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PROJECT PAPER

FOR

SMALL RETF GRANT

(US\$ 3.0 MILLION EQUIVALENT)

TO THE

SOCIALIST REPUBLIC OF VIETNAM

FOR A

PARTNERSHIP FOR MARKET READINESS PROJECT (P152797)

June 5, 2016

Environment & Natural Resources Global Practice
East Asia and Pacific Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective {Date})

Currency Unit =
VND 1.00 = US\$ XXX
US\$ 1.00 = VND XXX

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
BAU	Business As Usual
BP	Bank Procedure
CDM	Clean Development Mechanism
COP	Conference of Parties
CPEIR	Climate Public Expenditure and Investment Review
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
DA	Designated Account
DC	Direct Contracting
DLA	Department of Legal Affairs
DNA	Designated National Authority
DMHCC	Department of Meteorology, Hydrology and Climate Change
DSENRE	Department of Science, Education, Natural Resources and Environment
DSTE	Department of Science, Technology and Environment
ETS	Emission Trading Scheme
FBS	Fixed Budget Selection
FM	Financial Management
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GoV	Government of Vietnam
ICB	International Competitive Bidding
IBRD	International Bank for Reconstruction and Development
ISEA	Industrial Safety Techniques and Environment Agency
LCD	Low Carbon Development
LCS	Least Cost Selection
IDA	International Development Agency
MBI	Market Based Instrument
MOC	Ministry of Construction
MOF	Ministry of Finance
MOIT	Ministry of Industry and Trade
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment

MRV	Monitoring, Reporting, and Verification
NAMAs	Nationally Appropriate Mitigation Actions
NCB	National Competitive Bidding
NCCS	National Climate Change Strategy
NDC	Nationally Determined Contribution
NTP	National Targeted Program
NTP-EE	National Target Program for Energy Efficiency
NTP-RCC	National Target Program to Respond to Climate Change
OP	Operational Policy
ODA	Official Development Assistance
PA	Partnership Assembly
PCB	Polychlorinated Biphenyl
PoA	Program of Activities
PDO	Project Development Objective
PM	Particulate Matter
PMR	Partnership for Market Readiness
PMU	Project Management Unit
PSC	Project Steering Committee
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SO	Standing Office
SOE	Statement of Expenditure
SSS	Single Source Selection
SP-RCC	Support Program to Respond to Climate Change
TA	Technical Assistance
TOR	Terms of Reference
UNFCCC	United Nations Framework Convention on Climate Change
VSA	Vietnam Steel Association
USD	United States Dollar
VGGS	Vietnam Green Growth Strategy
VND	Vietnam Dong
VNEPS	Vietnam National E-Procurement System
WHO	World Health Organization

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SOCIALIST REPUBLIC OF VIETNAM
Partnership for Market Readiness

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DATA SHEET

Socialist Republic of Vietnam
Partnership for Market Readiness
Small RETF Grant Project Paper

East Asia and Pacific Region

GENDR

Basic Information			
Date:	February 8, 2016	Sectors:	General Public Administration (50%); General Industry and trade (25%); Solid Waste Management (25%)
Country Director:	Achim Fock (Acting)	Themes:	Climate Change (100%)
Practice Manager:	Iain G. Shuker	EA Category:	C – Not Required
Project ID:	P152797		
Instrument:	Investment Project Financing		
Team Leader(s):	Christophe Crepin		
Recipient: Socialist Republic of Vietnam			
Executing Agency: Department of Meteorology, Hydrology and Climate Change (DMHCC) of Ministry of Natural Resource and Environment (MONRE)			
Contact:	Mr. Truong Duc Tri	Title:	Deputy Director General
Telephone No.:	+84 912287998	Email:	tri@inbox.com
Project Implementation Period:	Start Date: June 30, 2016	End Date:	December 31, 2019
Expected Effectiveness Date:	June 30, 2016		
Expected Closing Date:	December 31, 2019		
Project Financing Data(US\$M)			
<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other	
<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee		
For Loans/Credits/Others			
Total Project Cost :	3.60	Total Bank Financing :	3.00
Total Cofinancing :	0.60	Financing Gap :	0.00
Financing Source		Amount(US\$M)	
BORROWER/RECIPIENT		0.60	
IBRD			
IDA: New			
IDA: Recommitted			
Others – PMR Grant		3.00	
Financing Gap			
Total		3.60	

Expected Disbursements (in USD Million)									
Fiscal Year	2017	2018	2019	2020					
Annual	0.8	1.0	1.0	0.2					
Cumulative	0.8	1.8	2.8	3.0					
Project Development Objective(s)									
The Project Development Objective (PDO) is to strengthen the Government of Vietnam's capacity to develop market-based instruments to reduce greenhouse gas emissions.									
Components									
Component Name					Cost (USD Millions)				
Component 1. Strengthening capacity for developing carbon pricing readiness, including through supporting priority building blocks for market-based instruments					1.02				
Component 2: Readiness to pilot selected market-based instruments					1.49				
Component 3: Program management and stakeholder engagement facilitation					0.49				
Compliance									
Policy									
Does the project depart from the CPS/CPF in content or in other significant respects?						Yes []		No [X]	
Does the project require any exceptions from Bank policies?						Yes []		No [X]	
Have these been approved by Bank management?						Yes []		No []	
Is approval for any policy exception sought from the Board?						Yes []		No []	
Does the project meet the Regional criteria for readiness for implementation?						Yes [X]		No []	
Safeguard Policies Triggered by the Project						Yes		No	
Environmental Assessment OP/BP 4.01								X	
Natural Habitats OP/BP 4.04								X	
Forests OP/BP 4.36								X	
Pest Management OP 4.09								X	
Physical Cultural Resources OP/BP 4.11								X	
Indigenous Peoples OP/BP 4.10								X	
Involuntary Resettlement OP/BP 4.12								X	
Safety of Dams OP/BP 4.37								X	
Projects on International Waters OP/BP 7.50								X	
Projects in Disputed Areas OP/BP 7.60								X	
Legal Covenants									
Name			Recurrent		Due Date		Frequency		
Description of Covenant									

Team Composition

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Name	Title	Office Phone	City		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Vietnam	Hanoi	Vietnam		X	

I. STRATEGIC CONTEXT

A. COUNTRY CONTEXT

1. **Vietnam's reforms (“Đổi Mới”) initiated in 1986 have successfully transformed the country from one of the poorest in the world to a lower-middle-income country.** The country's per capita income has drastically increased since 1986, and the poverty rate (at US\$1.90 a day, purchasing power parity) declined markedly, from 49.2 percent in 1993 to 3.2 percent in 2012. In contrast to many other countries, this rapid growth has occurred without large increases in inequality.¹ Additionally, the Vietnamese population is better educated and has a higher life expectancy than most countries at a similar per capita income level.² Despite the rapid changes that have taken place in the last quarter-century, nearly half (43 percent) of Vietnamese workers continue to work primarily in family farming, including fishing and forestry.³ Furthermore, in spite of significant reductions in poverty, a substantial proportion of the population is just above the poverty line and is therefore vulnerable to falling back into poverty if faced with short-term economic or climate-related shocks and with long-term unsustainable patterns.

2. **Vietnam is in the middle of an economic transition where a greener inclusive growth trajectory is needed to both avoid getting locked into unsustainable paths and serve as an opportunity to generate immediate local co-benefits, including improved domestic competitiveness.** Low cost energy and natural resources have played a key role in driving the Vietnamese economy over the past decades. However, the current consumption and production patterns, accompanied with urbanization at an unprecedented pace, have placed enormous pressure on these resources and locked Vietnam into a highly energy-intensive economic growth. The quality and sustainability of growth remain a source of concern, given the resource-intensive pattern of growth, high levels of pollution, lack of diversification and value addition in exports, and the declining contribution of productivity to growth. Vietnam's industrial competitiveness is under threat because power generation has not kept pace with demand, logistical costs and real estate prices have climbed, and skill shortages are becoming prevalent. Environmental and social stresses will further increase as the growth of incomes, urbanization, and industrialization put growing pressures on land, water, air, and sectors, starting with energy.³ How Vietnam handles this economic transition will determine whether the country is able to pursue a strong and competitive growth trajectory and move into the ranks of higher-income countries or it is mired in a vicious cycle of expanding ‘dirty’ industries, degrading natural resources, and polluting, leading to a lower quality of growth.

3. **The growth of fossil fuel energy consumption associated with coal-fired power plants in Vietnam has led, and will continue to lead, to significant increases in emissions from air pollutants and GHGs.** On-the-ground measurements of particulate matter (PM) indicate that the average PM_{2.5} reading for Hanoi is more than 60 mg/m³, with certain months

¹ As measured by the Gini coefficient, which shows a gradual increase over the period 1992–2004, small changes in the following years, and then a slight drop during 2010–12. Source: Vietnam 2035 Draft Report.

² Program for International Student Assessment results 2012.

³ Government of Vietnam and World Bank. 2015. Vietnam 2035 Draft Report.

having an average of 95–110 mg/m³, considerably higher than the World Health Organization (WHO)’s advocated standard of 10 mg/m³.⁴ Further, with energy use growing faster than in any country in the region and the intensity of energy consumption among the highest in the world, Vietnam’s total GHG emissions have almost tripled and its carbon intensity (of gross domestic product [GDP]) has increased by 48 percent from 2000 to 2010, giving it the second highest carbon intensity in the region after China. Under current trends and policies, the share of coal for power will rise from 17 percent in 2010 to nearly 60 percent by 2030, of which around 80 percent will be imported.⁵ This highlights the need for Vietnam to act early to avoid investment in technology and infrastructure that will ‘lock in’ highly energy inefficient economic structures. Successfully doing so will lead to positive spillover effects with regard to economic growth, productivity, and avoided health costs.

4. Vietnam is facing a major challenge of addressing this unprecedented growth of GHG emissions in a context of growing international commitment to ambitious climate action. The Government of Vietnam has recognized this challenge through setting a number of domestic economy-wide and sectoral targets and policies that are intended to have an impact on GHG emissions, as it is outlined below. These efforts constitute a foundation of the (intended) Nationally Determined Contribution [(i)NDC] submitted by Vietnam to the UNFCCC in September 2015⁶ in the run to the COP21 in Paris. The (i)NDC states that with domestic resources, “by 2030 Vietnam will reduce GHG emissions by 8% compared to BAU, in which (i) emission intensity per unit of GDP will be reduced by 20% compared to the 2010 levels and (ii) forest cover will increase to the level of 45%.”

5. To support national mitigation efforts and enhance its contribution to global action, Vietnam is considering using diverse instruments of international cooperation. Building on its experience of using market and non-market instruments, such as the Clean Development Mechanism (CDM) and Nationally Appropriate Mitigation Actions (NAMAs), the Government of Vietnam has been exploring opportunities that could emanate from a range of new international cooperative approaches that were discussed as part of the negotiations on the international post-Kyoto climate architecture. This vision is reflected in the (i)NDC that states that the reduction of GHG emissions could be increased from 8% to 25% “if international support is received through bilateral and multilateral cooperation, as well as through the implementation of new mechanisms under the Global Climate Agreement, in which emission intensity per unit of GDP will be reduced by 30% compared to 2010 levels”.

6. The Paris Agreement, as part of the COP21 decisions package, creates a new foundation for ambitious cooperative action to curb climate change. The Paris Agreement, adopted in December 2015 by Parties of the UNFCCC, is a new framework for cooperative action to tackle climate change beyond 2020 that will replace the Kyoto Protocol. The agreement sets an ambitious goal of global warming of well below 2 degree Celsius w limit warming to 1.5

⁴ MONRE Data.

⁵ World Bank. 2015. Exploring a Low Carbon Development Path for Vietnam. World Bank, Energy Sector Management Assistance Programme, and U.K. Department for International Development.

⁶ Available at:

<http://www4.unfccc.int/submissions/INDC/Published%20Documents/Viet%20Nam/1/VIETNAM'S%20INDC.pdf>.

degrees. Under the agreement, all countries will develop plans on how to contribute to climate change mitigation, and communicate them to the UNFCCC in form of “nationally determined contributions” (NDC). Importantly, the Paris Agreement provides a mechanism for countries to cooperate in achieving (i)NDCs. Countries can meet their (i)NDC targets by transferring ‘mitigation outcomes’ internationally.

7. **While the implementation modalities of cooperative mechanisms are yet to be defined, the Paris Agreement gives a rationale to countries, such as Vietnam, to pursue readiness efforts for the use of new market-based instruments.** The provisions of the agreement, especially in Art. 6, cover a range of approaches, including voluntary cooperative approaches, transfers of mitigation outcomes, and mechanisms to contribute to mitigation and support sustainable development. These provisions give a new impetus to the policy and institutional efforts that need to be undertaken prior to 2020 to prepare and implement these new market-based instruments in Vietnam to contribute to the implementation of their (i)NDCs post 2020. These readiness efforts would create an opportunity for Vietnam to exhibit leadership that can be translated into long-term demand for clean growth and in increased commitment to adaptation.

8. **National preparation process to (i)NDC implementation would reinforce the policy and institutional framework for market-readiness activities in Vietnam.** With the adoption of the Prime Ministers’ Decree on the preparation of the (i)NDC expected in fall 2016, the Government of Vietnam will start the process of developing a package of policies and actions required to achieve the targets of the (i)NDC post-2020 in the effective and efficient way. This preparation process could also anchor the efforts of the Government of Vietnam in terms of exploring other policies, such as carbon pricing approaches, including market-based instruments. To comply with the requirements of the Paris Agreement and the COP21 decision package, important efforts would need to be undertaken to increase transparency, monitoring and reporting capacities, as well as to improve understanding of policies impacts of GHG emissions. Importantly, the outcomes of this process would also help to translate the targets and policies into concrete investment plans and send a strong message to investors – public and private, domestic and foreign – about the demand and profitability of long-term investments in both mitigation and adaptation in Vietnam.

