

Ex-ante Evaluation

1. Name of the Program

Country: The Socialist Republic of Viet Nam

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

L/A signed on: November 2, 2011

L/A Amount: ¥10,00,000,000

Borrower: The Government of the Socialist Republic of Viet Nam

2. Background and Necessity of the Project

(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. In 2009, 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 Viet Nam and the Priority of the Program

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 renewable 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 awareness-raising and human resource development)

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

At the Mekong-Japan Summit Meeting held in November 2009 in Tokyo, Viet Nam welcomed the Hatoyama Initiative, Japan's new proposal for measures against climate change, as well as the beginning of "A Decade toward the Green Mekong" in 2010. The Japan's Country Assistance Program for Viet Nam (July 2009) insists 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 policies as well as contributing to mitigation measures against climate change. Moreover, JICA addresses the issues of environmental considerations and measures against climate change as part of the "cross sectional issues and global issues," one of two issues specified by the JICA Country Program (April 2009). Specifically, JICA shall reinforce crosscutting efforts to address climate change, such as support for policy formulation related to climate change, support for measures to reduce GHG emissions, or steps to prevent damages that might be caused by climate-related disasters, and in this attempt, Japanese ODA Loan for the first phase of this program (10 billion yen) was signed in June 2010.

JICA has also dispatched long-term experts in several fields including environment, disaster risk management, and health to relevant ministries, and has also implemented or is preparing to implement climate-change related projects such as Energy Efficiency and Renewable Energy Promoting Project (ODA loan), support for promoting 3R (reducing, reusing, and recycling) initiatives (technical assistance), and the Project for Disaster and Climate Change Countermeasures Using Earth Observation Satellites (ODA loan). Policy and institutional development through this program, in conjunction with such projects and activities of the experts, are expected to expand and spread effects of development.

(4) Assistance by Other Aid Organizations

The United Nations Development Programme has supported the formulation of the NTP-RCC, and the government of Denmark provides 40 million US dollars in grant aid to support the implementation of the NTP-RCC. In the second phase of this program, the French Development Agency (AFD) plans co-financing after offering 10 million Euros in the first

phase, while the Canadian International Development Agency provided grant aid of 445 million Canadian dollars in March of 2011. The World Bank also plans co-financing.

(5) Necessity of the Project

This program is to be implemented based on the PAs determined through discussions among JICA, AFD, other development partners and NGOs concerned with climate change, and relevant ministries in Viet Nam. Of the total 50 PAs agreed through policy dialogues held in January 2011, nearly 70% were evaluated to have exceeded or met their expected results, and all but one of the remaining PAs has been confirmed as “having made substantial progress” towards their expected results. The prime minister has endorsed the first phase policy actions and their evaluations, as well as the second phase policy actions. For the continuation of such policy reforms, the necessity and validity of this program are considered high.

2. Project Description

(1) Project Objectives

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	PAs to be achieved within the current planning period (Dec 2009–Jan 2011)	PAs proposed for the future (2011)
Mitigating global warming through GHG absorption and emission controls (energy, forests, waste management, transport, CDM, etc.)	<ul style="list-style-type: none"> ○Approve the Decree on supporting the renewable energy development ○Prepare the regulations to enforce the Law on energy efficiency and conservation ○Adopt the master plan for development of a public bus system including the contents to promote CNG/LPG bus operation ○Develop methodologies for developing REDD reference scenarios ○Strengthen legal framework that promote investments to CDM projects 	<ul style="list-style-type: none"> ○Set up a renewable energy fund ○Reinforce institutional framework for energy efficiency promotion and establish energy efficiency training centers ○Set up institutional framework to promote green building ○Introduce REDD monitoring system ○Develop regulations on the usage of Certified Emissions Reduction (CER) administration fees
Strengthening adaptive capacity for adverse	<ul style="list-style-type: none"> ○Develop a comprehensive program for strengthening the legal and 	<ul style="list-style-type: none"> ○Revise Law on water resources ○Prepare natural disaster prevention

effects of climate change (water, disaster control, forests and agriculture, transport and construction, health, etc.)	<p>institutional framework for the governance of water resources</p> <ul style="list-style-type: none"> ○Monitor and support implementation of the provincial disaster prevention plan ○Improve special use forest management ○Develop implementing regulations of Law on Biodiversity ○Identify areas vulnerable to the adverse health effects of climate change 	<ul style="list-style-type: none"> ○Conduct study on the impact of climate change on biodiversity ○Specify national roads, railways, ports, and airports likely to be affected by floods or landslides
Enhancing measures for crosscutting issues related to climate change (monitoring, mainstreaming in development planning, awareness raising activities, etc.)	<ul style="list-style-type: none"> ○Update scenario analysis report with improved methodologies ○Introduce budget spending reports related to climate change ○Prepare tax for environmental protection 	<ul style="list-style-type: none"> ○Develop institutional mechanism for formulating GHG inventory ○Prepare provincial level medium-term development plans in which climate change issues are integrated and mainstreamed

(4) Total Project Cost

10,000 million yen (Japanese ODA loan amount: ¥10,000 million)

(5) Schedule: December 2009 ~ January 2011. This phase of the program shall be completed when the loan is disbursed (expected in December 2011). The whole program shall be brought to an end with the completion of the third phase of the program (expected in March 2012).

(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 Consideration, Poverty Reduction, and Social Development

- 1) Environmental and social consideration:
 - i. Category: C
 - ii. Reason for Categorization: It has been determined that this program minimizes potential negative impact on the environment as per the JBIC Guidelines for Confirmation of Environmental and Social Consideration (issued April 2002).
- 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 (e.g. gender perspective, control measure for infectious diseases including AIDS, participatory development, and considerations for persons with disabilities): From the next phase of this program on, it is planned to include PA containing infectious disease control measures (health sector) and gender perspective (consciousness-raising activities). Also it will be paid attention gender

perspective in policy formation.

(8) Partnership with other donors:

This program aims for facilitating the Vietnamese government to promptly formulate and implement policy and foster coordination of assistance strategies among other donors through policy dialogues. Under this program, it is planned co-financing by AFD and the World Bank and grant aid by CIDA, as well as joint technical cooperation for several PAs by the United Nations Development Programme (UNDP) and others donor agencies.

(9) Other important issues:

Supporting Viet Nam in mitigating and adapting to climate change

4. Program's Effects

(1) Quantitative Effect

1) Operation and Effect Indicators

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 Risk Factors and Control

None in particular

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

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 the Next Evaluation: After program completion