



# Addressing Climate Change: The World Bank Platform in Vietnam

## Climate Change & Vietnam

Vietnam already experiences:

- 20 cm rise in sea level in last 50 years
- 0.5°C increase in average temperature in last 50 yrs
- Annual economic losses from Natural Disasters equivalent to 1.5% of GDP

By 2100, climate change scenarios predict (baseline 1980-90):

- A 2.3°C mean temperature rise
- A 75 cm sea level rise
- 5% increase in annual rainfall

GHG emissions are increasing in Vietnam:

- 2010 estimated total emissions: 1.6 Mt CO<sub>2</sub>e
- GHG emissions expected to triple by 2030 relative to 2010
- Energy predicted as largest source of increase in emissions

## The Need for Mitigation and Adaptation Action in Vietnam

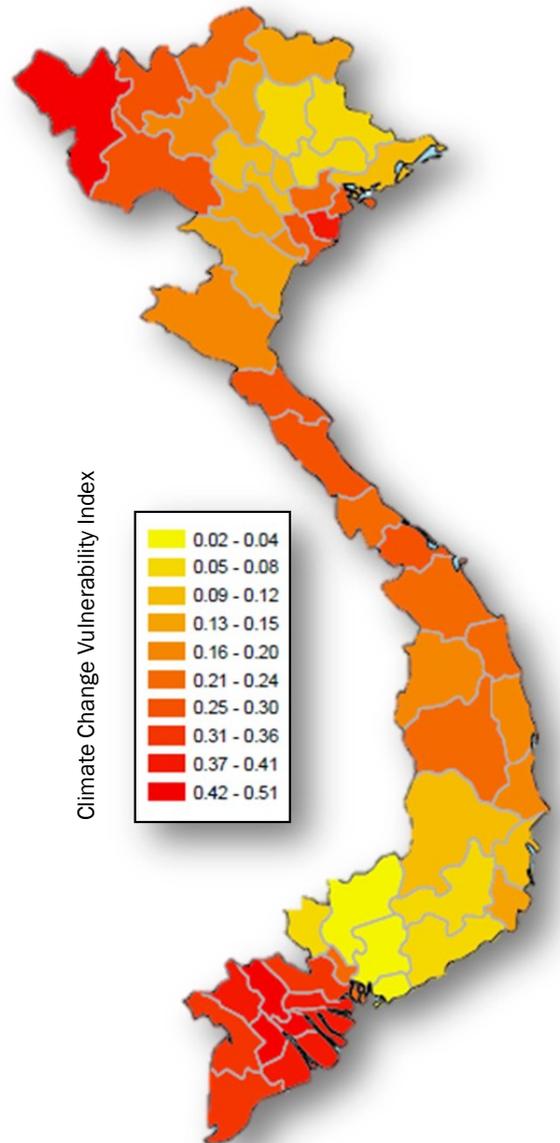
*Vietnam is considered to be one of the world's most vulnerable countries to the effects of climate change...*

*...at the same time, Vietnam is a growing GHG emitter.*

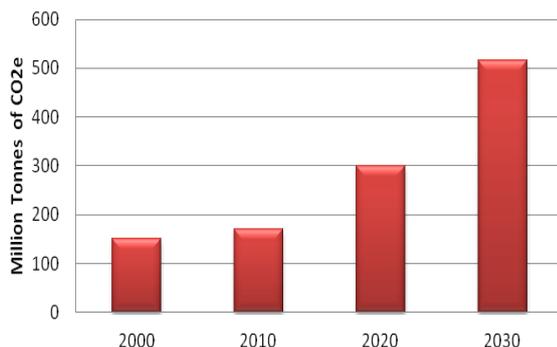
Vietnam is one of the most vulnerable countries to the impacts of climate change. Climate change is expected to intensify existing risks to natural resources, agriculture, food security, infrastructure and health and to pose a significant threat to economic and human development and the environment. Poor people and communities with less adaptive capacity will likely be harder hit.

In light of Vietnam's high vulnerability to the impacts of climate change, the Government of Vietnam states that adapting to climate change will be a priority during the first decades of the 21<sup>st</sup> century, but **Greenhouse Gas mitigation and low carbon economy development** will also be supported with appropriate policies and programs and in line with international commitments.