B. SECTORAL AND INSTITUTIONAL CONTEXT

9. **Recognizing the challenges it faces with increasing climate change and growing emissions, Vietnam has responded by pursuing development of a policy and institutional agenda that aims to address its increasing climate vulnerability and promote a low carbon, green growth development path.** In June 2013, the Central Executive Committee of the Party adopted Resolution 24/NQ-TW on Active Response to Climate Change, Improvement of Natural Resource Management and Environmental Protection. The Resolution declared the fight against climate change as “one of the most important tasks of the entire political system.” Earlier, two strategies were introduced by the GoV – the National Climate Change Strategy (NCCS, 2011) and the Vietnam Green Growth Strategy (VGGS, 2012), which is at the core of Vietnam’s CC-response. While the NCCS aims to build resilience to climate change effects and includes actions to mitigate GHG emissions, the VGGS specifically addresses low-carbon development, green

production, including technology innovation and restoring natural assets, and promotion of green lifestyles. Both strategies were accompanied by action plans with specific programs. Two related strategies are the National Strategy for Natural Disaster Prevention, Response and Mitigation (2007), and the National REDD+ Action Program (2012), which both also serve a great purpose in building a low-carbon and climate resilient economy.

10. **The GoV has also recognized that a strong coordinating body to manage its climate change response agenda is key to successful implementation.** As a result, the Government established the National Climate Change Committee (NCCC) in 2012 to lead, coordinate, harmonize, and monitor climate change and green growth action. It is chaired by the Prime Minister and includes ministers of key climate change-relevant ministries as members. The NCCC is responsible for coordination between ministries and oversight of the implementation of the NCCS, VGGs and related programs and initiatives. The Ministry of Natural Resources and Environment (MONRE) supports the NCCC through the Standing Office (SO) of the NCCC and is the technical focal point for climate change-response policy. The recent establishment of the Vietnam Climate Change Panel also offers an opportunity to advise the NCCC on policy and scientific aspects.

11. **The i(NDC) includes a number of priority mitigation measures that builds on the measures included in the NCCS, VGGs and their action plans.** These include: (1) strengthening the role of the State in responding to climate change through integration of CC in strategies, development plans, and improving and strengthening institutions; (2) improving the effectiveness and efficiency of energy use and reducing energy consumption; (3) changing the fuel structure of industry and transportation; (4) increasing the proportion of new and renewable energy sources in energy production and consumption; (5) reducing GHG emissions through the development of sustainable agriculture; (6) managing and developing sustainable forests; (7) waste management; (8) communication and awareness raising; and (9) enhancing international cooperation.

12. **The adoption of key Government programs and initiatives have supported the implementation of these recent policy developments and have built the foundation for the implementation of Vietnam's (i)NDC.** The noteworthy national programs are the National Target Program to Respond to Climate Change (NTP-RCC), the Support Program to Respond to Climate Change (SP-RCC), and the National Target Program for Energy Efficiency (NTP-EE)⁷. The NTP-RCC stressed the need for mainstreaming climate change responses into social and economic development with a first phase (2008-2010) that focused on scientific analysis and initial planning and a second (2011-2015) that focused on financing continued scientific analysis, detailed planning, capacity building and development of sector and provincial action plans. The NTP-RCC has been instrumental in supporting the Government's capacity development to enact climate change-response policies and investments. The first phase of the SP-RCC (through 2015), which was supported by the World Bank through a climate change DPO series, built a

⁷ The NTP-RCC, NTP-EE and the current phase of the SP-RCC are scheduled to end after 2015. As a result, the Government is preparing a post-2015 Support Program to Respond to Climate Change that builds upon the lessons learned of the two programs to promote policies, investments, and capacity and knowledge development for climate change and green growth action.

multi-sector mechanism that enabled the scaling up of the Government's climate change response and coordinated policy development and dialogue between the Government and Development Partners. A second post-2015 phase of the SP-RCC builds on these accomplishments of the first phase to promote a stronger integration of climate change and green growth policy reforms over the short to long term with a focus on ramping up ambition in key policy reform areas. The NTP-EE was the first call for coordinated efforts to improve energy efficiency, reduce energy losses, and to conserve energy across all sectors of the economy. The program is now implementing phase two (2011-2015; Decision 2406/QĐ-TTg), aiming to save five to eight percent of total energy consumption in 2012-2015 compared to projected increases in national electricity demand. To achieve this target, a number of energy efficiency and conservation actions are proposed as well as a reduction per unit output in selected industries (steel, cement and textile).

13. To support the climate change response and achieve the targets of the (i)NDC, the GoV has been active in mobilizing domestic and a growing amount of external resources. However, implementing its NDC commitments will require a higher-level, more integrated and multi-sector financing strategy that will help the GoV plan, budget, finance, implement, track, report, and monitor an effective climate change response. The findings of the Climate Public Expenditure and Investment Review (CPEIR), conducted by the Government with support from the World Bank and the United Nations Development Programme, indicate that while Vietnam has indeed been effective in mobilizing resources for climate change and green growth, only a limited portion has been directed towards mitigation activities that are essential for further developing Vietnam into a low-carbon economy. From 2010-2013, 12 percent of climate change-response financing from the five studied sector ministries – whom represent the bulk of the central government's climate change response spending – have been directed towards activities that have climate change mitigation co-benefits, most of which are enabling activities to improve the capacity for concrete climate action.

14. As a result, the need for large scale mitigation action would require an extensive effort from both the public and private sector in Vietnam. The Exploring a Low Carbon Development Path for Vietnam report finds that Vietnam can achieve its Green Growth targets under a low-carbon development (LCD) scenario, though it will require early action and significant policy commitment, design and implementation across the key sectors. The report confirms that market, economic, and fiscal instruments to support low carbon investments and provide the right incentives for private sector actions is essential. This in turn requires proposals of different policy designs and in-depth analysis of their impacts, trade-offs, and interactions with other measures and policy options. It is also critical for Vietnam to take concrete steps to mainstream low carbon and green growth considerations into the planning process by building capacity in key institutions and through an effective implementation of a Monitoring, Reporting and Verification (MRV) system coordinated with the National GHG inventory. The LCD scenario could have short term implications on economic growth but does not lead to a reduction of the long term growth trend of the economy and may in fact have modestly positive impacts, as low carbon investments generate positive externalities to the other sectors of the economy and contribute to value added and employment. The LCD scenario is seen to accelerate the development of the service sector in Vietnam and leading to a shift to greener sectors of the economy.

15. **The Paris Agreement, which came as a result of COP 21, aggregates countries' efforts for ambitious action to curb climate change from 2020 onwards.** Clarity of the implications of the Paris Agreement still needs work, and this will emerge from the technical discussions under the UNFCCC. However, the agreement, particularly the provisions in Article 6, provides several implications in the pre-COP 21 period. Cooperative approaches (Paragraph 6.1), transfers of mitigation outcomes (Paragraphs 6.2-6.3), and mechanism to contribute to mitigation and support sustainable development (Paragraphs 6.4-6.7) would provide a strong rationale for the international support for the preparation and implementation of the market-based instruments in developing countries depending on their political, economic, social and environmental context. This will signify an opportunity for Vietnam to build upon recent events in the past year to exhibit leadership that can be translated into long-term demand for clean growth and in increased commitment to adaptation. This higher ambition will also send a strong message to investors – public and private, domestic and foreign – about the demand and profitability of long-term investments in both mitigation and adaptation. This five-year period is critical for Vietnam to develop its readiness to implement its (i)NDC.

16. **This project, combined with the Bank's support for the SP-RCC through an upcoming DPF series, is fully in line with the Bank's strategic engagement to support the implementation, monitoring, and preparation for revision and ramping up of ambition of Vietnam's (i)NDC.** This includes providing support to the Government to develop building blocks (e.g., MRV system) and investigate national policies needed (e.g., carbon pricing including market-based instruments) that would facilitate Vietnam to meet the targets articulated in its INDC.

Steel Sector

17. **The Government of Vietnam has recognized that the steel sector is a priority for GHG emission reductions.** The Vietnamese steel sector consists of 91 steel producing companies and it is one of the largest electricity consumers in Vietnam⁸. As a result, the Government has already established a voluntary emission reduction target and the VGGs identifies a number of goals for the steel sector: improve effectiveness and efficiency of energy use, reduce energy consumption in production activities, transportation and trade; Innovate technologies, and apply advanced management and operation procedures for efficient and effective use of energy in production, transmission and consumption, in particular in large production facilities where energy consumption is high. The Law on Economical and Efficient Use of Energy⁹ which took effect on January 1, 2011, mandates energy users to economically and efficiently use energy. Within this framework the National Targeted Program (NTP) includes targets for energy savings in the steel sector, including reduction in average energy consumption from 179 kilograms of oil equivalent (kgoe) in 2011 to 160 kgoe in 2015. Building on these policies and programs, Vietnam's (i)NDC emphasizes the need to apply advanced

⁸ Due to the UNFCCC inventory structure, GHG emissions associated with its electricity use are not listed under the "Industry" heading but under "Energy Production" i.e. taking a production- and not a consumption-approach to carbon accounting. Assigning the relevant part of electricity use to the steel sector would yield much higher figures.

⁹ National Assembly, 17/06/2010

management and operation procedures to improve energy efficiency in large production facilities where energy consumption is high, a distinction that fits the steel sector. Numerous studies have been carried out which hint at potentials to increase energy efficiency in the steel industry. In general the findings are that the Vietnamese steel sector can reduce considerably energy usage with well-known measures and better operational practices. An example at Da Nang Steel (Electric Arc Furnace plant) shows, that a reduction of the specific energy consumption by slightly more than 20% is feasible with only a limited amount of measures¹⁰.

Solid Waste Sector

18. Solid waste generation has increased in recent years in Vietnam and this trend is expected to continue in the future due to both the continuous rapid industrialization and urbanization of the country and widespread open dumping and burning in landfill sites. According to Vietnam's first Biennial Update Report to the UNFCCC, the total GHG emissions from waste in 2010 was 15.4 Mt/CO_{2e}, which constitutes 5.78% of the total GHG emissions of Vietnam (excluding LULUCF). Data analysis from the Environmental Status Reports of the Departments of Natural Resources and Environment of provinces/cities throughout the country shows that from 2006 to 2010, the average increase of total volume of municipal waste processed in the landfills was about 10% per year. In 2009, the Prime Minister of Vietnam approved the National Strategy for Integrated Management of Solid Waste up to 2025, which sets the vision that by 2050 all forms of solid waste will be collected, reused, recycled and treated completely by advanced technologies which are environmentally friendly, customized for different locales and reduces the need for the land filling of waste to a minimal level. In 2012, the Prime Minister approved the plan "Management of greenhouse gas emissions; management of the activities of trading carbon credits to the international market" which sets the target of reducing GHG emissions by 5% in the waste sector by 2020. GHG emission projections for the year 2020 range between 9.4 and 48 MtCO_{2e} and for the year 2030 between 14 and 94 MtCO_{2e} i.e. a difference of nearly factor 7¹¹. This is a clear indication that serious data gaps exist in this sector which needs to be closed if market-based instruments (MBIs) shall be implemented. The (i)NDC also highlights waste management as a key mitigation measure for Vietnam to achieve its GHG emission reduction targets.

C. HIGHER LEVEL OBJECTIVES TO WHICH THE PROJECT CONTRIBUTES

19. Through strengthening Vietnam's lower-carbon development efforts, the PMR project contributes directly to Pillar II (Sustainability) of the WB FY2012-16 CPS. The CPS, which supports the GoV's 2011-20 Socio Economic Development Strategy and 2011-15 Socio Economic Development Plan, is organized around three pillars: (i) competitiveness; (ii) sustainability, including climate change adaptation and mitigation and DRM; and (iii) opportunity. To this end, the project will support the CPS outcome and World Bank Environment

¹⁰The study proposes among others to install an improved tapping system and a system to pre heat feed with hot off gases. J. Herbertson, Energy and Resource Efficiency in the Vietnamese Steel Industry, 2011

¹¹ Based on reports from "Preliminary Results of Joint Study Project in Vietnam – Waste Sector" (IMHEN, OECCC, MOEJ, 2013), the National State of Environment Report 2011 - Solid waste (MONRE, 2011), and recent projections from Ernst & Young for the World Bank

Strategy Pillar 2.2 of “Strengthened Environmental Protection and Management” and climate change mitigation outcome indicator which seeks to reduce emissions compared to BAU scenarios.

20. **The Project is fully aligned with the corporate emphasis on addressing climate change and will contribute to the Bank’s twin goals of ending extreme poverty and boosting shared prosperity.** Climate change is a “fundamental threat to development in our lifetime”¹² and it is “possible to reduce emissions and deliver jobs and economic opportunity, while also cutting health care and energy costs”¹³. Carbon pricing captures the external costs of carbon emissions – costs that the public pays for in other ways, such as damage to crops and health care costs from heat waves and droughts or to property from flooding and sea level rise. Impacts such as these are a major threat to Vietnam’s development, poverty alleviation and prosperity. While addressing Vietnam’s emissions will not dramatically alter global emissions trajectory and therefore will not impact the extent of climate impacts in Vietnam, mitigation actions, such as investing in resource efficiency, are means to increase productivity and to diversify the current economy away from carbon intensive activities, which can be an important risk management strategy.

21. **The PMR Project is a significant component of the World Bank Group’s broader climate change engagement strategy in Vietnam that leverages an approach that raises the bar on selectivity, focus, knowledge, and results monitoring.** The PMR project leverages the World Bank Group’s expertise on carbon pricing to support the Government’s leadership on a climate change and green growth agenda, consequently contributing to achieve the targets within Vietnam’s (i)NDC. The Project also strategically engages Government leadership to inform targeted reforms of the country’s policies and systems towards a lower carbon economy that will complement and leverage actions supported by the World Bank Group’s substantive investment programs that explicitly aim to deliver significant climate change mitigation co-benefits at large scale (such as the planned investment program to support energy efficiency in the industrial sector). The PMR project will also leverage the findings and recommendations from the World Bank’s *Exploring a Low Carbon Development Path for Vietnam* Report to provide evidence-based analytical support to build the Government’s readiness for low-carbon development. In parallel, through a second DPF series, the Bank is supporting the Post-2015 phase of the SP-RCC, which supports low-carbon policy reforms in support of the (i)NDC. The analysis supported by the PMR project will feed into the identification and development of policy reforms to be included in the Government’s Post-2015 SP-RCC. This project will also complement technical assistance support to be provided for planning for effective preparation and implementation of Vietnam’s NDC mitigation goals. In particular, this parallel TA will support the Government to (i) identify reforms which would incentivize investors and consumers to change their decentralized decisions in line with NDC targets; (ii) assist the GoV to enable resource planning for implementation of policy actions and to leverage international resources for the conditional contributions included in the NDC; and (iii) build analytical and technical capacity for future GoV’s policy planning and review (2018) and update of NDC mitigation

¹² Jim Yong Kim, President, World Bank Group. Speech at the Council on Foreign Relations. December 8, 2014

¹³ Jim Yong Kim, President, World Bank Group, quoted in the World Bank Feature Story “New Study Adds Up the Benefits of Climate-Smart Development in Lives, Jobs, and GDP”, dated June 23, 2014.

targets (2020) per Paris Agreement. Further, the PMR project will complement the Vietnam Energy Efficiency for Industrial Enterprises Project (under preparation), which will seek to improve energy efficiency in the industrial sector of Vietnam, including the steel industry.

