems, groundwater wells.</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Reinforce and upgrade the existing system of river and sea dykes, flood diversion areas, flash flood relief channels, embankments for flood protection, and saltwater intrusion barriers</td>
<td>X</td>
<td>X</td>
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<td>4</td>
<td>Promote water efficiency and conservation</td>
<td>x</td>
<td>-</td>
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<tr>
<td>5</td>
<td>Upgrade and modernize the observation and long-range water resources forecasting network,</td>
<td>x</td>
<td>x</td>
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<td>6</td>
<td>Raise public awareness</td>
<td>x</td>
<td>-</td>
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<tr>
<td></td>
<td><strong>Coastal zones – sea level rise</strong></td>
<td></td>
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<tr>
<td>7</td>
<td>2700 km of new standard on dykes and new construction</td>
<td>x</td>
<td>VND 7,600 billion.</td>
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<tr>
<td>8</td>
<td>1800 ha elevation of especially assigned industrial zones</td>
<td>x</td>
<td>VND 1,368 billion.</td>
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<tr>
<td>9</td>
<td>128,550 ha of land (1.3 million households) elevate by 100 cm of the highest recorded flood peak priority in the Mekong river delta</td>
<td>x</td>
<td>VND 70,300 billion.</td>
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<tr>
<td>10</td>
<td>Installations of pumping systems</td>
<td>x</td>
<td>x</td>
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<tr>
<td>11</td>
<td>Protect coastal environments around 14km of coastline</td>
<td>x</td>
<td>VND 418 billion.</td>
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<tr>
<td>12</td>
<td>Establish community adaptation fund</td>
<td>x</td>
<td>x</td>
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<tr>
<td>13</td>
<td>Develop flooding risk maps</td>
<td>x</td>
<td>-</td>
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<tr>
<td>14</td>
<td>Impacts on agriculture – short term</td>
<td></td>
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<tr>
<td>15</td>
<td>Prevent soil erosion, implement soil protection, preserve soil moisture and fertility</td>
<td>x</td>
<td>x</td>
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<td>16</td>
<td>Provide proactive crop irrigation by constructing water reservoirs and adopt more efficient methods such as spray and drip irrigation.</td>
<td>x</td>
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<td>17</td>
<td>Select crops adaptable to climate change (e.g.)</td>
<td>x</td>
<td>-</td>
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<tr>
<td>18</td>
<td>Adjust the growing season</td>
<td>x</td>
<td>-</td>
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<td>19</td>
<td>Adopt new, more suitable cultivation practices</td>
<td>x</td>
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<tr>
<td></td>
<td>Impacts on Agriculture – long term</td>
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<td>19</td>
<td>Expand fodder production and enhance storage, x x -</td>
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<td>20</td>
<td>Build stables with adequate designs, x -</td>
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<td>21</td>
<td>Adopt climate change suited cropping pattern x -</td>
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<td>22</td>
<td>Cross breed to create new species x x -</td>
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<td>23</td>
<td>Modernize cultivation and stock taking techniques x x -</td>
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<td>24</td>
<td>Improve land management capacity to enhance land conservation. x x x</td>
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<td>25</td>
<td>Adopt scientific, efficient water management methods. x x -</td>
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<td>26</td>
<td>Re-plan regional patterns of crop and livestock production to x x -</td>
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<td>27</td>
<td>Provide additional incentives for agriculture, forestry and aqua-farming. x -</td>
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<tr>
<td>28</td>
<td>Forecast crop output, develop disaster and pest warning systems in agriculture, x x -</td>
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<td>29</td>
<td>Encourage agricultural technology research and x x - development.</td>
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<td>30</td>
<td>Provide crop and livestock insurance. x x -</td>
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<td>31</td>
<td>Develop and implement climate change adaptation mechanisms and policies. x -</td>
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<td></td>
<td>Forestry</td>
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<td>32</td>
<td>Strengthen sustainable forest management and development. x x -</td>
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<tr>
<td>33</td>
<td>Conduct research to select and diversify plant species resistant to droughts, floods, pests and less prone to causing forest fires. x x -</td>
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<td>34</td>
<td>Establish genetic conservation plans and gene banks x -</td>
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<td>35</td>
<td>Develop a forest fire control and management program, and strengthen infrastructure for fire forecasting, warning and control x -</td>
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<td>36</td>
<td>Enhance timber-use efficiency, and develop timber and non-timber product processing technologies x -</td>
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<tr>
<td>37</td>
<td>Implement coastal mangrove forest system restoration and development projects, plant protective dune forests x x -</td>
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<td>38</td>
<td>Support livelihood and improve living conditions for people living near forests x -</td>
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<td></td>
<td>Aquaculture</td>
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<tr>
<td>39</td>
<td>Introduce heat-tolerant varieties in aqua-farming x -</td>
<td></td>
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<tr>
<td>40</td>
<td>Develop plans to preserve marine biodiversity and ecologies x -</td>
<td></td>
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<tr>
<td>41</td>
<td>Design aqua-cultural plans for different ecological zones x -</td>
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<tr>
<td>42</td>
<td>Introduce heat-tolerant varieties in aqua-farming x -</td>
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<tr>
<td>43</td>
<td>Improve capacity in the management of aqua-farming infrastructure x -</td>
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<tr>
<td>44</td>
<td>Construct more storm shelters for fishing ships x -</td>
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<tr>
<td>45</td>