Recognizing the challenges posed by climate change and the opportunity to decouple growth and carbon intensity to shift to sustainable and low carbon growth, the Government has made good progress in establishing a stronger policy and institutional framework to respond to climate change. The World Bank is



Vietnam GHG Emissions Projections



Vulnerability Map: Francisco & Yusuf 2009

Impact statistics: MONRE 2009

Emissions Projections: Vietnam 2nd Submission to UNFCCC

## Government Response to Climate Change



The Government's response to climate change continues to evolve with a stronger emphasis on strategic directions and priorities, as well improved inter-sector coordination and stakeholder consultations. The Ministry of Natural Resources and the Environment (MONRE) has the mandate for coordinating climate change response under the direction

of the National Climate Change Committee, although each line ministry is responsible for sectoral action. The Ministry of Planning and Investment (MPI) led the development of a new national Green Growth Strategy, which focuses on low carbon development and complements the National Climate Change Strategy. The Ministry of Agri-

culture and Rural Development (MARD) MARD is responsible for disaster risk management (DRM), including preparedness, mitigation, emergency response and recovery. Together, these actions demonstrate the GoV's growing emphasis on developing a more effective, comprehensive, and inclusive response to climate change.

**Table 1: Recent Progress in Support of Climate Change Action.**

Initiative	Year	Period	Description
National Strategy for Disaster Prevention, Response & Mitigation	2007	2007-2020	This strategy signaled a shift in the Government's approach to DRM from a strictly ex-post approach towards promote preparedness, response, and recovery to natural disasters
National Target Program to Respond to Climate Change	2008	2009-15	Platform to integrate climate change action into sector strategies, programs, and plans; directed primarily at research, analyses, and capacity-building to inform priorities; emphasis on adaptation; possibility of extension through 2020
Support Program to Respond to Climate Change	2009	2009-12	Partnership between GoV & donors to support climate change actions consistent with NTP-RCC; Preparation begun on an SP-RCC policy matrix for 2013-15
National Climate Change Strategy	2011	2011-20 vision to 2050	Establishes guiding principles, strategic tasks, and specific objectives for climate change action; emphasizes both adaptation and mitigation as well as the roles of public and private sector and civil society (NCCS adoption is a DPO2 prior action)
National Committee on Climate Change	2012	2012+	Committee chaired by Prime Minister to lead, coordinate, and supervise implementation of all climate-change actions, and to guide international negotiations and raise climate-action funds
National Action Plan to Respond to Climate Change	2012	2012-20	Outlines key tasks for climate-change mitigation and adaptation (NAP-RCC adoption is a proposed DPO3 Trigger)
Green Growth Strategy	2012	2012-30 vision to 2050	Sets goals for sustainable economic growth; based on 3 pillars: (i) GHG Emission Reduction, (ii) Greening Production, (iii) Greening Lifestyle & Consumption

According to the 2011-20 Socioeconomic Development Strategy (SEDS), Vietnam is laying the foundations for a **modern, industrialized society by 2020**. The SEDS emphasizes: environmental sustainability, social equity and higher development. It also prioritizes economic restructuring & growth model transformation. The 2012-16 World Bank Country Partnership Strategy supports the SEDS and commits

