

Ex-Ante Evaluation (for Japanese ODA Loan)**1. Name of the program**

Country: The Socialist Republic of Viet Nam

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

Loan Agreement: January 16, 2017

Loan Amount: 10,000 million yen

Borrower: The Government of the Socialist Republic of Viet Nam

2. Background and Necessity of the Program**(1) Current Development State and Issues of the Climate Change Sector in Viet Nam**

In Viet Nam, witnessing rapid economic growth, its energy consumption has increased around 2.7 times between 1994 and 2013, and its increase rate of the Greenhouse Gas (hereinafter referred to as “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 3,400km 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, predicts the average temperature will rise by 2-3°C, the sea level by 83cm, and the annual precipitation by 5-15% by 2100 (compared to those between 1980 and 1999, respectively). In the coming period, if there should be a rise by 1 meter, 7% of agricultural lands would be submerged in the Mekong Delta and 40% of the Mekong Delta itself as well as 11% of the Red River Delta would be flooded, resulting in a 10% of GDP would be lost.

Through policy dialogues between the Government of Viet Nam and development partners under the leadership of JICA, the Support Program to Respond to Climate Change (hereinafter referred to as the “SP-RCC”) was started in 2009 to promote 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 three 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 Sector 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 (GGS) 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 7th Term of of SP-RCC (hereinafter 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 among donors and NGOs, it has played more important roles as a platform for aid coordination among donors.

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

Japan’s 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 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, this Program is consistent with the policy and analysis of the Japanese Government and JICA. 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), the 5th Term (March 2015; 15,000 million yen), and the 6th Term (March 2016; 10,000 million yen) and promoted formulation and implementation of policy actions of SP-RCC in areas of environment, forests and energy saving by implementing technical projects and in collaboration with dispatched experts.

(4) Other Donors’ Activity

The World Bank is committed to providing a co-financing loan of approximately 90 million dollars for this Program.

(5) Necessity of the Program

The Program is expected to strengthen the county’s climate change policy in Viet Nam. Furthermore, this Program is in line with the policies of the Viet Nameese Government as well as the assistance policies of the Japanese Government 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 Social 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 outcome, it provides funds as general financial aid.

Item	Policy action
Mitigating global warming through GHG absorption and emission control (energy, forestry, solid waste management, transport, etc.)	<ul style="list-style-type: none"> ○ Formulation of energy-saving regulations for the energy-intensive industries ○ Develop a circular on guiding implementation of the REDD+ Action Plan ○ Develop regulations for formulating and implementing waste-based power generation projects and establishing regulations on electricity purchase agreements for such projects
Strengthening adaption capacity to adverse effects of climate change (water, disaster control, forestry and agriculture, transport and construction, health, etc.)	<ul style="list-style-type: none"> ○ Develop the Hydrometeorology Law ○ Develop the Irrigation and Drainage Law ○ Formulation of the National Action Plan for implementation of the Integrated Coastal Management Strategy including responding to climate change ○ Develop and adopt the Green Growth Action Plan for the construction sector ○ Develop and adopt the Climate Change Adaptation Plan in the transport sector
Enhancing measures for cross-sectoral issues related to climate change (monitoring, mainstreaming in development plans, advocacy activities, etc.)	<ul style="list-style-type: none"> ○ Preparing for the second Biennial Update Report (BUR) on National GHG Inventory Data to be submitted to the United Nations Framework Convention on Climate Change (UNFCCC) ○ Developing monitoring and evaluation tools for the National Climate Change Strategy (NCCS) ○ Obtaining Prime Minister's approval on the final proposal on the National GHG Inventory

(4) Program Cost (Loan Amount): 10,000 million yen

(5) Program Implementation Schedule

January 2015 to December 2015 (12 months in total)¹. This phase of the program shall be completed when the loan is disbursed (expected in April 2016).

(6) Program Implementation Structure

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

¹ Implementation schedule of the Program indicates implementation schedule of policy actions.

- 2) Executing agency: Ministry of Natural Resources and Environment (MONRE)
 - 3) Operation and Maintenance System: The MONRE, the executing agency of the SP-RCC, is to coordinate cross-sectoral policy and institutional improvements, monitor the implementation progress, organize policy dialogues and donor meetings, and report the results to the NCCC.
- (7) Environmental and Social Considerations/Poverty Reduction/Social Development
- 1) Environmental and Social Considerations
 - (i) Category: C
 - (ii) Reason for Categorization: Taken into account “JICA Guidelines for Environment 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: None in particular.
- (8) Collaboration with Other Donors:
- This Program aims to facilitate the formulation and implementation of climate change policies by the Government of Viet Nam through policy dialogues in collaboration with other donors and promote harmonization with the assistance strategies of other development partners. The SP-RCC involved the French Development Agency (AFD), the World Bank, the Export-Import Bank of Korea, and the Department of Foreign Affairs and Trade (DFAT) in policy dialogues and co-financing programs during the 1st term to 6th term. As to this Program (the 7th Term), the AFD and the World Bank are committed to supporting the actions taken by the Government of Viet Nam under this Program.
- (9) Other Important Issues: This Program is expected to contribute to climate change mitigation and adaptation.

4. Targeted Outcomes

(1) Quantitative Effects

Operation and Effect Indicators ²

Sectors	Indicators	Baseline (2012)	Target (2018) ³
Energy	The number of new projects for wind power generation ⁴	-	3 or more

² These indicators are subject to change, as necessary, according to the future developments of international discussions as well as consultation processes with other development partners and the Viet Nameese side

³ Targets are to be achieved through the SP-RCC Phase II (2013-2015). The results will be assessed at the time of ex-post evaluation in FY 2018.

⁴ Calculate those activities moving towards concrete implementation, such as the approval of wind power generation project, construction project, etc.

JCM	The number of JCM pilot projects	0	4 or more
Cross-sectoral	The number of policies, strategies, plans, etc newly formulated.	-	50 or more

(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 Risk Factors and Control

None in particular

6. Lessons Learned from Past Projects

(1) Lessons from similar projects

The ex-post evaluation report of “Climate Change Program Loan (III)” in the 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 through 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 the 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. Plans for Future Evaluation

(1) Indicators for Future Evaluation

- 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 FY 2018