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Mapping and analysing financing options for ecosystem-based adaptation in Vietnam



A study by Adelphi, Germany

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E info@isponre.gov.vn

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49, Hai Ba Trung, Hanoi, Vietnam

E office.eba@giz.de

I www.giz.de/viet-nam

Lead Author

Dennis Tänzler, Philip Bubeck, Kateryna Stelmakh, Nguyen Manh Ha, and Vu Dinh Anh

With contribution of Nguyen The Chinh, Christine Schaefer, Kim Thi Thuy Ngoc, Le Thi Le Quyen, and Nguyen Si Ha

Layout

Le Thi Thanh Thuy

Photo Credit

Howard Limbert

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The Vietnamese Ministry of Natural Resources and Environment (MONRE)

The German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)

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Vietnam, September 2016

Dear Readers,

Climate change is a serious concern. Its impacts are becoming increasingly apparent, which means the need for Vietnam to adapt to the ever-growing threat of climate change is now greater than ever. In September Vietnam submitted its Intended Nationally Determined Contribution (INDC) to the United Nations Framework Convention on Climate Change. This Vietnam INDC report clearly shows that adaption component to Climate Change is of very crucial importance to Vietnam even from now and the Government of Vietnam can only accommodate only one third of financial needs for implementation of all required adaptation measures for the period from now until 2050. This means there is a strong need for support from the international community and the private sector to fill the remainder.

In 2014, the project "Strategic Mainstreaming of Ecosystem-based Adaptation in Viet Nam" was commissioned by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and the Ministry of Natural Resources and Environment (MONRE) of Vietnam. The project aims to strategically integrate the Ecosystem-based Adaptation (EbA) approach into climate adaptation policy, land use and development planning as well as continued implementation on the ground. The project is jointly implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the Institute of Strategy and Policy on Natural Resources and Environment (ISPONRE).

In February, 2015, GIZ and ISPONRE conducted a study called "Mapping out and analysing financing options for Ecosystem-based Adaptation (EbA) in Vietnam" with the help from a Germany-based Adelphi consulting company. This study provides a comprehensive panorama of possible relevant EbA financing options for Vietnam as well as advises useful recommendations for administrative, institutional, and legal frameworks of Vietnam to attract more funding for implementation for EbA measures, both domestically and internationally. Recommendations of the study also extends to further capacity building of national stakeholders and institutions for mainstreaming EbA approach and enhance access to international climate finance sources. It is our hope that the study help policy makers of Vietnam for creating and improving the enabling environment, administratively, institutionally, and legally for fostering domestic and international funding sources for EbA measures in Vietnam and improving capacity of relevant stakeholders of Vietnam to attract more EbA financing for EbA measures and implement those EbA measures in Vietnam.

Hanoi, July 2016

Associate Prof. Dr. Nguyen The Chinh

Director General Institute of Strategy and
Policy on Natural Resources and Environment
(ISPONRE)

Chief Technical Advisor Mr. Michael Wahl

Project Strategic mainstreaming of
ecosystem-based adaptation in Vietnam

Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ) GmbH

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List of Abbreviations

ADB	Asian Development Bank
AF	Adaptation Fund
AFD	French Development Agency
AIF	ASEAN Infrastructure Fund
ASAP	Adaptation for Small-holder Agriculture Programme
ASEAN	Association of Southeast Asian Nations
BMUB	German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety
CBO	Community-based organisation
CC	Climate Change
CCA	Climate Change Adaptation
CDM	Clean Development Mechanism
CEP	Core Environment Programme
CER	Certified Emissions Reduction
CFR	Climate Finance Readiness
CI	Conservation International
CIF	Clean Investment Funds
COP	Conference of Parties to the UNFCCC
CPEIR	Climate Public Expenditure and Investment Review
DA	Designated Authority
DFID	UK Department for International Development
DG DEVCO	European Commission's Directorate-General for International Cooperation and Development
DMHCC	Department of Meteorology, Hydrology and Climate Change
DONRE	Department of Natural Resources and Environment
DRM	Disaster Risk Management
EbA	Ecosystem-based Adaptation
ESS	Environmental and Social Standards
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FCPF	Forest Carbon Partnership Facility
GCF	Green Climate Fund
GEF	Global Environmental Facility
GFDRR	Global Facility for Disaster Reduction and Recovery
GFMIS	Government Financial Management Information System
GMS	Greater Mekong Sub-region
GoV	Government of Vietnam
IBRD	International Bank for Reconstruction and Development
ICF	UK International Climate Fund
ICT	Information and Communications Technology
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IKI	International Climate Initiative
ISPONRE	Institute of Strategy and Policy on Natural Resources and Environment

ISFL	Initiative for Sustainable Forest Landscapes
IUCN	International Union for Conservation of Nature
JICA	Japan International Cooperation Agency
KOICA	Korea International Cooperation Agency
LDC	Least Developed Country
LDCF	Least Developed Countries Fund
MARD	Ministry of Agriculture and Rural Development
MDB	Multilateral Development Bank
MENA	Middle East–North Africa
MFI	Microfinance Institution
MIE	Multilateral Implementing Entity
MOF	Ministry of Finance
MONRE	Ministry of Natural Resources and Environment
MOT	Ministry of Transport
MPI	Ministry of Planning and Investment
MRV	Monitoring, Reporting and Verification
NDA	National Designated Authority
NCCC	National Committee on Climate Change
NGO	Non-governmental organisation
NIE	National Implementing Entity
NTP–RCC	National Target Programme on Response to Climate Change
ODA	Official Development Assistance
PFES	Payments for Forest Ecosystem Services
PFM	Public financial management
RCC	Response to Climate Change
REDD	Reducing Emissions from Deforestation and Forest Degradation
RIE	Regional Implementing Entity
SCCF	Special Climate Change Fund
SCO	Civil Society Organisations
SGP	GEF Small Grants Programme
SIDS	Small Island Developing States
SP–RCC	Support Program to Respond to Climate Change
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organisation
VDB	Development Bank of Vietnam
VEPF	Vietnam Environmental Protection Fund
VEPF	Vietnam Environmental Protection Fund
VGGSF	Vietnam Green Growth Strategy Facility
VND	Vietnamese Dong
VNFF	Vietnam Forest Protection and Development Fund
VNFOREST	Vietnam Administration of Forestry
WB	World Bank
WI	Wetlands International
WWF	World Wildlife Fund

Executive Summary

Vietnam is particularly vulnerable to climate change (CC). Climate change adaptation (CCA), conservation and preserving biodiversity are clearly defined in Vietnam's national policy objectives. Ecosystem-based adaptation (EbA) is an innovative adaptation approach that includes biodiversity and ecosystem services to help people adapt to the adverse effects of climate change and has great potential in Vietnam. Currently, EbA is not an integral part of Vietnam's national policies, planning or budgeting, but attention to this approach is growing and there are multiple international finance options available for funding EbA measures.

EbA within Vietnam's national policies and funding

The concept of EbA is relatively new to Vietnam. EbA is relatively unknown in Vietnam and most national and provincial stakeholders are not familiar with the concept, including its human-centred and long-term approach. Some adaptation measures implemented in the Vietnamese agriculture, forestry and fishery sectors are however closely related to EbA. This experience can serve as a springboard to learn more about EbA, identify suitable EbA measures, and find ways to integrate EbA with existing practices and planning process.

Vietnam's national climate change strategies and budgets do not prioritise EbA. Although understanding and awareness of EbA and its potential for Vietnam is growing, EbA is not yet part of Vietnamese national strategies or priorities. In other words, policy makers and wider audience have not yet engaged with EbA as a relevant CCA approach. The lack of specific laws highlighting EbA impedes budget allocation for EbA on the national and provincial levels. With current budgeting procedures, the state budget can only be spent for those activities and approaches mentioned in national policy and legislation. This lack of official recognition means that there is no (or very little) public funding available for EbA. Changing legislation is a long term process, which can take up to several years. However, without progress on the national policy level, it will be difficult to move from pilot/single projects to using EbA approach to adaptation. Therefore, steps need to be taken to build decision makers' understanding of the benefits of EbA.

Options to use national and provincial budgets to co-finance EbA projects. There are different ways to fund EbA in a national budget. One option is through environmental protection expenditure. However, environmental protection currently only accounts for 1% of total expenditure and is mainly used to finance "hard" environment infrastructure projects (such as dams and dykes). In addition, other national funds such as the VEPF and the VNFF can serve as additional co-funding sources in the future. However, in order to tap these sources, stronger political commitment and legal basis is needed for EbA activities.

EbA is a cross-sectoral approach and requires strong and transparent coordination. EbA measures are often a part of larger cross-sectoral projects, e.g. in infrastructure, forestry, agriculture or biodiversity, which makes it more difficult to integrate and mainstream them into traditional sectoral planning approaches. Inter-institutional coordination with regard to climate finance is an additional challenge. At the moment, Vietnamese ministries have overlapping functions when it comes to CC finance but there are ongoing efforts to improve coordination.

International finance options for EbA activities in Vietnam

There are multiple international options to finance EbA activities in Vietnam. Existing international funds and the Green Climate Fund offer multiple options for climate-related activities, including EbA. We identify the eight most relevant sources of financing for EbA projects in Vietnam (Table 1). However these sources need further clarification with regard to their mandates, priorities, and required access capacities. All of the options, except for the GCF, have already either substantial experience with EbA, are currently present in Vietnam or both.

Table 1: International finance options highly relevant for EbA measures in Vietnam

Finance option	Suitable EbA projects
Green Climate Fund	Projects from micro (<USD10 million) to large size (>USD250 million) with (among other criteria) paradigm impact and sustainable development potential in line with national priorities
Adaptation Fund	Specific adaptation measures with a country cap of USD 10 million
International Climate Initiative	Projects innovative in character, integrated into national strategies, contribute to national development goals, and have sustainable effects
Special Climate Change Fund	Projects across various sectors, country-driven, cost-effective and integrated in national sustainable development and poverty reduction strategies
GEF Small Grants Programme	Small-scale (<USD 50,000) community-level projects implemented by community-based organisations, civil society organisations, or NGOs
Adaptation for Smallholder Agriculture Programme	Projects in CCA and resilience for poor smallholder farmers that are integrated into broader IFAD's baseline investments.
Conservation International	Project on environmentally friendly policies, protecting natural assets, and promoting sustainable production practices; and projects that apply for the GCF and GEF funding
Asian Development Bank	Projects in rural infrastructure, irrigation systems and drainage, development of agricultural policies, livelihood and sustainable land management; and projects that apply for the GCF, AF and GEF funding

Vietnam already has experience in working with multi- and bilateral donors and institutions, including the ADB, IFAD, SCCF, UNDP and IKI. Bringing these partners and national policymakers together to share insights on EbA issues would help to improve understanding of donors' perspectives and identify options for the institutional, financial and operational set up for EbA projects. Instead of competing against each other, key national stakeholders such as the MPI, MOF and MON-RE and individual provinces should collaborate to access international funding.

Direct access to the GCF and AF requires additional capacity. At the moment, accessing the GCF and AF via their direct access modalities is a challenge for Vietnam because this would require accrediting implementing entities based on strict fiduciary standards and environmental and social safeguards. Currently, Vietnamese institutions would not be able to comply with these requirements without additional institutional and capacity development. In the short term, it is more feasible to access the GCF and AF through multilateral implementing entities, for example the ADB, UNDP, WB and UNEP. Such institutions are appropriate because they fulfil criteria for institutional capacity, are currently active with adaptation in Vietnam, and have extensive experience in accessing international funds and implementing projects.

The next step would be to engage in bilateral discussions with these institutions and national designated authorities for the GCF and AF, and to identify entry points and sectors for EbA measures. The Vietnamese government will need to increase the priority of EbA and better integrate it into its planning in order to successfully raise funds for such measures.

Direct access should be a medium and long term goal. The direct access option would give Vietnam stronger ownership in accessing and allocating finance from the GCF or AF. Various Vietnamese institutions, such as the VDB, the VEPF or relevant ministries, could apply for NIE accreditation. In order to do so however they need to significantly strengthen their capacity. Additionally, the proposed VGGSF may be a good candidate for direct access not only to the GCF or AF, but also other sources. The VGGSF could also comply with international fiduciary standards from the very beginning, which may be easier than strengthening and / or restructuring existing institutions.

Recommendations

Further capacity building of national stakeholders and institutions is needed to mainstream EbA approach and enhance access to international climate finance sources. These include first of all building up knowledge of EbA approach and how it can be integrated into national strategies and budgeting. Second, an active dialogue with international donors is needed to understand their perspectives and priorities with regard to EbA. Finally, Vietnamese government should select and enhance capacity of a national candidate institution for direct access to GCF and other international funds. Full list of recommendations is summarized in Table 2.

Table 2: Recommendations for further capacity building activities

Recommendation	Timing	Lead institution(s)
NATIONAL STRATEGIES AND POLICIES		
1. Raise awareness and understanding of EbA among national and provincial policy decision makers	Short-term	ISPONRE, with facilitation by GIZ
2. Build up a way towards mainstreaming EbA approach in the national strategies, policies and plans	Medium term	MONRE / MPI, with facilitation by GIZ
INSTITUTIONAL STRENGTHENING AND GOOD FINANCIAL GOVERNANCE		
3. Link EbA/CCA to the question of national climate finance coordination	Short- to medium term	MPI, with facilitation by GIZ
4. Identify sustainable public (co-) funding mechanisms for EbA measures	Short- to medium term	GIZ EbA Project
ACCESSING INTERNATIONAL FINANCE		
5. Improve understanding of international finance options among policymakers on the national and province levels	Short- to medium term	MONRE or MPI, with facilitation by GIZ
6. Set up an EbA dialogue with international financing institutions and national stakeholders	Short- term	GIZ EbA Project
7. Build up national institutional capacities for direct access to GCF, while working with international accredited entities in the short term	Medium-term	MPI / MONRE, with coordination and technical support by GIZ
EFFECTIVE AND TRANSPARENT SPENDING AND IMPLEMENTATION		
8. Make EbA a visible part of the national budget	Medium-term	GIZ EbA Project
PRIVATE SECTOR ENGAGEMENT		
9. Engage private sector and policy makers in a discussion on EbA	Short-term	GIZ EbA Project
10. Support development of enabling policy incentives for private sector engagement in EbA activities	Short- to medium term	GIZ EbA Project

Introduction

Vietnam is one of the countries particularly vulnerable to climate change (CC). Climate change adaptation (CCA), conservation and the sustainable use of biodiversity are clearly defined in Vietnam's national policy objectives and its Green Growth Strategy. Ecosystem-based adaptation (EbA) is one of the innovative adaptation approaches that includes biodiversity and ecosystem services to help people adapt to the adverse effects of climate change and has great potential for Vietnam.

The concept of EbA is relatively new to Vietnam. Most of the institutions interviewed, except for the ones directly involved in the project, mentioned that EbA is a new topic for them. EbA measures are not explicitly included in Vietnam's CC policy and society, despite their potential contribution to CC adaptation and biodiversity conservation. Additionally, EbA measures are often a part of larger cross-sectoral projects, e.g. in infrastructure, agriculture or biodiversity, which makes it more difficult to integrate and mainstream them within traditional sectoral policy planning approaches in Vietnam.

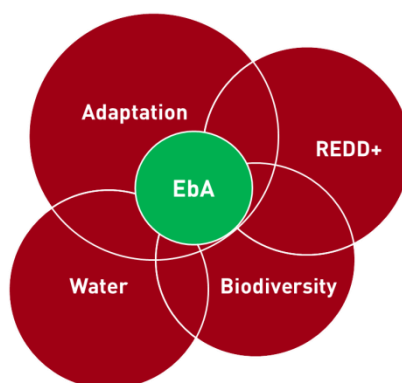
In addition, financing options, both national and international, for such measures remain unclear. International climate finance has a significantly stronger focus on mitigation measures. In 2014, 91% of total climate finance flows (USD 302 billion) were provided for mitigation measures, mainly for investment in renewables. Conversely, the share of funds for adaptation was rather small – only USD 25 billion (CPI 2014). Nevertheless, existing international funds and the upcoming Green Climate Fund can offer multiple options and resources for climate-related activities, including EbA. With a complex architecture of international climate finance institutions, further analysis is needed to understand which international sources are of the most relevance for financing CC Adaptation and EbA in Vietnam and how to successfully access them.

1.1 Objective of the report

With this report we aim to meet the following objectives:

- a) to provide a general overview of international and regional climate financing options for supporting EbA in Vietnam and Vietnam's experiences in accessing these sources;
- b) to select and analyse international financing options, particularly those that are suitable for EbA, and what institutional capacities and project design are required in order to access them;
- c) to conduct a screening of existing national and provincial financing sources and related technical and financial capacity, as well as to identify potential funding entry points for EbA activities;
- d) to develop recommendations on the capacity building needs and other suggested activities to facilitate access to international finance sources and enable national public funding for EbA activities in Vietnam.

