1. Name of the Program

Country: Socialist Republic of Viet Nam
Program: Support Program to Respond to Climate Change (III)
Loan Agreement: March 22, 2013
Loan Amount: 15 Billion Yen
Borrower: The Government of the Socialist Republic of Viet Nam

2. Background and Necessity of the Program

(1) Current State and Issues of the Climate Change in Viet Nam
In Viet Nam, witnessing rapid economic growth, its energy demands (final consumption) have increased around five times between 1990 and 2006. In addition, the efficiency rate of energy usage is low, as shown in the primary energy consumption per GDP in 2005 was as low as 611 tons of oil equivalent/million US Dollar, ranking as the 3rd in the main Asian countries after China (ditto 790) and Indonesia (ditto 618). Therefore, relevant measures urgently need to be realized to decrease the Greenhouse Gas (GHG) emission, taken into account that the GHG emission has been increasing in Viet Nam with its increase rates (1995-2995) ranking on the top among the main Asian countries. Meanwhile, Viet Nam, because of its long coastal line stretching roughly 3,400 km and vast Delta Area, is considered to be one of the most vulnerable countries easily affected by the climate change, according to surveys conducted by the World Bank (WB), etc. A scenario on the impacts by the climate change, announced by the Government of Viet Nam in 2009, suggests the average temperature rises by 2.3 degree Celsius while the sea level is to rise by 75-centimeter and annual rainfall is to increase by 5% (respectively compared to the figures during the period of 1980-1999). In the coming period, if there should be a rise in sea level by 1 meter, around 11% of the total population would be affected and around 10% of GDP would be lost. Accordingly, there are concerns that the increase in frequency and severity of disasters accompanying climate change in the future would be significant risk factors for the country’s sustainable development.

(2) Development Policies for the Climate Change in Viet Nam and the Priority of the Program
As an integrated commitment to respond to the climate change, the Government of Viet Nam formulated “National Target Program to Respond to Climate Change (NTP-RCC)” (2009-2015) in 2008. NTP-RCC, with the Ministry of Natural Resources and Environment (MONRE) as a responsible ministry, has established the steering
committee chaired by the Prime Minister to formulate Policy Action (PA) to respond to climate change across offices and ministries. Support Program to Respond to Climate Change (the program) has been initiated to proceed relevant measures for the climate change in Viet Nam, such as NTP-RCC, and to formulate and promote the implementation of policy actions in the 3 prioritized issues, including: ① Mitigation (to formulate and enhance programs for promoting renewable energies and energy saving, forest management, and improving waste management, etc.), ② Adaptation (to strengthen water resources management, improve institutions and, integrated coastal management, etc.), and ③ Cross-sectional issues (to promote financial mechanism to respond to climate change, main-streaming of climate change, advocacy, etc.). Furthermore, NTP-RCC Executive Committee, headed by MONRE Minister, is to conduct the effective monitoring of the Program, which is expected to ensure the implementation of policy actions in appropriate timing and ways. The commitment by the Government of Viet Nam to climate change has increasingly been strengthened through the Program. “National Climate Change Strategy” was formulated in December 2011, followed by the establishment of “National Climate Change Committee (NCCC)” in January 2012 with a chair of the Prime Minister. In the coming period, scopes of work and functions of the operation committee of NTP-RCC and Executive Committee will be integrated into this Committee.

(3) Japan and JICA’s Policy and Operations in the Climate Change
“Country Assistance Policy for Viet Nam1” (July 2009), in light with ideals and significance the assistance is ought to embrace, encourages to mainstream the measures responding to negative impacts of climate change, in addition to the mitigation of impacts by climate change. Based on the Policy, JICA has committed to tackle with environmental consideration/climate change problems as interdisciplinary and global-scale issues, and to approve the 1st Term of the Program (10 Billion Yen) in June 2010 and the 2nd Term (10 Billion Yen) in November 2011. Furthermore, JICA has dispatched experts in the fields of environmental policy, forestation, energy conservation, and so forth to the relevant ministry of the Government of Viet Nam. Development effects are expected to expand, disseminate and develop through the coordination among the activities by these experts, previously conducted activities relating to climate change, and the improvement policies and systems by the Program.

(4) Other Donor’s Activities

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1 Country Assistance Policy”, formulated in December 2012, as part of response to vulnerability, articulates the assistance to efforts to tackle with threats due to disasters and climate change, in order to respond to negative impacts of the growth.
Regarding the 3rd Term of the Program, various donor organizations have participated in it as coordinated financing donors, including French Development Agency (AFD) (20 Million Euro), WB (70 Million US Dollar), Canadian International Development Agency (CIDA) (445 Million Canadian Dollar for the 2nd and 3rd Terms), in addition to newly participating Korean Economic Development Cooperation Fund (EDCF) (30 Million US Dollar), Australian International Development Agency (AusAID) (8 Million Australian Dollar as a grant). Among these donors, the CIDA completed the financial assistance in March 2011, while AusAID provided its grant in May 2012. In addition, United Nations Development Programme (UNDP) supported the formulation of NTP-RCC, and the Government of Denmark (DANIDA) provided the grant aid cooperation of 40 Million US Dollar to assist the implementation of NTP-RCC.