**CPS Pillars I & III:**  
Strengthening **competitiveness** + broadening access to **opportunity**.

the  
Bank to

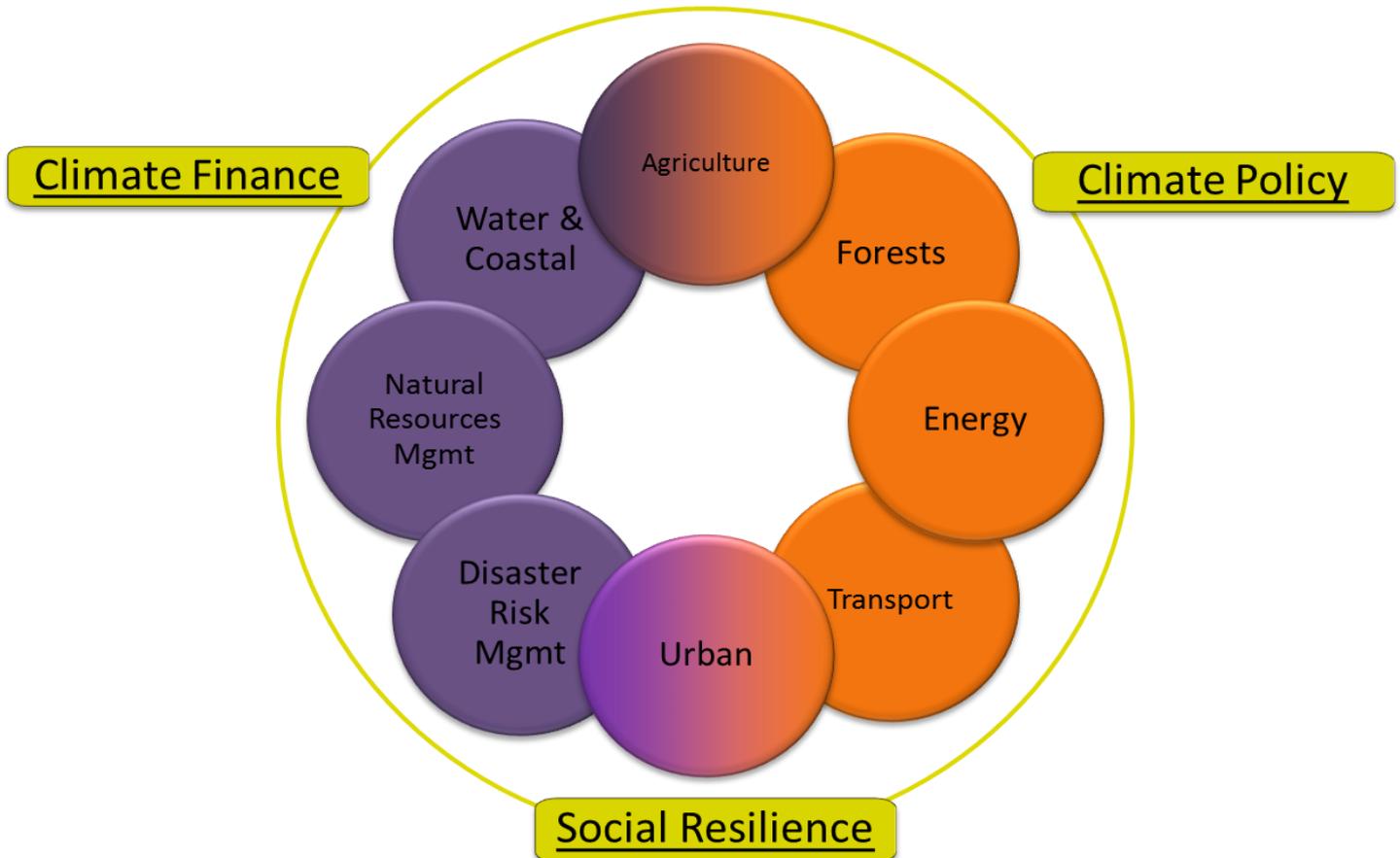
**CPS Pillar II:** Increasing the **sustainability** of development (green, clean, resilient)

**Cross-cutting theme:**  
improve **resilience** to external economic shocks, natural hazards and the impact of **climate change**.

## World Bank Vietnam Climate Change Response Engagement

The World Bank's engagement in Vietnam rests on past analytical work on Climate Change such as the Economics of Adaptation to Climate Change Vietnam Case Study and the World Bank Strategy for Climate Resilient Development in Vietnam, which provides recommendations for adaptation and mitigation actions.

The World Bank's Engagement in Vietnam is focused on three pillars: **adaptation**, **mitigation**, and **cross-cutting policy and institutional framework**.



The pillars span various sectors which have been chosen to support the GoV's priorities and build on the World Bank's comparative advantages and existing portfolio in Vietnam. This platform relies on three modalities for action: **lending**, **budget support**, and **research**. In addition to mainstreaming climate change in projects and research, the Bank is focusing on climate change through two major initiatives: the Vietnam Climate Change Partnership and the Vietnam Climate Change Development Policy Operation. The World Bank's Climate Change engagement is also closely linked to the Bank's Disaster Risk Management work.

### Links to Global Programs:

Climate  
Investment  
Funds

Global  
Environment  
Facility

Partnership  
for Market  
Readiness

Kyoto Carbon  
Finance

Non-Kyoto  
Carbon  
Finance

Programmatic  
Carbon  
Finance

Montreal  
Protocol

Global Fund  
for Disaster  
Reduction &  
Recovery

## The Vietnam Climate Change Partnership

The Vietnam Climate Change Partnership (VNCLIP) is a \$4.4 million trust fund of the UK Department for International Development. The World Bank acts as the administrator of the Trust Fund, which is organized into a Recipient-executed component and a Bank-executed component.