Figure 1: Cross-sectoral approach of EbA



We will also include an overview of Vietnam's national financing sources and mechanisms for adaptation measures to further define effective ways of using these sources and how they can be combined with international finance and assistance.

The report is structured in the following way:

- Chapter 1 provides the introduction to the report, outlining the main objectives and the analytical approach adopted in the report;
- Chapter 2 outlines the analytical framework and provides an overview of the reviewed international finance options;
- Chapter 3 analyses eight international finance options that we consider as highly relevant for EbA and the context of Vietnam;
- Chapter 4 identifies options for private sector engagement;
- Chapter 5 describes the current status of Vietnam's activities on EbA on the national and province levels as well as the main constraints on promoting EbA ;
- Chapter 6 summarises the recommendations for next steps, based on the outcomes of the desk research and the interviews conducted during the mission in Vietnam.

International adaptation finance options

Overall allocations for CCA from the international climate finance sources to Lower Mekong Basin countries (Cambodia, Lao People's Democratic Republic, Thailand and Vietnam) so far total USD 210 million¹. This is a rather small number considering that CC impacts on the Lower Mekong Basin could cost countries in this region approximately USD 34 billion annually (USAID 2015).

Based on publicly available data and existing studies, we reviewed roughly 50 multilateral, regional and bilateral financial sources that support CC related projects in adaptation, biodiversity and nature conservation, disaster risk reduction, and REDD+ activities (Figure 2). There are a few options, including such innovative sources as the Green Climate Fund, which can be relevant finance options for climate-related activities in Vietnam, including EbA. The main groups of international finance are the UNFCCC financial mechanisms, bilateral sources provided by developed countries, other multilateral mechanisms and the private sector. We also looked at financing options specialising in REDD+ activities, biodiversity conservation and the water sector. Funding sources that can generally be used to finance climate projects as part of a broad portfolio but with no specific funding focus related to climate or EbA were not considered (e.g. Europeaid). However, in general, such funding opportunities can be an additional option for countries to consider.

¹ Own calculation, based on data on country recipients of multilateral and bilateral finance available at <http://www.climatefundsupdate.org/data>, accessed 12 May 2015.

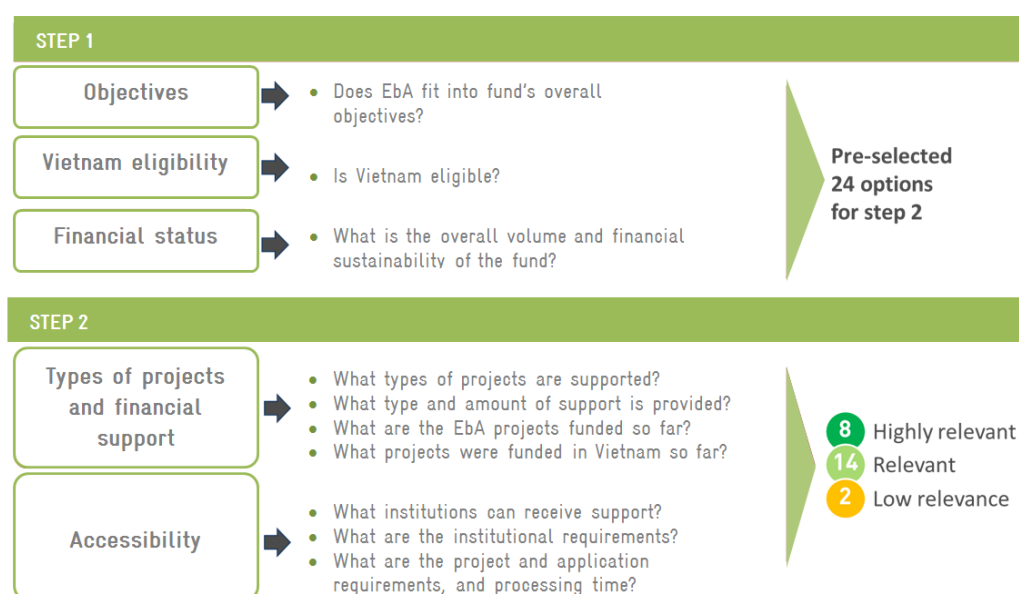
Figure 2: International finance options reviewed



For our analysis we followed a two-step approach (figure 3). First, we checked the overall objectives and financial status of various options, i.e. whether EbA would correspond to their mandate and whether there are sufficient financial resources available. We also checked whether Vietnam is an eligible country and can access these resources. As a result, we pre-selected 24 options. The rest of the funds or facilities were filtered out due to either Vietnam's non-eligibility (e.g. Least Developed Countries Fund, all four programmes under the Clean Investment Funds), or a lack of funding (Hayotama Initiative, ADB Climate Change, Equator Initiative), or because the funds had a different focus (some of the WB carbon funds and other facilities).

In the second step, we analyzed 24 pre-selected options in terms of projects they finance, instruments they provide and their access requirements. We reviewed their existing project portfolios and experience with EbA. We also checked their presence in Vietnam and what institutions they mainly work with. Finally, we analyzed which institutions can receive support, institutional requirements, requirements for the project proposals and how that corresponds to Vietnam's current capacities.

Figure 3: Analytical framework



Based on this analysis we selected eight options that would be particularly suitable for ecosystem-based adaptation projects in Vietnam, and 14 options, which are relevant but would require further analysis and discussion with the funders and national decision makers. The remaining sources were not particularly suitable. The following sections provide more details on the 24 pre-selected options and discuss their relevance for EbA in Vietnam. They are grouped as following: the UNFCCC financing mechanisms, multilateral institutions and facilities, bilateral institutions, REDD+ specialised options, nature conservation and biodiversity funds, and finally, finance options from the water sector.

2.1 UNFCCC financial mechanisms

We reviewed three main financial mechanisms of the UNFCCC – the Global Environmental Facility (GEF) and related GEF-managed funds, the Adaptation Fund (AF), and Green Climate Fund (GCF). We find all three options (or their particular funding windows) are very relevant for adaptation finance in Vietnam, and especially for EbA.

[Highly relevant] Green Climate Fund is a new innovative facility that aims to contribute a major share of the global commitment to mobilise USD 100 billion per year by 2020. As of 2015, the GCF is open for countries to submit their funding proposals.

[Highly relevant] Adaptation Fund has a strong focus on specific adaptation measures and a track record in EbA. Countries can access the AF and GCF through multilateral institutions, such as the United Nations Development Programme (UNDP), World Bank, Asian Development Bank (ADB), which also bring in institutional capacities and expertise that are often lacking in developing countries. Alternatively, countries can directly access the AF or GCF via accredited national implementing entities (NIEs). With this option countries have more ownership in disbursing fund and implementing projects. However, in order to do so they will need to build up their national institutions and capacity. In the case of Vietnam, accessing the AF and GCF through multilateral institutions is more feasible in the short run, but building up NIE should definitely be considered in the long term. The AF and GCF are both discussed in the next chapter.

[Highly relevant] The Global Environmental Facility has multiple funding priorities and manages a number of funds focused on specific areas or countries. All adaptation activities are funded through the Least Developed Countries Fund (LDCF) and **Special Climate Change Fund (SCCF)**. Since Vietnam is a lower-middle-income country, only the SCCF would be relevant. In addition, there is a **GEF Small Grants Programme**, which is implemented by the UNDP and is very suitable for adaptation in general, as well as EbA, if projects are of a small, community-level scale and implemented by community-based organisations (CBO), civil society organisations (SCO), or NGOs. We will discuss both the SCCF and GEF Small Grants Programme in more detail in the next chapter.

2.2 Multilateral financial mechanisms

Out of eight selected funding options the Adaptation for Smallholder Agriculture Programme (ASAP) and the ADB would be particularly suitable for EbA projects in Vietnam due to their track record in this approach, existing presence in Vietnam and work with national partners. Other sources, like the World Bank, Asian Infrastructure Fund and United Nations Industrial Development Organisation (UNIDO), could also be potentially relevant, but only under specific conditions. One would need to bilaterally discuss the type of projects and EbA approaches that would be of interest to these institutions.

Figure 4: Relevance of multilateral financing mechanisms for EbA funding in Vietnam

Highly relevant	Relevant	Not relevant
<ul style="list-style-type: none"> Asian Development Bank Adaptation for Smallholder Agriculture Program 	<ul style="list-style-type: none"> World Bank ASEAN Infrastructure Fund UNIDO DG DEVCO 	<ul style="list-style-type: none"> NEFCO Nordic Climate Facility GFDRR

[Highly relevant] **Adaptation for Small-holder Agriculture Programme** is managed and implemented by the International Fund for Agricultural Development (IFAD). It provides grants for projects in CCA and resilience for poor smallholder farmers, if such projects are integrated into broader IFAD's baseline investments. Although broad in scope, many ASAP projects actually include EbA among other project components. Given the ASAP's strong focus on adaptation and experience with EbA, we would consider this programme to be a highly relevant financing option for EbA projects in Vietnam that target smallholder farmer communities. We provide more details on ASAP in the next chapter.

[Highly relevant] **Asian Development Bank** has several channels for climate finance. Working with governments and the private sector in Vietnam, the ADB focuses on the energy, agriculture, transport and information and communication technologies sectors, as well as the water sector. Environmental sustainability is one of the three pillars of the bank's assistance strategy for Vietnam. The ADB is familiar with ecosystem-based solutions. Apart from its regular operations, it is also managing the Core Environment Programme in the Greater Mekong Subregion, focusing on environmentally friendly and climate resilient planning, strategies and monitoring, as well as piloting innovation. We discuss more details on the ADB in the next chapter.

[Relevant] **ASEAN Infrastructure Fund (AIF)** is an ADB-managed fund, which provides loans for infrastructure investment projects in the transport, energy, water, rural development, and social infrastructure sectors. The total intended lending volume of the AIF is around USD 300 million per year². There is no track record of projects in adaptation or other sectors relevant for EbA. However, the AIF could potentially be another financing option for projects that include ecosystem-based measures in combination with other "regular" activities that are of interest to the private sector.

[Relevant] **World Bank (WB)** has multiple priorities and channels for climate finance, such as the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC) and International Development Association (IDA). It also has a number of carbon funds and facilities. Furthermore, the WB manages the Clean Investment Funds (CIF) and implements projects funded by the GEF, GCF, AF and Nordic Development Fund. Similar to bilateral development agencies, the IBRD, IFC and IDA finance programmes or projects within broader cooperation agreements with governments and have a stronger focus on mitigation activities. The CIF was excluded from the analysis as Vietnam is not one of the selected pilot countries. Out of the WB carbon funds and facilities, the Forest Carbon Partnership Facility (FCPF) and BioCarbon Fund could potentially be relevant for EbA approaches in Vietnam and will be discussed under the REDD+ financing sources.

[Relevant] **United National Industrial Development Organization (UNIDO)** provides technical assistance to the Vietnamese government focusing on sustainable industrial development and competitiveness. UNIDO has implemented more than 150 projects in Vietnam for a total grant volume of USD 88 million³. Ongoing UNIDO projects focus on the manufacturing and business sector and do not include any adaptation related measures. Therefore, given its mandate, UNIDO could be a suitable finance option for EbA projects if they involve technology transfer, awareness raising or capacity building targeted at actors in the manufacturing, industrial and business sectors.

[Not relevant] **DG DEVCO** is the European Union's international and cooperation window. For Vietnam, two priority sectors are set out in the Multi-annual Indicative Programme for 2014-2020 are sustainable energy (EUR 346 million), and governance and rule of law (EUR 50 million). Priorities are set based on the Vietnam-EU bilateral dialogues and agreements. They cover multiple sectors and projects, including environmental protection, culture and education, gender equality, the promo-

² [ASEAN Infrastructure Fund](#), accessed in March 2015

³ [UNIDO](#), accessed in March 2015.

tion of human rights and good governance. Regular calls for project proposals and procurement notices are announced online. We find this option relevant, but further discussion with EU delegations in Vietnam would be needed in order to understand how an EbA approach could be better reflected and financed through DG DEVCO resources.







[Not relevant] **Global Facility for Disaster Reduction and Recovery (GFDRR)** is another programme managed by the WB. In Vietnam it works together with the Ministry of Agriculture and Rural Development (MARD), the Ministry of Natural Resources and Environment (MONRE), the Ministry of Information and Communication, and the Ministry of Finance (MOF). The GFDRR supported three projects in Vietnam on capacity building and institutional development. Priority areas for Vietnam are: (i) the integration of disaster risk management (DRM) measures in WB supported projects; (ii) public awareness campaigns tied to community-based DRM; (iii) improving community access to early warning and weather information; and (iv) longer term support in order to better manage the government's fiscal exposure to natural hazard impacts⁴. Ultimately, the GFDRR could be relevant only when it comes to DRM technical assistance or capacity building.

[Not relevant] **NEFCO Nordic Climate Facility** provides grant co-financing between EUR 250,000 and 500,000, and can be an option for private sector engagement, but in general it has low relevance for projects in Vietnam because grant recipients must be institutions, public authorities or companies with a registered place of operations in Denmark, Finland, Iceland, Norway or Sweden. In addition, each (annual) call for proposals has a different topic, which may not necessarily include EbA. For example, the most recent call was on "Climate Resilience in Urban and Private Sector Contexts".

2.3 Bilateral sources provided by developed countries

We find that International Climate Initiative (IKI), run by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), would be the most suitable option for concrete EbA projects in Vietnam. Other bilateral funding options can also be considered, but in their case EbA projects would need to be integrated into broader cooperation agreements and programmes that are reached between the Vietnamese government and these institutions. In this case, the first step would be to initiate a discussion with these organisations and national decision makers on what EbA measures and projects would be attractive for them and feasible for implementation.

Figure 5: Relevance of bilateral financing mechanisms for EbA funding in Vietnam

Highly relevant	Relevant
 International Climate Initiative	 KfW development bank  UK International Climate Fund  Japan International Cooperation Agency  French Development Agency  Korea International Cooperation Agency

[Highly relevant] **International Climate Initiative (IKI)** is a highly relevant source in terms of its focus on adaptation and experience with EbA, its presence in Vietnam and implementation partners. Based on annual calls for applications, IKI funds a wide range of projects that can be implemented by governmental organisations, NGOs, development institutions and other interested actors. We provide more details on IKI in the next chapter.

[Relevant] **The KfW development bank** provides financial support as a part of a cooperation agreement reached between the German Government and partner countries as a result of biennial

⁴ [GFDRR](#), accessed in December 2014

intergovernmental negotiations, which are held about every two years. The KfW can offer grants, low-interest loans with long maturities or other financial instrument for projects stemming from these negotiations. The KfW is also accredited to access and implement GCF funded projects. The KfW has extensive experience with development finance, mitigation, adaptation and biodiversity finance, as well as private sector engagement. However, the KfW would not be the best fit for financing a single EbA project unless it is part of a broader programme or priorities within the cooperation agreement reached between Germany and Vietnam.

[Relevant] The UK International Climate Fund (ICF) is the main channel of the UK's climate finance to help developing countries threatened by the risk of CC. Its three priority objectives are CCA (50% of total portfolio), low-carbon development (30%) and tackling deforestation (20%). The ICF provides concessional loans, capital contributions and grants, depending on the type of cooperation. Capital contributions and concessional loans are provided to multilateral funds and global multilaterally administered programmes like the CIF. They constitute the main share (roughly USD 1.5 billion) of the ICF's commitment. The ICF only offers grants however for bilateral country programmes. Currently, the ICF has 14 countries in its portfolio for a total funding volume of USD 264 million. In Vietnam, the ICF contributed USD 3 million for the DFID-World Bank Climate Change Partnership project⁵. Given its current portfolio, ICF channels the majority of its funds through global multilateral programmes. Bilateral country support is less of a priority. Although the ICF could still be a relevant funding source, more discussion with the ICF would be required to understand their budget and priorities for bilateral cooperation.

[Relevant] The Japan International Cooperation Agency (JICA) works and funds projects as part of the "Japan-Vietnam Joint Statement" and "Economic Partnership Agreement (EPA)", which, among others, includes environmental issues. Within CC and environment-related sectors, JICA's focus has been on other activities, such as enhancing functions of agricultural cooperatives, improving irrigation and drainage facilities and capacity building on water environment protection⁶. The major program, where JICA provided a loan of \$450 million, is the Support Programme to Respond to Climate Change⁷. During the interviews, the JICA representative noted that the agency is in the process of restructuring its focus areas in Vietnam and there will be less funding available for biodiversity and nature conservation. Therefore, a further discussion with JICA would be needed in order to determine the conditions and kind of EbA measures that would fit in its new mandate.