22. **The PMR project will support the achievement of the aforementioned mitigation targets of Vietnam’s (i)NDC.** As stated, Vietnam will exert efforts in implementing the following measures: (1) strengthen the leading role of the State in responding to climate change, including integration of climate change into development strategies, and development plans; and improving and strengthening institutions; (2) improve effectiveness and efficiency of energy use; reducing energy consumption; and (3) change the fuel structure in industry and transportation. The project will directly contribute to the achievement of these goals.

23. **The PMR project will also build on and complement past and ongoing Development Partner initiatives in this space.** In particular, the project will build on technical assistance and analytics provided by JICA, GIZ and UNDP, among others. This includes: a JICA TA project that supported the implementation of international standards for the establishment of the National GHG inventory; ongoing JICA TA to support the planning and implementation of NAMAs; a GIZ TA that aims to create an overarching framework for NAMAs and MRV in Vietnam; and a UNDP TA to strengthen capacity on climate change related initiatives in select industrial segments, including the steel industry. The PMR project, which will benefit and complement these aforementioned initiatives, reflects the Bank’s comparative advantage in its design with an emphasis on market-based instruments and pricing approaches.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

24. The Project Development Objective (PDO) is to strengthen the Government of Vietnam’s capacity to develop market-based instruments to reduce greenhouse gas emissions.

Project Beneficiaries

25. The main project beneficiaries are the Department of Hydrology, Meteorology and Climate Change (DMHCC), an agency of the Ministry of Natural Resources and Environment (MONRE), which is the designated implementing agency for PMR, the Industrial Safety Techniques and Environment Agency (ISEA) of the Ministry of Industry and Trade (MOIT), the Department of Science, Technology, an Environment (DSTE) of the Ministry of Construction (MOC), the Department of Legal Affairs (DLA) of the Ministry of Finance (MOF), and the Department of Science, Education, Natural Resources and Environment (DSENRE) of the Ministry of Planning and Investment (MPI), all of which are participating agencies of the project. DMHCC will benefit from increased capacity to manage GHG emissions-related data, understanding of market-based carbon pricing approaches and their applicability in Vietnam and recommendations for their development and implementation. The other aforementioned direct

beneficiaries will be directly involved in the project activities and will benefit from increased capacity to employ market-based instruments to reduce emissions (for MOIT and MOC) and to issue required legislations for the possible future implementation of carbon pricing approaches across sectors (MPI and MOF). Other stakeholders that will benefit from this project are the Vietnam Steel Association (VSA), steel companies, URENCOs, waste treatment companies, city administrators, auditors and verifiers. Both participating government ministries and the private sector will benefit from an increased understanding of their roles and potential benefits and implications for implementing market-based instruments for reducing GHG emissions.

PDO Level Results Indicators

26. PDO level result indicators:

- (a) Submission by MONRE of 2 core national GHG emissions data management readiness building blocks (national MRV and Registry Systems and improved national GHG emissions inventory process) for Government's adoption;
- (b) Submission by MONRE of an action plan for priority market-based carbon pricing approaches for Government's adoption; and
- (c) Submission by MONRE of at least one designed crediting NAMA and MRV system (for steel and/or solid waste sector) for Government's adoption.

III. PROJECT DESCRIPTION

27. The PDO will be achieved through three complementary components that will work towards developing the Government's core technical, policy and institutional regulatory market readiness to reduce GHG emissions in the country. This will be conducted through essential capacity development and improved data management at the central level, sustained stakeholder engagement to ensure efficient and effective leadership and implementation, and the design and preparation of market-based instruments (MBIs) in selected sectors to inform future carbon pricing approaches. The efforts towards preparing for and designing sector-specific MBIs in this project (Component 2) will work in parallel with the development of policy and management tools for carbon pricing readiness, (Component 1), both of which will prioritize "no-regret measures" that would be beneficial irrespective of future policy decisions.

A. Project Components

28. **Component 1: Strengthening capacity for developing carbon pricing approaches, including through supporting priority building blocks for MBIs (Grant Financing: USD 1.02 million).** Through this component, the GoV will facilitate future development of carbon pricing policy approaches, including MBIs, through a focus on evaluating carbon pricing options for Vietnam and assessing and developing the technical, policy and management tools available to the GoV for MBI implementation. The component will include support targeted at the following sub-components:

- (a) ***Assessing the overall institutional, policy, and technical gaps and opportunities for designing and implementing carbon pricing approaches in Vietnam.*** This sub-component will focus on three main activities that will work to inform the Government and relevant stakeholders of the options available to the Government to employ carbon pricing policies. This includes:
- (i) Analysis and evaluation of market-based carbon pricing approaches [including crediting Nationally Appropriate Mitigation Actions (NAMAs), emissions trading, and carbon taxes] applicable in Vietnam and definition of relevant sectoral scopes for these approaches;
 - (ii) Research and formulation of financial mechanisms and policies needed to mobilize support from private sector, banks and credit funds including international sources, such as the Green Climate Fund, to establish and implement carbon pricing approaches in accordance with instruments recommended in the preceding activity; and
 - (iii) Preparation of a mid-term action plan to help the Government of Vietnam to a) prepare and establish policy, legal, institutional and administrative infrastructure and financial mechanisms to establish and implement the recommended market-based carbon pricing approaches; and b) establish clear pathways from piloting of crediting NAMAs in priority sectors toward establishing more comprehensive market-based approaches
- (b) ***Development of the main building blocks for recommended market-based carbon pricing approaches at the national level, with focus on the data collection, MRV-related components and the crediting process.*** This will be conducted through four main activities that together will support the Government in developing the institutional and technical capacity to enhance the country's readiness for the implementation of MBIs and for the development of measurement, reporting, and verification (MRV) activities. This includes:
- (i) Supporting the development of the national systems for GHG emissions data collection, reporting and management through the improvement of the national GHG emissions inventory process to support the design and development of market-based carbon pricing approaches;
 - (ii) Developing the guiding principles for the national MRV and registry systems to ensure transparent accounting and tracking use of emission reductions that could be achieved through implementation of market-based carbon pricing approaches, mainly the crediting NAMAs in Vietnam (e.g., in steel sector and solid waste sector)
 - (iii) Supporting the development of national principles and criteria for credited NAMAs, including the participation requirements, approval processes, accreditation of independent verification entities, outline of quantification approaches (e.g., baseline setting and crediting thresholds where applicable) and general approach to net mitigation. This task shall be implemented in consistency with the aforementioned preparation of a mid-term action plan (activity iii above); and
 - (iv) Stakeholder training on carbon pricing approaches including organized training and capacity building workshops on requirements for credited NAMA, and dissemination, awareness raising for implementing GHG emission reduction and trading of carbon credits (at the central, sectoral, and local levels).

29. **Component 2: Readiness to pilot selected market-based instruments (Grant Financing: USD 1.49 million).** Through this component, the GoV will lay the foundation for piloting and implementing market-based instruments through selected sectors. The selection of sectors and activities to be covered during the implementation of the Project was primarily based on three criteria: competitiveness, cost-effectiveness, and donor coordination and avoidance of overlap with existing initiatives. In addition to these factors, the Government has also considered alignment with Vietnam's climate change and green growth strategies, interest of stakeholders in the sectors, sector experience with MBIs, technical and MRV capacity, and implementation readiness. As a result, the Government has selected the steel and solid waste sectors for this Project.¹⁴

30. The component will include support targeted at the following sub-components:

- (a) ***Designing a pilot for selected elements of MBIs in the steel sector.*** This sub-component will include four main activities that will develop the institutional and data structure for GHG emissions management and will design a pilot credited NAMA for the steel industry. This includes:
- (i) Designing and developing data collection and data management systems and MRV in steel sector in accordance with a selected crediting instrument in the steel sector;
 - (ii) Developing a credited NAMA for steel sector, including the choice of the crediting instrument [sectoral crediting or project/Programme of Activities (PoA)-based implementation], main building blocks; and implementation of a pilot of a GHG emissions database and voluntary reporting system in steel sector;
 - (iii) Developing an action plan for mid- to long-term market-based carbon pricing approach in the steel industry (including participation in a potential domestic Emissions Trading Scheme) in coordination with the work on the national level Action Plan being developed under Component 1, activity a (iii); and
 - (iv) Capacity building for stakeholders involved in the implementation of MBI(s) in the steel industry
- (b) ***Analyzing potential MBIs in in solid waste sector and designing measures to enhance readiness for implementation.*** This sub-component will include five main activities that

¹⁴ The selection of the steel sector was primarily due to its high energy consumption (the sector is one of the largest electricity consumers) and the feasibility of implementation, noting the concentrated nature of the sector as there are a limited amount of facilities in Vietnam . A successful MBI for the steel sector could also be applicable to other industrial sectors such as the cement sector. Further, there are already significant identified abatement options and the Government has labeled the sector as a priority for GHG reduction measures. The solid waste landfill sub-sector provides an opportunity to design and plan for the testing of MBIs in a sector with rapidly growing emissions. Despite the relatively low contribution of the solid waste sector to the reported total of GHG emissions in the available GHG inventories in Vietnam, the volume of generated solid waste nationwide is projected to continue increasing significantly. The sector's experience with several registered CDM projects and the two NAMAs currently under development also illustrate its potential for implementing project or sector-based MBIs. Data is available but no systematic data collection effort exists. The PMR will contribute by fostering the development of such a system

will establish the core elements of data management and capacity building coupled with the design of a credited NAMA for the solid waste sector. This includes:

- (i) Developing a GHG emissions data collection and management system and relevant reporting forms, as well as a MRV protocol for the targeted sub-sectors of the solid waste sector (in accordance with a recommended crediting instrument and to support design of piloting activities for the crediting NAMA in 3 pilot cities);
- (ii) Defining the targeted sub-sector(s) and the choice of the crediting instrument (sectoral crediting or project/PoA-based implementation) and defining the outline of the required building blocks (crediting components) for a credited NAMA;
- (iii) Designing a concept for a representative piloting activities for the crediting NAMA in the solid waste sector to test data collection and management system and the outlined approaches for the building blocks of the credited NAMA [defined under activity b (ii)];
- (iv) Conduct relevant capacity building focused on the 3 pilot cities [data collection, reporting and testing of the approaches defined in the building blocks designed in activity b (ii)] and on the relevant sectoral institutions to facilitate future implementation of piloting activities; and
- (v) Developing an action plan for mid- to long-term market-based carbon pricing approaches in the solid waste sector (including participation in a domestic ETS, e.g., through offsetting) in coordination with the work on the national level Action Plan being developed under the Component 1, activity a (iii).

31. The data management and reporting for both sectors will be developed by the line ministries (MOIT and MOC for steel and solid waste sectors, respectively), in consultation with MONRE, as the focal point on NAMAs of the Government. The policies developed as part of Component 1 for data management will help ensure all the relevant data are collected, reported, and archived properly in a systematic and consistent way to facilitate the integration of data into sectoral and national MRV systems. For both sectors, it is important to note that the impact of an MBI on price responsiveness and, therefore, GHG emissions, may be limited by the sectors' highly regulated nature, and as such, the success of MBIs will be partially reliant on complementary structural measures to enhance the implementation and achievement of policy goals through MBIs.

32. **Component 3. Program management and stakeholder engagement facilitation (Grant Financing: USD 0.49 million).** This component will support MONRE to guide the implementation of the proposed activities and other MBI-related activities in Vietnam. This component would also support enhanced stakeholder engagement and communication efforts, including the reporting of PMR project implementation progress to the NCCC. The component will include support targeted at the following activities:

- (a) ***Supporting project management with a dedicated project team to ensure an efficient and effective implementation.*** This primarily support project coordination, monitoring of progress and results, and management of fiduciary requirements. This will include quality control of reports, document reviews, clearances and publications (particularly strong editing, translation, and design – in both Vietnamese and English) as well as

ensuring that documents go through the official reviews and clearance processes across relevant line ministries.

- (b) ***Supporting communication and stakeholder engagement including conducting a feedback and learning process with stakeholders to ensure awareness raising and dissemination of results.*** This primarily supports designing and implementing a strategy for stakeholder engagement, which includes elements on communication involving stakeholder meetings, workshops and seminars. This includes engaging stakeholders by sharing information on the objectives, basic elements and technical requirements associated to the design, implementation and operation. This will also support stakeholder consultations on the need and design of proposed regulations with public and private sectors, as well as conducting workshops with representatives of countries that have already implemented comparable schemes. The institutionalization of a structured consultation process with stakeholders on carbon pricing and MBIs will also be supported (e.g., a structured series of dissemination and knowledge-sharing activities, such as workshops, seminars and meetings aimed at raising awareness on climate change issues and the role of carbon pricing and MBIs in the country). The content of this work will be propagated to line ministries, the private sector, and Provinces identified as having potential for steel and solid waste GHG emissions management in the form of a regularly updated website, newspaper, and brochure coupled with workshops and conferences.

