1. **Name of the Program**

Country: Socialist Republic of Viet Nam  
Program: Support Program to Respond to Climate Change (VI)  
Loan Agreement: March 31, 2016  
Loan Amount: 10 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 consumption has increased around 2.8 times between 1995 and 2011, and its increase rate of the Greenhouse Gas (GHG) emission (between 1995 and 2012) ranks the second highest among the major ASEAN countries. Meanwhile, Viet Nam, because of its long coastal line stretching roughly 3,400 km and vast Mekong Delta Area, is considered to be one of the most vulnerable countries easily affected by the climate change. A scenario on the impacts by the climate change, announced by the Government of Viet Nam in 2009, suggests the average temperature will rise by 2 to 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, 7% of agricultural lands would be submerged, 40% of Mekong Delta Area and 11% of Red River Delta would be flooded and 10% of GDP would be lost.

Through policy discussions between donors and the Government of Viet Nam led by JICA, the Support Program to Respond to Climate Change (hereinafter referred to as the “SP-RCC”) was started in 2009 to proceed the “National Target Program to respond to Climate Change” (hereinafter referred to as the “NTP-RCC”) and other relevant measures for the climate change in Viet Nam to formulate and promote the implementation of policy actions in the 3 prioritized issues, including: (i) Mitigation, (ii) Adaptation, and (iii) Cross-sectoral issues. As a result, in 2011, the Government of Viet Nam formulated the “National Strategy on Climate Change” (hereinafter referred to as the “NCCS”) as its inclusive and cross-sectoral strategy for the climate change. In addition to the establishment of the “National Committee for Climate Change” (hereinafter referred to as the “NCCC”) with a chair of the Prime Minister in 2012, results have been achieved in the same year including the establishment of the energy efficiency standards and labelling, etc. To further proceed, Viet Nam has implemented Phase II program (2013-2015) since 2013.
(2) Development Policies for the Climate Change in Viet Nam and the Priority of the Program

As a cross-sectoral basic policy goal to respond to the climate change, the Government of Viet Nam published the NTP-RCC in December 2008, followed by the formulation the NCCS in 2011. Moreover, responding to the climate change is clearly indicated as a priority issue in the “9th Socio-Economic Development Plan for the 2011-2015 Period.” In addition, the Government of Viet Nam formulated the “Green Growth Strategy” (GSS) in 2012 to further promote the commitment to the climate change.

To support these commitments of the Government of Viet Nam to respond to the climate change, the SP-RCC has provided its support since 2009. The 6th Term of SP-RCC (herein after referred to as “the Program”) has also promoted policies and institutional reforms of the Government of Viet Nam and functioned as a framework boosting dialogue and collaboration among ministries and sectors in Viet Nam. At the same time, in order to facilitate the improvement of policy by the Government of Viet Nam and collaboration of financial / technical cooperation between donors and NGOs, it has played more important roles as a platform for aid coordination between donors.

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

Country Assistance Policy for the Socialist Republic of Viet Nam formulated in December 2012 states that “Japan supports Viet Nam to achieve sustainable development by strengthening the international competitiveness, overcome the vulnerability and create a fair society and country,” and places “Response to Fragility” in its priority area that Japan supports to address threats such as disaster and climate change. Moreover, JICA Country Analysis Paper stipulates to provide support for the area of climate change through the policy support by program loan. Thus, the Program is consistent with these analysis and policy. To respond to the climate change inclusively, Japan has provided its support in SP-RCC through the 1st Term (June 2010, 10,000 million yen), the 2nd Term (November 2011, 10,000 million yen), the 3rd Term (March 2013, 15,000 million yen), the 4th Term, (March 2014, 10,000 million yen), and the 5th Term (March 2015, 15,000 million yen) and promoted formulation and implementation of policy actions of SP-RCC in the areas of environment, forests, and energy saving by implementing technical projects and in collaboration with dispatched experts.

(4) Other Donor’s Activities

Although the Program of this term has no coordinated financing donor, Agence Française de Développement (herein after referred to as “AFD”) and the World Bank (herein after referred to as “WB”) have participated in policy dialogue to support the commitments of the Government of Viet Nam.
5) **Necessity of the Program**

The Program is expected to strengthen the country’s policy regarding climate change in Viet Nam. Furthermore, it is in accordance with the policy of the Government of Viet Nam, as well as the aid policy of the Government of Japan and JICA. Therefore, the necessity and relevance to support for the Program is considered to be high.

3. **Program Description**

1. **Program Objectives**

   This program aims for (i) mitigating climate change by GHG absorption and emissions control, (ii) building adaptive capacity to deal with harmful impacts of climate change, and (iii) enhancing measures for cross-sectoral 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 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 the NCCS, the Program promotes the following policy actions agreed and set between donors and relevant ministries of Viet Nam (only main policy actions listed below) and evaluates their progress. Based on the outcome, it provides funds as general financial aid.

<table>
<thead>
<tr>
<th>Item</th>
<th>Policy action</th>
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</table>
| Mitigating global warming through GHG absorption and emission control | ○ Formulation of circular on a roadmap to promote energy efficiency in the industrial sector  
○ Develop a policy to provide for piloting the Benefit Distribution System (BDS) to implement REDD+ pilot projects  
○ Establishment of implementation guidelines, manuals for new market mechanism and various approaches |
| (energy, forest, solid waste management, transport, etc.)            |                                                                               |
| Strengthening adaptive capacity for an adverse effect of climate change (water, disaster control, forests and agriculture, transport and construction, health, etc.) | ○ Formulation of Hydro-Meteorology Law by circulation of the first draft of the Law to relevant ministries (including the provincial level)  
○ Submission of Circular guiding the implementation of Law on Water Resources to MONRE Minister  
○ Develop National Action Plan for implementation of the Strategy on Integrated Coastal Management (ICM) by integrating climate change factors  
○ Strategy for Agricultural production sector up to 2020 integrating climate change is approved by Prime Minister |
|                                                                      |                                                                               |
Enhancing measures for cross-sectional issues related to climate change (monitoring, mainstreaming in the development plan, advocacy activities, etc.)