[Relevant] French Development Agency (AFD), like other bilateral cooperation agencies, works with governments and state-owned enterprises. The AFD provides loans or technical assistance. For Vietnam, CC is one of the AFD's priority pillars. In particular, the AFD provided the Vietnamese government with EUR 100 million in credit to fund the Support Programme to Respond to Climate Change (SP-RCC). The current focus is on low-carbon development and the adaptation-related activities supported by the AFD focus on major water management and flood prevention programmes as part of larger projects for hydro-agricultural infrastructure and the surveillance of coastal areas. However, this could be an entry point for discussing the integration of an ecosystem-based approach into baseline investments in the water sector.

[Relevant] Korea International Cooperation Agency (KOICA) provided roughly USD30 million to Vietnam in 2013. Vietnam is one of KOICA's main aid recipients in the Asia and Pacific region, but in the past three years there were no climate change or environment related projects funded by this agency. KOICA has a strong focus on the health and education sectors in the Asia Pacific region. Based on KOICA's current portfolio and priorities, we find this option of medium relevance for EbA funding.

2.4 REDD+ specialised finance options

There are several REDD+ related funds, which can be relevant for forest-based EbA approaches. On the international landscape, we find that the FCPF, UN-REDD Programme, and Biocarbon Fund could be relevant, but in all three cases, funding of a particular ecosystem-based project would not be possible. It would have to be integrated into national REDD+ strategies and programmes. Therefore,

⁵ <http://www.climatefundsupdate.org/listing/international-climate-fund>, accessed January 2015.

⁶ [JICA](#), accessed in March 2015.

⁷ [JICA](#), accessed in March 2015

a starting point here would be a discussion with national stakeholders working on REDD+ programmes in Vietnam on how EbA measures can be included in this sector.

[Relevant] Forest Carbon Partnership Facility (FCPF) is managed by the WB and supports developing countries in their REDD+ efforts. It consists of a Readiness Fund and a Carbon Fund. The FCPF has already provided a USD 3.8 million readiness preparedness grant to the Vietnamese government, which includes policy development, support for adopting national REDD+ strategies; monitoring, reporting and verification (MRV) design, as well as other measures. (FCPF 2014).

Once Vietnam has made significant progress towards REDD+ readiness, it can access the **Carbon Fund**, which is designed for pilot payments for verified emissions reductions from REDD+ programmes. The total capital of the Carbon Fund is around USD 390 million. Programmes will be selected based on the following criteria: "country's political commitment and readiness progress to date, the scale of the program[me] and potential to generate a large volume of high-quality and sustainable emission reductions, the technical soundness, stakeholder participation, and non-carbon benefits of the program[me]"⁸. From the information available, it seems that individual ecosystem-based projects cannot be funded through the FCPF. Instead, an EbA approach should be a part of a larger programme, which would cover much broader emissions reduction activities, in line with the national REDD+ strategy.

[Relevant] The UN-REDD Programme works closely with the FCPF, MONRE, MARD and the Vietnam Administration of Forestry (VNFORD). This programme also provided funding of USD 4.5 million for Vietnam's national REDD+ readiness efforts. The implementation phase of REDD+ would be another financing option for EbA. However, like the case of the FCPF, individual EbA projects would need to be integrated into the national REDD+ strategy and programmes.

[Relevant] The Biocarbon Fund and its Initiative for Sustainable Forest Landscapes (ISFL) is a multilateral facility funded by Germany, Norway, UK, US and managed by the WB. The total capital available under the ISFL is USD 380 million. The fund will support emissions reduction activities from the land sector, deforestation and forest degradation in developing countries (REDD+), as well as sustainable agriculture and smarter land-use planning, policies and practices⁹. Countries can receive grant funding and technical assistance and results-based payments for achieved emissions reductions. Based on the capital available, the ISFL will fund four jurisdictional programmes, which will be identified based on set criteria. However, the fund has already selected and approved funding for two programmes in Ethiopia and Zambia, and is considering Indonesia and Colombia as target jurisdictions¹⁰. It is not clear from the information available, whether the ISFL will consider funding additional countries.

2.5 Biodiversity conservation funding resources

There are a few biodiversity conservation funding resources that can also be considered – Conservation International and Wetlands International. In addition, there are other organisations which pursue ecosystem-based approaches in some of their projects, such as the Nature Conservancy, the Australian National Center for Agricultural Research and Transfer of Technology, or the World Food Programme; but these are rather exceptional cases in terms of their overall portfolio and mandates.

[Highly relevant] Conservation International (CI) works with governments and the private sector on environmentally friendly policies, protecting natural assets, and promoting sustainable production practices. CI has not funded any projects in Vietnam so far, but it has experience with EbA in multiple countries. It has also been recently accredited by the GEF and GCF, and therefore can channel funds from these facilities. CI is a highly relevant option and will be discussed in more detail in the next chapter.

[Relevant] Wetlands International (WI) is global not-for-profit organisation dedicated to the conservation and restoration of wetlands. WI supported projects with EbA approaches in natural resource management, pilot schemes, and diversifying livelihoods in China, Indonesia, Sri Lanka, India,

⁸ [FCPF](#), accessed March 2015

⁹ [ISFL](#), accessed March 2015.

¹⁰ [ISFL](#), accessed March 2015.

Thailand and Malaysia (UNFCCC 2015). WI has several work streams, which include restoring wetlands, advocacy, expert knowledge sharing, and working with local communities through microcredit finance mechanisms¹¹. Project selection by WI seems to be on a case-by-case basis and the scale of funding is not available. Therefore, further bilateral discussion with the WI would be needed to clarify whether a particular EbA project in Vietnam would correspond with the priorities and budget of this organization.

¹¹ [Wetlands International](#), accessed March 2015.

International finance options highly relevant for EbA

3.1 Green Climate Fund

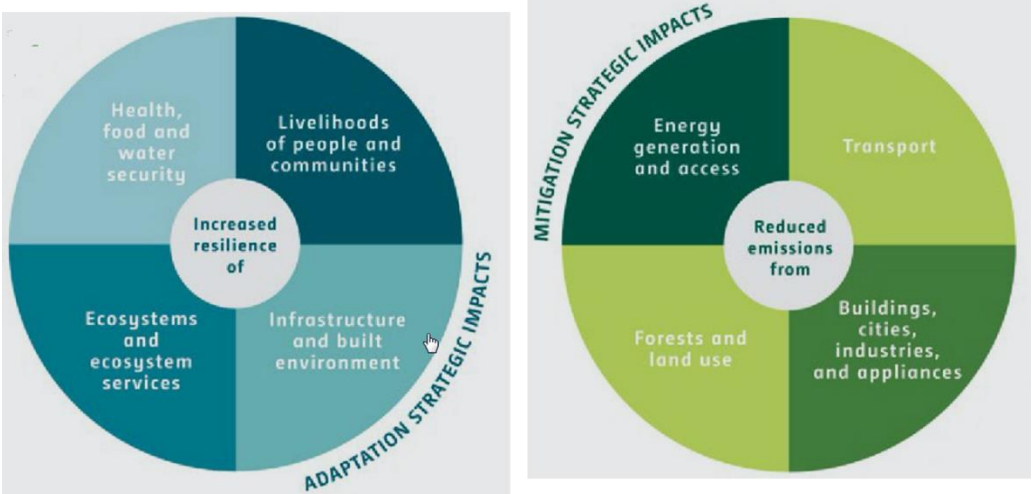
Objectives and resources available

The GCF is the rising star of international climate finance. Set up in 2010 at the COP 16 in Cancun, its mission is to “promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.” (GCF)

GCF will be the main UNFCCC mechanism to finance CC related projects and programmes in developing countries, contributing the lion’s share of the commitment to mobilise USD 100 billion by 2020. A 50:50 balance will be maintained between mitigation and adaptation activities over time, with a geographical balance and “reasonable” allocation across countries. At least 50% of adaptation finance will be allocated to countries particularly vulnerable to CC, including least developed countries (LDCs), Small Island Developing States (SIDS) and African States.

The fund will support mitigation, adaptation as well as REDD+ and cross-cutting activities (see table 3). An ecosystem-based approach would fit well under multiple areas, for example, sustainable forest management and afforestation, provided that the project fulfills the required criteria.

Table 3: GCF Initial result areas



Source: GCF decision B. 05/03, [GCF](#)

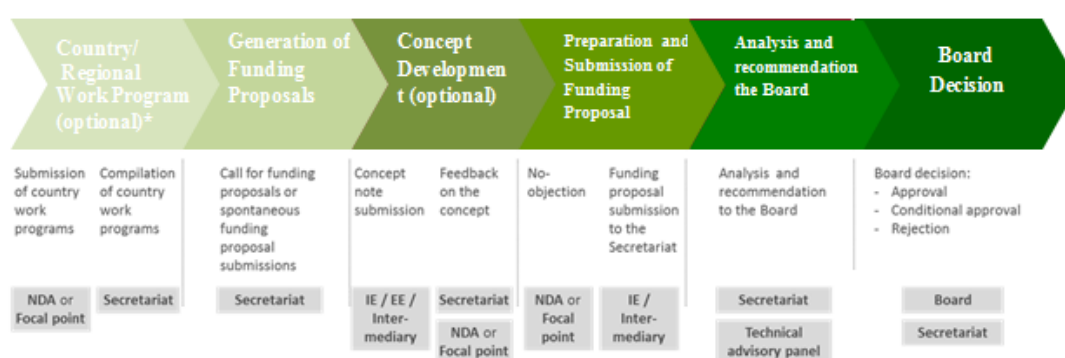
Depending on the type of activity supported, the GCF will provide a range of instruments, covering grants, concessional loans and other financial instruments to mobilise private sector investment, as well as readiness support.

Project requirements and selection process

Before any specific project proposals are submitted, a country's National Designated Authority (NDA) can start by developing and submitting their country work programme. This step is optional, but can help outline priorities and activities that are in line with its CC and development objectives. Upon request, the GCF also provides readiness support for the development of the countries' work programmes. In the case of Vietnam, its country work programme would have to be aligned or merged with existing national programmes, like the National Target Programme to Respond to Climate Change (NTP-RCC) or the SP-RCC.

Concrete project or programme proposals, e.g. for EbA, can be submitted by the international, regional, national and sub-national accredited entities either on a rolling basis or based on calls for proposals. We discuss in detail the GCF access and accreditation requirements in the next section. Accredited entities can first submit a project concept note. The GCF Secretariat will review it and provide its feedback as to whether the concept is endorsed, needs more work and should be resubmitted, or is rejected. A concept note is an optional step, and accredited entities can also submit detailed project proposals directly. Before being submitted to the GCF Secretariat, project proposals should be endorsed by the NDA in line with the no-objection procedure. Without NDA endorsement, the proposal cannot be considered. Figure 6 depicts the process for approving a project or programme proposal.

Figure 6: GCF project and programme activity cycle



* not a part of the initial proposal approval process.

Source: GCF Board Decision B 07/03, Annex VII

Once the project proposal has been submitted, the GCF Secretariat and its technical advisory panel will assess its compliance with the Fund's environmental and social safeguards, gender policy and activity specific criteria. Then, the GCF Board, based on the recommendations by the Secretariat and technical advisory panel, will take a final decision to either i) approve the funding proposal, ii) approve the proposal conditional on recommended modifications of the project design, or iii) reject the proposal. The timing of the GCF assessment and approval process will depend on the complexity of the funding proposal and next scheduled meeting of the GCF Board.

There are guidelines, criteria and frameworks, which have to be considered when designing a project proposal for GCF. First, GCF investment policy sets overall guidelines on how the Fund should allocate its resources. It emphasises a country-driven approach, demonstrating potential for a paradigm shift and avoiding the "crowding-out" of other potential sources of finance. Intermediaries or accredited entities may blend funding received from the GCF with their own or other sources of finance. Concessional funding (a grant-equivalent subsidy element) would be provided only to the level to make a project viable. Loans would be offered only for revenue-generating projects or programmes (GCF Board Decision B.07/06, Annex XIV). Second, there are six main investment criteria against which project proposals would be assessed. Table 4 lists all the criteria and their coverage areas.

Table 4: GCF initial criteria for assessing programme/project proposals

CRITERIA	COVERAGE AREAS
Impact potential	
Potential of the programme/project to contribute to the achievement of the GCF objectives and result areas	<ul style="list-style-type: none"> • Mitigation impact • Adaptation impact
Paradigm shift potential	
Degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment	<ul style="list-style-type: none"> • Potential for scaling-up and replication and its overall contribution to global low-carbon development pathways • Potential for knowledge and learning • Contribution to the creation of an enabling environment • Contribution to the regulatory framework and policies • Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans
Sustainable development potential	
Defined benefits	<ul style="list-style-type: none"> • Environmental co-benefits • Social co-benefits • Economic co-benefits • Gender-sensitive development impact
Needs of the recipient	
Vulnerability and financing needs of the beneficiary country and population	<ul style="list-style-type: none"> • Vulnerability of the country • Vulnerable groups and gender aspects • Economic and social development level of the country and the affected population • Absence of alternative sources of financing • Need for strengthening institutions and implementation capacity
Country ownership	
Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions)	<ul style="list-style-type: none"> • Existence of a national climate strategy • Coherence with existing policies • Capacity of implementing entities, intermediaries or executing entities to deliver • Engagement with civil society organisations and other relevant stakeholders
Efficiency and effectiveness	
Economic and, if appropriate, financial soundness of the programme/project	<ul style="list-style-type: none"> • Cost-effectiveness and efficiency regarding financial and non-financial aspects • Amount of co-financing • Programme/project financial viability and other financial indicators • Industry best practices

Source: GCF Board Decision B.07/06, Annex XIV

Finally, the GCF has developed an initial results management framework, which would be the main monitoring tool for the Fund to regularly measure the impact efficiency and effectiveness of the programmes and projects, as well as the Fund's performance. Therefore, its indicators also serve as an important guideline and criteria for project proposals. There are separate results management frameworks for mitigation, adaptation and REDD+ activities (see Table 5 and 6).

Table 5: GCF initial results management framework for adaptation

LEVEL	EXPECTED RESULTS
Paradigm shift	<ul style="list-style-type: none"> Increased climate resilient sustainable development
Fund level impacts	<ul style="list-style-type: none"> Increased resilience and enhanced livelihoods of the most vulnerable people, communities, and regions Increased resilience of health and wellbeing, and food and water security Increased resilience of infrastructure and the built environment to climate change threats Improved resilience of ecosystems and ecosystem services
Project / programme outcomes	<ul style="list-style-type: none"> Strengthened institutional and regulatory systems for climate responsive planning and development Increased generation and use of climate information in decision making Strengthened adaptive capacity and reduced exposure to climate risks Strengthened awareness of climate threats and risk reduction processes

Source: GCF decision B.08/07, Annex VIII, Table 1

Table 6: GCF initial results management framework for REDD+

LEVEL	EXPECTED RESULTS
Paradigm shift	<ul style="list-style-type: none"> Shift to low-emission sustainable development pathways
Fund level impacts	<ul style="list-style-type: none"> Reduced emissions from land use, deforestation, forest degradation, and sustainable management of forests and conservation and enhancement of forest carbon stocks
Project / programme outcomes	<ul style="list-style-type: none"> Reduced emissions (tCO₂eq) from: <ul style="list-style-type: none"> Deforestation Forest degradation Conservation of forest carbon stocks Sustainable management of forests Increased removals (tCO₂eq) through enhancement of forest carbon stocks

Source: GCF decision B.08/07, Annex XI

Access to GCF

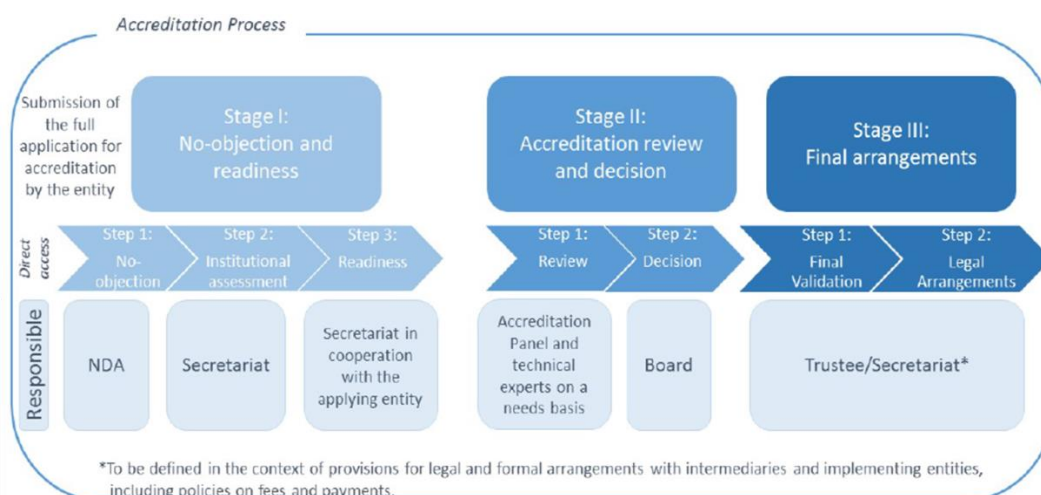
There are multiple access points for the GCF. Countries can receive funding through multiple accredited international, regional institutions as well as directly through accredited national implementing entities (NIE). In any case, the first necessary step is to designate a NDA. Vietnam has already chosen the Ministry of Planning and Investment, Department of Science, Education, Natural Resources and Environment as its NDA.

