



The World Bank

Climate Change and Green Growth DPF (P171006)

Program Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 24-Oct-2019 | Report No: PIDA27907



BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Vietnam	P171006	Climate Change and Green Growth DPF (P171006)	
Region	Estimated Board Date	Practice Area (Lead)	Financing Instrument
EAST ASIA AND PACIFIC	19-Feb-2020	Environment, Natural Resources & the Blue Economy	Development Policy Financing
Borrower(s)	Implementing Agency	Development Policy Financing	
Socialist Republic of Vietnam	Ministry of Natural Resources and Environment, Department of Climate Change		

Proposed Development Objective(s)

The program development objective (PDO) is to promote: (a) climate resilient management of landscapes; and (b) adoption of cleaner transport and energy systems.

Financing (in US\$, Millions)

SUMMARY

Total Financing	77.72
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DETAILS

Total World Bank Group Financing	77.72
World Bank Lending	77.72

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Thirty years of rapid and inclusive economic growth have raised Vietnam's status to that of a lower-middle-income country, creating opportunities for people and businesses. Its GDP growth per capita has averaged 5.5 percent a year



since 1990, yielding per capita gross national income (GNI) of US\$2,160 in 2017. Growth has been inclusive: incomes have risen across the income distribution, while growth in inequality has declined. Growth has bolstered shared prosperity and achieved strong gains in poverty reduction: the percentage of people living in extreme poverty (US\$1.9 per day) stands at less than 3 percent today. Key social indicators have improved substantially: the population is better educated, has a higher life expectancy and a lower maternal mortality ratio than that of most countries at a similar income level. Access to basic infrastructure including electricity, clean water, and modern sanitation has also risen drastically, from less than half to more than 75 percent of the population.

Macroeconomic policy framework. Vietnam's medium-term outlook remains positive, albeit significant downside risks. Despite a deceleration in real GDP growth to 6.8 percent (y/y) in Q1-2019 from 7.5 percent in Q1-2018, Vietnam's economic fundamentals remain solid, reflecting positive momentum, especially of export-oriented manufacturing and agriculture. Growth is expected to moderate over the near-term, with real GDP projected to expand 6.6 percent in 2019 and 6.5 percent in 2020. The projected slowdown largely reflects an envisaged cyclical moderation of the global economy, which is expected to dampen external demand and lead to tighter monetary and fiscal policies in Vietnam. Inflation is expected to remain around the 4 percent government's target. On the external front, the current account balance is projected to remain in surplus, but to start narrowing from 2019 due to widening deficits on the income and services accounts. The fiscal deficit is projected to remain at 4.4 percent of GDP in 2019, before narrowing in 2020 to 3.9 percent, reflecting continued implementation of the Government's fiscal consolidation plans. Fiscal consolidation is expected to be implemented against the backdrop of robust nominal GDP and consumption growth, which are expected to bolster revenue performance, while expenditure growth is expected to be contained by the government's commitment to rein in inefficiencies. Public debt sustainability hinges on continued implementation of the envisaged fiscal consolidation program and remains subject to risks. Despite improved short-term prospects, there are significant downside risks. Domestically, a slowdown in the restructuring of the state-owned enterprise (SOE) and banking sectors could adversely impact the macro-financial situation, undermine growth prospects, and create public sector liabilities. Further, fiscal consolidation through the continued contraction of public investment could undermine long-term development objectives. Vietnam's economy also remains susceptible to further volatile developments in the global economy, given its high trade openness and relatively limited fiscal and monetary policy buffers. External risks include escalating trade protectionism, heightened global and regional geopolitical uncertainty, and continued tightening of global financing conditions that could lead to disorderly financial market movements.

Vietnam is one of the world's most vulnerable countries to climate change impacts. The intense exploitation of natural resources and environmental degradation linked to its rapid Vietnam's economic growth has exacerbated its vulnerability. Droughts, salinization, extreme temperatures, and changes in growing seasons and floods, compounded by sub-standard housing in exposed areas and a lack of assets to buffer shocks, strongly impact the livelihoods of poor rural and urban households. Over the past 25 years, extreme weather events have resulted in 0.4 to 1.7 percent of GDP loss. By 2050, a 1–3 percent loss in real GDP is projected from climate change impacts. Depletion and degradation of natural resources has increased the impact of climate change on those who depend on natural ecosystems for direct livelihoods and to moderate the impacts of hydrological extremes. In the late 2000s, when growth was peaking, nearly 15 percent of GNI was lost to natural resource depletion. Utilization of land has intensified, water resources are stretched, forests have been unsustainably logged, and capture fisheries and mineral resources are being depleted.