B. Project Cost and Financing

Instrument

33. **The PMR is a grant-based, multi-donor trust fund.** It has received donor pledges totaling about US\$126.5 million as of April 2014. The PMR fosters North-South and South-South exchange to facilitate financial flows that lead to scaled-up GHG mitigation actions. PMR decision making, including criteria for and allocation of funding, is made by the Partnership Assembly (PA), consisting of both the Contributing and Implementing Participants¹⁵. The PMR provides capacity building, technical assistance, and grant funding for innovating and piloting MBIs to reduce GHG emissions. The essential building blocks for creating new market-based systems to mitigate GHG emissions are often missing from these countries' governments and relevant institutions. Thus, the PMR provides a platform for technical discussions, policy exchange, and collective innovation on new market instruments. The PMR also creates and shares knowledge products on market instruments and lessons learned. The World Bank provides secretariat and technical support for the day-to-day operations of the PMR. The secretariat maintains a PMR website with all relevant documentation and details regarding meetings. The World Bank also serves as the trustee of the PMR trust fund, and it is the principal delivery partner.

¹⁵ Contributing Country Participants to the trust fund include Australia, Denmark, European Commission, Finland, Germany, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, United States, and United Kingdom. Implementing Country Participants that receive grant assistance include: Brazil, Chile, China, Costa Rica, Colombia, India, Indonesia, Jordan, Mexico, Morocco, Peru, South Africa, Thailand, Tunisia, Turkey, Ukraine and Vietnam

34. **The Project funds will be channeled through a recipient-executed trust fund under the PMR global multi-donor trust fund.** Vietnam joined the PMR in October 2011, upon the PA approving its Expression of Interest and allocating it \$350,000 to prepare its Market Readiness Proposal. The Asian Development Bank (ADB) served as a main delivery partner for the MRP preparation in close collaboration with the World Bank as a co-delivery partner. The preparation grant (administered by the ADB) was used to: organize consultations, meetings, and outreach to stakeholders, as well as to identify key PMR activities and establish effective project management capacity, sectoral working groups and Steering Committee. The draft Market Readiness Proposal (MRP) was presented at the Eighth Meeting of the Partnership Assembly (PA8) in March 2014. The final MRP was presented at the Ninth Meeting of the Partnership Assembly (PA9) in Cologne in May 2014. The resolution on the allocation of US\$3 million to Vietnam for implementation phase was approved at PA10 in Santiago, Chile¹⁶. The project implementation period will be three years.

35. Project cost by component is presented in the table below (in USD):

Project Components	Project cost	Grant Financing	% Financing
1. Strengthening capacity for developing carbon pricing approaches, including through supporting priority building blocks for market-based instruments	1,095,000	1,020,000	93.2%
2. Readiness to pilot selected market-based instruments	1,490,000	1,490,000	100%
3. Program management and stakeholder engagement facilitation	1,015,000	490,000	48.3%
Total Baseline Costs			
Physical contingencies			
Price contingencies			
Total Project Costs	3,600,000	3,000,000	83.3%
Interest During Implementation	-	-	
Front-End Fees	-	-	
Total Financing Required	3,600,000	3,000,000	

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

36. **DMHCC under the line agency MONRE is designated as the Project Owner which will host the Project Management Unit (PMU).** The PMR project will be implemented in accordance Decree No 38/2013/ND-CP of the Government dated April 23, 2013 on management and use of official development assistance (ODA) and concessional loans of donors and Circular No 01/2014/TT-BKHDT of MPI dated on January 09th 2014 on guidelines on implementation of Decree No 38/2013/ND-CP. DMHCC has the function of advising and assisting the Minister of

¹⁶ More information on the Vietnam MRP and the project design is available at <https://www.thepmr.org/country/vietnam-0>

MONRE on state management in the field of meteorology, hydrology, climate change, protecting the ozone layer and implementation of public services for meteorological and climate change in accordance with the law. In accordance with the Prime Minister's Decision 1269/QĐ-BTNMT, DMHCC is the agency responsible for: forming the domestic carbon market and participating in the international carbon market; establishing a database on national GHG emissions, a national GHG inventory for 2005 and a system for national GHG inventories; and building relevant national and sectoral-level MRV systems, related to NAMAs. As the Designated National Authority (DNA) for Vietnam under the CDM, DMHCC has proven experience in national and global climate change policy. Based on this experience it is also familiar with MRV systems concerning carbon credits. In addition, the National Climate Change Committee's Standing Office is located within DMHCC, and therefore DMHCC is well-positioned to coordinate across sectors on climate change related issues.

37. The PMR project requires technical expertise and involvement from several participating line ministries. The primary function of MOIT is the state management of industry and trade and as a result, MOIT is the active counterpart for NAMA projects in the steel sector. MOC is the main entity responsible for the planning, designing and architecture of urban development, building materials, and planning and construction of urban technical infrastructure (including solid waste management) and as such, is the active counterpart for NAMA projects in the solid waste sector. Given that Component 1 of the project also involves activities that are likely to lead to recommendations in support of the development for draft financial mechanisms, institutional, legal and administrative arrangements, analytical contributions from MPI and MOF for these specific activities are needed. In response to MONRE Document No 5646/BTNMT-KTTVBĐKH (dated 22nd December 2014), which requested these participating line ministries to participate in the preparation and implementation of the project, MOIT assigned the Industrial Safety Techniques and Environment Agency (ISEA), MOC assigned the Department of Sciences, Technology and Environment (DSTE), MPI assigned the Department of Science, Education, Natural Resources and Environment (DSENRE), and MOF assigned the Department of Legal Affairs (DLA). Dedicated teams from these Ministries will have the following roles and responsibilities during project implementation:

- **Participating Agencies:** ISEA (MOIT), DSTE (MOC), DMHCC (MONRE), DLA (MOF), and DSENRE (MPI) will serve as participating agencies for the project. These agencies will be:
 - Responsible for the development of Terms of References for their designated set of activities, including the articulation of specific objectives, content, outputs as well as leading their consultation process;
 - In the procurement team for packages where their designated set of activities are included (as mentioned in the Procurement section);
 - The technical lead for their designated set of activities, providing technical supervision and quality assurance and control of progress and outputs;
 - Responsible for making regular reports on project activities to the PMU for review, evaluation, and reporting to the Steering Committee.

38. DMHCC has established a Project Management Unit and appointed a PMU director for the overall organization, management, daily operation as well as coordination

with all relevant stakeholders, ministries and agencies. The roles, functions and responsibilities of the PMU and participating line ministries (MONRE, MPI, MOF, MOIT, and MOC) are stipulated in details in the Regulations on PMU Operations. This is to ensure clarity in the roles and responsibilities for project activities. The PMU will be responsible for:

- The overall day-to-day supervision of the implementation of the PMR tasks, including procurement and financial management;
- Developing, in coordination with participating agencies, the overall plan and annual work plan of the PMR Project, determining resources for implementation, objectives, content, outputs and deadlines of each activity of the project; managing the project implementation and use of ODA in accordance with applicable regulations;
- Collaborate with the World Bank to develop the project implementation plan, which defines the progress and results for each of the project activities;
- Manage the implementation of the obligations in the contract that have been signed by authorities with contractors. This includes tracking, monitoring and evaluation activities and results of operations of the contractor and the timely resolution of issues arising during the implementation of contracts within its jurisdiction;
- Product acceptance and settlement in accordance with the law;
- Assist in the formulation of policies, plans, strategies under the project while taking into account the environmental and social impacts in accordance with Vietnam Environmental Laws and Regulation;
- Review all project terms of references (TORs) for their potential environmental and social implications, risks, and impacts and ensure that these potential impacts will be taken into consideration throughout the formulation of policies, plans, strategies or legal frameworks;
- Leading the organization of consultation workshops in coordination with participating line Ministries. These workshops will include sectoral consultations throughout the design and development process of the credited NAMAs for the steel and solid waste sectors, consultations across sectors and with localities and the private sector on the development of recommendations to prepare and establish institutional and administrative infrastructure for the recommended market-based carbon pricing approaches, and consultations to serve as a coordinating platform with other Government project-based NAMA initiatives in Vietnam;
- Document stakeholder participation and the agreed scope of work or actions to be undertaken during implementation and ensure that TORs will include communication strategies and public information disclosure as appropriate;
- Publicly disclose project information including project report and result of the stakeholder consultations;
- Acting as the focal point to collaborate with the competent agencies and donors to evaluate the results of operation of the project;
- Detecting the need to adjust, amend and address other matters arising in the implementation process, and submit to the Minister of MONRE for consideration for decision-making;
- Managing project implementation and use of financing (see FM section);
- Being the procuring entity of the procurement activities (see Procurement section);
- Strictly implementing M& E information and reports (as per Vietnam and World Bank requirements, as articulated in the Results Monitoring section); and

- Coordinating the various works within the Project to ensure outputs are aligned and synergies across activities are sought;
- Holding regular meetings every month and ad hoc meetings in extraordinary circumstances, as needed.

39. **As this is a project that requires the involvement of several line Ministries and Departments, a Project Steering Committee (PSC) has been established, chaired by MONRE Vice Minister, and made up of Department Leaders from the participating line ministries.** MONRE will officially invite MOF, MPI, MOIT, and MOC to nominate members of a PSC and a decision will be issued by the Minister of MONRE on the PSC establishment. The PSC will have a total of six members, with the Vice Minister of MONRE as chairperson. The remaining five members include one representative each from MONRE, MOF, MPI, MOIT, and MOC. MONRE has recently been designated as the state regulator for solid waste management (via Decree No. 38/2015/NĐ-CP, to take effect on June 15, 2015), a representative from the Department of Waste Management and Environment Promotion under MONRE will also be included in the PSC. Other ministries will be invited to PSC meetings as needed.

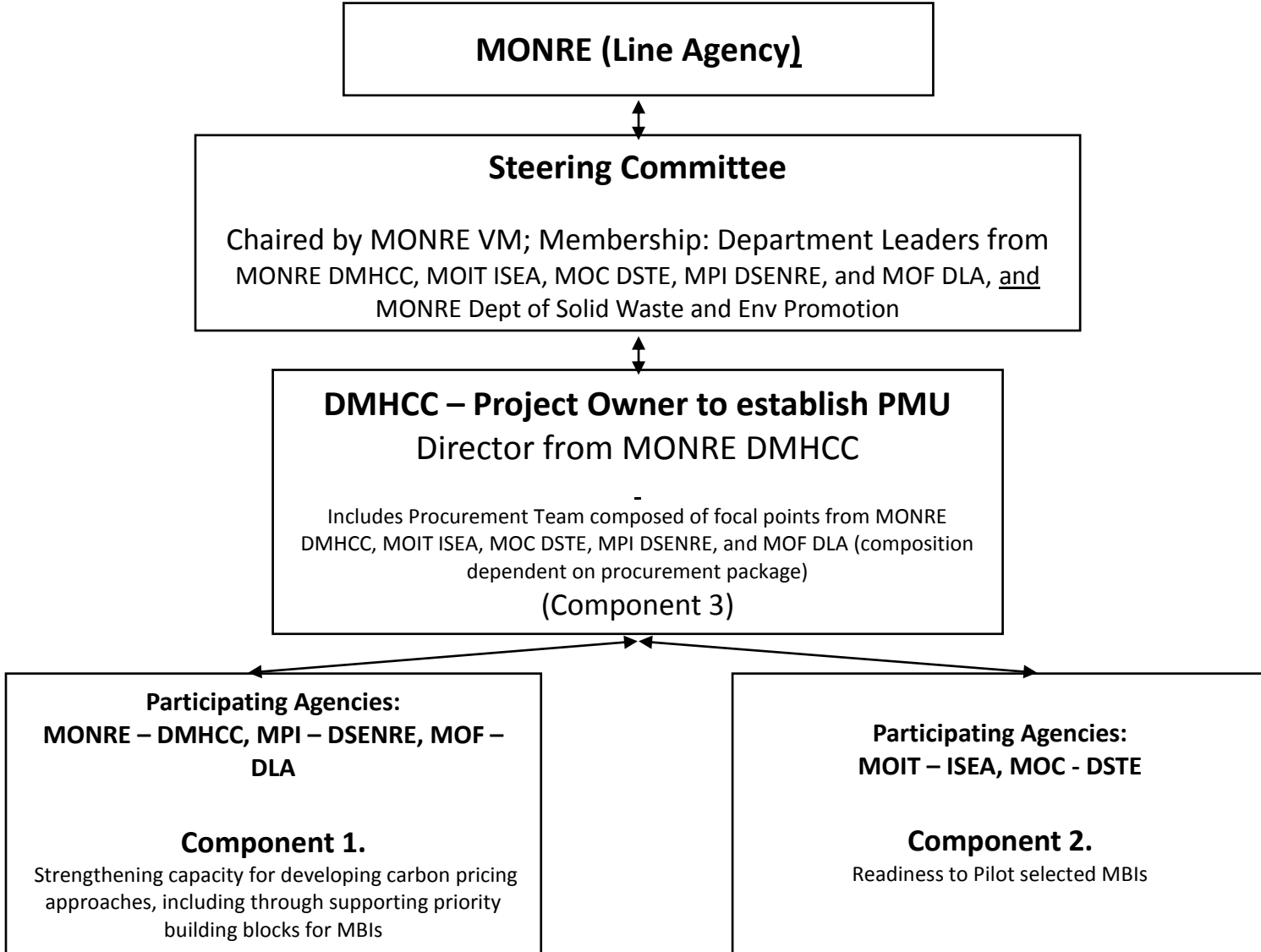
The PSC's functions include:

- Provide overall guidance for project implementation to the PMU;
- Provide management and policy support to the PMU particularly when inter-agency coordination is required;
- Review and endorse Annual Work Plans based on a template endorsed by the World Bank;
- Ensure full cooperation of agencies and subsidiaries under their jurisdictions to provide access and support to the PMUs in carrying out their tasks; and
- Monitor overall project implementation.

The PSC will meet at least annually and on request by members of PSC to review project implementation issues. Members or designated representatives of the members of the PSC will attend the meetings. Any members of the PSC can request ad hoc meetings. Until the first meeting has taken place, the work plan prepared in the project document is viewed as approved by all parties. Decisions will be made by majority vote at the meeting. If the pros and cons are equal, the PSC chairperson will have the final voice. No quorum (no minimal number requirement for members of the PSC to attend the meeting) will be applied. The Project Director will be responsible to the PSC for overall management and implementation of the project. S/he will be in charge of organizing PSC meetings. The PMU will be responsible for preparing documents and logistics for PSC meetings. Meeting announcements and related documents should be sent to PSC members two weeks in advance to encourage maximum and active participation. The Project Director will prepare minutes of the meeting for PSC Chairperson's approval. The approved minutes must be sent out by email and post to all PSC members, relevant Technical Team members and PMU within five working days from the date of the PSC meeting. A summary (in English) of the minutes, focusing on results of the meeting, will be sent out by email and post to share information with the WB.