The role of NDA would be to officially communicate with the Fund, as well as to nominate and endorse an implementing entity through which the country will access the GCF. The NDA will also be responsible for the “no-objection” procedure for all the country’s project and programme proposal submissions, making sure that they are consistent with the national plans and strategies: “The Board will only consider funding proposals that are submitted with a formal letter of “no-objection”, in accordance with the procedure approved in this decision.” (GCF Board Decision B.04/05 and B.07/03). The “no-objection” procedure and the NDA in general fulfil an important function by representing the priorities and interests of the country in a clear and transparent manner that can help ensure a country’s ownership.

Currently, there are 11 international accredited entities¹² and four regional entities¹³ that can submit and implement GCF funded projects. Countries which do not have an accredited NIE they can work with these entities in accessing the GCF resources. National stakeholders interviewed for this project mentioned accreditation requirements as one of the main barriers to Vietnam directly accessing international climate finance sources. Therefore, accessing the Fund through international and regional entities seems a more feasible option in the short term. Direct access was regarded by the national stakeholders as rather a medium or longer term option, since the accreditation process of the NIE will require building up additional capacity in order to comply with the strong fiduciary standards and environmental and social safeguards.

Indeed, the accreditation process for direct access imposes a challenge for countries that have neither the experience with international climate finance nor the necessary national institutions to be able to channel significant amounts of financial resources in a transparent way. The full accreditation cycle for NIEs should be completed within six months and will be reviewed after five years (figure 7). Recognizing differences in entities' scope of activities, their capacities and projects or programmes they intend to implement with GCF support, the Fund developed a "fit-for-purpose" accreditation approach (figure 8). With this approach the GCF aims to avoid unnecessarily complicating the accreditation process for those entities that will not expose the Fund to substantial financial, environmental and social risks.

Figure 7: GCF accreditation process of implementing entities



Source: GCF decision B07/02, Annex I

There are three main categories that will determine accreditation requirements: fiduciary function, size and environmental and social risk of activities entities plan to undertake (figure 8). Fiduciary standards and environmental and social standards (ESS) are the core of the GCF accreditation process. All entities applying for accreditation must comply with the basic fiduciary standards. They include two main elements: 1) assessment of key administrative and financial capacities of the entity and 2) its transparency and accountability. In addition, there are three specialized fiduciary standards and they will be required in the following cases:

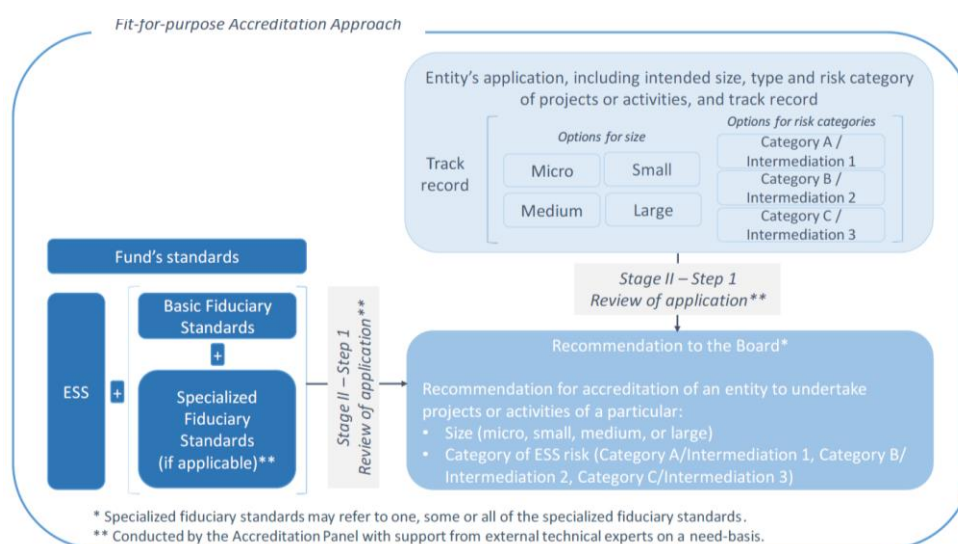
- **Project management standards** will be applied when entities will be implementing projects or intermediating funding through a grant award, on-lending or blending mechanisms.

¹² Africa Finance Corporation, Agence Française de Développement, Asian Development Bank, Conservation International, Deutsche Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, World Bank, KfW, UNDP, and UNEP.

¹³ Acumen Fund, Inc. Caribbean Community Climate Change Center, Corporación Andina de Fomento, Secretariat of the Pacific Regional Environment Programme. Full list is available at: <http://www.gcfund.org/operations/accreditation/accredited-entities.html>

- **Standards on grant award and/or funding allocation** will be applied in cases when entities will intermediate funding in the form of grants through a grant award or funding allocation mechanism.
- **On-lending and/or blending criteria** will be applied to those entities which will receive intermediate funding in the form of loans through on-lending or blending with other resources (GCF Board Decision GCF/B.08/45, Annex I).

Figure 8: GCF Fit-for-purpose accreditation approach



Source: GCF Board Decision GCF/B.08/45, Annex I

An entity's track record and compliance with basic and relevant specialised standards (based on the Accreditation Panel recommendation) will determine the scale of funding it can access from the Fund. There are four different project sizes:

Table 7: GCF Max total projected costs at the time of application

SIZE	MAX TOTAL PROJECTED COST AT THE TIME OF APPLICATION
Micro	≤ USD 10 million
Small	USD 10 – 50 million
Medium	USD 50 – 250 million
Large	> USD 250 million

Finally, accreditation requirements also include eight ESS. The first performance standard is an assessment of environmental and social risks and impacts. It will be used in the accreditation process. The other seven criteria will be applied on a project level and include labour and working conditions, resource efficiency and pollution prevention, community health and security, biodiversity conservation and sustainable management of natural resources, land acquisition and involuntary resettlement, indigenous people and cultural heritage. ESS will be applied to all funding proposals.

Based on the Fund's assessment of an entity's track record and capacity to manage different environmental and social risks and impacts, the Fund will accredit them for projects and financial intermediation falling under a specific risk level. There are three such risk levels: high, medium and low. Each of them defines the funding proposals and type of financial intermediation falling under

this category. Funding proposals can fall under Category A, B or C. Category A proposals correspond to a high-risk level and include activities with potentially significant and irreversible adverse environmental and / or social risks. Category B corresponds to a medium level of risk and includes activities with potential mild environmental and / or social impacts that are largely reversible and readily addressed. Finally, Category C covers activities with minimal or no environmental and / or social risks or impacts.

Similarly, intermediation also has three categories I1, I2 and I3, which reflect what types of projects they have in their portfolios. So an intermediary would be considered in category I1 if its portfolio include high risk Category A projects, I2 having medium risk projects of category B, or I3 with a low-risk Category C projects. Table 8 provides additional details on each category.

Table 8: GCF Environmental and social risk categories

Risk level	Funding proposals	Intermediation*
High	Category A Activities with potential significant adverse environmental and / or social risks and / or impacts that are diverse, irreversible, or unprecedented	Intermediation 1 (I1) When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and / or social risks and / or impacts that are diverse, irreversible, or unprecedented
Medium	Category B Activities with potential mild adverse environmental and / or social risks and / or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures	Intermediation 2 (I2) When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential mild adverse environmental and / or social risks and / or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures
Low / No risk	Category C Activities with minimal or no adverse environmental and /or social risk and / or impacts	Intermediation 3 (I3) When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and / or social impacts

* Activities involving investments through financial intermediation functions or through delivery mechanisms involving financial intermediation

Source: GCF document /B.07/11, Annex I

The accreditation fee policy is tailored to countries' financial capacities, the type of entity, scope of activities to be undertaken and the entities' compliance with basic and specialised fiduciary standards. In the case of Vietnam, no fee will be charged if an entity nominated for NIE accreditation is a national or subnational institution, which will undertake activities of a micro size, i.e. less than USD 10 million, and related to basic fiduciary standards only. If the intended activities are of a larger scope and / or fall under specialised fiduciary standards, an accreditation fee will apply and range from USD 500 to USD 25,000. Additional fees may apply if the Fund reviews the application twice. Table 6 provides more details on accreditation fees, depending on the project sizes and type of fiduciary standards required.

Direct access to the GCF and accreditation process for NIE can be considered a challenge not only for institutions in Vietnam, but for other developing countries as well. On the other hand, the "fit-for-purpose" approach intends to take into consideration countries' different capacities and needs. The GCF also provides readiness support to help countries' national and subnational institutions to

meet the accreditation standards. Accreditation process support is one of the four priorities of the readiness programme, which also includes strengthening countries' NDAs, helping with development of country work programmes and a pipeline of bankable projects in line with national strategies and priorities. Currently the GCF has made available USD 15 million for readiness measures, but further resources mobilization is underway. Individual countries can receive up to USD 1 million in readiness support per calendar year.

Table 9: GCF accreditation fees (in USD)

Financial capacity	Total project cost at the time of application	Fee for accreditation of application for undertaking activities under basic fiduciary standards	Fee for accreditation of application for undertaking activities under specialized fiduciary standards
Micro	< 10 million	Subnational and national entities in developing countries: no fee Other entities: 1,000	500 each
Small	10 – 50 million	Subnational and national entities in developing countries: 3,000 Other entities: 5,000	1,000 each
Medium	50 – 250 million	10,000	3,000 each
Large	> 250 million	25,000	7,000 each

Source: GCF Board Decision GCF/B.08/45, Annex VI

Some supporting activities for climate finance readiness more broadly and for the GCF (as well as Adaptation Fund) has already been provided in some manner by the GIZ and the German Government in Vietnam:

- Climate Finance Roadmap for Vietnam: Strengthening Public and Private Climate Finance in Vietnam (Report and training by Castlerock/adelfphi supported by Climate and Development Knowledge Network (CDKN) and GIZ; 2012–2013)
- NIE Assessment Vietnam (Report by UNEP Collaborating Centre Frankfurt School of Finance & Management and GIZ (2014))
- NDA/Climate Finance Readiness Training (Workshop and Workshop report, AEA Ricardo/GIZ (2014))

A more detailed overview of the findings of these activities is provided in section 5. However, the potential NIE candidates lack the basic fiduciary standards needed for accreditation or the respective evidence for the application of standards to be shared by the respective institutions.

Although accessing GCF resources is more feasible through international or regional institutions, such as the UNDP, KfW or ADB, in the short term; national stakeholders in Vietnam that were interviewed showed interest in direct access to GCF as a medium- to long-term option. In particular, the GCF was considered as highly relevant funding source for adaptation, both terms of in grants and low-cost loans (by the the Ministry of Agriculture and Rural Development (MARD) and Vietnam Environmental Protection Fund (VEPF)), especially under the budget constraints. Priorities set by the Vietnamese government will play a decisive role in determining what type of funding proposals will be submitted to the GCF. Given high demand from developing countries and the given resources under first GCF resource mobilisation, there is a chance that in the short run, Vietnamese government would prioritise mitigation and "hard" adaptation infrastructure projects, rather than an ecosystem-based approach.

In the medium and long run, there are institutions, such as the Development Bank of Vietnam, the Vietnam Environment Protection Fund or relevant ministries, which could potentially get the NIE accreditation for the GCF. However, this will require significant strengthening of their capacities and compliance with fiduciary standards. The Vietnamese government has already built up a strong foundation for public financial management – Government financial management information system

(GFMIS), which should be followed by the ministries or other public institutions. It is still a work in progress and some basic fiduciary standards, such as procurement and audit, are still missing, but it can be a good starting point for developing potential NIE capacities (GIZ and FS-UNEP Collaboration Centre 2014).

Additionally, with the recent developments on the Vietnam Green Growth Strategy Facility (VGGSF), this institution could have strong potential for directly accessing not only the GCF, but also other international climate finance sources. Such institution can be set up and aligned with international fiduciary standards from the very beginning, which might be easier than strengthening and / or restructuring the capacities of existing institutions (GIZ and FS-UNEP Collaboration Centre 2014). Capacity building support for setting up such an institution and later on developing high quality funding proposals is often available from the international donors, including the GCF readiness programme.

3.2 Adaptation Fund

Objectives and resources available

The Adaptation Fund (AF) provides grant support for “concrete adaptation projects and programmes in developing countries that are parties to the Kyoto Protocol and are particularly vulnerable to the adverse effects of climate change”. It is a fund dedicated to adaptation only with 41 projects in its portfolio and experience in the ecosystem-based approach in various countries (figure 9).

Initially, the AF received its resources from the sale of Certified Emissions Reduction (CER) credits under the Clean Development Mechanism (CDM), and also from contributions from governments and the private sector. Its total pledged volume is around \$273 million, with an initial funding cap set at \$10 million per country. Most of the AF resources (\$ 265 million) have been already assigned for projects. Therefore, at the moment the AF is allocating its remaining funds and mobilizing additional contributions from various parties.

AF project portfolio and experience with EbA

The AF project portfolio is geographically diverse and can be found in countries with varying level of economic development. Out of the 41 projects funded by AF, eight were allocated to low-income countries, 16 to lower-middle-income countries. The remaining 17 projects take place in upper-middle-income countries (15) or high-income countries (2). Even though the share of funding for lower-middle-income countries is the largest, there were no projects funded by AF in Vietnam.

The AF has experience in EbA approaches. Projects with an EbA focus or including EbA measures were funded in Cuba, Seychelles, Kenya, South Africa, India, Peru, Mongolia, and Belize. In India, for example, the project aimed to overcome the consequences of salinization and other consequences of sea level rise through the restoration of degraded mangroves and a demonstration of the Integrated Mangrove Fishery Farming System (IMFFS)¹⁴. In Kenya, the project has a broader scope: enhancing resilience and the adaptive capacity for selected communities to increase food security and environmental management. One of the five project components is integrated shoreline and mangrove ecosystem management (ISMEM) in the coastal region. In contrast to sea walls, which alter coastal ecosystems and destroy habitat for flora and fauna, mangroves serve as a natural shoreline protection against erosion and contribute towards carbon sequestration¹⁵.

¹⁴ [Adaptation Fund](#), accessed March 2015.

¹⁵ [Adaptation Fund](#), accessed March 2015.

Figure 9: AF map of projects and programmes



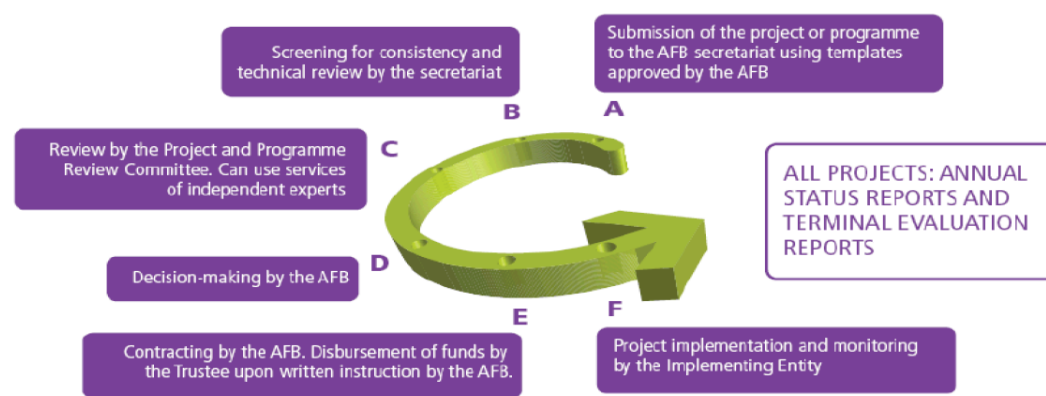
Source: https://adaptation-fund.org/funded_projects/interactive

Ecosystem-based approaches funded by the AF also include maintaining ecosystem integrity and water security in Mongolia¹⁶, coastal marine ecosystem and fisheries in Chile¹⁷, coastal ecosystem restoration in Cuba¹⁸ and other measures. These projects can not only provide ideas for additional EbA-based projects, but also how to structure a project and prepare a successful funding proposal for the AF.

Project requirements and selection process

Projects proposed to the AF have to include concrete adaptation measures. The fund will not support capacity building and institutional development projects that are indirectly related to adaptation. The project proposal submission and approval process is shown in Figure 10. As a first step, implementing entities must submit a full project proposal to the AF Secretariat. For projects exceeding USD 1 million, implementing entities may first submit a project concept note, and then, based on the AF Secretariat feedback, develop and submit a full project proposal. Considering funding for each country is capped at USD 10 million and the fact that an average project size thus far amounts to roughly USD 6.5 million, one country can receive funding for one or two projects.