Vietnam's Nationally Determined Contribution (NDC) recognizes the critical importance of its landscapes and natural resources to managing the impacts of climate change as well as contribution to climate mitigation:



- **Landscapes.** The effects of climate change are felt particularly acutely in Vietnam's rural landscapes. Coastal areas, particularly the low-lying Mekong and Red River deltas are under a variety of threats including typhoons, rising sea levels, saline intrusion, changes in hydrological flows of river systems and drought. Forests provide a range of environmental services that protect against climate extremes: they regulate water flow and quality, and stabilize slopes, benefiting downstream water users and reducing flood risk. Coastal forests are of particular importance to protect against storm surge and coastal erosion, but mangroves have decreased by over a third from 408,500 ha in 1943 to 270,000 ha in 2015. The forestry sector supports livelihoods for about 24 million people, and including non-timber forest products around 10 percent of rural income is derived from forests. Improved forest management would also contribute to reducing Vietnam's GHG emissions. In areas where agricultural production is stressed by erratic rainfall, drought and salinity, the adoption of climate smart agricultural technologies is also needed as part of an integrated approach to landscape resilience.
- **Water resources.** Although Vietnam's water resources are relatively abundant, regional and seasonal shortages are major limiting factors to industrial and agricultural development. Of the 16 river basins in Vietnam, 10 currently face shortages during the dry season, and 60 percent of inflow originates from neighboring countries where water use is also growing. In 2016, the Mekong Delta suffered its worst drought in nearly a century, with associated losses in rice, seafood and other agricultural production and exports. Excessive use of both surface and groundwater in the Central Highlands has caused declining water tables and threatens sustainable coffee production and export. Uncontrolled sand and gravel mining in riverbeds is one of the main causes of riverbank and coastal erosion. Increasingly erratic hydrologic patterns from climate change and increasing demands from economic growth will exacerbate all these issues.

Although Vietnam's GHG emissions are moderate in absolute terms, they are disproportionate to the size of its growing economy. From 2000 to 2015, CO₂ emissions nearly quadrupled. Vietnam is also the 13th most carbon intensive economy in the world and the 4th amongst low and middle-income countries in East Asia (vs. 33rd and 5th respectively for total emissions). The growth in GHG emissions and air pollution is mostly associated with increasingly coal-based power generation, industrial expansion and an expanding transport sector, and results in significant human health and productivity implications:

- **Energy demand and power mix.** Electricity coverage in Vietnamese households has expanded from 48 - 98 percent between 1993 and 2012, connecting more than 20 million households, industry, and commercial customers, including most of Vietnam's poorest. From 2005-2014, industrial electricity consumption alone grew at an annual rate of 11.8 per cent, and overall electricity demand is expected to grow about 10 percent per annum until 2030, requiring an increase in generating capacity from 38.5 GW to about 100 GW. Vietnam's current energy mix is dominated by hydro (38 percent), coal (33.5 percent) and gas (20.7 percent) with limited non-hydro renewable energy capacity, despite large potential. Given that the vast majority of Vietnam's hydropower potential has been exploited, a business as usual approach would imply 44 GW (roughly three quarters) of that extra capacity would come from imported coal.
- **Transport.** Freight transport increased by more than 12 percent per year between 1995 and 2006, and road transportation volume trebled from 2005 to 2013. Car and motorcycle ownership have grown by 122 percent and 233 percent respectively, increasing passenger traffic by approximately 10 percent per year. Several studies estimate that passenger and freight transport demand will increase by 9-10 times by 2030 from 2005 levels. Contributions to GHG emissions from transport modes are expected to double from 40 million tons (about a quarter of Vietnam's GHG emissions) in 2016 to about 80 million tons in 2030.



Relationship to CPF

By strengthening Vietnam's climate resilience and promoting a low-carbon and green growth development path, this DPF operation directly supports Focus Area 3 (Ensure Environmental Sustainability and Resilience) of the FY18-22 WBG Country Partnership Framework (CPF) with Vietnam. The CPF is fully aligned with the government's 2010–2020 Socio-Economic Development Strategy (SEDS) and the 2016-2020 Socio-Economic Development Plan (SEDP), which underscore the need for strengthening resilience to climate change impacts, environmental protection, and improved management of natural assets. This operation supports the adoption of sustainable models for resource use and management, strengthened climate change mitigation efforts, climate resilience and support for a more sustainable energy generation path. The DPF end of program indicators also contribute towards the indicators for achievement of CPF objectives. This operation also supports Focus Area 1 of the CPF (Enable inclusive growth and private sector participation) through its support to policies that promote sustainable and climate-smart irrigation by both the provision of technical and direct financial support to investment in efficient irrigation, as well as establishing a pricing regime for irrigation water.

