Vietnam ER Program
WB Support as Delivery Partner

World Bank Task Team

Carbon Fund 17th Meeting
Paris, France
January 30 – February 1, 2018
Outline

• Summary of ER-Program preparation support
• How the ER-Program fits into Bank’s Support Strategy
• How the ER-Program fits into GoV’s Strategy
• Bank’s due diligence
• Next steps and Timeline
# Summary of ER-Program Preparation Supports

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Date</th>
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<tbody>
<tr>
<td>Vietnam’s ER-PIN approval by the FCPF</td>
<td>June 19, 2014</td>
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<tr>
<td>Readiness Package endorsed at PC22</td>
<td>Sept. 27, 2016</td>
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<tr>
<td>Concept approved by WB</td>
<td>Nov. 30, 2016</td>
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<tr>
<td>1\textsuperscript{st} Presentation of ER-PD at CF15</td>
<td>Dec. 2016</td>
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<tr>
<td>Quality Enhancement Review (QER)</td>
<td>April 2017</td>
</tr>
<tr>
<td>2\textsuperscript{nd} TAP review: rated 61 of 62 indicators met</td>
<td></td>
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<tr>
<td>Decision Review Meeting expected</td>
<td>June 2018</td>
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<tr>
<td>Appraisal expected</td>
<td>June 2018</td>
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<tr>
<td>ERPA negotiation process expected</td>
<td>Aug. – Dec. 2018</td>
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<td>ERPA signature expected</td>
<td>Dec. 2018</td>
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<tr>
<td>WB commits to support Vietnam’s ER-P through implementation</td>
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How the ER-Program fit into WB’s Support Strategy

Vietnam ER-Program

WB’s Twin Goals

End Extreme Poverty
Reduce the percentage of people living on less than $1.25 a day to 3% by 2030

Promote Shared Prosperity
Foster income growth of bottom 40% of the population in every country

Country Partnership Framework

CPF’s Focus Area 3: ENSURE ENVIRONMENTAL SUSTAINABILITY AND RESILIENCE

**Objective 9:** Promote Low Carbon Energy Generation, including renewables and Energy Efficiency and reduce GHG emissions

**Objective 10:** Increase Climate Resilience and Strengthen Disaster Risk Management

**Objective 11:** Strengthen Natural Resource Management and Improve Water Security
# How the ER-Program fits into WB’s Support Program to GoV

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Closing Date</th>
<th>Total ($M)</th>
<th>CPF</th>
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<tbody>
<tr>
<td>VN Industrial Pollution Management Project</td>
<td>30-Sep-2018</td>
<td>50.00</td>
<td>GHG ER</td>
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<tr>
<td>Coastal Resources for Sustainable Development Project + GEF</td>
<td>31-Jan-2018</td>
<td>106.50</td>
<td>GHG ER</td>
</tr>
<tr>
<td>Mekong Delta Integrated Climate Resilience and Sustainable Livelihoods Project</td>
<td>31-Dec-2022</td>
<td>310.00</td>
<td>GHG ER</td>
</tr>
<tr>
<td>Forest Sector Modernization and Coastal Resilience Enhancement</td>
<td>31-Dec-2023</td>
<td>150.00</td>
<td>Climate resilience</td>
</tr>
<tr>
<td>Policy Development Support for Climate Change &amp; Green Growth</td>
<td>2019</td>
<td>0.60</td>
<td>GHG ER</td>
</tr>
<tr>
<td>Mekong Delta: Advancing Climate Resilient Development: Inclusive, Innovative, Integrated</td>
<td>2021</td>
<td>2.43</td>
<td>All of focus area 3</td>
</tr>
<tr>
<td>PMR</td>
<td>2020</td>
<td>3.00</td>
<td>GHG ER</td>
</tr>
<tr>
<td>FCPF REDD+ Readiness</td>
<td>2019</td>
<td>8.80</td>
<td>Climate resilience</td>
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**WORLD BANK GROUP**

Climate Change

[Forest Carbon Partnership]
How the ER-Program fit into GoV’s Strategy and Priorities

USE NATURAL ASSETS FOR INCLUSIVE AND RESILIENT GROWTH

• Socio-Economic Development Program (2016-2020) calls for a renewed focus on sustainable development and the Green Growth Strategy
• Target Program on Sustainable Forest Development (approved 8/2016) and Forestry Law (approved by National Assembly 11/2017): Use of forests for goods and services (e.g., carbon sequestration, coastal resilience)
• Vietnam National REDD Action Program

RISK MANAGEMENT

• Vietnam pledged own domestic resources of $3.2 billion to reduce GHG emissions by 8% by 2030 relative to BAU scenario. Willing to go up to 25% with international support
• Vietnam’s NDC commitments span mitigation and adaptation to climate change
• Target Program for Climate Change and Green Growth approved (10/2017)
• SEDP (2016-2020) directs Government to pursue a “greener” approach to development.
Vietnam’s new status: implications for WB’s support

- Vietnam became a middle income and IBRD country → priorities for loans are less for natural resources

- WB’s portfolio will decline in the next few years

- The majority of funding for the ER-P is GoV’s budget, only one WB NRM project is active in this ER-P area (Forest Sector Modernisation and Coastal Resilience)

- WB commits to stay engaged in the Forest Sector and support GoV in finding new financing resources/instruments for natural resource management (including Carbon Finance)
Vietnam ER-Program Due Diligence

- ER-Program follows Bank’s standard preparation and review steps
- ER-P Program Concept Review Meeting was conducted on Dec. 2, chaired by Country Director
- Program Concept Note (PCN) peer-reviewed by 5 experienced Bank staff + Regional Safeguards Team
- PCN was endorsed and Task Team was authorized to proceed with ER-PD preparation

Key feedback from PCN and QER reviews:
- Program Development Objective is adequate
- Indicators: need to ensure reliable measurements of livelihood improvements
- Key risks: The Bank takes precautions approach when assessing risks. Overall risk rating is Substantial:
  ✓ Stakeholders engagement
  ✓ Cross sectoral coordination and engagement of multiple development partners
  ✓ Technical complexity associated to large scale Program
  ✓ Program financing – in the context of public spending cut
- Safeguards assessment: Ethnic minority participation and equity in benefit sharing
- Program financing: clear description of the financing arrangements needed for appraisal
Vietnam ER-Program Due Diligence

• Technical review of revised MRV/REL

• Review of Safeguards instruments (e.g. SESA, ESMF, IPPF, RPF…) to ensure they meet the Bank’s standards

• Support the Vietnam Gov. team to address the comments of CF15 meeting:
  • Carbon accounting (FREL/REL)
  • REDD+ registry
  • Cross-sectors
  • Interventions: ACMA clarification
  • Safeguards
ER-Program Next Steps

Vietnam’s actions:

- Advance development of Benefit Sharing and Feedback/Grievance redress mechanism
- Further define REDD registry
- Advance development of implementation design, review the piloting of ACMA

World Bank Processing Steps:

- Decision Review Meeting – planned for June 2018
- Appraisal - June 2018
- ERPA negotiation process: Aug. – Dec. 2018
- ERPA signature: Dec. 2018
Well coordinated donor supports, stakeholder consultations, civil society engagement and strong Gov. commitment

THANK YOU!