Figure 10: AF project cycle and approval process



¹⁶ [Adaptation Fund](#), accessed March 2015

¹⁷ [Adaptation Fund](#), accessed March 2015

¹⁸ [Adaptation Fund](#), accessed March 2015

Source: [Adaptation Fund Operational Policies and Guidelines](#)

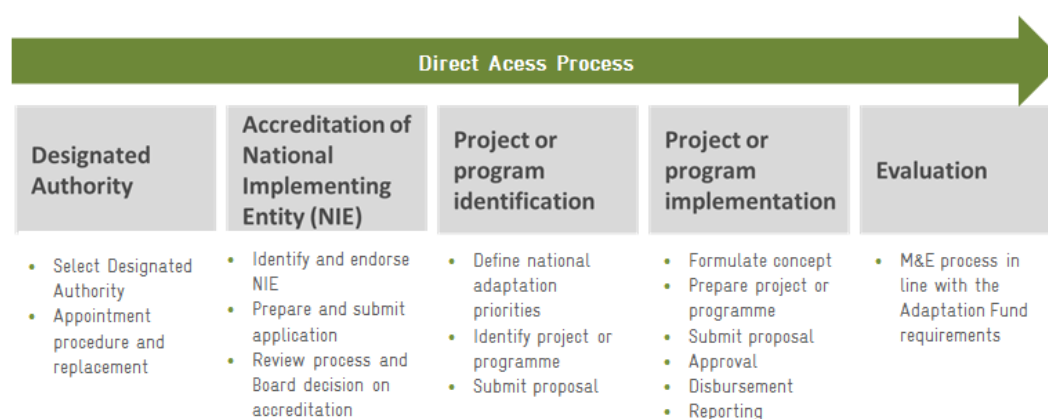
Project or programme review criteria for the AF include, among others, consistency with national strategies, cost-effectiveness, co-benefits, vulnerable groups, gender considerations, and resources availability. Projects must be in line with the AF results management framework (see Annex I and II). Timing for the project review and approval varies. In 2012, approving a project proposal took around 13 months on average (ODI 2013).

Access to AF

As in the case of the GCF, the AF requires each country to have a Designated Authority (DA), which serves as an official focal point for communicating with the AF and exercise the “no-objection” procedure. Even though there were no AF projects funded in Vietnam, the country has a DA – the Deputy Minister of MONRE.

There are several access modalities for the AF – multilateral (MIE), regional (RIE) and national (NIE) implementing entities. For Vietnam, multilateral access through such institutions as the UNDP, ADB, UNEP or the WB¹⁹ would be the most feasible option in a short time period, since the available funding in the long run is currently unclear.

Figure 11: AF direct access process



Source: The AF and Direct Access, AF 2012

Direct access through an accredited national implementing entity (NIE) should be considered as a longer term option. The NIE accreditation process is similar in its requirements to the GCF. However, the GCF has a fast track accreditation procedure for NIE, which has already been accredited by the AF. Therefore, it would make sense to have a single institution as both the GCF and AF accredited NIE.

Figure 11 shows the direct access process for the AF – from nominating a DA to the submission of project proposals. NIE accreditation is just one interim step, the success of which does not necessarily imply, but significantly increases the chances, that a country will receive direct funding for its adaptation projects.

Based on its existing track record, NIE accreditation for the AF can take up to a year. Figure 12 depicts the AF accreditation process for NIE. The NIE accreditation requirements are divided into three groups: 1) financial integrity and management, 2) institutional capacity and 3) transparency and self-investigative powers. Financial integrity and management includes the entities’ ability and capacity to accurately and regularly record transactions and balances in line with internationally recognized best practice, managing and disbursing funds in an efficient and timely manner, produc-

¹⁹ Full list is available at the AF [website](#).

ing forward looking financial plans and budgets. Entities must also have legal status, which allows them to sign a contract with the AF and to go through regular and independent audits.

Institutional capacity requirements cover transparent and competitive procurement procedures, the entities' capacity to identify, develop and appraise projects and undertake their monitoring and evaluation. Entities must also prove they are able to manage / oversee the overall project execution, including managing and supporting sub-recipients of the project. For transparency and self-investigative powers, entities have to show they have procedures in place for dealing with financial mismanagement and are able to manage complaints about environmental and social harms caused by projects.

Figure 12: AF accreditation process for NIEs



Most countries initially faced significant challenges with NIE accreditation. However, based on these experiences, the AF accreditation process has become somewhat easier. Currently, there are 16 NIEs accredited by the AF, including entities from LDCs, lower-middle-income countries and SIDS.

Current AF experiences show that entities that are more autonomous and have worked with foreign donors in the past are more likely to get accreditation. The NIE does not necessarily have to be a ministry of environment, but rather an institution with high fiduciary standards that has established and documented procedures for managing projects and a reputation as an accountable and trusted organisation. Experience in accessing and channelling significant levels of development funding and established relationships with international organisations can also strengthen the case for accreditation (AF 2012).

In the case of Vietnam, the Department of Meteorology, Hydrology and Climate Change (DMHCC) considered becoming an AF-accredited NIE but has not submitted its application due to the stringent fiduciary requirements. Furthermore, the application procedure is also quite time consuming. Additionally, an assessment of the organisation by the AF's Secretariat came to the conclusion that it currently cannot become an NIE. The DMHCC also mentioned that support from the MoFI and the Ministry of Planning and Investment (MPI) would be needed. Institutions that have been identified as feasible options to gain direct access to the GCF could also play the same role with the AF – this holds true, for example, for the Development Bank of Vietnam or VGGSF, (given further capacity strengthening). However, such a decision (on direct access) should take into consideration how additional resources can be mobilized through the AF and clarify the lifespan of the AF. In the short term, working with international implementing entities would be easier and more effective. Multilateral access provides an even stronger case, considering that out of total 41 projects funded by the AF, 30 are implemented by multilateral institutions.

3.3 International Climate Initiative (IKI)

Objectives, resources and projects

IKI is a German international cooperation facility, financed by the BMUB, which supports climate related projects in developing, newly industrialised and transition economies. IKI has four main focus

areas: mitigation, adaptation, REDD+ and biodiversity finance. It also aims to engage the private sector. Total annual IKI funding amounts to EUR 120 million.

Within adaptation, the ecosystem-based approach is highlighted as one of IKI's funding areas, together with innovative weather risk management instruments, developing and implementing national adaptation strategies, and monitoring and reporting. Out of 74 adaptation projects funded by IKI, 21 projects (for a total value of EUR 34 million) are focused on EbA measures. Project funding ranges from EUR 0.2 to 5 million. Projects are located in Europe, Latin America, and Central and East Asia, including Vietnam. East and South-East Asian countries have received most of the funding so far (EUR 25.4 million of all EbA funding).

IKI ecosystem-based projects vary in the type of measures undertaken. Some project focus on capacity building and advising governments or municipalities, identifying and designing adaptation measures, encouraging local microfinance institutions to introduce EbA measures, restoring degraded landscapes, implementing EbA measures in multiple water catchment areas, mangroves management, and the restoration of coastal ecosystems.

IKI has funded 30 projects in Vietnam, all currently at different stages of implementation and with differing implementing partners. These also include some regional and global projects where Vietnam is one of the implementing countries. They cover adaptation (eight projects), biodiversity conservation (seven projects), REDD+ (three projects) and mitigation measures (16 projects)²⁰. Three projects in Vietnam are focused on EbA. These focus on mainstreaming EbA into the national CC strategy, land use and development, and the sustainable development of coastal protected forests in Vietnam. One project is implemented in Vietnam and Thailand and aims to promote EbA and reduce greenhouse gas emissions in both countries by creating appropriate economic incentives, reforesting mangrove forests, and conducting pilot projects²¹.

IKI offers a number of instruments such as grants, concessional loans, credit lines with the involvement of KfW or other financing approaches depending on the project specificity. All EbA projects in IKI's portfolio thus far have been financed through grants.

Project requirements and selection process

In terms of project eligibility, proposals must correspond to one or several of IKI's focus areas. Focus areas for countries, particularly those vulnerable to CC and with rich biodiversity and carbon storage potential, would be adaptation, biodiversity conservation and REDD+. Projects should be innovative in character, integrated into national strategies, contribute to national development goals, and have sustainable effects. From the current track record for ecosystem-based projects funded by IKI, the grant funding ranges from EUR 0.2 to 5 million depending on the regional coverage and scope of the project. Additional evaluation criteria include:

- Multiplication of results, prominence and multiplier effect;
- transferability of projects to the level of international climate cooperation;
- significance of the partner country in cooperating with Germany, or in the context of international negotiations;
- solidity and quality of concept, presentation, expected project management and monitoring; and
- availability of self-financing, third party financing, and financial leverage effect²².

The BMUB announces annual calls for proposals, selects and approves the projects. Following a call for proposals, project proponents can submit their project outlines. Based on the resources available and approval of relevant ministries, the BMUB pre-selects a number of outlines. As a second step, selected project proponents submit a detailed formal project application for funding, to be reviewed and selected by the BMUB. BMUB also fosters direct communication with interested institutions in selected partner countries, Vietnam being one of them.

Access to IKI

²⁰ One project can cover multiple focus areas.

²¹ [IKI](#), accessed March 2015

²² [IKI](#), accessed March 2015.

Accessing IKI funds is open to institutions from Germany and abroad, including implementing agencies, research institutes, NGOs, private sector and international organisations such as development banks or UN related programmes. So far, GIZ is the main implementing entity of most of the adaptation and biodiversity projects in Vietnam. Many IKI-funded projects in Vietnam are led by international organisations such as the UNDP, UNEP, WB, KfW or the International Union for Conservation of Nature (IUCN), in close partnership with the national ministries. Although this structure is not explicitly required, these organisations can serve as a good entry point for accessing further IKI resources.

3.4 Special Climate Change Fund (SCCF)

Objectives, resources and projects

The Special Climate Change Fund (SCCF) is a dedicated fund under the UNFCCC for developing countries to address their specific CC related needs. Together with the LDCF, SCCF is the adaptation window of GEF. Currently, the SCCF funds adaptation measures and technology transfer. It only covers the incremental cost of projects related to CC, aiming to catalyse additional investment from other sources and institutions.

Currently, pledges from developed countries for the SCCF total USD 347 million. So far, 61 projects for a total grant amount of USD 263 million have been supported by the SCCF. The fund supports adaptation measures across various sectors, e.g. water resources and land management, agriculture, infrastructure development, fragile ecosystems, fisheries and others. The ecosystem-based approach fits well into the SCCF focus and there are several EbA projects in its portfolio. SCCF projects can be medium (USD 1 million or less) or full-sized (more than USD 1 million).

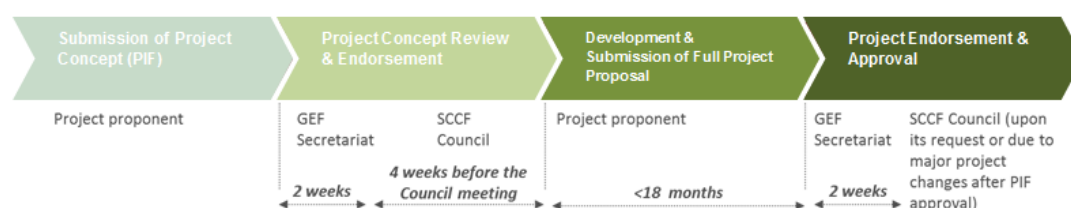
Between one and three projects are funded in each of the 42 countries that are part of the SCCF project portfolio. Grant support for currently approved country projects range from USD 0.9 to 8 million. The SCCF also funds large global and regional programmes implemented by the UNDP, UNEP, World Bank and other multilateral institutions. National stakeholders in Vietnam consider SCCF highly relevant for EbA funding. In Vietnam, there are two SCCF funded projects. The first one focuses on climate-resilient infrastructure planning and coastal zone development and is implemented by the UNDP, ADB and MARD. The second project promotes climate resilience in cities. The proposal was prepared by the MONRE together with the ADB. The total grant volume of both projects is USD 8.1 million.

Project requirements and selection process

All projects need to be endorsed by the GEF Operational focal point in Vietnam, i.e. MONRE (currently Dr. Hong Ha TRAN). Since GEF agencies take a leading institutional role in project implementation, no additional capacities would be required from the national stakeholders. This makes accessing the SCCF easier than the NIE accreditation procedures and direct access to the AF or GCF, even though the latter would provide more ownership and decision-making power to the national institutions.

The project approval process differs for full-sized projects and medium-sized projects. Figure 13 depicts the project cycle for full-sized projects. All project proposals submitted to the SCCF have to be "country-driven, cost-effective and integrated into national sustainable development and poverty-reduction strategies". Proposals also have to take into consideration countries' national communications or other UNFCCC relevant documents (SCCF 2012).

Figure 13: SCCF project cycle



Source: Accessing resources under the SCCF

The review criteria for SCCF project proposals can be grouped into four categories. First, the basic project idea in terms of its adaptation benefits is assessed. This includes an assessment of vulnerabilities and how the suggested adaptation activities will increase the climate resilience of the business-as-usual or development activity. Second, how the project fits with countries' CC priorities and strategies is evaluated. Third, the implementation set up is considered, e.g. which GEF agency will implement the project, level coordination and potential overlaps and duplication of activities. Finally, the SCCF assesses the proposed budget and co-financing structure of the project (SCCF 2012).

Apart from the overall quality of project proposals, the fund will also take into consideration the balance of support between different priority sectors, equitable regional distribution, needs and priorities of countries most vulnerable to CC (including Asian, African countries and SIDS), as well as a balance among different GEF agencies.

Access to the SCCF

The SCCF is administered by the GEF, and therefore, follows its access and implementation procedures. Countries' governments, NGOs or CBOs can access SCCF through accredited GEF agencies. There are 14 GEF agencies in total²³. For projects in Vietnam, the following agencies would be relevant: the ADB, CI, FAO, IFAD, IUCN, UNDP, UNEP, UNIDO, the WB, and World Wildlife Fund US.

3.5 GEF Small Grant Programme

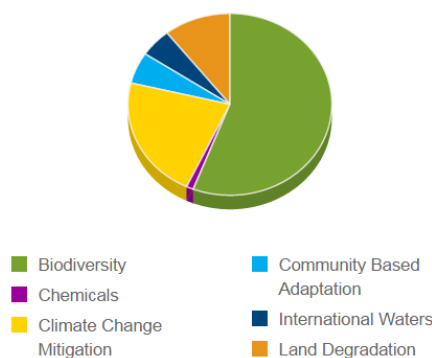
The GEF Small Grants Programme (GEF SGP) provides financial and technical support to communities and civil society organisations (CSOs) to meet the overall objective of "global environmental benefits secured through community-based initiatives and actions". The programme is funded by the GEF and implemented by the UNDP. The GEF SGP is active in 128 countries, including Vietnam. The overall budget allocated for Vietnam is USD 7.6 million.

The SGP provides grants for projects in biodiversity, community-based adaptation, land degradation, sustainable forest management, mitigation and other sectors. These can be "small grants" of up to USD 50,000 or larger "strategic projects" of up to USD 150,000 for initiatives that cover a large number of communities within a critical landscape or seascape. All projects have to be aligned with SGP countries' programme strategies. The programme does not target large projects by public institutions, rather the funding is offered for small-scale initiatives by CBOs, NGOs and grassroots organisations.

SGP has extensive experience in different EbA approaches. Some project examples include restoring or rehabilitating mangroves, projects related to grasslands and sustainable forest management practices. In Vietnam, the SGP has funded over 200 projects for a total grant amount of USD 5.5 million. Most of the projects were in biodiversity, but there were also projects in the land degradation and mitigation sectors (see figure 14).

²³ See more at http://www.thegef.org/gef/gef_agencies

Figure 14: SGP project portfolio in Vietnam



Source: [SGP Vietnam](#)

National stakeholders in Vietnam consider the SGP to be a suitable EbA financing option, especially for concrete adaptation actions on the local level. However, given the total country budget of USD 7.5 million, the remaining resources available (roughly USD 2 million) for new projects are not substantial. Nevertheless, with an average grant size ranging from USD 20,000 to USD 25,000, the remaining budget would be able to cover 80–100 additional projects. Therefore, the SGP should be taken into consideration for small-scale EbA activities by CBOs and NGOs, but not as a core funding source for large national projects. UNDP Vietnam’s experience with the SGP could also add value to discussions on how to engage local communities and organisations in EbA activities.

3.6 ASAP

ASAP is a facility launched and managed by the IFAD in 2012. It is earmarked for channeling climate and environment finance to smallholder farmers. It is the largest international adaptation finance source for smallholder farmers, with a total pledged volume of USD 353 million. The programme covers more than 30 countries, including Vietnam.