C. Proposed Development Objective(s)

The program development objective (PDO) is to promote: (a) climate resilient management of landscapes; and (b) adoption of cleaner transport and energy systems.

Key Results

The DPF will yield a variety of results aligned with the PDO, including:

- Preparation of sustainable management plans for natural and production forests, including those forests that are most important for addressing climate challenges.
- Identification and inclusion within budget plans of coordinated investments to address multiprovince climate-related issues in the Mekong Delta, and expansion of climate-related investments under the Ministry of Agriculture and Rural Development more broadly.
- Establishment of zoning for protection of groundwater at the provincial level, and expansion of the application of water-efficient irrigation technologies.
- Reduction in emissions from used and in-use vehicles.
- Adoption of provincial commitments to energy savings through the use of energy efficient technologies.
- Expansion in the installed generating capacity for grid-connected renewable energy.

D. Project Description

This proposed DPF operation is a single one-tranche operation and builds on the good progress and achievements of the originally planned CC and GG DPF series and includes a cohesive set of five policy tracks and eight prior actions across the two pillars, selected from key policy actions under the Government's SP-RCC program, for their cross-cutting impact. The policy dialogue under SP-RCC has been supported by the Japan International Cooperation Agency (JICA), l'Agence Française de Développement (AFD) and the Bank. JICA and AfD provide policy lending based on the delivery of policy reforms under SP-RCC. For SP-RCC period 2016-2020, JICA provided a total of JPY20 billion in 2016 and 2017 and



AfD provided EUR100 million in 2018 and 2019. The Bank has been holding discussions with DPs on alignment of climate change and green growth initiatives, funding, and TA in particular within the framework of the SP-RCC. Through the DPF engagement under the first (2012-2015) Climate DPF series and the first operation of anticipated CC&GG DPF programmatic series, and related TA, the Bank has been a key partner in the development of the SP-RCC, which in keeping with the economy-wide CC&GG objectives, covers a broad range of activities.

Pillar 1. Climate resilient management of landscapes. Pillar 1 supports the government's efforts to adapt to climate through increasing the resilient management of landscapes and natural resources, including water resources, as well as to more effectively manage public investment in resilience and green growth. The reforms under this pillar include support under three policy tracks:

- Under Policy Track 1.1 (Climate Smart Landscape Planning), the DPF supports: (i) improved standards of management for forests that reduce climate risks, i.e. coastal, special use and protection forests, that provide environmental services including protection from storm surge, hydrological regulation and biodiversity conservation; and (ii) guidance on the development and content of Regional Master Plans and the establishment of an National Planning Council to prepare an integrated Master Plan for the Mekong Delta. Under this policy track, there are two prior actions: **Prior Action #1.** The Recipient, through its Government, has adopted criteria for the classification of coastal protection forests, as evidenced by Decree No. 156/2018/ND-CP dated November 16, 2018, and through the Ministry of Agriculture and Rural Development (MARD), has adopted Circular No. 28/2018/TT-BNNPTNT dated November 16, 2018 on the development of sustainable forest development plans; and **Prior Action #2.** The Recipient has: (i) through its Government, adopted Decree No. 37/2019/ND-CP dated May 7, 2019 guiding the implementation of the Planning Law, including the process, content and climate considerations for the preparation of regional master plans, and (ii) through its Prime Minister, issued Decision No. 1226/QD-TTg dated September 24, 2018 establishing the National Planning Council tasked with the responsibility of developing regional master plans for the Mekong Delta and other regions.
- Under Policy Track 1.2 (Climate Budgeting), the DPF supports the establishment of climate budget tagging, a key tool to plan, monitor and manage climate-responsive budgeting, building on commitments to increase public investment in addressing climate challenges. Under this policy track, there is **Prior Action #3.** The Recipient, through MPI, has adopted Decision No. 1085/QD-BKHT dated July 16, 2018 governing the identification, classification, and reporting of public investment allocations related to climate change and green growth; and
- Under Policy Track 1.3 (Improving Water Resources Protection and Use Efficiency), the DPF supports: (i) tighter regulation, based on requirements for improved planning and zoning, of both the extraction of groundwater and the extraction of sand and alluvial sediments; and (ii) policies on the provision of technical and financial support for the development of water-efficient irrigation and small-scale water storage investments, and for the establishment of water-pricing to ensure that irrigation users are incentivized to adopt more efficient practices. Under this policy track, there are two prior actions: **Prior Action #4:** The Recipient, through its Government, has adopted: (i) regulations on the protection of groundwater to prevent saline intrusion and land subsidence, as evidenced by Decree No. 167/2018/ND-CP dated December 26, 2018; and (ii) Decree No. _____ dated ____ on regulation of sand mining and river works planning to protect water sources; and **Prior Action #5:** The Recipient, through its Government, has adopted: (i) Decree No. 77/2018/ND-CP dated May 16, 2018 providing financial incentives for on-farm irrigation, and advanced and efficient irrigation system; and (ii) guidelines for water service fees for irrigation, as evidenced by Decree No. 96/2018/ND-CP dated June 30, 2018.