40. **The Figure below shows the organizational set-up of the implementation of the PMR**

project.



B. Results Monitoring and Evaluation

41. **Project monitoring and evaluation which will feed into the World Bank supervision of the implementation of activities to ensure achievement of the PDO under the PMR grant will include the following:**

- *Project Progress Reports:* MONRE DMHCC, representing the recipient, will provide annual progress reports with details on progress on the delivery of PDO and Intermediate

Results (as contained in Annex 1 Result Framework of the Project Paper) as well as all outputs studies, guidelines, and other documents) developed under the Project. The goal of the project progress report is to ensure timely support and feedback from the Bank on the activities outlined in the Grant Agreement.

- *Financial Statements:* The recipient will provide project’s Interim Unaudited Financial Report (IFR) bi-annually. The IFR are to be submitted to the Bank no later than 45 days after each period. The annual Project financial statements will be audited by an independent auditor and acceptable TOR and will be submitted to the Bank within six months after the end of such reporting period.
- *Completion Report:* The recipient will prepare a project completion report to document how objectives outlined in the MRP and the Grant Agreement have been met and there is a plan for their sustainable outcomes.
- *PMR Country Updates:* PMR implementing Countries will also update once a year at the PMR Partnership Assembly (PA) meetings on the progress of their implementation phase activities. PMR PA meetings occur a minimum of two times per year. The purpose of these updates is to inform the PA and also seek feedback from the PA.

C. Sustainability

42. **The sustainability of the outputs of the projects lies in capacities built in the core climate change line ministries and the level of engagement with Senior Government Leadership to influence policies, institutions, and implementation of the developed tools.** The project will focus on developing no-regret measures in the pilot sectors chosen and stakeholder engagement will be carefully planned to ensure that MONRE and the other relevant Government agencies, private companies, and verifiers are sufficiently capacitated.

V. KEY RISKS AND EXPLANATION

A. Systematic Operations Risk-rating Tool

Risk category	Rating
1. Political and Governance	Low
2. Macroeconomic	Low
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Moderate
7. Environment and Social	Low

8. Stakeholders	Moderate
9. Other	Low
OVERALL	Moderate

B. Overall Risk Rating Explanation

43. **Overall risk rating of the project is moderate.** The PMR is only expected to lead to the first set of actions that facilitate the design of domestic market based instruments and infrastructure and it is not envisioned that the PMR, alone, will result in measurable changes in carbon markets. Through Vietnam’s NCCS, VGGS, and recently issued (i)NDC, there is also a clear, shared vision on climate change in Vietnam and the PMR directly aligns with its objectives. The project owner, the DMHCC, is well positioned to implement the PMR activities and engage various stakeholders and line ministries in consultations and implementation. Finally, ongoing stakeholder dialogue and workshops are a formal component of the PMR preparatory and implementation work to ensure all parties fully understand the planned project activities and appropriately benefit from the capacity building and technical assistance provided by the PMR.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

44. **The project provides knowledge and technical capacity which will help inform the design and development of policies that support the implementation of the mitigation component of Vietnam’s (i)NDC in a cost-effective manner.** Outputs of the project will include the preparation of data management systems for emissions, analytical studies, action plans, and recommendations for policy reforms. Therefore, given the nature of the project, estimating the economic costs and benefits is difficult. However, the project will likely generate economic benefits in the future as the project will promote energy auditing, verification, and improved energy efficiency services and may create new areas of employment in Vietnam. Further, the technical capacity built and recommendations for carbon pricing approaches will support cost-effective measures to mitigate GHG emissions that will help ensure that the costs of emissions are not incurred by the public. Supporting the measures in this project will bring about the identification of schemes that would reduce energy consumption reduction and GHG emissions.

B. Technical

45. **DMHCC and the participating agencies involved in the project have an initial understanding of the efforts needed to apply market-based instruments for emission reductions (through CDM) but capacity and knowledge development is needed for the implementation of the project.** Market-based instruments are at a nascent stage in Vietnam; however, the agencies involved in the project have experience with the key building blocks for applying them. Key stakeholders and beneficiaries (including the Government, private sector, industries, verifiers, auditors, etc.) will require capacity development for methodologies to set up baseline data, develop an understanding of the mitigation and efficiency potentials,

methodologies for setting benchmarks and targets, and MRV. Funding from this project will therefore aim to address these technical and knowledge gaps through engagement with international experts and potential south-south knowledge exchange. An international technical expert will be contracted to directly support and work closely with the staff of DMHCC to provide technical inputs into all of the activities in this project and support results monitoring and consensus building efforts. International experts will also provide on-the-job training and capacity building activities to DMHCC, participating agencies, and other stakeholders.

C. Financial Management

46. **The Bank task team has reviewed the proposed financial management arrangements for the above trust fund through review of the Project proposed implementation arrangement and concluded that the proposed arrangements will be adequate and acceptable provided that a number of FM actions will be implemented before Project starts.** The FM risk is Moderate due to the DMHCC of MONRE team, including the chief accountant has accumulated experience in implementation of previous Bank project (VNCLIP) which recently completed in 2014. The key remain FM risk is Project have a number of participating agencies in 5 ministries (MONRE, MOF, MPI, MOC, MOIT) which requires strong linkages among Project components and good management and coordination between MONRE and other line ministries. Also, the FM role of DMHCC in MONRE is critical in monitoring fund flows and in meeting the financial reporting requirements. The risk will be mitigated through establishment of simple financial management system with designated staff being responsible for financial management operation of the grant and an independent audit. A number of FM actions shall be implemented in order to ensure an effective FM arrangement is ready to implement Project activities including: (i) Project chief accountant is officially appointed; (ii) Revised Project FM Manual (FMM) to be submitted to the Bank for review; (iii) A comprehensive review of current accounting software, IMAX shall be conducted and an upgrade solution is proposed to the Bank for review; (iv) Relevant Project staff to attend Bank trainings on FM, procurement and disbursement before Project starts. Details on FM arrangement is in Annex 3.

D. Procurement

47. **The project owner DMHCC has established a Project Management Unit (PMU) to manage the project implementation, including procurement.** The agency has limited experience in World Bank procurement procedures through implementation of the VNCLIP, National HCFC phase-out management plan, Disaster risk management Capacity Building Program. Procurement of international bidding packages, in particular by QCBS method is still a challenge to DMHCC. While day-to-day procurement related operations and decision making of the proposed project will be the responsibility of DMHCC and its PMU, the procurement plan (and its updates) of the Project is subject to approval by MONRE. Regarding the personnel to implement procurement, in addition to (at least one) full time procurement staff and procurement support consultant, for specific procurement packages, procurement team(s) will be set up with participants from the relevant responsible ministries. The team(s) will be in charge of the whole process including TORs/RfP preparation, proposal evaluation, contract negotiations/award, and coordinate the contract management and acceptance work.

48. The Bank carried out a procurement risk and implementation capacity assessment and rated the procurement risk as **Moderate**. With the mitigation measures being implemented, the procurement risk is reduced to **Low**. The main risks and the corresponding mitigation measures are discussed in Annex 3.

49. Procurement of the Bank financed activities under the proposed project will be carried out in accordance with the World Bank's "*Guidelines: Procurement of Goods, Works and Non-Consulting Services Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers*" dated January 2011 and revised July 2014 (the Procurement Guidelines); and "*Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers*" dated January 2011 and revised July 2014 (the Consultant Guidelines); and the specific provisions stipulated in the Grant Agreement. The Procurement Plan for the entire project as well as more detailed procurement arrangements have been discussed and presented in Annex 3.

E. Environmental (including Safeguards)

50. **The project is designed to assist Vietnam in preparing readiness for piloting data collection of GHG emission, data management system and voluntary reporting as well as MRV protocol in steel sector and solid waste sector with a view to developing market-based carbon pricing mechanisms in the future.** PMR support will be directed solely to technical assistance activities that support capacity development, improved data management, stakeholder engagement and the design of selected elements of MBIs in steel and solid waste sector. It will not finance any activities such as feasibility studies; technical, engineering design studies; preparation of bid documents that would facilitate construction of physical infrastructure which may or may not be financed by the Bank. The project will conduct analytical works and studies of legal, financial policies and institutional framework that involve market-based carbon pricing approaches. It is anticipated that the project will lead to long term positive impacts to the environment particularly on GHG emission reduction and energy consumption reduction. The project activities are likely to have no environmental and social impact. The project is therefore categorized as Category C.

51. **No safeguards instrument is required for this TA project.** However, since the PMR project focuses on capacity development and supporting communication and stakeholder engagement that include design of a strategy for stakeholder engagement (including a communication strategy and implementation of strategy involving stakeholder meetings, workshops and seminars), this provides an excellent opportunity to promote broad stakeholder engagement and participation through public information disclosure at all critical phases of the project. However, there is possibility that the studies and recommendations may lead to legal, financial policy or institutional structure formulation or amendment of certain provisions of the existing law and policies in the next phases to provide adequate platform in launching and implementing market-based carbon pricing approaches. Therefore, the counterpart will be asked to incorporate directly environmental and social safeguards policies into the TOR of relevant project activities that may cause environment and social impact. The Bank team will ensure that the Term of Reference (TOR) of various studies/analytical works and the products take into consideration the Bank safeguard policy requirements and environmental externalities. The said TORs and analytical pieces will be consistent with and guided by the Interim Guidelines on the

Application of Safeguard Policies to Technical Assistance Activities in Bank-Financed Projects and Trust Funds Administered by the Bank. The key TORs will be reviewed by the Bank.

F. Social (including Safeguards)

52. **Project activities are not anticipated to have any adverse social impacts.** The PMR project will provide technical assistance and finance analytical work and studies that would support the Government to develop market-based instruments for reducing GHG emissions and inform the potential issuance of legislation for the possible future implementation of carbon pricing approaches. The project will not finance any investment activities. However, as market-based carbon pricing approaches are an innovative concept in Vietnam, both in the government and private sector, stakeholder consultation workshops, seminars, dialogue, and roundtables will be part of preparatory and implementation work to ensure all parties fully understand the planned project activities and appropriately benefit from the capacity building and technical assistance provided by the PMR. The project design, through a set of stakeholder consultation workshops, takes into account stakeholders' perception of the project, their view on the design, implementation and operation of appropriate market-based carbon pricing approaches for Vietnam and proposed regulations and institutional structure. It is also important to recognize that men and women may still have different perspectives on these market based instruments to reduce greenhouse gas emissions. Stakeholder consultations during project implementation would need to take this issue adequately into account. The Bank will also work with the counterpart to ensure that gender aspects and social safeguards related issues would be incorporated in relevant project activities and products. Opportunities for training will be offered equally to males and females.

Annex 1: Results Framework and Monitoring

Vietnam: Partnership for Market Readiness

Project Development Objective (PDO):

The Project Development Objective (PDO) is to strengthen the Government of Vietnam's capacity to develop market-based instruments to reduce greenhouse gas emissions.

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3	End Target				
Indicator One: Submission by MONRE of 2 core national GHG emissions data management readiness building blocks for crediting NAMAs for Government's consideration.	<input type="checkbox"/>	Number	0	0	0	2	2	Annually	MONRE Progress Report	MONRE	2 building blocks: Guidelines on national MRV for crediting NAMAs and Guidelines on national principles and criteria for crediting NAMA)
Indicator Two: Submission by MONRE of an action plan for carbon pricing approaches for Government's consideration	<input type="checkbox"/>	Yes/No	No	No	No	Yes	Yes	Annually	MONRE Progress Report	MONRE	
Indicator Three: Submission by MONRE of at least one designed sectoral crediting NAMA and MRV system for Government's consideration	<input type="checkbox"/>	Yes/No	No	No	No	Yes	Yes	Annually	MONRE Progress Report	MONRE	Design of crediting systems could be for steel and/or solid waste sectors
INTERMEDIATE RESULTS											
Intermediate Result (Component One):											
<i>Intermediate Result indicator One:</i> An option study for carbon pricing approaches is completed	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Annually	MONRE Progress Report	MONRE	
<i>Intermediate Result indicator Two:</i> National principles and criteria for credited NAMAs are developed	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Annually	MONRE Progress Report	MONRE	National Principles should include participation requirements, approval processes,

											accreditation of independent verification entities of standards and process for verification, outline of quantification approaches (e.g., baseline setting and crediting thresholds where applicable) and general approach to net mitigation
Intermediate Result (Component Two):											
<i>Intermediate Result indicator One:</i> Guidelines on GHG emissions data collection and management system, relevant reporting forms, and MRV protocol for the steel sector are developed	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Annually	MONRE/MOIT Progress Report	MONRE/MOIT	
<i>Intermediate Result indicator Two:</i> An option study and action plan are developed for mid-to long-term market-based carbon pricing approaches applicable to steel industry in Vietnam after 2020	<input type="checkbox"/>	Yes/No	No	No	No	Yes	Yes	Annually	MONRE/MOIT Progress Report	MONRE/MOIT	
<i>Intermediate Result indicator Three:</i> A case study on solid waste landfill sectors in pilot cities for solid waste sector is completed	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Annually	MONRE/MOC Progress Report	MONRE/MOC	Case studies should analyze and identify technical, legal, institutional, and financial barriers and potential for implementing carbon pricing approaches
<i>Intermediate Result indicator Four:</i> Guidelines on GHG emissions data collection and management system, relevant reporting forms, and MRV protocol for the solid waste sector are developed	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Annually	MONRE/MOC Progress Report	MONRE/MOC	

Intermediate Result (Component Three):											
<i>Intermediate Result indicator One:</i> Number of consultations evidencing that stakeholder engagement and communications strategy on promoting carbon pricing approaches in key GHG emitting sectors is implemented	<input type="checkbox"/>	Number	0	1	2	3	3	Annually	MONRE Progress Report	MONRE	

*Please indicate whether the indicator is a Core Sector Indicator (see further <http://coreindicators>)

**Target values should be entered for the years data will be available, not necessarily annually

Annex 2: Detailed Project Description

27. The Project Development Objective (PDO) is to strengthen the Government of Vietnam's capacity to develop market-based instruments to reduce greenhouse gas emissions.