ASAP is integrated into the IFAD’s regular investment processes with an objective to maximise the overall impact of IFAD’s operations by “scaling up and integrating climate change adaptation in smallholder development programmes in developing countries”²⁴. ASAP provides grants of USD 3–15 million, depending on the overall size of the project. The activities supported can include “tangible” investments, for example, specific climate-proofing measures, climate-resilient rural infrastructure, water supply or storage facilities for smallholder agriculture, climate resilient agricultural practices and technologies, flood protection, and also such “intangible” measures as knowledge development, data and support for adaptation policies, institutional capacities and accountability systems.

So far, ASAP’s portfolio includes 15 projects funded for a total amount of USD 150 million. As a part of IFAD’s broader investment framework, ASAP does not have a focus on EbA. However, as its mandate focuses on co-financing CCA and resilience for poor smallholder farmers and communities, this programme can also fund EbA projects as long as they fulfill the other project criteria. Some of the projects approved so far do include EbA measures within their overall scope, e.g. reforestation activities or using other vegetative species to increase slope stability and reduce soil erosion, micro-catchment water harvesting, reseeding of indigenous herbaceous leguminous and cereal species, reforestation or creating natural wave barriers. However, these activities form a smaller part of a project with wider objectives. See annex III for a list of current ASAP projects.

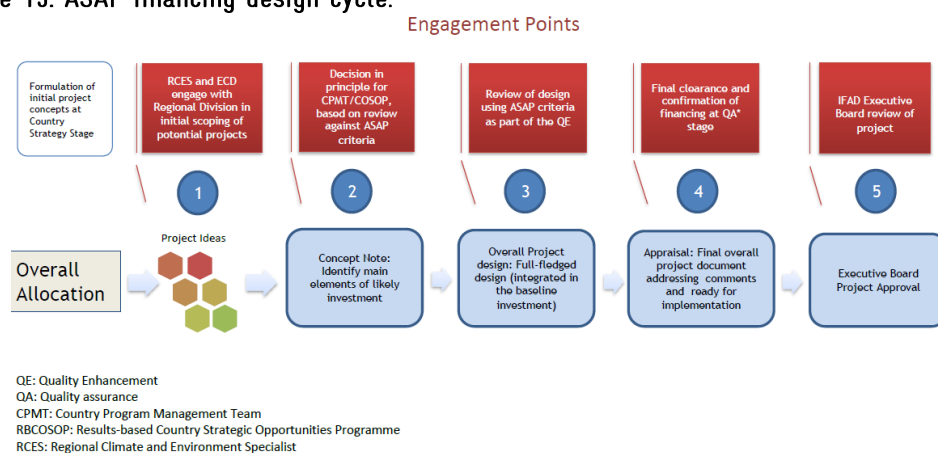
In Vietnam, ASAP provided support for one CCA project in the Mekong Delta in Ben Tre and Tra Vinh provinces. The project is financed through an ASAP grant (USD 12 million) and IFAD loan (USD 22 million), which covers 15,000 households. Additional financing of USD 7.6 million was provided by the government of Vietnam. The total project cost amounted to USD 49.3 million. Such IFAD / ASAP co-financing scheme would be standard for ASAP projects. It focuses on two main components. The

²⁴ [IFAD](#), accessed March 2015.

first component is building the adaptive capacity of participating communities and institutions by enhancing their CC knowledge and promoting climate-informed planning. The second component focuses on investing in sustainable livelihoods by involving micro-finance institutions and providing finance for adaptation and value chain investments. Within this project, the IFAD works with the Provincial People's Committees of Ben Tre and Tra Vinh provinces as executing agencies.²⁵

Within the broader IFAD financing framework, six other projects, often co-financed by other donors like the GEF, are currently taking place in Vietnam. They focus on a wide range of topics including pro-poor partnerships for agroforestry, sustainable rural development, agriculture and poverty reduction. In addition, another eight projects have been already completed. Even though there are no ongoing IFAD or ASAP projects in Vietnam that explicitly focus on EbA measures, these projects can still be very suitable for the integration of ecosystem-based approaches instead of mainstream infrastructure investments and adaptation options. IFAD currently works with MONRE, MARD, MPI, people's committees in the provinces and other relevant public authorities. This can serve as an entry point for further discussing and incorporating EbA approaches more effectively into IFAD's, ASAP's, and more importantly, national and local authorities' priorities.

Figure 15: ASAP financing design cycle.



Source: <http://www.ifad.org/climate/asap/note.pdf>

ASAP grants are fully blended with other IFAD investments, as such, there are no specific application procedures and each grant is awarded on a case-by-case basis. Projects are proposed via the IFAD Regional Division Directors. Government counterparts and also, where possible, gender experts and representatives of marginalised groups lead the project promotion. ASAP grants must be additional to the IFAD baseline investment projects, receive strong support from the national government and involve the community. The full project cycle is shown in Figure 15.

3.7 Conservation International

CI focuses on 1) identifying and protecting natural assets, 2) fostering effective governance through supporting governments with knowledge and tools to develop environmentally friendly policies, and 3) promoting sustainable production practices and cooperation with large energy and agriculture companies on environmental protection issues. CI has not funded any projects in Vietnam so far, but it has experience with EbA in multiple countries.

In Honduras, Guatemala and Costa Rica, CI partnered with the Tropical Agriculture Research and Higher Education Center (CATIE) on a project that aimed to help vulnerable smallholder farmers identify and test EbA strategies. The project included knowledge collection, testing existing on-farm activities related to EbA, identifying local and national stakeholders relevant for EbA and strength-

²⁵ IFAD, accessed May 15, 2015

ening their capacities in order to promote EbA approaches. The project results were disseminated across a wide range of national stakeholders and decision makers in order to promote the integration of EbA into national and regional strategies and policies²⁶.

CI supported the implementation of EbA measures in natural resource management in Cambodia, Madagascar and Colombia. In Colombia, the project was implemented with the GEF and the WB. It focused on data collection, involving local communities in order to build up knowledge on ecological and climate processes. The project also restored watersheds, riversides and landslide areas²⁷. Another EbA project in Brazil, South Africa and the Philippines, focused on increasing the resilience and adaptive capacity of vulnerable groups, assessing the potential for EbA solutions, piloting some interventions and working to integrate CC into all levels of government²⁸. Additionally, together with the IKI, CI conducted a survey of EbA approaches in 2013 and 2015.

CI mobilises its sources from multiple donors, including companies and individuals. CI was also recently accredited by the GCF and GEF, meaning it can channel their funding in accordance with the application requirements. However, there is no clear application process for CI-funded projects. Funding proposals seem to be assessed on a case-by-case basis in line with the CI agenda and strategy. Given the CI's existing experience with EbA, this would be a relevant avenue to explore. Based on publicly available information and interviews with the Vietnamese partners, we have not identified any additional information as to whether Vietnamese institutions have attempted to access CI funding. As there are currently no CI-funded projects in Vietnam and as the CI decision-making structure and project application process are not explicitly published, the next step would be to invite CI for a bilateral discussion on their experiences with EbA and perspectives on future funding opportunities. Alternatively, organising a joint workshop with other donors would also provide more insight on their best practices and interests.

3.8 Asian Development Bank

Environmental sustainability and responding to CC is one of the three pillars of ADB's Country Partnership Strategy for Vietnam. In particular, in ADB's country operation business plan for Vietnam for 2015-2017, the strategy results framework includes "agricultural productivity growth; and natural resources sustainably managed with climate change resilience enhanced" as one of the expected outcomes. It will be measured in terms of GDP growth in agriculture and the share of total land area covered by forests. Targeted measures for this outcome would be supporting rural infrastructure projects, irrigation systems and drainage, development of agricultural policies, livelihood programmes and sustainable land management. In addition, in its indicative assistance pipeline for 2015-2017, ADB's intended lending for urban environment and CCA is USD 100 million, co-financed with an additional USD 30 million from the Vietnamese government (ADB Country Operations Business Plan 2015-2017).

Even though, EbA is not explicitly mentioned in ADB's priority approaches, it seems to fit well into its strategy and plans for Vietnam. In fact, ADB is familiar with ecosystem-based solutions and intends to "climate proof" its projects in the transport and infrastructure sectors. For example, an ecosystem-based approach is part of the concept for its Rural Roads Improvement Project in Cambodia. The project included the possibility of "climate proofing for "normal" investment in infrastructure, water or transport sector with ecosystem-based approaches, which would also involve private sector" (ADB 2014). This demonstrates that EbA solutions can be a viable and cost-efficient approach to supplement the "regular" transport and infrastructure projects often prioritised by governments, as well as providing an entry point to engage with the private sector.

Apart from its regular operations, ADB is an accredited GCF entity, GEF agency, an AF implementing entity and lead agency for the Nordic Development Fund. ADB also manages the Core Environment Programme (CEP) in the Greater Mekong Subregion (GMS), focusing on environmentally friendly and climate resilient planning, strategies and monitoring as well as piloting innovation. EbA is explicitly integrated into CEP's milestones for 2013-2016. CEP is currently implementing a project on Climate

²⁶ [UNFCCC project database](#), accessed March 2015.

²⁷ [UNFCCC project database](#), accessed March 2015

²⁸ [UNFCCC project database](#), accessed March 2015.

Integrated Management of Transboundary Landscapes (2015–2016), which includes, among other measures, vulnerability assessments and integrates an EbA approach into transboundary landscape management strategies, as well as identifying investment opportunities for scaling up EbA²⁹.

Another CEP programme focuses on developing climate-resilient and low-carbon strategies, including the engagement and capacity building of GMS stakeholders, identifying cost-effective adaptation interventions, integrating adaptation into existing and new development investments and developing guidelines on climate smart conservation in landscape management. (CEP 2012). In Vietnam, CEP collaborated with WWF and the WB to develop a framework for EbA in the GMS (CEP 2015). Considering its experience with EbA and current engagement with national stakeholders in the GMS region, working with CEP could potentially create synergies and facilitate the acceptance and mainstreaming of EbA approaches in Vietnam's strategies and policies. Since ADB and CEP do not have a rolling application process for funding proposals, the next step would be to set up a dialogue to share experiences and understand the funders' vision and preferences with regard to EbA.

²⁹ [CEP](#), accessed in March 2015.

Options for private sector engagement

The options of attracting private finance, in addition to (or as a substitute for) donor funding, is widely discussed. Currently, public sector funding currently accounts for 100% of global adaptation finance that can be tracked (roughly USD 25 billion) (CPI, 2014).

Adaptation measures are often integrated into larger mainstream projects and there is no reliable data source to track private project-level investment. This makes it difficult at this stage to identify cases or good practices on how to involve private investors in EbA.

National stakeholders in Vietnam interviewed for this project also mentioned that while the private sector is involved in mitigation projects (e.g. with the clean development mechanism (CDM)), Vietnam has no experience with engaging private actors in adaptation activities. This is largely due to the difficulties in quantifying the benefits of adaptation interventions for the private sector, which is generally driven by competitiveness, perceived risk and expected returns.

International financial institutions, such as IFC, the WB's private sector hand, ADB, and bilateral development organisations, work closely with private actors. However, this is mainly on mitigation or infrastructure related projects. Proving the business case for adaptation, taking into account current mechanisms of local markets, integrating ecosystem-based approaches into the broader transport (as in the ADB Cambodia transport project), infrastructure, water management, or agriculture (as in the ASAP / IFAD projects) projects can be a way to engage the private sector.

Climate change funds like the SCCF and LDCF have experience with projects that engage private actors through awareness raising, capacity building, changing regulations, public-private partnerships or providing tailored financial incentives. Some examples include:

- **Raising awareness and capacity building.** LDCF project in Cape Verde focused on raising awareness about CC risks and vulnerabilities in the water sector for both policymakers and the private sector. It also includes adaptation options for investments into water capture, storage and distribution. In Sierra Leone, a LDCF / SCCF project conducted capacity building measures for water engineers from public and private companies on how to manage climate related risks and design and maintain climate-resilient infrastructure (Biagini and Miller 2013). As EbA is a relatively new concept in Vietnam, raising awareness and building up an understanding of EbA should cover not only the public but also private sector, which will help to put this approach on both the public and business agenda.
- **Integrating adaptation into CSR strategies.** A GIZ project in Peru supported the Peruvian National Water Authority to involve the private sector in preserving the river basins that supply water to Lima. The project worked with private companies, encouraging them to protect water resources, ensure water quality, and pursue reforestation and waste water treatment projects as part of their corporate social responsibility³⁰.
- **Enabling policies and institutional infrastructure.** In Zimbabwe, the government, with support from the SCCF, developed and introduced regulatory and fiscal incentives, which encourage the private sector and rural households to pursue measures for climate risk reduction. Another project in Liberia supported the implementation of regulations that require companies to take into account CC considerations in their coastal development activities (Biagini and Miller 2013).
- **Setting up a dialogue and public-private partnerships.** The LDCF project in Sierra Leone financed the establishment of a Public Private Sector Forum to facilitate policies, enable private investment and entrepreneurship in water sector. The forum helped to design and build, with private sector participation, climate-resilient community-based water harvesting, storage and distribution systems (Biagini and Miller 2013). An LDCF project in Samoa helped to incorporate climate risks into policies for the tourism sector and coastal areas investments.
- **Creating new niches for private actors.** In Tajikistan, SCCF supported marketing campaigns, crop certification, start-ups and SMEs and micro-finance institutions to promote and

³⁰ [GIZ](#), accessed 16 June 2015.

commercialise climate resilient products. Another project by LDCF in Djibouti provided micro-finance for shade garden-based agro-pastoral enterprises (Biagini and Miller 2013).

- **Strengthen regional partnerships.** A stronger involvement of the private sector is also one of the subjects of the regional GIZ-supported project Collaborative Partnership on Mediterranean Forests (CPMF) in the MENA region (Middle East-North Africa). The project aims to adapt forest policy framework conditions to respond to CC in the MENA region and preserve the supply of goods and services. The contribution of forests to a green economy, poverty alleviation and their role in food security are key objectives of the initiative. To mobilise additional external financial resources for the sustainable management of Mediterranean forests, the role of innovative financing mechanisms as part of a stronger CSR is of importance.
- **Microfinance products for EbA.** A UNEP project focusing on microfinance solutions for EbA in Colombia and Peru works with five local MFIs assisting them with developing and introducing specific microfinance products tailored to EbA activities in rural areas of the North Andean Region. It also includes capacity building of MFIs and raising awareness of available EbA options. The project is funded by the BMUB under the framework of IKI³¹.

Some other studies and programmes can offer additional lessons learnt or ideas on private sector engagement. For adaptation it has been learning by doing process. The Pilot Programme for Climate Resilience (PPCR), even though not available for Vietnam, offers some lessons on engaging the private sector in adaptation. Integrating the private sector into national planning and strategies is crucial. In fact, the level of engagement of the private sector will depend on how much attention adaptation receives from the public sector and how high it is on the policy agenda (Agrawala et al, 2011, Biagini and Miller 2013).

A WWF/McKinsey study assesses the options of conservation finance from the investors' perspective. It argues that in order to scale up and make conservation projects investable (which can also be applied to EbA), project promoters would first need to monetise the benefits and develop "simple, investable and scalable cash flow mechanisms that have measurable conservation impact". In addition, investable projects will require a professional management approach from the beginning. Here, financial management experts experienced in "for-profit" projects working together with civil society and local communities can create synergies, sharing best practice and fostering replication (Credit Suisse, WFF and McKinsey 2014).

³¹ [MEbA](#), accessed 17 June 2015.

Framework and activities in Vietnam for addressing EbA

When it comes to financing EbA activities using the current momentum of international climate finance, one commonly asked question is: to what extent is a country ready to access climate finance? The following chapter examines Vietnam's the national capacities and provides recommendations to further strengthen its capacity. The chapter is structured on the basis of the GIZ Climate Finance Readiness approach (see GIZ 2013) (see below)

Figure 16: GIZ's Ready for Climate Finance approach



By using this approach, we structure the insights from a) the review of the national landscape, b) the mission report (2–7 February 2015) and c) additional sources focusing on the state and perspectives of climate finance in Vietnam (see e.g. AEA Ricardo 2014; Frankfurt School of Business/GIZ 2014; Castlerock/adelphi 2013).

5.1 National strategies and policies (and their consideration of EbA)

Many countries have already established national CC strategies. As soon as priority areas for adaptation and mitigation action are identified on the basis of reliable data and sound criteria, countries are in the best position to choose approaches and instruments to achieve those objectives. However, the review and follow-up consultations suggest there are still major restrictions when it comes to formulating EbA specific goals, earmarking financing resources and providing adequate implementation support.

A variety of Government level resolutions have been issued to instruct national plans, actions, and strategies on CC. For example, the NTP-RCC was prepared and issued in 2008, showing the commitment of the Government. In addition, CCA approaches are recently defined in relevant national and sectorial strategies such as the Vietnam Green Growth Strategy (for more, see overview table below).

However, most of these policies have just recently been issued and are still at the implementation phase. As a consequence, it is not clear how they are going to address CCA, and more specifically, EbA. On the other hand, initiating a broader dialogue on EbA and the need for sustained financing at this early stage may better help address EbA concerns.