The objective of the Bank-executed component (about US\$3.5 million) is to provide analytical and advisory support on climate change response to the Government and to enhance mainstreaming of climate change into the lending and advisory products of the World Bank. The analytical work financed under this component is outlined in Table 1. It supports the mainstreaming of climate change into the Government's overall and sectoral policy reform, and strengthens capacity to prioritize related actions and tap into financing sources. The medium-term objective of the analytical work and its associated policy dialogue is to support mainstreaming of climate change into operations financed by the Bank and identify possible new Bank lending, as well as entry points for the private sector, to support the low-carbon, green growth transformation in Vietnam. This work is now underway and expected to conclude in FY 14.

**Table 1: Analytical work under the VNCLIP Bank-Executed Trust Fund**

Pillar I: Adaptation	Adaptation Prioritization Tool
	Mainstreaming climate change adaptation into national legal framework for water resources
Pillar II: Mitigation	Low Carbon Development Study
Pillar III: Cross-cutting	Wealth Accounting and Valuation of Ecosystem Services (WAVES)
	Climate Finance

The objective of the recipient-executed component (about US\$1 million, to be mobilized shortly) is to promote capacity building and coordination on climate change policy formulation, implementation, monitoring, and evaluation in five key ministries (MONRE, MARD, MPI, MOIT, and MOF). The recipient-executed trust fund will be administered by MONRE .



## The Vietnam Climate Change Development Policy Operation

The Vietnam Climate Change Development Policy Operation (CC DPO) is a programmatic series of three annual \$70 million budget support operations. The objective of the CC DPO is to support the Government in its efforts to address climate change by adopting policies and strengthening institutional capacity to promote climate resilient and lower carbon intensity development. This is achieved through a series of key policy actions (Table 2) agreed upon jointly with the Government and donors. The World Bank CC DPO forms a part of the Government's Support Program to Respond to Climate Change (SP-RCC), which is also supported by the Japanese International Cooperation Agency, the Agence française de Développement, the Canadian International Development Agency, Australian Aid, and the Export-Import Bank of Korea. The total value of the 2012 SP-RCC annual contribution is estimated to reach \$250 million.

**Table 2: Policy Actions Supported under the Climate Change Development Policy Operation**

	DPO 1 Triggers Delivered (2011)	DPO 2 Triggers (2012)	DPO 3 Triggers Proposed (2013)
Pillar I: Adaptation	<b>Goal 1: Water</b>		
	Submission of National Target Program for Water Resources Management.	Develop New Law on Water Resources	Approval of the National Action Plan on Water Resources Management
Pillar II: Mitigation	<b>Goal 2: Energy</b>		
	Prime Minister issued implementation decree for Law on Energy Efficiency and Conservation, and received draft Decree on Administrative Sanctions	Adopt regulations establishing the qualification and certification requirement for energy auditors and energy managers	Adopt regulations for energy efficiency measures and operationalize in key energy-intensive industrial sectors
Pillar III: Cross-Cutting	<b>Goal 3: Climate policy</b>		
	-MONRE finalized Report on Updated Climate Change Scenarios -Prime Minister endorsed implementation plan of National Strategy for Natural Disaster Prevention, Response, and Mitigation to 2020	-Develop National Climate Change Strategy -Authorize the establishment of the National Coordination Platform for Disaster Risk Reduction and Climate Change Adaptation	-Develop National Action Plan for Climate Change -Finalize Adaptation Prioritization Tool -Finalize the Law on Natural Disaster Prevention & Mitigation for adoption
	<b>Goal 4: Climate Finance</b>		
	Prime Minister issued Official Instruction outlining guiding principles relating to use of ODA to respond to climate change through budget support	Develop institutional mechanism to promote potential climate financing sources	Establish implementation guidelines for allocation and reporting of financial resources directed at climate change action

## Pillar I: Adaptation to Climate Change



Given Vietnam's vulnerability to climate change, adaptation has been identified by the Government as a priority area for climate change response in the 2011 National Climate Change Strategy. World Bank support to adaptation is focused along 4 key sectors:

**1. Disaster Risk Management (DRM) & Urban Resilience:** The GoV is moving towards a comprehensive and integrated approach to disaster risk management. World Bank support has focused on (i) strengthening DRM legal framework; (ii) investments in climate resilient transport, infrastructure and cities; (iii) early warning systems and hydro-met modernization; (iv) disaster risk financing and (v) mainstreaming the "build-back-better" approach.

**2. Water:** With the aim of promoting more adaptive management, the World Bank is supporting the implementation of *Integrated Water Resources Management* through investments, policy dialogue, and research. The World Bank is also supporting investments and research into solutions for adaption to sea level rise.