Pillar 2. Adoption of cleaner transport and energy systems. Pillar 2 supports the government's efforts to shift towards greener growth through cleaner transport and energy systems to reduce GHG emissions and address air pollution. The reforms supported under this pillar build on those supported by the previous DPF series. This includes support under two policy tracks:

- Under Policy Track 2.1 (Cleaner Transport), the DPF supports higher fuel efficiency standards in in-use motor vehicles and the imported secondary car market, which follows the issuance of standards for new motor vehicles supported under the previous series. Under this policy track, there is **Prior Action #6:** The Recipient, through its Prime Minister, has adopted emission standards for in-use and imported used cars, as evidenced by Decision No. 16/2019/QD-TTg dated March 28, 2019; and
- Under Policy Track 2.2 (Towards a Low-Carbon Energy Transition), the DPF supports key reforms for both energy efficiency and renewable energy. For energy efficiency, the operation supports the adoption of a new national energy efficiency program as a vehicle for investment, policy, and capacity building that is needed to improve the energy and carbon intensity of Vietnam's economy. This builds on the adoption of sectoral energy efficiency benchmarks in key high-emitting industrial sectors and minimum energy performance standards for residential appliances. For renewable energy, this operation supports a Prime Minister Decision that serves as a comprehensive reform to promote investment in wind power development in Vietnam, thorough the revision of the feed-in-tariff and a MOIT Circular that serve as a legal basis to adopt a standard power purchase agreement for wind power. Under this policy track, there are two prior actions: **Prior Action #7:** The Recipient, through its Prime Minister, has adopted a national energy efficiency program for the period 2019-2030, as evidenced by Decision No. 280/2019/QD-TTg dated March 13, 2019; and **Prior Action #8:** The Recipient has: (i) through its Prime Minister, revised the feed-in tariff to promote investment in wind power development in Vietnam, as evidenced by Decision No. 39/2018/QD-TTg dated September 10, 2018; and (ii) through its MOIT, adopted a standard power purchase agreement for wind power, as evidenced by Circular No. 02/2019/TT-BCT dated February 28, 2019.

E. Implementation

Institutional and Implementation Arrangements

The management of this proposed DPF is fully aligned with the management structure of the Government's SP-RCC (2016-2020). The implementation of the policy actions, a subset of which are supported under the DPF, is under the oversight and guidance of the National Climate Change Committee (NCCC), the highest-level institutional body that oversees Vietnam's climate change and green growth agendas. With this management structure, the policy and institutional reform program under the DPF series is subject to a broader scope of coordination, with more strategic directions for cross-sector and regional response to climate change.

Ministry of Natural Resources and Environment (MONRE) leads the overall management of the SP-RCC (2016-2020) and collaborates with line ministries to coordinate the policy dialogue and provide overall accountability under the DPF series, including the M&E of quality and progress of policy development and achievement of results indicators. MONRE coordinates with other line ministries and stakeholders in formulating and confirming the policy matrix for each annual cycle, based on the goals, objectives, and expected results as stated in the National Climate Change Strategy (NCCS), Green Growth Strategy (VGGS), and NDC. Based on the reports from participating line ministries in the program, MONRE undertakes regular reviews of the achievements of the program, including assessing progress in policy



development, implementation and against the result indicators. Based on this assessment, MONRE, in consultation with the respective line ministries, reports to the Prime Minister and the NCCC.