Table 10: List of key policies and legislations related to CCA and/or EbA

Year	Policy and legislation	Relevant issue to	
		CCA	EbA
2005	Vietnam Forestry Sector development Plan 2006 to 2020	Increase the forest cover and contribution of forests to environment and sustain the	Increase the forest ecosystem service

		climate condition	
2007	Resolution No. 60/2007/NQ-CP dated December 3rd, 2007 of the Government on Developing National Targets Programme on Responding to Global Climate Change: this resolution assigned MONRE to take the lead in developing NTP-RC)	Instruct MONRE to prepare the National target programme on response to climate change	No
2008	National Target Programme on Response to Climate Change (2008)	Slightly related, but mostly focused on responding to CC and mitigation	No
2012	National Action Plan on Climate Change period 2012 – 2020	Adaptation was instructed as the key approach, together with mitigation and capacity building on planning and forecasting of CC and disasters	Changing the agriculture system, increase the forest cover and forest management as CCA measure
2012	Support Programme to Respond to Climate Change (SP-RCC)	Adaptation was mentioned as one of the key priorities to support	Biodiversity and forests should be used to increase Vietnam's CC resilience
2012	Vietnam Green Growth Strategy	Increase the investment on conservation and sustainable use of natural resources and reduce emissions	No direct reference, but EbA could be potentially included in "Greening the production" and "greening agriculture"
2013	Resolution No. 24-NQ/TW of June 03, 2013, active in response to climate change, improvement of natural resource management and environmental protection	Both mitigation and adaptation are mentioned as key approaches. As a general directive policy there is no detailed instructions on how these approaches should be implemented	Focuses on changing the agriculture system, technology to adapt with CC; raise public awareness and capacity for CCA
2013	National strategy on Biodiversity to 2020 and vision to 2030	Increase the contribution of biodiversity conservation to CC	Identify the role of biodiversity for CCA and mitigation in sensitive areas (water catchment, coastal areas)
2014	National Strategy for management of special-use forests, marine protected areas and inland water protected areas in Vietnam until 2020 and vision to 2030	Increase the contribution of the PA system to support national CC strategy	The ecological value of the PA systems and tool for CCA (vision to 2030)
2015	National plan on Protection and development of coastal forest to respond to climate change for period 2015 to 2020	Increase the forest area in coastal areas and its contribution to the forest ecosystem in order to respond to CC and extreme climate conditions like sea level rise	Using the forest ecosystem to mitigate against CC and disaster impacts

One potential entry point is the SP-RCC. The SP-RCC is financially managed by Joint Circulation No.3/2013/TTLT-BTNMT-BTC-BKHĐT. The AFD has collaborated with JICA and WB to provide a three-year budget aid package (2010–2012) in order to support CC initiatives. The SP-RCC has selected a

series of initiatives that consider CC in terms of both mitigation of and adaptation. The measures involve eight sectors (renewable energies, energy efficiency, forestry, waste management, mechanisms for clean development, water, natural disaster prevention, and agriculture). In 2015, the Prime Minister of Vietnam suggested providing VND 3.000 billion from ODA resources for RCC projects, including priority investments to 16 projects on seaside mangroves, dikes and forestry protection.

Although an understanding and awareness of EbA measures and their potential for Vietnam is growing, so far it has not found its way into the national strategies or priorities. In other words, EbA has not yet been discussed and introduced as a relevant CCA approach to policy makers and wider audience. The lack of EbA understanding is an immediate barrier that limits its application.

Stakeholder interviews revealed that EbA is still a new topic for governmental agencies in Vietnam. While some agencies have experience with EbA in terms of biodiversity, nature conservation or so-called 'non-structural measures', two aspects of EbA seem unfamiliar:

- EbA as an anthropocentric approach, in which ecosystem services are part of an overall strategy to help people adapt to the adverse effects of CC.
- The long-term perspective of EbA, which takes CC scenarios into account when designing and implementing measures.

Several barriers were mentioned to mainstream EbA in Vietnam. Firstly, the traditional hierarchical and sectoral planning approach in Vietnam impedes the implementation of EbA, which adopts a cross-sectoral approach. Furthermore, decisions on projects or policies are usually not based on a sound cost-benefit analysis – what could be in favour of EbA – but driven by political considerations. The lack of a legal basis and insufficient funding opportunities were also mentioned as additional barriers for EbA mainstreaming.

As CCA, including EbA specifically, is not sufficiently prioritised in the current policy and legislation, this leads to some difficulties in CCA implementation and for climate finance readiness in general. For instance, with the current budgeting guidelines and procedures, the state budget could only be spent for those activities or approaches that are recognised and highlighted in the national policy and legislation. As CCA measures (other than building dams, dykes and other hard infrastructure measures) had not been sufficiently highlighted and EbA has not been officially recognised, there is no (or very little) funding available for CCA, especially EbA exclusively and inclusively.

5.2 Institutional strengthening and good financial governance

Developing countries face the challenge of establishing a coherent national architecture for climate finance that manages domestic and international public climate finance most effectively. Part of this coherent structure is a clear division of roles and responsibilities among government entities.

The MONRE is the leading agency in CC action in Vietnam, including climate finance. Other key ministries include the Ministry of Planning and Investment (MPI) and the MOF. At the moment, ministries in Vietnam have overlapping functions when it comes to CC finance – none of the ministries have a clear mandate to mobilise and manage climate finance. Vietnam has already chosen the MPI's Department of Science, Education, Natural Resources and Environment as its NDA for the GCF. MONRE has been chosen as the DA for the AF.

The need to cooperate among different ministries and with different (international) organisations was mentioned as a specific challenge by national stakeholders in Vietnam. According to feedback received during the mission, there is currently no official cooperation on this issue among the ministries. However, there are ongoing efforts to improve coordination within the Vietnamese government in the area of CC. In the realm of climate finance, the government is currently considering establishing a national CC fund with the Vietnam Green Growth Strategy Facility (VGGSF) led by the MPI. If implemented, it could become a one-stop solution for accessing international climate finance options directly. Currently, EUR 5 million has been provided by the Belgium Technical Cooperation to set up this fund within the framework of an ODA project. The VGGSF could also disburse money to small entities within the framework of the Green Growth Strategy and potentially provide funds at the national level. While the Green Growth Strategy focuses on mitigation, it also entails "green development", which includes adaptation. In addition to providing funding, the VGGSF could also be used to establish rules and frameworks on climate finance. It would also generate some experience

with establishing and managing a National Climate Change Fund in the medium term. This development offers a potential entry point to raise the profile of EbA financing in the country. On the other hand, this option would take several years to be implemented and may not be a near-term solution for the accreditation process under the GCF itself (see below).

In addition, analysis on the potential candidates to access international climate finance (see also next section 5.3) indicates the urgency of supporting capacity building in order to meet the strong fiduciary standards required by these international bodies. In 2014, a NIE Assessment of Vietnam (carried out by the Frankfurt School of Business supported by the GIZ) concluded that the Vietnamese government has developed a strong foundation for public financial management (PFM), and the ministries or other implementing agencies should follow the fiduciary standards and procedures issued either by the MoF, or jointly issued for specific purposes by the MoF in partnership with line ministries. Some of the existing gaps in PFM procedures should be addressed by the pending government financial management information system (GFMS) – between 2015 and 2025. However, at present, there are still shortcomings in Vietnam's PFM that do violate basic fiduciary standards (e.g. procurement and audit).

Finally, the question of public budget allocations requires further attention. Most of the expenditures on environment are small in comparison with current development or infrastructure expenditure. Moreover, the current environment expenditure often focuses on infrastructure such as environment treatment facilities (water, waste) or environmental pollution. Equally, CC expenditure mostly focuses on "hard measures" such as building reservoirs, canals. Only a small part of the public budget has been invested in green measures, especially EbA. MONRE has suggested doubling the expenditure for environment protection to 2% of total expenditures for 2015. However, due to limits on the state budget, the proposal was not approved. As the financial resources for EbA from the state budget are currently unclear and future funding for EbA could only be facilitated by activities such as defining a separate budget line for EbA.

5.3 Accessing international finance for EbA projects

The international climate finance architecture has become very complex and consists of numerous funds with different focuses and modes of delivery and access channels. Many sources remain untapped by developing countries often due to a lack of knowledge or awareness of these funds.

Discussions with different entities in Vietnam revealed that they are generally familiar with the international funding landscape and most of the identified funds. The GCF, AF and SCCF were considered to be (highly) relevant by the national stakeholders. Agencies such as the Department for Meteorology, Hydrology and Climate Change would like to seek NIE accreditation for the AF in the future. On the other hand, the UNDP were sceptical of a number of the identified funds. For instance, AF is not considered a viable option by the UNDP due to the Fund's supposed focus on LDCs. However, experience with AF-funded projects suggests this is not necessarily the case. Out of 41 project funded by the AF, only eight were allocated to low-income countries, while the majority of projects are implemented in the lower-middle-income and upper-middle-income countries. Even though the share of funding for projects in lower-middle-income countries is the largest, there have not been any projects funded by the AF in Vietnam. However, this is likely due to the limited funding available under the AF and that UNDP Vietnam has not been able to access such funds thus far.

First steps towards the GCF access

Different support activities for the Vietnamese government to explore the potential for direct access to UNFCCC-related funds with a focus on the GCF are currently ongoing:

- In late 2014, the MPI together with the GIZ, MPI hosted a two day workshop on October 14–15, 2014 to provide information and encourage discussion among key stakeholders on the GCF, NDA and NIEs. For the next steps, the GIZ recommended providing technical assistance to establish all institutional structures and procedures needed for the NDA. This includes a review of existing procedures and processes to identify which ones could support the NDA, to identify an appropriate structure for the NDA (i.e. who does what within the NDA) and design the no-objection procedure, as well as providing the tools and instruments for making quick no-objection procedures.

- As part of the NIE assessment, the Frankfurt School analyzed options to support an accreditation of either the Development Bank of Vietnam (VDB) or the VGGSF. This project was led by the MPI and the Belgian Technical Cooperation (BTC). The analysis indicates that the VDB and the pending VGGSF could be potential NIEs in the long-term. VDB needs to close substantial capacity gaps and VGGSF will have to start from scratch. However, the Frankfurt School also outlined that a new entity such as the VGGSF provides ample opportunities to prepare processes and procedures that conform to international standards and requirements. It may also be advisable for the VGGSF to consider widening its scope to include adaptation (in addition to green growth and mitigation). Over the short- and medium-term, the Vietnamese government should work with accredited international and regional entities; acting as an international trustee.

The mission, as well as the national review, revealed that other potential candidates, e.g. VEPF, DHMCC or VNFOREST, also face potential barriers to accessing international funds, especially as far as direct access is concerned. Apart from low understanding of EbA approach and missing political mandate to finance such measures, national institutions lack the fiduciary standards needed and capacity for financial management and administration. MARD is interested in getting engaged in GCF discussions but details on the specific financial instruments of the GCF are needed. MARD is however already involved in one GEF SCCF-funded project by ADB and UNDP in Vietnam and is in the process of preparing another project. ISPONRE also pointed to the general complex and resource-intensive process to access these funds.

Existing EbA activities in Vietnam with international support

There are some other international initiatives that focus on EbA that can complement the overall picture of Vietnam's access to internationally supported EbA activities:

- Operationalizing EbA in the GMS – a project by the WWF in cooperation with the Institute for Strategy and Policy on Natural Resources and Environment (ISPONRE), with support from the WB, which produced an operational framework for EbA in Vietnam (and Laos) to support the development of EbA responses and mainstreaming into policy and planning³².
- WWF also works on improving the management of four protected areas and two connecting forest corridors to reduce CO₂ emissions in Laos and Vietnam, which, among other measures, includes capacity building of local governments in REDD concepts, reducing the cross-border trade in illegally cut timber, piloting timber tracking systems and ensuring that the sustainable use of natural resources benefits local communities³³.
- SNV project on supporting mangrove protection in Ca Mau Province, Vietnam, funded by BMUB in partnership with Minh Phu Seafood Corporation includes the introduction of “ecologically sound” and more resilient shrimp production systems, restoration of abandoned shrimp ponds as part of mangrove rehabilitation program, and supporting the Vietnamese government in accessing carbon finance and introducing mangrove relevant policies³⁴. This project also works with private actors, such as shrimp importers, traders and ~5000 local farmers, and can serve as an example of private sector engagement in EbA activities.

These projects examples do not include all ongoing activities in Vietnam, but show that there are international and national stakeholders already engaged in efforts to introduce and mainstream ecosystem-based approach into current CC related activities. Coordination or closer work with these institutions (e.g. through workshops or knowledge sharing on EbA, partnering in joint project implementation) would strengthen the understanding of what role EbA could play in Vietnam's response to CC and how it can be integrated into already existing strategies, planning and budgeting processes. In addition, the options can help to balance a one-dimensional focus on UNFCCC-related entry points.

³² [WWF](#), accessed March 2015.

³³ [WWF](#), accessed March 2015.

³⁴ [SNV](#), accessed March 2015.

5.4 Effective and transparent spending and implementation

The spending of climate finance and the implementation of the respective programmes and projects needs to be carried out effectively and efficiently. Furthermore, transparent spending and implementation of such funds require clear processes, sound accountability mechanisms and strong integrity management systems by the relevant institutions.

In addition, monitoring financial CC expenditures and EbA activities requires a clear definition of climate finance and regular monitoring of its flows. There is a clear need to strengthen management and monitoring capacities, and provide advisory services to the relevant ministries and local governments. To this end the Government of Vietnam requested a Climate Public Expenditure and Investment Review (CPEIR) carried out together with the UNDP and WB to review current CC response spending and help guide the future mobilisation of CC-related expenditures and policy implementation. The CPEIR indicates that CC-related allocations largely consist of MARD and MOT projects making up 94% of climate appropriations. The majority are directed towards improving the climate resilience of high-cost, large-scale infrastructure projects. MONRE plays a key role in developing policies that could help further CC-response despite having a relatively small amount of CC-response spending. In addition, it becomes clear that major steps to establish a classification of climate expenditure and assess options for tagging and tracking CC-relevant expenditures in the national budget are still needed. To this end, the CPEIR recommends the preparation of a pilot Climate Budget Report.

The subnational level also plays a key role in ensuring the effective and transparent use of climate funds. In Vietnam, provincial plans and legislation are often issued to guide or regulate the implementation of the national policy and legislation at the provincial level and mostly replicate the national policy and legislation, with some further details to facilitate its implementation. As a result, CCA is not highlighted as a key approach on the provincial level and does not include EbA relevant activities. EbA measures are missing at both the national and provincial policy levels. However, provincial budgets have more flexibility and therefore create more space for financing CCA and EbA measures. Currently every province has a certain percent of their annual budget, which can be potentially used for CCA if necessary. However, this flexibility is normally only possible in higher-income provinces, which depend less on the subsidies from the state budget. In the case of poor provinces such as Quang Binh and Ha Tinh, the “extra” budget available is often used to deal with flooding or infrastructure maintenance, with little or no funds left available for CCA measures.

5.5 Engaging private sector in EbA projects

An effective response to CC requires the engagement of the private sector. The participation of Vietnam’s private sector in RCC in general and in EbA initiatives is limited due to the lack of an institutional framework to engage available financial channels to RCC (EbA). However, the private sector performed several initiatives of direct financing and indirect financing for RCC, e.g. the Vietnam Coca-cola Company financing the Tram Chim Natural Preservation Area or Vietnam FORD’s investment in the Green Industrial Zone.

The socialisation of non-state investment in environment protection has been encouraged in Vietnam by creating tax-reduction incentive mechanisms for companies and enterprises that voluntarily contribute or support environmental projects. The policy has gained some initial success and could develop into a good funding mechanism in the future. A number of contributions have been made by domestic companies. One example is the Foundation of Disaster Support for Central Area, which annually receives donation from the private sector to cooperate in order to support disaster mitigation projects in central area, some of which adopt an EbA approach, such as the Quang Tri project that focused on planting coastal forests to prevent moving sand and CC impacts in the province (VND 5 billion).

Therefore, in order to engage the private sector to implement EbA in Vietnam and building capacities for Vietnamese partners to access EbA funds, we argue for next policy framework and main measures could be summarized in the following table.

