

Ex-ante Evaluation

1. Name of the Program

Country: Socialist Republic of Viet Nam

Program: Support Program to Respond to Climate Change (I)

Loan Agreement: June 18, 2010

Loan Amount: 10 million yen

Borrower: The Government of the Socialist Republic of Viet Nam

2. Necessity and Relevance of the Program

(1) Current Status and Issues of the Climate Change Sector in Viet Nam

In Viet Nam the nationwide energy demand (i.e. final energy consumption) has been expanding due to its rapid economic growth and energy consumption has increased 5 times from 1990 to 2005.. At the same time, Viet Nam's primary energy consumption per GDP (one million USD) was 618 tons in oil equivalent (TOE), which was the least effective among major Asian nations, but China (790 TOE/ one million USD) and Indonesia (618 TOE/ one million USD). With this background, greenhouse gas (GHG) emissions have been increased in Viet Nam. An increase rate of GHG emissions (1995 ~ 2005) is among the highest in major Asian nations. Therefore, it is an urgent issue to formulate and take specific actions to develop use of renewable energies, to promote energy saving and to tackle for the deforestation/degradation for decreasing GHG emissions.

On the other hand, Viet Nam has a long coastline stretching roughly 3,400 km and a vast delta area. According to the researches done by other donors and institutions, such as the World Bank, Viet Nam is one of the most vulnerable countries to effects of climate change. The Government of Viet Nam announced analytical results of potential effects of climate change scenarios, which indicated that the average temperature would go up by 2.3°C, the sea level would rise by 75 cm, and an annual rainfall would increase by 5% (all in comparison to the 1980~1999 period). If the sea level would rise by 1 m in the future, it is estimated that about 11% of its population would suffer from harmful impacts and that approximately 10% of GDP would be lost. A matter of concern is that disasters may increase in terms of their frequency and their severity due to climate change, which may become a risk factor for the country's sustainable growth.

(2) Development Policies for the Climate Change Sector in Vietnam and the Priority of the Program

Under such circumstances, the Government of Viet Nam formulated the National

Target Program to Respond to Climate Change (NTP-RCC) in December 2008 containing inclusive measures to address the issue of climate change as the prime minister's decision. While the Ministry of Natural Resources and Environment (MONRE) takes immediate control over NTP-RCC, the steering committee chaired by Prime Minister has been established, and Prime Minister has given cross-sectional directives to all ministries/agencies to formulate Policy Actions (PA) to respond to climate change for their respective areas. Support Program to Respond to Climate Change (the program) consists of the following three priority issues and promotes the implementation of policy actions in each priority issue in order to support the measures to address the issue of climate change in Viet Nam including NTP-RCC.

- ① Mitigation {to formulate and enhance programs for promoting recyclable energies and energy saving, forest management, improving waste management, and clean development mechanism (CDM)}
- ② Adaptation (to strengthen water resources management, improve institutions towards alleviating damage on coastal regions, and strengthen disaster control capacity)
- ③ Cross-sectional issues (to develop basic data and promote researches for measures against climate change, secure funds and introduce preferential financial measures to address climate change, mainstream measures against climate change in the National Development Plan, and consciousness-raising and human resource development)

(3) Japan and JICA's Policy and Operations in the Climate Change Sector

Viet Nam welcomes the Hatoyama Initiative newly proposed by the government of Japan for measures against climate change in the Japan-Mekong Summit Meeting held in Tokyo in early November 2009 and the initiative to start A Decade toward the Green Mekong in 2010. The Japan's Country Assistance Program for Viet Nam (July 2009) states that the idea and significance of assistance should lie in urging Viet Nam to mainstream adaptation measures to deal with harmful impacts of climate change in its development measures as well as contributing to mitigation measures against climate change. Moreover, in concert with this Japan's Program, JICA shall address the issues of environmental considerations and measures against climate change as part of the "cross-sectional issues and global issues," one of the two issues specified by the JICA Country Program (April 2009). To put it more specifically, JICA will provide its assistance to strengthen cross-sectional measures against climate change such as policy support as to climate change, policy support instrumental to reducing GHG emissions, and measures to manage disasters that will be expanded in all likelihood due to climate

change. This program will be implemented as part of such efforts.

(4) Other Donors' Activities

The United Nation Development Program has supported the formulation of NTP-RCC, and the government of Denmark provides grant aid amounting to 40 million dollars with the aim of assisting the implementation of NTP-RCC. The World Bank focuses on the energy and agricultural sectors, whereas Germany (GTZ) largely concentrates its support in the sectors of forests and renewable energies. As it can be seen, many donors have been providing assistance to respond to climate change. However, there have been no other aid organizations to implement a program to address wide-ranging issues of climate change and provide general budget support with emphasis on policy development for climate change.

(5) Necessity of the Program

This program is consistent with Japan and JICA's aid priorities, and the necessity and validity of this program are very high.

3. Program Description

(1) Program objective: This program aims for (1) mitigating climate change by GHG absorption and emissions control, (2) building adaptive capacity to deal with harmful impacts of climate change, and (3) enhancing measures for cross-sectional issues concerning climate change through policy dialogues as to the measures against climate change taken by the Government of Viet Nam, thereby contributing to sustainable economic development through reducing risks such as disasters caused by climate change in Viet Nam and also contributing to mitigation of global climate change.

(2) Program Site/Target Area: Nationwide areas of the Socialist Republic of Viet Nam

(3) Program Components: In light of the policies listed in NTP-RCC, the program promotes the following reforms as measures concerning climate change (only main policy actions (PA) listed below) and evaluates their progress. Based on the outcome, it provides funds as general financial aid.