- Building the first Bi-Annual Update Report of National GHG Inventory (BUR) for submission to UNFCCC
- Develop the first version of Monitoring & Evaluation tools to monitor and evaluate the implementation of the NCCS is available
- National Action Plan for Implementation of National Green Growth Strategy is approved by Prime Minister

**Estimated Program Cost (Loan Amount):** 10 Billion Yen

**Schedule**

January 2014 to December 2014 (12 months in total)\(^1\). This phase of the program shall be completed when the loan is disbursed (expected in April 2016).

**Program Implementation Structure**

1) **Borrower:** The Government of the Socialist Republic of Viet Nam

2) **Executing Agency:** The Ministry of Natural Resources and Environment (MONRE)

3) **Operation and Management/Maintenance and Control Structure:** MONRE, as the executing agency, coordinates cross-sectoral policy and institutional improvement, monitoring of implementation progress, organizing policy dialogues and donor meetings, and reports their results to the NCCC.

**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, it is considered that the project is likely to have minimal adverse impact on the environment.

2) **Promotion of Poverty Reduction:** In light of the improvement of climate change policy and system through the Program, damage affecting the poor is expected to be mitigated by reducing fragility to and implementing effective response to climate change.

3) **Promotion of Social Development:** Pregnant women are regarded as one of those who should be prioritized to be supported during natural disaster in “education materials for implementation of the Ministry’s Health Program” which was formulated in policy action. Moreover, it also clearly states to solve problems in the health sector related to climate change incorporating opinions of women’s union.

\(^1\) Implementation schedule of the Program indicates implementation schedule of policy actions
(8) **Collaboration with Other Donor**

This program aims for facilitating the formulation and implementation of the government’s policies in response to climate change in Viet Nam through policy dialogues in collaboration with other donors and in alignment with assistance strategies of other donors. Until Phase V, AFD, WB, Korea Eximbank and Australia Government, Department of Foreign Affairs and Trade (DFAT)\(^2\) have participated in policy dialogue and co-financing. AFD and WB have provided their assistance with the Government of Viet Nam to support this program.

(9) **Other Important Issues**: The Program is to contribute to both mitigation and adaptation measures to climate change.

4. **Target Outcomes**

(1) **Quantitative Effects**

<table>
<thead>
<tr>
<th>Area</th>
<th>Indicator</th>
<th>Baseline (Actual values in 2012)</th>
<th>Target (2018)(^4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>The number of new projects for wind power generation(^5)</td>
<td>-</td>
<td>3 or more</td>
</tr>
<tr>
<td>Joint Crediting Mechanism (JCM)</td>
<td>The number of JCM pilot projects</td>
<td>0</td>
<td>4 or more</td>
</tr>
<tr>
<td>Cross-sector</td>
<td>The number of policies, strategies, plans, etc. newly formulated</td>
<td>-</td>
<td>50 or more</td>
</tr>
</tbody>
</table>

(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.

(3) **Internal Rate of Return**: Not calculated.

5. **External Factors and Risk Control**

None in particular

6. **Lessons Learned from Past Projects**

(1) **Lessons from similar projects**

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\(^2\) DFAT provided financial assistance as grant aid.

\(^3\) These indicators are to be revised based on the coming trends in international discussions and consultation processes with other donor organizations and the Vietnamese side.

\(^4\) Targets are to be achieved through SP-RCC Phase II (2013-2015). Results will be confirmed in ex-post evaluation conducted in FY 2018.

\(^5\) Calculate those activities moving towards concrete implementation, such as the approval of wind power generation project, construction project, etc.
The ex-post evaluation report of “Climate Change Program Loan (III)” in the Republic of Indonesia (2010-2012) indicates that “where a ministry in charge of coordination would not be able to have proactive cooperation and participation of line ministries within the government, cooperation for the coordinating ministry including dispatching support staff would help efficient operation of the program.” Moreover, the ex-post evaluation of “Fifth Poverty Reduction Support Credit” in Viet Nam indicates the necessity to address development issues in Viet Nam in a multifaceted manner though coordination of bilateral and multilateral assistance while considering synergy effects with technical cooperation.

(2) Lessons Learned from Past Projects

This Program provide support for facilitating proactive cooperation and participation from line ministries by dispatching an Advisor for Climate Change Program to promote capacity development of MONRE which coordinates cross-sectoral policy issues. In addition, in implementing policy action, this Program support the commitment of Viet Nam to respond to climate change from two directions: by strengthening collaboration with relevant technical cooperation projects to provide inputs of the policy and institutional improvement in Viet Nam; and by providing technical support for facilitating implementation of policy actions by coordinating bilateral and multilateral assistance, considering synergy effects with the technical cooperation.

7. Plan for Future Evaluation

(1) Indicators to be Used

1) The number of new projects for wind power generation
2) The number of JCM pilot projects
3) The number of policies, strategies, plans, etc. newly formulated

(2) Timing: Expected to be in 2018