28. The project consists of the following components:

Component 1: Strengthening capacity for developing carbon pricing approaches, including through supporting priority building blocks for MBIs (Grant Financing: USD 1.02 million). Component 1 will comprise of the following sub-components

a) Assessing the overall institutional, policy, and technical gaps and opportunities for designing and implementing carbon pricing approaches in Vietnam. This sub-component will focus on three main activities that will work to inform the Government and relevant stakeholders of the options available to the Government to employ carbon pricing policies. This includes:

- (i) Analysis and evaluation of market-based carbon pricing approaches [including crediting Nationally Appropriate Mitigation Actions (NAMAs), emissions trading, and carbon taxes] applicable in Vietnam and definition of relevant sectoral scopes for these approaches. This will consist of:
 - a. Overview research of market-based carbon pricing approaches and evaluation of approaches that are being implemented around the world, with a focus on comparable countries;
 - b. Development of technical map of mitigation potentials and definition of relevant sectoral scopes for implementation; and
 - c. Identification of policy, legal, and institutional arrangements needed to establish and implement market-based carbon pricing approaches in accordance with their key building blocks and an analysis of barriers and limitations for those arrangements and clarification under which scenarios and assumptions such approaches will function well.
- (ii) Research and formulation of financial mechanisms and policies needed to mobilize support and investment from private sector, banks and credit funds including international sources, such as the Green Climate Fund, to establish and implement carbon pricing approaches in accordance with instruments recommended in the preceding activity. ; and
- (iii) Preparation of a mid-term action plan to help the Government of Vietnam to:
 - a. Prepare and establish policy, legal, institutional and administrative infrastructure and financial mechanisms to establish and implement the recommended market-based carbon pricing approaches; and
 - b. Establish clear pathways from piloting of crediting NAMAs in priority sectors toward establishing more comprehensive market-based approaches

Based on the above activities, expected deliverables and outputs of this sub-component include:

- An option study to help the Government of Vietnam to consider options for market-based

- carbon pricing approaches and define relevant sectoral scopes for these approaches (including crediting NAMA, emissions trading, and carbon taxes). The option study will assess necessary financial mechanisms, institutional, legal and administrative arrangements applicable to Vietnam in accordance with the key building blocks of the recommended instruments and assess domestic and international sources of demand. The recommendations of the study would help the Government of Vietnam to define the role of market-based carbon pricing approaches for the implementation and update of its (intended) Nationally Determined Contribution (i)NDC;
- A mid-term action plan to help the Government of Vietnam to prepare and establish institutional and administrative infrastructure for the recommended market-based carbon pricing approaches. It will include clear pathways from piloting of crediting NAMAs in priority sectors toward establishing more comprehensive market-based approaches, for example a domestic emission trading scheme (ETS);
- (b) ***Development of the main building blocks for recommended market-based carbon pricing approaches at the national level, with focus on the data collection, MRV-related components and the crediting process.*** This will be conducted through four main activities that together will support the Government in developing the institutional and technical capacity to enhance the country's readiness for the implementation of MBIs and for the development of measurement, reporting, and verification (MRV) activities. This includes:
- (i) Supporting the development of the national systems for GHG emissions data collection, reporting and management through the improvement of the national GHG emissions inventory process to support the design and development of market-based carbon pricing approaches;
 - (ii) Developing the guiding principles for the national MRV and registry systems to ensure transparent accounting and tracking use of emission reductions that could be achieved through implementation of market-based carbon pricing approaches, mainly the crediting NAMAs in Vietnam (e.g., in steel sector and solid waste sector)
 - (iii) Supporting the development of national principles and criteria for credited NAMAs, including the participation requirements, approval processes, accreditation of independent verification entities, outline of quantification approaches (e.g., baseline setting and crediting thresholds where applicable) and general approach to net mitigation. This task shall be implemented in consistency with the aforementioned preparation of a mid-term action plan (activity iii above); and
 - (iv) Stakeholder training on carbon pricing approaches including organized training and capacity building workshops on requirements for credited NAMA, and dissemination, awareness raising for implementing GHG emission reduction and trading of carbon credits (at the central, sectoral, and local levels). This will include training on how to accredit and select verifiers.

Based on the above activities, expected deliverables and outputs of this sub-component include:

- Prepared guidelines for the improved national GHG emissions inventory process, including data collection and management system, as well as recommendations on the ways to enhance the institutional and administrative arrangements;
- Prepared guiding principles for the national MRV and registry systems to ensure transparent accounting and tracking use of emission reductions that could be achieved

- through implementation of the crediting NAMAs. These guiding principles will facilitate the development of sectoral MRV and registry systems in the sectors covered by credited NAMAs;
- Prepared standards and procedures for the verification of the carbon credits generated by crediting NAMAs, including the accreditation approach for the independent verification entities;
 - Prepared guiding principles for the development of quantification approaches (e.g., baseline setting and crediting thresholds where applicable) and for the appropriate approach to net mitigation applicable to the credited NAMAs; and
 - Training materials and guidelines on development and implementation of carbon pricing approaches, in particular credited NAMAs.

Component 2: Readiness to pilot selected market-based instruments (Grant Financing: USD 1.49 million). Component 2 will comprise of the following sub-components:

- (a) *Designing a pilot for selected elements of MBIs in the steel sector.* This sub-component will include four main activities that will develop the institutional and data structure for GHG emissions management and will design a pilot credited NAMA for the steel industry. This includes:
- (i) Designing and developing data collection and data management systems and MRV in steel sector in accordance with a selected crediting instrument in the steel sector. This will consist of:
 - a. Developing a GHG emissions data collection and management system (based on the review of the existing collection and management system for energy statistics) and relevant reporting forms in accordance with a selected crediting instrument in the steel sector; and
 - b. Developing an MRV protocol for the steel industry in accordance with a selected crediting instrument.
 - (ii) Developing a credited NAMA for steel sector. This will consist of:
 - a. Stocktaking of and further surveying of steel production enterprises to (i) analyze and identify technical, legal, institutional, and financial barriers and potential for implementing a crediting NAMA for steel production; and (ii) identify GHG mitigation potential to support the selection of pilot steel production enterprises;
 - b. Developing selection criteria for participation, implementation modalities, as well as institutional, administrative arrangements to facilitate implementation of a pilot GHG emissions database and voluntary reporting system in steel sector;
 - c. Choosing the crediting instrument (sectoral crediting or project/PoA-based implementation) and the main building blocks of the selected instrument (including the outline of the baseline setting, crediting threshold and net mitigation approaches applicable to the steel sector); and

- d. Developing a concept of representative pilot activity and relevant pilot design documents to prepare a full-fledge pilot of the crediting NAMA in the steel sector, taking into account the evaluation of the outcomes of the pilot GHG emissions database and voluntary reporting system in steel sector (see b above);
- (iii) Developing an action plan for mid- to long-term market-based carbon pricing approach in the steel industry (including participation in a potential domestic Emissions Trading Scheme) in coordination with the work on the national level Action Plan being developed under Component 1, activity a (iii). This will comprise:
 - a. The preparation of an option study for the mid- to long-term market based carbon pricing approaches applicable to the steel industry in Vietnam after 2020 (including voluntary participation in a domestic ETS), and the identification of sector-specific requirements for policy, legal, institutional and administrative infrastructure;
 - b. The preparation of an action plan that describes a clear pathway from piloting of credited NAMA in steel sector toward its participation into more comprehensive market-based approaches, for example a domestic ETS, in Vietnam.
- (iv) Capacity building for stakeholders involved in the implementation of MBI(s) in the steel industry. This will comprise:
 - a. Organizing and conducting training and capacity building workshops for deploying GHG emissions database in the steel industry for the participating companies, designated auditors, and others.

Based on the above activities, expected deliverables and outputs of this sub-component include:

- Developed credited NAMA for the steel sector based on the recommendations on the choice of the crediting instrument (sectoral crediting or project/PoA-based implementation) and including the main building blocks of the selected crediting instrument;
- Developed GHG emissions data collection and management system and relevant reporting forms, as well as an MRV protocol for the steel industry in accordance with a selected crediting instrument in the steel sector;
- Developed selection criteria for participation, implementation modalities, as well as institutional, administrative arrangements to facilitate implementation of a pilot GHG emissions database and voluntary reporting system in steel sector;
- Developed concept of representative pilot activity and relevant pilot design documents to prepare full-fledged piloting of the crediting NAMA in the steel sector;

- Organized training and capacity building workshops for deploying GHG emissions database in the steel industry for the participating companies, designated auditors, and others;
- Prepared option study for the mid- to long-term market-based carbon pricing approaches applicable to steel industry in Vietnam after 2020 (including participation in a domestic ETS) in coordination with the work on the national level Action Plan being developed under Component 1; and
- Prepared action plan that describes a clear pathway from piloting of credited NAMA in steel sector toward establishing more comprehensive market-based approaches in Vietnam

(b) **Analyzing potential MBIs in in solid waste sector and designing measures to enhance readiness for implementation.** This sub-component will include five main activities that will establish the core elements of data management and capacity building coupled with the design of a credited NAMA for the solid waste landfill sub-sector. This includes:

- (i) Developing a GHG emissions data collection and management system and relevant reporting forms, as well as a MRV protocol for the targeted sub-sectors of the solid waste sector (in accordance with a recommended crediting instrument and to support design of piloting activities for the crediting NAMA in pilot cities);
- (ii) Defining the targeted sub-sector(s) and the choice of the crediting instrument (sectoral crediting or project/PoA-based implementation) and defining the outline of the required building blocks (crediting components) for a crediting NAMA, taking into account the level of readiness of different subsectors of the solid waste sector in Vietnam and their respective mitigation potentials and options. This includes:
 - a. Stocktaking of and further survey to analyze and identify technical, legal, institutional and financial barriers and potential for implementing a crediting NAMA for the solid waste sector and to identify GHG mitigation potential
 - b. A case study on solid waste landfill sectors in pilot cities that analyzes and identifies technical, legal, institutional, and financial barriers and potential for implementing a crediting NAMA for the solid waste sector; and
 - c. Defining appropriate crediting instruments and outline of the building blocks (crediting components) for crediting NAMA in the targeted sub-sectors. These building blocks include: (i) the outline of approaches for the baseline setting, crediting threshold and net mitigation approaches, (ii) the main principles for the participation and implementation modalities, (iii) possible institutional, administrative, and legal arrangements, and (iv) financial mechanisms to facilitate implementation of a pilot for the credited NAMA in the solid waste sector.
- (iii) Designing a concept for a representative piloting activities for the crediting NAMA in the solid waste sector to test data collection and management system and the outlined approaches for the building blocks of the credited NAMA [defined under activity b (ii)];

- (iv) Conduct relevant capacity building focused on the pilot cities [data collection, reporting and testing of the approaches defined in the building blocks designed in activity b (ii)] and on the relevant sectoral institutions to facilitate future implementation of piloting activities; and
- (v) Developing an action plan for mid- to long-term market-based carbon pricing approaches in the solid waste sector (including participation in a domestic ETS, e.g., through offsetting) in coordination with the work on the national level Action Plan being developed under the Component 1, activity a (iii). This includes:
 - a. Preparing an option study for the mid-to long-term market-based carbon pricing approaches applicable to the solid waste industry in Vietnam after 2020 (including voluntary participation in the domestic ETS), including the identification of the sector-specific requirements for policy, legal, institutional, and administrative infrastructure; and
 - b. The preparation of an action plan that describes a clear pathway from piloting of credited NAMA in steel sector toward its participation into more comprehensive market-based approaches.

Based on the above activities, expected deliverables and outputs of this sub-component include:

- Defined appropriate sub-sectors of the solid waste sector that have potential to be effectively addressed through the credited NAMA, based on a case study on solid waste landfill sectors in pilot cities;
- Defined appropriate crediting instrument (sectoral crediting or project/PoA-based implementation) and the outline of the building blocks (crediting components) for credited NAMA in the targeted sub-sectors of the solid waste sector;
- Developed GHG emissions data collection and management system and relevant reporting forms, as well as an MRV protocol for the targeted sub-sectors of the solid waste sector in accordance with a recommended crediting instrument and to support designing of piloting activities for the crediting NAMA in three pilot cities;
- Designed concept for a representative piloting activities for the crediting NAMA in the solid waste sector to test data collection and management system and the outlined approaches for the building blocks of the credited NAMA;
- Organized capacity building training and workshops focusing on the 3 pilot cities on data collection, reporting and testing of the approaches defined and on the relevant sectoral institutions to facilitate future implementation of piloting activities.
- Prepared option study for the mid- to long-term market-based carbon pricing approaches applicable to solid waste sector after 2020 (including participation in a domestic ETS, e.g., through offsetting) in coordination with the work on the national level Action Plan being developed under Component 1;
- Prepared action plan that describes a clear pathway from piloting of credited NAMA in solid waste sector toward establishing more comprehensive market-based approaches.

The data management and reporting for both sectors will be developed by the line ministries (MOIT and MOC for steel and solid waste sectors, respectively), in consultation with MONRE, as the focal point on NAMAs of the Government. The policies developed as part of Component 1 for data management will help ensure all the relevant data are collected, reported, and archived properly in a systematic and consistent way to facilitate the integration of data into sectoral and national MRV systems. For both sectors, it is important to note that the impact of an MBI on price responsiveness and, therefore, GHG emissions, may be limited by the sectors' highly regulated nature, and as such, the success of MBIs will be partially reliant on complementary structural measures to enhance the implementation and achievement of policy goals through MBIs.