**3. Agriculture:** In the Agriculture sector, the World Bank supports the Government with research, policy dialogue, and investments to *facilitate take up of adaptation action* (such as use of saline-tolerant rice) and to *increase water productivity and delivery flexibility in irrigated agriculture*, preparing farmers for more variability in water availability. The World Bank also support investments to improve the *sustainability of Vietnam's aquaculture sector*.

**4. Natural Resources Management:** The World Bank is active in *protecting and valuing ecosystems* through investments, policy dialogue, budget support and analytical work. The World Bank supports *sustainable fisheries* through investment projects.

## Pillar II: Mitigation of Greenhouse Gas Emissions

Vietnam has also recognized the need for mitigation of Greenhouse Gas (GHG) Emissions in parallel to adaptation. The World Bank is active in supporting mitigation action, especially in the following sectors:

**1. Energy:** As energy is projected to be the largest source of GHG emission increases, the World Bank has a comprehensive program of investments, policy dialogue, and research to support the enhancement of energy efficiency and renewable energy development.

**2. Transport & Urban Planning:** In the transport sector, the World Bank support investment, policy dialogue, and research into energy-efficient, integrated urban transport, specifically in Hanoi, Danang, and Ho Chi Minh City. The World Bank also invests and researches in reductions in GHG emissions through improved trade logistics and transport efficiency in the Mekong Delta and Northern Delta.

**3. Forestry:** The World Bank actively supports Vietnam's capacity for implementing the UN Reducing Emissions from Deforestation and Forest Degradation Program (REDD) through technical assistance and research. The World Bank also invests in sustainable management of plantation forests to reduce emissions.

**4. Agriculture:** In the agriculture sector, the World Bank brings global knowledge on climate-smart agriculture through research and technical assistance. The World Bank also invests and researches GHG emissions reductions in agriculture.



### Mitigation in the Private Sector

The International Finance Corporation (IFC), a member of the World Bank Group, supports complementary mitigation action in the private sector. IFC supports the development of energy efficiency and renewable energy lending capacity by providing dedicated capital lines and advisory services in the banking sector. IFC also mobilizes Clean Technology Fund funding for direct investments in renewable energy beyond hydropower. IFC is also active in promoting Green Building.

The Bank also supports innovation in the private sector through the development of a Vietnam *Climate Innovation Center* for domestic development, deployment and transfer of climate technology solutions

## Pillar III: Cross-Cutting Climate Change Policy, Institutions, and Finance



The third pillar focuses on cross-cutting climate change response. Some highlights are listed below:

**1. Climate Policy and Institutions:** The World Bank is supporting the GoV's ability to prioritize and integrate climate -change actions into development planning, especially under the CC DPO and the VNCLIP. The Bank is also supporting the GoV to implement Natural Capital Accounting in key sectors and to link climate change to the Green Growth agenda.

**2. Climate Finance:** The World Bank and the IFC work with the GoV on establishing a more conducive environment for climate financing by supporting the GoV in leveraging climate finance to fund climate action through research, policy dialogue, and technical assistance. In addition to policy actions supported under the CC DPO and TA from the VNCLIP, the World Bank supports a Climate Public Expenditure and Institutional Review and Vietnam's membership in the Partnership for Market Readiness, which provides funding and technical assistance to support the design and implementation of market-based mechanisms for GHG mitigation.

**3. Social Resilience:** The Bank has conducted assessments of social impacts of climate change and climate policies. The World Bank is also integrating consideration for climate change response for vulnerable communities into investments. For example, the World Bank invests in commune DRM infrastructure and planning.



### Cross-Cutting Climate Response: Green Cities

*"Rapid urbanization presents a unique opportunity to plan, develop, build, and manage ecologically and economically sustainable cities. In addition to mainstreaming green development into urban projects, the World Bank also supports Green Urban Development research and two proposed Green City projects: Danang Sustainable City Development (\$173m) & Ho Chi Minh City Green Transport (\$224m)."*



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## Vision Going Forward: Towards Green Growth

*The Bank is already supporting Green Growth in Vietnam through the CCDPO policy dialogue and through TA for development of the Green Growth Strategy and key concepts like Natural Capital Accounting. Green Growth is also being integrated into upcoming lending projects.*

*Please visit our website to learn more about the World Bank Climate Change Platform, including information about the specific activities mentioned in this pamphlet.*

Find out more on our website:

<http://www.worldbank.org/en/country/vietnam>