Item	PA to be achieved within this duration (Nov. 2009)	PA proposed for the future (in 2010 and 2011)
Mitigate global warming through GHG absorption and emissions control (energies, forest, waste management, transportation, and CDM, etc.)	<ul style="list-style-type: none"> ○ Formulate a master plan on recyclable energies ○ Formulate the energy saving promotion law/ordinance ○ Review the forestland expansion policy ○ Formulate a waste management national strategy including 3R's 	<ul style="list-style-type: none"> ○ Introduce an incentive system, e.g., for wind-generated electricity ○ Strengthen energy saving promotion system ○ Promote the use of public transport systems and the introduction of new energies ○ Build a promotion system

		<ul style="list-style-type: none"> of green buildings ○ Formulate a national program to address the issue of reducing emissions from deforestation and degradation (REDD) ○ Identify and formulate CDM projects
Strengthen the adaptation capacity for an adverse effect of climate change (water, disaster control, forest and agriculture, transport and construction, and health)	<ul style="list-style-type: none"> ○ Prepare the national guidelines for formulating community-based disaster control plans ○ Strengthen the biodiversity protection law/ordinance ○ Formulate a manual for disaster medicine 	<ul style="list-style-type: none"> ○ Revise the Water Resources Law ○ Formulate a national disaster control law ○ Promote the plan for mangrove afforestation
Measures to address cross-sectional issues concerning climate change (monitoring, mainstreaming in development projects, and consciousness-raising activities, etc.)	<ul style="list-style-type: none"> ○ Analyze and announce scenarios of climate change ○ Put the NTP-RCC implementation system into practice 	<ul style="list-style-type: none"> ○ Reflect measures against climate change in the process of formulating the national development plan ○ Formulate an action plan for measures against climate change in each ministry/agency

(4) Total Program Cost: 10,000 million yen (This phase of the program)

(5) Schedule: December 2008 ~ November 2009. This phase of the program shall be completed when the loan is disbursed. The whole program shall be brought to an end with the completion of the third phase of the program.

(6) Implementation Structure

- 1) Borrower: The Government of the Socialist Republic of Viet Nam
- 2) Executing Agency: Ministry of Natural Resources and Environment
- 3) Operation and Maintenance System: Same as the above

(7) Environmental and Social Considerations/Poverty Reduction/Social Development

1) Environmental and Social Considerations

(1) Category: C

(2) Reason for Categorization: This program is classified under the sector in which no particular effects can be foreseen (financial assistance). It does not correspond to a sector/characteristic likely to have an impact on the environment or an impact-prone area under the JBIC Guidelines for Confirmation of Environmental and Social Considerations (formulated in April 2002). Hence, the program is classified as Category C.

2) Promotion of Poverty Reduction: Through implementing appropriate measures against climate change, it is expected that disaster risks will be reduced and adaptive capacity will be strengthened among the poor who are vulnerable to

impacts of disasters derived from climate change such as flood and drought.

- 3) Promotion of Social Development (gender perspective, control measures of infectious diseases such as AIDS, participatory development, and considerations for persons with disabilities): From the second phase of this program on, it is planned to include PA containing infectious disease control measures (health sector) and gender perspective (consciousness-raising activities).

- (8) Coordination with other donors

This program aims for facilitating the formulation and implementation of the government's policies in Viet Nam through policy dialogues in collaboration with other donors and in alignment with assistance strategies of other donors. At present, under this program a plan of cofinancing with France (AFD – 20 million euro) and Korea (not decided) and a plan of joint technical cooperation in multiple PA's with UNDP and others are under consideration.

- (9) Other Important Issues: None in particular

4. Outcome Targets

- (1) Evaluation Indicators (Operation and Effect Indicator)

Area	Indicator	Baseline (2008 actual)	Target (2013) 【One year after program completion】
Energy	Domestic energy consumption (Ton of oil equivalent – one million TOE)	42.3 (Estimated amount of domestic energy consumption in 2013 on the basis of BAU as of 2008)	40.2 (Estimated amount of domestic energy consumption when energy saving measures are taken: 5% reduction)
Forest	Forest coverage (%)	39.1 (in 2009)	40.7
Disaster control	The number of local ministries that have formulated a disaster control plan	0	63 (all provinces)

(Note) The above indicators are subject to change as necessary through trends of international discussions and discussions with other donors.

5. External Factors and Risk Control

None in particular

6. Lessons Learned from Findings of Similar Programs Undertaken in the Past

The post-evaluation of the past loan programs for policy and institution building such as development policy loans recommended to advance the process of planning and management such as policy dialogues under local leadership and to maintain continuous local partnership and argued that it would be important to strengthen community-based measures. Furthermore, a lesson was learned that the effectiveness of a program should be raised by carrying out the following two issues: to incorporate the policy issues that have been pointed out through technical cooperation activities that are specifically tailored to meet the needs of each field into policy dialogues of the program, and to connect the policy issues that have been discussed through the program with technical cooperation in the field. Based on this lesson, under this program a monitoring system has been established in which a person in charge of the JICA office and a long-term expert dispatched to a related ministry/agency take part with the aim of strengthening community-based measures and linkage with the existing technical cooperation programs.

Another lesson learned from the post-evaluation of the loan programs for policy and institution building in Viet Nam was that it would be practically impossible to be involved in institutional and policy improvements without donor alignment and collaboration and thus necessary to fully take into account the program's relevance with other donors' assistance when we participate in a policy and institution building program. Based on this, under this program a consultative panel meeting is held for each reform item in the process of program formulation so as to promote information sharing and adjust the content of the program to gain consent.

7. Plans for Future Evaluation

(1) Indicators for Future Evaluation

- 1) Domestic energy consumption {Ton of oil equivalent (one million TOE)}
- 2) Forest coverage (%)
- 3) The number of local ministries that have formulated a disaster control plan

(2) Timing of Next Evaluation: One year after the plan's completion