Component 3. Program management and stakeholder engagement facilitation (Grant Financing: USD 0.49 million). This component will support MONRE to guide the implementation of the proposed activities and other MBI-related activities in Vietnam. This component would also support enhanced stakeholder engagement and communication efforts, including the reporting of PMR project implementation progress to the NCCC. The component will include support targeted at the following activities:

- (a) ***Supporting project management with a dedicated project team to ensure an efficient and effective implementation.*** This primarily support project coordination, monitoring of progress and results, and management of fiduciary requirements. This will include quality control of reports, document reviews, clearances and publications (particularly strong editing, translation, and design – in both Vietnamese and English) as well as ensuring that documents go through the official reviews and clearance processes across relevant line ministries. This will also include travel support for project coordination during implementation and the participation in international and regional workshops and conferences on GHG mitigation reduction, carbon pricing, and market-based instruments organized by the PMR and international organizations.
- (b) ***Supporting communication and stakeholder engagement including conducting a feedback and learning process with stakeholders to ensure awareness raising and dissemination of results.*** This primarily supports designing and implementing a strategy for stakeholder engagement, which includes elements on communication involving stakeholder meetings, workshops and seminars. This includes engaging stakeholders by sharing information on the objectives, basic elements and technical requirements associated to the design, implementation and operation. This will also support stakeholder consultations on the need and design of proposed regulations with public and private sectors, as well as conducting workshops with representatives of countries that have already implemented comparable schemes. The institutionalization of a structured consultation process with stakeholders on carbon pricing and MBIs will also be supported (e.g., a structured series of dissemination and knowledge-sharing activities, such as workshops, seminars and meetings aimed at raising awareness on climate change issues and the role of carbon pricing and MBIs in the country). The content of this work will be propagated to line ministries, the private sector, and Provinces identified as having potential for steel and solid waste GHG emissions management in the form of a regularly updated website, newspaper, and brochure coupled with workshops and conferences.

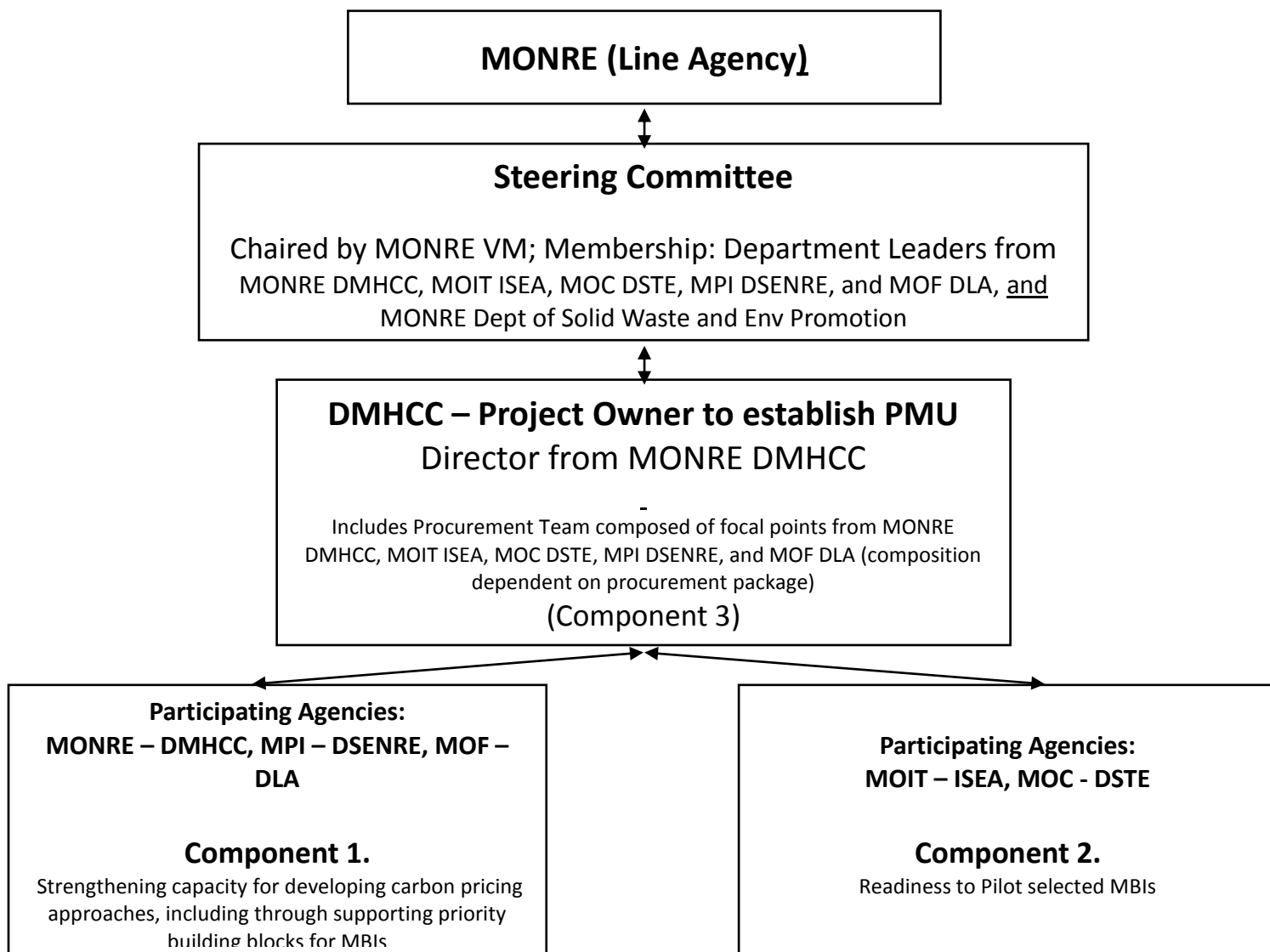
Annex 3: Implementation Arrangements

VIETNAM: Partnership for Market Readiness

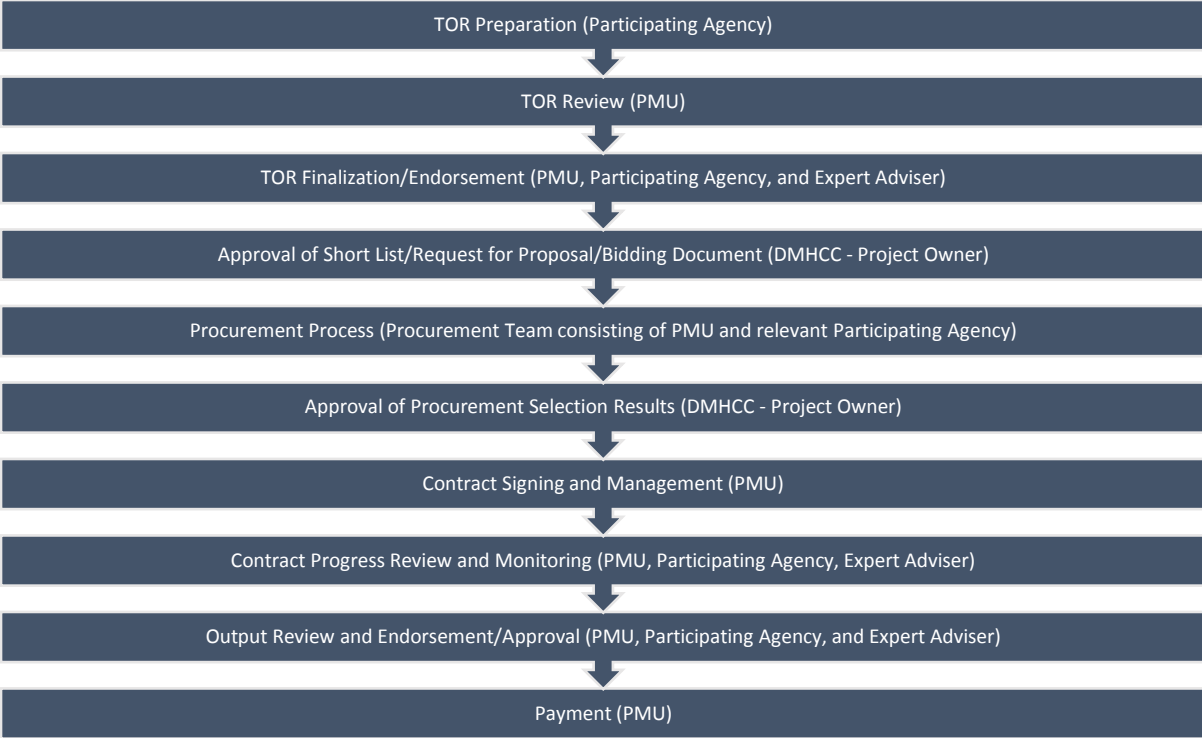
Project Institutional and Implementation Arrangements

Project administration mechanisms

1. The implementation arrangement of this project is below:



2. The general work flow for procurement activities of the assigned entities is shown below:



Financial Management, Disbursements, and Procurement

Financial Management

4. **An FM Assessment** has been conducted for the Project implementing agencies (i.e. DMHCC, MONRE and MOC, MPI, MOIT, MOF). The key FM risk is Project have a number of participating agencies in 5 ministries (MONRE, MOF, MPI, MOC, MOIT) which requires strong linkages among Project components and good management and coordination between MONRE and other line ministries. Also, the FM role of DMHCC in MONRE is critical in monitoring fund flows and in meeting the financial reporting requirements. The FM risk is rated ‘Moderate’.

5. **The principal FM risk mitigation measures** include: (i) Project chief accountant is officially appointed; (ii) Revised Project FM Manual (FMM) to be submitted to the Bank for review; (iii) A comprehensive review of current accounting software, IMAX shall be conducted and an upgrade solution is proposed to the Bank for review; (iv) Relevant Project staff to attend Bank trainings on FM, procurement and disbursement. All of these FM actions shall be completed before Project starts.

6. **Budgeting and counterpart funding arrangement.** Line ministries participating in the Project will provide counterpart fund, both in cash and in kind as detailed in the Project Development Objective (PDO). The counterpart funds will be made available for the implementing agencies through the State Treasury system. Budgeting procedures, including the roles and responsibilities of each concerned implementing agencies will be described in the FM Manual.

7. **Accounting system.** A consistent accounting system, based on the accounting policies and procedures under the Accounting System for Administrated Organization (Decision 19 of the Ministry of Finance) will be applied. The chart of account will be modified when necessary to meet Bank FM requirements. Accounting records will be maintained in a computerized accounting system.

8. **Accounting software.** The current accounting software of VNCLIP, namely IMAX, shall be upgraded to record Project accounting activities. Documentation and supporting documents shall be maintained at the PMU for subsequent review and audit.

9. **Financial Reporting.** The PMU at DHMCC will prepare the Semi-annual Interim Financial Reports (IFRs) covering all project components and activities for monitoring of financial performance of the project in a format agreed between the representative of the GoVN and the Bank. IFRs will be based on the AMT, which is regulated under MPI Decision, and will be sent to the Bank within 45 days of the end of the semester.

10. **Internal Controls.** Internal control procedures will be established in the Project FM Manual which will be reviewed and updated regularly to take into account changes in procedures.

11. **External Audit.** The PMU will appoint independent auditors acceptable to the Bank. The Project financial statements will be audited annually in accordance with International Standards on Auditing and terms of reference acceptable to the Bank. The auditors' reports will be made available to the Bank within six months of the close of each fiscal year. The Project's audited financial statements will be made available to the public according to the Bank's information disclosure policy.

12. **Measures to address fraud and corruption.** The implementing agencies will implement strict contract management to avoid overpayment/overrunning contract budgetary allocations. The contract management will be part of IFRs. The following will be carried out to mitigate the risks of fraud and corruption: (a) clear FM responsibilities in the FM Manual; (b) internal controls and external audits; and (c) enhanced disclosure and transparency of financial information.

Disbursements

13. **Designated Accounts (DA).** One (01) segregated DA at the PMU to cover all Project activities will be opened in US Dollars (US\$) at commercial banks under terms and conditions satisfactory to IDA. The DA at PMU will have a Fixed Ceiling of US\$ 500,000 which is equivalent to six months of the planned Project activities.

14. **Funds Flow Arrangements.** The Project will use the following disbursement methods as stipulated in the Disbursement Letter: advance, reimbursement, special commitment and direct payment. The PMU will report on the operation of the DA on a quarterly basis. Reporting on the use of Advances and requests Reimbursement would be documented based on the Statements of Expenditures (SOEs) and a List of payments against contracts that are subject to the Bank's prior review, together with Records. Replenishment applications will be submitted quarterly or when

the account is drawn by 50 percent of the authorized allocation, whichever occurs first. The Minimum Application Size for Reimbursement, Special Commitment and Direct Payments will be specified in the Disbursement Letter.

15. The Project will have a Disbursement Deadline Date (final date on which the Bank will accept applications for withdrawal from the borrower or documentation on the use of credit proceeds already advanced by the Bank) four months after the Closing Date. This "Grace Period" is granted in order to permit the orderly project completion and closure of the Credit Account via the submission of applications and supporting documentation for expenditures incurred on or before the Closing Date. Expenditures incurred between the Closing Date and the Disbursement Deadline Date are not eligible for disbursement.

Procurement

16. *Procurement implementation capacity and risk assessment.* The assessment of DMHCC as the Project Owner conducted by the Bank team has revealed the following findings.

- DMHCC has accumulated extensive experience in managing and implementing a considerable number of the Government and ODA funded projects and programs, including the WB projects such as VNCLIP, National HCFC phase-out management plan, Disaster risk management Capacity Building Program. However the procurement scope directly managed by DMHCC in those projects is not of complex nature or large value, but mainly comprising of small consultancy services and simple goods/equipment (contract price was less than USD100,000).
- DMHCC staff does not have practical experience with large procurement subject to the WB's Quality-and-Cost-Based Selection (QCBS), International Competitive Bidding (ICB) or National Competitive Bidding (NCB) procedures. The WB projects mentioned in the above bullet only financed small consulting assignments selected by CQS and Individual Consultant methods and procurement of office equipment through Shopping procedures. It is expected that major of procurement scope of the proposed Project is Consulting Services and there would be some QBCS packages.
- The procurement experience of DMHCC is mainly limited to the Government rules and procedures. The agency has gained some experience in preparing TORs for technical services, they did not heavily rely on the consultants in preparing the TORs but having their owned technical experts to review and finalize the TORs drafted by the consultants.
- DMHCC staff participated some training on the WB's procurement procedures which were delivered under the above specific Bank financed projects.
- In addition, the Bank team discussed with the officers of MOIT ISEA and MOC DSTE and learnt that MOIT ISEA had some experience in WB's procurement procedures under the PCB Management Project in Vietnam which closed on June 30, 2015. MOIT ISEA has successfully awarded the 2 QCBS consultancy packages, and some CQS contracts of that PCB Management Project. MOC DSTE has not done any WB financed procurement but has experience in one QCBS Technical Assistance package procured by Nordic Development Fund's procedures.