(5) Necessity of the Program
The Program is in accordance with the aid policy of the Government of Japan, represented by JICA, as well as the policy of the Government of Viet Nam. Furthermore, it is expected to strengthen the country’s policy regarding climate change in Viet Nam, which underpins that the necessity and relevance to support for the Program is considered to be high.

3. Program Description

(1) Program 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.

<table>
<thead>
<tr>
<th>Item</th>
<th>PA to be achieved within this</th>
<th>PA proposed for the future (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening adaptive capacity for an adverse effect of climate change (water, disaster control, forests and agriculture, transport and construction, health, etc.)</td>
<td>○ Formulating a revised Water Resources Law ○ Formulating Law of marine resource and environment</td>
<td>○ Prioritizing national action plans for water resources management to be implemented ○ Formulating Law of marine resource and environment (continued)</td>
</tr>
<tr>
<td>Enhancing measures for cross-sectional issues related to climate change (monitoring, mainstreaming in the development plan, advocacy activities, etc)</td>
<td>○ Formulating National Climate Change Strategy ○ Establishing a coordination platform between MARD and MONRE for the disaster risk mitigation and adaptedness to climate change ○ Setting an institutional framework for the utilization of climate change related fund</td>
<td>○ Formulating National Climate Change Action Plan ○ Formulating National Disaster Prevention and Mitigation Law ○ Formulating an operation guideline regarding the fund allocation and reporting of climate change projects and activities</td>
</tr>
</tbody>
</table>

(4) Estimated Program Cost (Loan Amount)
15 Billion Yen (Japanese ODA loan amount: 15 Billion Yen)

(5) Schedule
April 2011 to February 2012. This phase of the program shall be completed when the loan is disbursed (expected December 2012). The whole program shall be brought to an end with the completion of this program.

(6) Program Implementation Structure
1) Borrower: The Government of the Socialist Republic of Viet Nam
2) Executing Agency: The Ministry of Natural Resources and Environment
3) Operation and Management/Maintenance and Control Structure: Same as the above
(7) Environmental and Social Consideration/Poverty Reduction/Social Development

1) Environmental and Social Consideration
   (1) Category: C
   (2) Reason for the Categorization: Taken into account “JICA Guidelines for Environmental and Social Consideration”, which was issued in April 2010, possible negative impacts caused by the Plan are to be limited at a minimum level.

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, measures of infectious diseases including HIV/AIDS, participatory development, considerations for persons with disabilities) None in particular):

(8) Collaboration 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. Currently, the Program has been implementing the policy actions, supported by various donors, including AFD, WB, and EDCF in co-financing, CIDA and AusAID in grant aid, and UNDP, DANIA, ADB, GIZ and other organizations in technical cooperation for implementing the policy actions.

(9) Other Important Issues
The Program is to contribute to the mitigation and adaptation to climate change.

4. Target Outcomes

(1) Quantitative Effects
   1) Performance Indicators (Operation and Effect Indicators)

<table>
<thead>
<tr>
<th>Area</th>
<th>Indicator</th>
<th>Baseline (Actual values in 2008)</th>
<th>Target (2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>Domestic energy consumption (tons of oil equivalent: million TOE)</td>
<td>42.3</td>
<td>40.2</td>
</tr>
</tbody>
</table>

(Estimated domestic energy consumption in 2013 at 2008 BAU base) (Estimated amount of domestic energy consumption when energy saving measures are taken: 5% reduction)
<table>
<thead>
<tr>
<th>Disaster risk control</th>
<th>Forest coverage (%)</th>
<th>39.1 (in 2009)</th>
<th>40.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of provinces with disaster risk management plans (province)</td>
<td>0</td>
<td>63 (all provinces)</td>
<td></td>
</tr>
</tbody>
</table>

*Note: These indicators are to be revised based on the coming trends in international discussions and consultation processes with other donor organizations.

(2) Qualitative Effects
Absorption enhancement and emission control of GHG. The mitigation of disaster risks accompanying with climate change and the strengthening of adaptability capacity.

5. External Factors and Risk Control
None in particular

6. Lessons Learned from Past Projects
(1) Assessment results of similar projects
The post-evaluation of “Tenth Poverty Reduction Support Credit” in Viet Nam indicated that it would be difficult to intervene in the improvement of systems and policies without aid coordination in the country and the consistency with other donors’ assistance should be fully considered in case of participating in policy and system support programs.

(2) Lessons for this Program
Based on the aforementioned lessons, the Program has conducted donor meetings for each reform issue at each stage of policy dialogues for project formulation and monitoring processes, for the purpose of information sharing as well as better coordination and consensus building on contents of the Program.

7. Plan for Future Evaluation
(1) Indicators to be Used
   1) Domestic energy consumption (Ton of oil equivalent: Million TOE)
   2) Forest coverage rate (%)
   3) Number of provinces with disaster risk management plans (province)

(2) Timing
After the completion of the Program