The selection of result indicators and targets for the SP-RCC (2016-2020) and operation was based on a consultative process involving MONRE, the relevant line ministries, and the DPs, such as JICA and AFD, which are involved in the program. These indicators reflect a balance of realism and ambition in the achievement of policy objectives in each of the policy tracks. To assess progress, the identified indicators reflect different result levels that correspond to the uneven progress in the government's reform agenda in each policy track, with some advanced in having a full set of policy tools available to facilitate achievement of desired results, while others require additional incremental legislative steps to achieve the desired policy objective. In cases where the indicators are more output-oriented, they attempt to capture process elements that would indicate evidence of early implementation that would lead to the desired policy objective. The biannual supervision missions of the SP-RCC review the ambition of each indicator and target. Where possible, indicators are based on those included in existing government strategies and are adjusted, as needed, to reflect attribution to the policies included in the program.

Monitoring and evaluation of the program is largely undertaken as part of regular progress reviews tied into the SP-RCC programmatic framework to assess progress against the selected results indicators. The SP-RCC (and the DPF) relies on and improves existing government monitoring and reporting systems. The agreed-upon indicators require (i) ministerial aggregation of provincial reporting; and (ii) the use of an agreed upon methodologies to assess progress against the indicator. To ensure that this reporting is robust at the provincial level, the DPF recognizes reforms that specify reporting processes in the policy itself. Further, where necessary, TA support is being provided to develop the necessary tools and surveys to ensure that the necessary data inputs are available to chart progress against selected indicators to deepen the qualitative aspects of indicators.

Line ministries are responsible for the delivery of policy actions under the DPF. The line ministries lead sector technical discussions and take part in discussions during joint technical and evaluation mission carried out between the government and DPs. They propose the selection of and report progress on achievement of their respective sector policy actions. MONRE, as owner of the program, consolidate sectoral reports and report to the NCCC. The Bank will continue participate in supervision and monitoring of the delivery of policies that are still in the final stage of development as well as the progress toward achievement of the result indicators until the closing date of the operation.

F. Poverty and Social Impacts and Environmental Aspects

Poverty and Social Impacts

The Bank has prepared a Poverty and Social Impact Analysis (PSIA) to assess the distributional and social impacts of the policies supported under this DPF on the well-being of different groups of the population, particularly on the poor and most vulnerable groups, including ethnic minority peoples. All the prior actions proposed in the DPF are anticipated to result in significantly positive net social impacts, particularly in terms of sustainable poverty reduction, job creation, and human health. For example, Prior Action #1 on sustainable forest management plans lays the foundation for sustainable increases in forest-based income among poor households dependent on forest resources. Prior action # 4 can have a beneficial effect on human health by preventing the use of underground water that is contaminated. However, some prior actions may have potential for adverse effects. For instance, businesses involved in ground water exploitation, and people who use the water provided by these businesses, may be affected economically as a result of restriction of ground water exploitation. To respond to this negative impact, the decree governing this prior action includes provisions compensation



to businesses who have to cease ground water exploitation due to the application of the law. Similarly, Prior Action #1 on sustainable forest management may place restrictions on activities that involve the exploitation of forest resources or tourism development in or near forest reserves. However, the relevant decree also includes requires assessment and mitigation of such adverse socio-economic effects as part of the planning process. As part of the implementation process, local governments are required to follow existing mechanisms to avoid and mitigate potential adverse effects and ensure compensation, assistance, development support are in place to ensure, and that livelihoods are not undermined as result of the implementation of the decree. In terms of gender equity, the existing legal provisions were found to be sufficient to ensure, there would be no adverse impacts as a result of the application of the prior actions. Where potential adverse impacts are identified and/or there are opportunities for positive impact to be enhanced, the existing Law on Gender Equality, as well as other relevant legal provisions like the Code of Labor will be observed.

Environmental Aspects

Overall, the prior actions will mainly bring positive environmental effects through reduction of GHG emission, resource use efficiency and sustainable management of natural resources. However, it is also envisaged that the implementation of some prior actions may have some adverse environmental effects. The implementation of Circular 28/2018/TT-BNNPTNT, while bringing significant positive effects for sustainable management of forests, may likely involve some environmental and health risks due to exposure to unmonitored chemicals and synthetic chemical pesticides used for control of harmful pests. The policy asks for development of sustainable forest management including ecotourism activities which could likely bring pollution and cause the degradation of natural habitats if the number of tourists is not controlled. The implementation of Decision 280/2019/QD-TTg will enhance efficient use of energy, yet it would likely generate waste as a result of replacement and disposal of inefficient equipment and machinery.