17. In summary, the Project Owner appears to have limited knowledge and experience in procurement of the Bank financed projects, especially in international competitive bidding. However, the participating agency MOIT ISEA has accumulated certain experience in the Bank procurement. Accordingly, the following risks are identified:

- (a) delays in procurement process, particularly regarding selection of consultants using QCBS method;
- (b) delays due to weak capacity, insufficient experience of Borrower staff, and poor coordination among participating agencies in preparing procurement plans, TOR, bidding/RfP documents; and conducting bid/proposal evaluations for complex consultancy contracts;
- (c) delays in the Government's procurement related decision making/approval process;
- (d) inadequate contract management capacity of the PMU;
- (e) risk of non-compliance with the Bank procurement procedures (including governance and corruption issues).

18. Based on this capacity assessment and considering the nature and scope of procurement under the proposed Project (mainly consulting services), the procurement risk is rated as "Moderate".

Risk mitigation measures: To mitigate the risks and build up the procurement implementation capacity, the Bank team agreed with DMHCC the following key measures to be taken:

- a) Responsibility for clearance and approval of procurement decisions will be fully delegated to DMHCC, except the Procurement Plan and its updates which are subject to MONRE's approval;
- b) The PMU will be adequately staffed with technical experts to support TORs development; bid/proposals evaluation; contract execution monitoring; and reviewing consultants' outputs etc.
 - Individual consultants for procurement and contract management support shall be hired as needed. The PMU will have (at least one) full time qualified procurement staff.
 - Officers with relevant qualifications (especially the ones with WB procurement experience) from the participating agencies MONRE DMHCC, MOF DLA, MPI DSENRE, MOIT ISEA and MOC DSTE will be assigned to work for the PMU in implementation of procurement activities.
 - For specific procurement packages, procurement team(s) will be set up with participants from the relevant responsible ministries. The team(s) will be in charge of the whole process including TORs/RfP preparation, proposal evaluation, contract negotiations/award, and coordinate the contract management and acceptance work.
- c) Formalizing the involvement of the other related participating agencies (MPI DSENRE, MOF DLA, MOIT ISEA, and MOC DSTE) with clear responsibility demarcation and coordination mechanism between the PMU and the focal points/technical teams in those agencies;

- d) Staff of DMHCC and the related agencies who are involved in procurement implementation should receive further training on the Bank procurement procedures and contract management throughout the project period;
- e) Requiring bid evaluators to sign and commit to complying with a Code of Conduct Declaration in carrying out their duties;
- f) The Bank team shall provide intensive hands-on support and closely monitor the procurement performance through prior and post reviews, implementation support missions, and capacity- building activities.
- g) Other relevant measures in the WB’s Strategic Action Plan to Address Fraud and Corruption Risks in Vietnam¹⁷ will be incorporated in the Project Operations Manual for implementation as appropriate.

Procurement Arrangements. Procurement for the Bank financed contracts under the proposed project will be carried out in accordance with the World Bank’s “Guidelines: Procurement of Goods and Non-consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011, and revised July 2014 (“Procurement Guidelines”), and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011, and revised July 2014 (“Consultant Guidelines”). For procurement contracts to be financed by the Grant, the procurement methods or consultant selection methods, estimated costs, prior review requirements, and timeframe shall be agreed upon by the PMU and the Bank in the Procurement Plan.

The procurement thresholds applicable to the proposed project are indicated in the table below. These thresholds may be subject to the Bank’s review and modification throughout project implementation:

Summary of Procurement Arrangements

Expenditure Category	Contract Value (US\$)	Procurement Method	Bank Prior Review (*)
Goods, systems IT	>= 3,000,000	ICB	All the ICB contracts
	< 3,000,000	NCB (**)	The first contracts
	< 100,000	Shopping	None
	N/A	DC	All DC contracts (****)
Consultant Services (***)	>= 300,000	QCBS, QBS, FBS, LCS	<ul style="list-style-type: none"> • <u>Firms</u>: All contracts >= US\$500,000; plus the first contract for each method regardless of value; SSS contract >= US\$100,000 (****); • <u>Individuals</u>: only in
	< 300,000	CQS	
	N/A	SSS	

¹⁷ The Strategic Action Plan was updated on October 1, 2015, which may be further updated during its implementation in Vietnam.

	N/A	IC	exceptional cases for competitive selection; SSS contract \geq US\$50,000 (****).
Notes:	ICB – International Competitive Bidding NCB – National Competitive Bidding DC – Direct Contracting QCBS – Quality and Cost Based Selection QBS – Quality Based Selection FBS – Fixed Budget Selection	LCS – Least Cost Selection CQS – Selection Based on Consultants’ Qualification SSS – Single (or Sole) Source Selection (for firm and individual consultant) IC – Individual Consultant selection procedure N/A – Not Applicable	
<p>* Contracts below these Prior Review thresholds shall be subject to Post Review on an annual basis as per procedures set forth in paragraph 5 of Appendix 1 of the Procurement Guidelines and Consultant Guidelines. The rate of post review will be initially 20 percent. This rate may be adjusted during project implementation based on the procurement performance of the project.</p> <p>**Where goods are not commonly available from within Vietnam, the method of procurement will be ICB even if the contract value is less than US\$3 million/contract.</p> <p>**The NCB procedures shall be those set forth in Vietnam’s procurement laws and regulations, but subject to modifications, waivers, and exceptions as set forth in the “NCB Annex” to the Grant Agreement.</p> <p>*** Shortlists for contracts below US\$0.5 million/contract may comprise entirely of national consultants if there is adequate local capacity and sufficient number of qualified local firms. Other methods (QCBS, QBS, FBS, LCS) may also be applied for contracts below US\$0.3 million/contract.</p> <p>**** The Procurement Plan should indicate DC or SSS method with justifications</p> <p>***** Audit contracts are subject to prior review only if their values are above the threshold; however, the Bank’s FMS will do prior technical review of TORs and shortlists, among others, of all audit contracts regardless of value.</p>			

Procurement Plan (see Annex 4): DMHCC in close consultation with MOIT, MOC, MPI, MOF and WB has prepared a Procurement Plan for the entire project period. This Procurement Plan is subject to public disclosure and will be updated annually or as needed by including contracts previously awarded and to be procured. All procurement plans and their updates or modifications shall be subject to Bank’s prior review and no-objection. The Bank shall arrange for the publication of the procurement plan and its updates on the Bank’s external website. The PMU will have those documents published on Vietnam National E-procurement System (VNEPS, www.muasamcong.mpi.gov.vn) and Project Owner’s website.

Monitoring & Evaluation

50. Project monitoring and evaluation which will feed into the World Bank supervision of the implementation of activities to ensure achievement of the PDO under the PMR grant will include the following:

- *Project Progress Reports:* MONRE DMHCC, representing the recipient, will provide annual progress reports with details on progress on the delivery of PDO and Intermediate Results (as contained in Annex 1 Result Framework of the Project Paper) as well as all outputs studies, guidelines, and other documents) developed under the Project. The goal of the project progress report is to ensure timely support and feedback from the Bank on the activities outlined in the Grant Agreement.
- *Financial Statements:* The recipient will provide project's Interim Unaudited Financial Report (IFR) bi-annually. The IFR are to be submitted to the Bank no later than 45 days after each period. The period for the purpose of the financial reporting is from October 1 to September 30.
- *Completion Report:* The recipient will prepare a project completion report to document how objectives outlined in the MRP and the Grant Agreement have been met and there is a plan for their sustainable outcomes.
- *PMR Country Updates:* PMR implementing Countries will also update once a year at the PMR Partnership Assembly (PA) meetings on the progress of their implementation phase activities. PMR PA meetings occur a minimum of two times per year. The purpose of these updates is to inform the PA and also seek feedback from the PA.

Annex 4. Procurement Plan

Package No	Package name/ Descriptions	Estimated Cost (USD)	Procurement Method	Bank's review (Prior or Post)	REOI/ Bid invitation advertisement	Shortlist evaluation and draft RfP completion	RfP/ Bidding doc, issuance date	Proposal/bid Submission Date	Technical Proposal/ Bid Evaluation	Draft negotiated contract (for C,S,)	Expected dated of Contract Signing	Contract Award price	Contract period (in months)	Remarks
CS1.1	Research and propose policies and guidance on credited NAMAs and develop a database system for credited NAMA	290,000	Firm/ CQS	Post ¹⁸	2 nd wk (02/ 2017)	4 th wk (03/ 2017)	2 nd wk (04/ 2017)	1 st wk (06/ 2017)	4 th wk (06/ 2017)	3 rd wk (07/ 2017)	1 st wk (08/ 2017)		24	
CS1.2	Research on market-based carbon pricing approaches, investment and financial policies	510,000	Firm/ QCBS	Prior	2 nd wk (03/ 2017)	4 th wk (05/ 2017)	2 nd wk (06/ 2017)	2 nd wk (07/ 2016)	4 th wk (08/ 2017)	4 th wk (09/ 2017)	2 nd wk (10/ 2017)		24	
CS1.3	Technical expert on carbon pricing (MONRE)	75,000	IC	Post ¹⁹	4 th wk (08/ 2016)	2 nd wk (10/ 2016)	NA	NA	NA	2 nd wk (11/ 2016)	4 th wk (11/ 2016)		30	
CS1.4	Policy expert on carbon pricing (MONRE)	75,000	IC	Post	2 nd wk (09/ 2016)	4 th wk (10/ 2016)	NA	NA	NA	4 th wk (11/ 2016)	2 nd wk (12/ 2016)		30	
CS2.1	Develop feasibility study for credited NAMA, propose carbon pricing instruments and roadmap for applications of MBIs in solid waste sector	520,000	Firm/ QCBS	Prior	2 nd wk (04/ 2017)	4 th wk (06/ 2017)	2 nd wk (07/ 2017)	2 nd wk (08/ 2016)	4 th wk (09/ 2017)	4 th wk (10/ 2017)	2 nd wk (11/ 2017)		24	
CS2.2	Pilot credited NAMA projects, propose carbon pricing instruments and roadmap for applications of MBIs in steel sector	540,000	Firm/ QCBS	Prior	2 nd wk (02/ 2017)	4 th wk (04/ 2017)	2 nd wk (05/ 2017)	2 nd wk (06/ 2016)	4 th wk (07/ 2017)	4 th wk (08/ 2017)	2 nd wk (09/ 2017)		24	
CS2.3	Technical expert for steel sector	45,000	IC	Post	4 th wk (08/ 2016)	2 nd wk (10/ 2016)	NA	NA	NA	2 nd wk (11/ 2016)	4 th wk (11/ 2016)		30	
CS2.4	Coordinator for steel sector	75,000	IC	Post	4 th wk (08/ 2016)	2 nd wk (10/ 2016)	NA	NA	NA	2 nd wk (11/ 2016)	4 th wk (11/ 2016)		30	
CS2.5	Technical expert for solid waste sector	45,000	IC	Post	4 th wk (08/ 2016)	2 nd wk (10/ 2016)	NA	NA	NA	2 nd wk (11/ 2016)	4 th wk (11/ 2016)		30	
CS2.6	Coordinator for solid waste sector	75,000	IC	Post	4 th wk (08/ 2016)	2 nd wk (10/ 2016)	NA	NA	NA	2 nd wk (11/ 2016)	4 th wk (11/ 2016)		30	

¹⁸ Although this package is subject to procurement Post Review, the Bank's Task Team will do prior technical review of the draft TOR, cost estimate, consultant evaluation report and draft contract

¹⁹ Although this package is subject to procurement Post Review, the Bank's Task Team will do prior technical review of the draft TOR, cost estimate, consultant evaluation report and draft contract

Package No	Package name/ Descriptions	Estimated Cost (USD)	Procurement Method	Bank's review (Prior or Post)	REOI/ Bid invitation advertisement	Shortlist evaluation and draft RfP completion	RfP/ Bidding doc, issuance date	Proposal/bid Submission Date	Technical Proposal/ Bid Evaluation	Draft negotiated contract (for C,S,)	Expected dated of Contract Signing	Contract Award price	Contract period (in months)	Remarks
CS3.1	Administrative / Procurement officer for the PMU	60,000	IC	Prior	4 th wk (08/2016)	2 nd wk (10/2016)	NA	NA	NA	2 nd wk (11/2016)	4 th wk (11/2016)		30	
CS3.2	Financial Auditor	60,000	CQS	Post ²⁰	4 th wk (09/2016)	4 th wk (10/2016)	2 nd wk (11/2016)	4 th wk (11/2016)	3 rd wk (12/2016)	2 nd wk (01/2017)	4 th wk (01/2017)		36	
CS3.3	International Technical Expert for Annual Program Planning and Review	140,000	IC	Post ²¹	4 th wk (08/2016)	2 nd wk (10/2016)	NA	NA	NA	2 nd wk (11/2016)	4 th wk (11/2016)		30	
CS3.4	Stakeholder Engagement Strategy Development and Publication of policies, technologies on credited NAMAs, carbon market, and other main outputs	100,000	CQS	Prior	4 th wk (10/2016)	2 nd wk (12/2016)	4 th wk (12/2016)	3 rd wk (01/2017)	4 th wk (02/2017)	4 th wk (03/2017)	2 nd wk (04/2017)		30	
G3.1	Equipment for project coordination and management team during project implementation: 1 camera, 5 laptop computers; 3 sets of desktop computers (including printers and UPS), 1 projectors.	20,000	SP	Post	4 th wk (08/2016)	N/A	2 nd wk (09/2016)	4 th wk (09/2016)	2 nd wk (10/2016)	4 th wk (10/2017)	2 nd wk (11/2017)		2 months	
	TOTAL	2,630,000												

²⁰ Although this package is subject to procurement Post Review, the Bank FMS will do prior technical review of the draft TOR, cost estimate, consultant evaluation report and draft contract

²¹ Although this package is subject to procurement Post Review, the Bank's Task Team will do prior technical review of TORs, cost estimate, and award recommendation.