<td>Upgrade the existing and develop new aquaculture logistic services sites x -</td>
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<tr>
<td>46</td>
<td>Study and forecast fish school movements, improve the capacity in weather forecast information accessibility for fishermen x x -</td>
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<tr>
<td>47</td>
<td>Establish aquaculture insurance funds x x -</td>
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<td></td>
<td>Energy and transportation</td>
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<tr>
<td>48</td>
<td>Mainstream climate change issues into energy and transportation development strategies and plans x -</td>
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<tr>
<td>49</td>
<td>Promote efficient energy use and energy conservation x x -</td>
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<td>50</td>
<td>Improve energy efficiency x x -</td>
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<tr>
<td><strong>51</strong></td>
<td>Elevate and renovate structures in the energy and transportation sectors in areas vulnerable to sea-level rise and flooding</td>
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<tr>
<td><strong>52</strong></td>
<td>Reinforce transportation infrastructure, power transmission structures in high flood-prone, mountainous and sloping areas</td>
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<tr>
<td><strong>Health</strong></td>
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<tr>
<td><strong>53</strong></td>
<td>Review construction standards and regulations to take into account meteorological loading and urban sewage</td>
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<tr>
<td><strong>54</strong></td>
<td>Strengthen residential planning with respect to natural disasters impacts for vulnerable areas</td>
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<tr>
<td><strong>55</strong></td>
<td>Build capacity for rural healthcare institutions in disaster-prone areas</td>
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<tr>
<td><strong>56</strong></td>
<td>Develop disease, epidemic, and air pollution outbreak forecasting capacity. Integrate disease forecasting into the national weather forecast</td>
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<tr>
<td><strong>57</strong></td>
<td>Control vector-borne, water-borne and food-borne diseases</td>
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<tr>
<td><strong>58</strong></td>
<td>Promote climate change and epidemics research and information dissemination</td>
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</tbody>
</table>
### APPENDIX B: Donor Activities on Climate Finance

<table>
<thead>
<tr>
<th>Donor or Donor Country</th>
<th>Activity / year</th>
<th>Title</th>
<th>Executing / Management Agency or institutions in Vietnam</th>
<th>Size of financing / funding</th>
<th>Remarks / Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDP/GEF</td>
<td>Mitigation – General</td>
<td>Asia Least-cost GHG Abatement Strategy (ALGAS)</td>
<td>MONRE-IMHEN</td>
<td>$10,000,000</td>
<td>Tirpak (2012)</td>
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<td>UNDP/GEF</td>
<td>Mitigation – Industry</td>
<td>Waste Heat Recovery for Power Generation (HRPG) in Vietnam</td>
<td>MOST</td>
<td>$2,600,000</td>
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<tr>
<td>WB/GEF</td>
<td>Mitigation – Transport</td>
<td>Hanoi Urban Transport Development Project GEF component (P085393)</td>
<td>Local Government</td>
<td>$9,800,000</td>
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<tr>
<td>WB/GEF</td>
<td>Mitigation – Urban</td>
<td>Hanoi Urban Transport Project (P085393)</td>
<td>Local Government</td>
<td>$9,800,000</td>
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<td>IFAD</td>
<td>REDD</td>
<td>Mitigating the Impact of Climate Change and Land Degradation through IFAD’s COSOP for Vietnam</td>
<td>$56,500,000</td>
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<tr>
<td>Multi-donor</td>
<td>REDD</td>
<td>REDD activities</td>
<td>UN office in Vietnam/other</td>
<td>$4,300,000</td>
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<tr>
<td>USAID/USA</td>
<td>REDD</td>
<td>The national trial PES policy (Decision 380 of the Prime Minister in 2008), Lam Dong</td>
<td>Winrock</td>
<td>$2,000,000</td>
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<tr>
<td>JICA/Japan</td>
<td>Climate Change Strategy</td>
<td>Support for Response to Climate Change (2010)</td>
<td>MONRE</td>
<td>$120,000,000</td>
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<tr>
<td>KOICA</td>
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<td>East Asia partnership</td>
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<tr>
<td>UNDP/WB</td>
<td>Capacity Building in Climate Finance</td>
<td>Climate Finance Option</td>
<td>N/A</td>
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<td>Bilateral / Germany</td>
<td>Mitigation</td>
<td>- Support to the Building of a Renewable Energy Agency (REDO), Vietnam</td>
<td>N/A</td>
<td>These are fast start Finance, <a href="http://www.faststartfinance.org/recipient_country/vietnam">http://www.faststartfinance.org/recipient_country/vietnam</a></td>
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</tr>
<tr>
<td>Multilateral channel / Germany</td>
<td>REDD</td>
<td>- Exploring Mechanisms to promote High Biodiversity REDD: Piloting, Vietnam</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Multilateral channel / Germany</td>
<td>Adaptation</td>
<td>Innovative Financing for Building Community Resilience to Climate Change in Coastal Vietnam</td>
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<tr>
<td>Bilateral / Adaptation</td>
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<td>- Flood Prevention and Disaster Risk</td>
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<tr>
<td>Donor / Donor Country</td>
<td>Activity / year</td>
<td>Title</td>
<td>Executing / Management Agency or institutions in Vietnam</td>
<td>Size of financing / funding</td>
<td>Remarks / Sources</td>
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<tr>
<td>Germany</td>
<td></td>
<td>Management in the Lower Mekong Basin, Vietnam</td>
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<tr>
<td>Multilateral / United Kingdom (through IFC, IBRD of the World Bank, and ADB)</td>
<td>Mitigation</td>
<td>- Clean Technology Fund (CTF), Vietnam</td>
<td>Total CTF: US$ 250 Million, Presentation of Dpt of International relations, MONRE</td>
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<tr>
<td>Bilateral / The Netherlands</td>
<td>Mitigation</td>
<td>- Dutch Global Sustainable Biomass Fund, Vietnam</td>
<td>EUR 660,623</td>
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<td>- Prevention of deforestation, forest degradation and leakage effects in the border area of central Vietnam and in the south of Laos for long-term maintenance of carbon sinks and biodiversity, Vietnam</td>
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<td>Mitigation</td>
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