The Government's existing policy framework, under the Law on Environmental Protection 2014, provides an adequate system to address these risks. Supporting the implementation of the Law is Decree No. 18/2015/ND-CP on Environmental Protection Planning, Strategic Environmental Assessment, Environmental Impact Assessment, and Environmental Protection Plan, Decree 19/2015/ND-CP on the implementation of a number of articles of the Law on Environmental Protection, and Circular No. 27/2015/TT-BTNMT providing detailed guidance on preparation of Strategic Environmental Assessment, Environmental Impact Assessment, and Environmental Protection Plan. These regulations provide guidance and mechanism to address potential effects. Particularly, article 78 of the Law on Environmental Protection regulates the environmental protection from chemicals, pesticides, and veterinary medicines, including environmental and health risks due to exposure to chemicals and synthetic chemical pesticides used for control of harmful pests. Article 36 of the Law regulates environmental aspects of the sustainable development and protection of forests to mitigate pollution and degradation of critical natural habitats from ecotourism. The Law's Chapter 9 on waste management regulates the generation of wastes as a result of replacement and disposal of old-fashioned equipment and machinery. The Government promulgated Decree No. 81/2007/ND-CP on stipulation on setting up and operation of specialized organization and unit responsible for environmental protection in state-owned agencies and enterprises. In line with this requirement, MONRE and Department of Natural Resources and Environment (DONRE) are tasked for environmental protection at central and provincial levels respectively, while at district and communal levels is to be the environmental unit of district people's committee. Recently, the system of environmental monitoring and inspection has strengthened, especially having participation of local communities. People's awareness of environmental protection still needs to be raised through the communication campaign for environmental protection and law enforcement. With the recent establishment of MONRE's



Training Centre, more dedicated environmental training are provided to designated staff of relevant government agencies from central to local levels to improve their environmental appraisal and monitoring capacity.

G. Risks and Mitigation

The overall risk to PDO achievement is assessed as substantial. The key risks are highlighted below:

- **Sector strategies and policies risks are substantial.** A number of the policies involve some complexity in their delivery, particularly in relation to some of the longer-term objectives. The policy on regional planning will only support climate outcomes that are as good as the climate-informed analysis of investment need which goes into them. Establishing and collecting water use tariffs for irrigation involves significant political economy and technology challenges. Electricity tariffs remain below cost-reflective levels which could discourage longer-term and at-scale investment in renewable energy and energy efficiency (particularly from the private sector). These risks will be mitigated through continued technical engagement of the Bank in support to the government, and in coordination with other Development partners, on resilient landscapes and investment in clean technologies. For instance, in the energy sector, the Bank and other donors will continue to support power sector utilities and the regulator to progressively move towards efficient and cost reflective tariffs to ensure long-term financial viability of the power sector.
- **Technical design of program risks is substantial.** The multi-sectoral complex nature of climate change and green growth program necessarily reflects the nature of the challenges, but also poses a substantial risk. There is a risk of uneven progress on policy reforms across a number of line ministries may delay the achievement of reform targets and that MONRE's convening power is insufficient to ensure coordination and effective oversight. This risk is be mitigated through (a) regular reporting by MONRE and line ministries on the implementation of policies to the NCCC (and the prime minister); and (b) parallel investment project financing and analytical assistance being implemented by the Bank and other development partners to support policy implementation in the selected reform areas. The experience under the SP-RCC and earlier DPF operations means that there are already practices in place for coordination and monitoring, and a high level of commitment to the policy agenda has been maintained over some years. Nevertheless, monitoring of policy adoption has been stronger than monitoring of implementation, and the number of sectors and agencies involved means that there are always risks of delays in some areas. The support to the development of a new NDC Implementation Support Program will further strengthen these systems.
- **Institutional capacity for implementation and sustainability risks are substantial.** Implementation of policies in a number of reform areas will require long-term capacity to support e.g. improved management of forests, groundwater protection, and implementation of regional investment plans, routine climate budget analysis and provincial energy efficiency programs. Even though the Bank and other development partners are actively supporting the development of precedents and models, going from these to routine application still presents a challenge as they will require ongoing allocation of resources. The risk is mitigated by parallel support to evaluation and dissemination of impacts and value of these activities, through the DPF, but more significantly also through various sectoral engagements. The team will also engage with EXT colleagues on effective outreach for the DPF and related climate technical assistance, including on engagement at the leadership level.

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APPROVAL

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Approved By

Country Director:	Steffi Stallmeister	30-Oct-2019
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