Table 11: Proposed policy options for engagement of the private sector in EbA implementation in Vietnam

Policy option	Examples	Involved institutions
Capacity building	<ul style="list-style-type: none"> • Awareness raising on EbA solutions among private investors • Research project on EbA project design options for private sector engagement • Capacity building for private sector on CBA and business case of EbA measures, project management and finance options for EbA • Encouraging voluntary contributions by companies and pursuing EbA activities as part of their CSR 	<ul style="list-style-type: none"> • MONRE & other relevant ministries • GIZ and other development partners involved in EbA, e.g. IUCN, UNDP, WWF • MDBs
Land use terms	<ul style="list-style-type: none"> • Preferences in prices, taxes and terms of land rent for EbA measures 	<ul style="list-style-type: none"> • GoV • MoF • MARD • MONRE
Tax incentives	<ul style="list-style-type: none"> • Exemptions or preferential tax rates for CCA/EbA related activities or technologies, e.g. private and corporate income tax reductions, VAT refund, Import-Export tax rebates 	<ul style="list-style-type: none"> • GoV • MoF
Access to low-cost finance	<ul style="list-style-type: none"> • Low-interest rate loans for CCA/EbA related activities by households and SMEs • Concessional loans from the VDB for EbA activities • Increase resources available by the central and local budget • Issuance of EbA bonds guaranteed by the GoV 	<ul style="list-style-type: none"> • GoV • MONRE • MARD • MoF • VDB & local banks • MDBs

Recommendations

Applying the GIZ Climate Finance Readiness approach, the recommendations are structured around the following areas:

- 1) National strategies and policies (and their consideration of EbA)
- 2) Institutional Strengthening and Good Financial Governance
- 3) Accessing international finance for EbA projects
- 4) Effective and transparent spending and implementation
- 5) Engaging private sector in the EbA projects

National strategies and policies

1. Raising awareness and understanding of EbA among national and provincial policy decision makers

- EbA is still a new topic for Vietnam and most of the national and provincial public stakeholders are not fully familiar or work with the concept of EbA. This gap can be addressed by initiating a discussion with national and local decision makers on best practices in adaptation approaches for Vietnam and informing them about EbA approaches and its benefits.
- This would help to 1) identify the main knowledge and capacity gaps and implementation barriers and 2) raise awareness and build up an understanding of how an EbA approach is different from other adaptation measures and how to integrate it into existing national strategies, planning and budgeting processes.
- Activities can include a series of workshops, conferences or trainings, consultation/facilitation process, as well as visiting EbA pilot sites in Ben Tre or other neighbouring countries.
- In addition, an evaluation study on the costs and benefits of implemented pilot EbA projects in Vietnam or other countries would add robust arguments in favour of an EbA approach in comparison with traditional measures and support the case for mainstreaming EbA at the national and provincial level.

Suggested implementing:

ISPONRE needs to kick off a dialogue process on the EbA prospects for Vietnam involving ministries such as MONRE and MARD. GIZ can help facilitating the process and development partners working on EbA (e.g. UNDP, IUCN, WWF) should be asked for collaboration.

2. Building up a way towards mainstreaming EbA approach in the national strategies, policies and plans

- So far, an EbA approach is not explicitly mentioned in any national CC strategies, plans, or legislation in Vietnam. Changing legislation is a long term and costly process, which can take up to several years. However, without progress on the national policy level, it will be difficult to move forward from pilot or single EbA projects to EbA as a mainstream adaptation approach. Therefore, steps need to be taken in order to build up an understanding of the benefits of EbA among decision makers.
- Activities should include workshops, consultation meetings and panel discussions with relevant ministries and provincial departments that directly deal with CC planning and implementation on both the policy and ground level. Many of them have experience with measures in the agriculture, forestry and fishery sectors, which are closely related to an EbA approach. Their experience will serve as a springboard to learn more about EbA approaches, identifying suitable EbA measures and finding ways to merge them with existing practices and planning process.
- Similarly, bringing in EbA approaches into discussions on the national REDD+ strategy will inform decision makers about potential forest-related EbA measures, their benefits and ways to integrate it into REDD+. There are multiple financing options for REDD+ activities, such as the FCPF, UN-REDD Programme, the Biocarbon Fund and other national sources. Therefore, a starting point is to initiate a discussion with actors working on the REDD+ programme in Vietnam on how EbA measures can be included in this sector.

Suggested implementing:

Relevant government partners such as MONRE, MARD, and MPI but also partners at the provincial level – should initiate a discussion how the concept of EbA can be operationalized for planning processes, e.g. with respect to REDD+. GIZ can support this process by inviting representatives from FCPF, UN-REDD Programme and the Biocarbon Fund and should also collaborate with development partners working on EbA (e.g. UNDP, IUCN, WWF).

Institutional Strengthening and Good Financial Governance

3. Link EbA/CCA to the question of national climate finance coordination

- Activities like the current consideration of the VGGSF offer some room to further explore the relevance of EbA and CCA for green development in Vietnam. This link has been widely neglected but can serve as an integrating element for the agendas of green growth and climate resilience. In institutional terms, this means finding mutual reinforcing activities across the different ministries (e.g. MPI, MONRE, MARD) with a clear focus to improving international access for related project activities.
- Integrating EbA can also help to strengthen the position of VGGSF as institution to be established – e.g. vis-a- vis the national and international partners, e.g. when it comes to getting support for developing high quality funding proposals and searching for international partners in a complex international landscape. The intention to use the VGGSF as a national climate fund can be helpful in this regard.
- In addition, Vietnam can also initiate a dialogue with countries from the region which have experiences with climate fund approaches such as Indonesia or Thailand. Ideally, relevant approaches with an EbA component should be invited.

Suggested implementing institutions:

MPI should invite entities relevant for climate finance in Vietnam (MONRE, MOF; MARD) to explore means of strengthening institutional capacities for climate finance with a special focus to clarify the importance of EbA support in this regard. GIZ can support this process based on already ongoing climate finance readiness activities in Vietnam and beyond. By involving development partners working on climate finance (e.g. UNDP, World Bank) also in other neighbouring countries a mutual exchange can be promoted.

4. Finding sustainable public (co-) funding mechanisms for EbA measures

- There is no established public funding mechanism for EbA projects in Vietnam. The lack of specific laws and financial regulations regarding EbA impedes budget allocation for EbA on both the national and provincial level.
- There is the potential to use state and provincial budgets to co-finance EbA projects – for example, in the frames of their environmental protection expenditures. However, this only amounts to 1% of total budget expenditures and is currently used to mainly finance “hard” environment infrastructure projects.
- In addition, the VEPF can serve as an additional co-funding source within its biodiversity conservation window in the future. Forest-related EbA activities can access funding from the VNFF or provincial forest protection funds. However, a stronger political commitment and legal basis needs to be established for EbA activities for all national public funding mechanisms in Vietnam. An entry point to this end can be to kick-off a debate on what ideas of EbA-related proposal exist and what is needed to develop it further to proposal ready for submission.

Suggested implementing:

GIZ EbA Project should invite for an EbA proposal workshop. Through the involvement of development partners working on climate finance (e.g. UNDP, World Bank, ABD) feedback can be offered for project developers. By involving representatives from relevant government entities (MONRE, MARD, ISPONRE, VEPF, and VNFOREST) there can be a reality check for proposals and potential entry points within the Vietnamese government.

Accessing international finance for EbA projects

5. Improving understanding of international finance architecture and funding options among national policymakers

- In order to make national public stakeholders more aware of various available international funding sources and support them in choosing suitable potential (international) partners, a series of workshops on international climate finance options and access requirements would be a first recommended step.
- The series can complement past workshops focusing on AF or GCF accreditation but follow a broader approach that also includes financing options for biodiversity or forestry. This should be followed by bilateral and multilateral discussions among national stakeholders, international donors and implementing agencies in order to identify effective financing options for EbA projects.
- Vietnam already has substantial experience in working with different international donors and institutions. Bringing these partners together with national policymakers and sharing insights on various EbA issues would help to increase awareness about possible options for the institutional, financing and operational set up for EbA projects.
- International partners like ICI, WWF, GEP SGP can share their on-the-ground project experiences, while multilateral implementing entities like WB, ADB or UNDP can shed more light on accessing international climate finance sources such as the AF, GEF, SCCF.

Suggested implementing:

Either MONRE or MPI should invite for a follow up meeting on international climate finance options with a specific focus on EbA related activities. GIZ can offer support to facilitate this meeting involve development partners and MIEs. VEPF, VNFOREST and VDB needs to be involved.

6. Setting up an EbA dialogue with international financing institutions and national stakeholders

- Based on our research, we identified multiple international (multilateral and bilateral) institutions, which can be relevant for financing EbA projects in Vietnam, but further clarification of their mandate and priorities with respect to EbA in Vietnam is needed.
- An exchange on EbA approaches and its mainstreaming in Vietnam is needed with existing partners and organizations identified through our research, e.g. bilateral development agencies, IKI, ASAP / IFAD, UNDP, UNEP, WB, ADB, IUCN, CI and others. Bringing them together with the national policy decision makers is a starting point to draw their attention to EbA and discuss how it could fit their mandates and portfolios.
- A joint event or discussion on sharing experiences and financing insights of EbA projects can be followed by bilateral discussions with donors and implementing entities to understand their perspective and what types of EbA projects and financing arrangements would be interesting and feasible for them.
- This is highly relevant for bilateral donors and development agencies, which are active in Vietnam, as EbA projects would need to be integrated into broader cooperation agreements that are reached between the Vietnamese government and these institutions.

Suggested implementing:

GIZ EbA Project together with GIZ CFR Project, involving international and bilateral donors and implementing entities, MPI, MONRE, MARD, VDB and other relevant national stakeholders

7. Building up national institutional capacities for direct access to GCF and AF

- Key national stakeholders such as the MPI, MOF and MONRE should join forces to access international funding sources instead following separate pathways in this regard. Similarly, it is advisable that individual provinces should try to access international funding in cooperation with ministries such as MPI and MONRE.
- Accessing international finance through the direct access modality of the GCF and AF is challenging. It requires accrediting implementing entities, based on strict fiduciary stand-

ards and ESS. There is no institution in Vietnam currently able to comply with these requirements without additional institutional and capacity development. Therefore, it is more feasible to access the GCF and AF through multilateral implementing entities in the short term, while aiming at direct access in the medium and long run.

- **SHORT TERM – WORKING WITH MULTILATERAL PARTNERS.** In the short term, accessing GCF and AF resources seems more viable through international or regional implementing entities such as the ADB, UNDP, WB and the UNEP. These partners have strong institutional capacity; they are active in Vietnam's CC and adaptation activities and have extensive experience in accessing international funds and implementing projects. Multilateral access especially makes sense for the AF, considering that the available funding from the AF in the long run is currently unclear, and 30 out of its 41 projects are implemented by MIEs.
- The next step would be engaging in bilateral discussions with these institutions and national designated authorities for the GCF and AF, and identifying entry points and sectors for EbA measures. Priorities set by the Vietnamese government will play a decisive role in determining what type of funding proposals will be submitted. There is a chance that in the short run, the Vietnamese government would prioritize mitigation and "hard" adaptation infrastructure projects, rather than an ecosystem-based approach. This refers back to the importance of a stronger positioning of the EbA approach among the national decision makers. Here, organisations with EbA experience, e.g. GIZ, UNDP, UNEP and IUCN, can step in and share their expertise.

Suggested implementing:

MPI and/or MONRE should initiate bilateral discussions with KfW, ADB, UNDP, and other MIEs to take the next steps of a stronger involvement in international climate finance. GIZ EbA Project and CFR Project should support coordination and provide technical input.

- **LONG TERM – DIRECT ACCESS.** The direct access option would give Vietnam stronger ownership in accessing and allocating finance from the GCF or AF to projects that fit its national priorities. In order to do so, candidate institutions for NIE accreditation would need to build up their capacities in line with the required fiduciary standards and ESS. As GCF and AF basic accreditation standards are similar in many dimensions, and the cost of building up the required institutional capacity can be high, it would make sense to have one dedicated NIE in Vietnam, which can directly access and blend multiple international sources of finance.
- AF experiences show that entities that are more autonomous and have worked with foreign donors in the past are more likely to get accreditation. The NIE does not necessarily have to be a ministry of environment, but rather an institution with high fiduciary standards, institutional capacity, established and well documented procedures for managing projects and a reputation as an accountable and trusted organisation. Experience in accessing and channeling significant levels of development funding and established relationships with international organisations also strengthen the case for accreditation.
- There are institutions in Vietnam, such as the VDB, the VEPF or relevant ministries, which could apply for NIE accreditation. However, this will require a significant strengthening of their capacity and compliance with fiduciary standards. The Vietnamese government has already built up a strong foundation for public financial management – Government financial management information system (GFMIS), which can be a good starting point for developing potential NIE capacity. Additionally, the VGGSF could have strong potential for directly accessing not only the GCF or AF, but also other international climate finance sources. It could also be set up and aligned with international fiduciary standards from the very beginning, which might be easier than strengthening and / or restructuring existing institutions.
- Vietnam has already chosen the MPI, Department of Science, Education, Natural Resources and Environment as its NDA for the GCF and MONRE as its DA for the AF. The next step would be assessing and selecting candidate NIE institutions. At this point it is important to make sure that the DAs and candidate institutions have a clear understanding of the accreditation requirements and existing capacity gaps. Technical assistance and capacity building support on this subject are often available from international sources and partners, including the GCF itself.

- Upon request, the GCF provides readiness support to NDAs, which among other measures includes an analysis of the extent to which potential candidate institutions comply with GCF accreditation requirements and possible gaps. The GCF will also support countries in developing and implementing a readiness and preparatory support plan, as well as sharing lessons learned from other institutions.

Suggested implementing:

GoV, MPI and MONRE needs to promote further climate finance readiness activities – together with VDB, VGGSF, VEPP, MARD and other potential candidate NIEs. GCF Readiness experts can provide support (also incl. assistance from KfW, ADB, UNDP and other MIEs). Coordination and technical input should be provided by the GIZ EbA Project and CFR Project.

Effective and transparent spending & implementation

8. Making EbA a visible part of the national budget

- Given EbA receives more attention from policy-makers in Vietnam, there are different ways for EbA activities to receive budget funding, e.g. through: i) a dedicated budget line within current environmental protection expenditures; or (ii) modified budget for environment protection, which would explicitly mention EbA approaches, or (iii) budget allocation for environment protection, based on a set of criteria or an explicit share to be reserved for EbA activities, or, (iv) dedicated funding window in the VNFF or VEPP, or, finally, (v) separate state fund or programme for EbA projects.
- As a first step, it would be beneficial to conduct research on potential sustainable public financing mechanisms for EbA projects. Research topics can include potential budgeting approaches for EbA measures and identifying suitable options for Vietnam's budget planning, allocation and monitoring system. In addition, a feasibility study on setting up a separate fund, based on the VEPP, VNFF or other experiences, can complement available options for public EbA finance.
- In this case, such a fund would likely have a broader focus, with EbA being only one of multiple CC priorities, as institutional and political cost of setting up such an institution would be too high for a single EbA approach. Finally, research topics could explore potential options for public private partnerships and other ways to blend budget and private sources into EbA activities.
- Research stage should be followed with setting up an inter-ministerial dialogue, as well as engaging experts and the donor community to discuss feasible ways of adjusting state and provincial budgeting systems or other financing approaches, based on the outcomes of the study.

Suggested implementing:

GIZ EbA Project, in collaboration with development partners and experts working on EbA and climate finance, e.g. UNDP, IUCN, UNEP, with involvement of ISPONRE, VEPP, MONRE, and MOF

Private sector engagement

9. Engaging private sector and policy makers in a discussion on EbA

- So far, there seems to be limited experience in engaging the private sector in adaptation activities in Vietnam. As there is little familiarity with EbA approaches among policymakers who are directly involved in CC activities, one can assume that the level of EbA knowledge within the private sector might be even lower. Experiences with private sector engagement in adaptation also show that the level of engagement of the private investors will depend on how much attention adaptation receives from the public sector and how high it is on the policy agenda.
- Therefore, raising the awareness of EbA within the private sector and engaging them early in the EbA-related policy process would be the first step to bringing private investors on board. A workshop and / or joint event with private and public actors would provide the private sector with a deeper understanding of EbA and give ideas on their funding priorities

and interests. Topics covered in this event could include best practices, economic costs and benefits of EbA projects in comparison with traditional measures, developing the business case for EbA, options for public private partnerships, and ways for the private sector to get involved in the policy process.

- In order to make EbA projects investable, their benefits and impact need to be monetized and presented in simple and accountable cash flows. Investable projects will also require a professional financial management approach from the beginning. Here, financial management experts experienced in “for-profit” projects working together with civil society and local communities can create synergies, sharing best practices and fostering replication.
- Institutions like the ADB and AIF could also share their insights on how EbA approaches can be integrated into “regular” infrastructure or transport projects that are normally interesting to the private sector. For instance a GIZ-supported project on the Collaborative Partnership on Mediterranean Forests (CPMF) could provide additional insights on stronger involvement of the private sector and regional partnerships in the MENA region (Middle East-North Africa).
- Microfinance for EbA activities carried out by small-scale farmers is another option that can be explored in Vietnam. Vietnam has a network of around 50 MFIs, providing credit and micro-insurance solutions for agriculture, small trade and aquaculture activities (VMFWG 2014). Working with low-income farmers and households particularly vulnerable to CC, the microfinance sector is facing challenges and looking for new ways and products to adapt to CC (VMFWG 2013).
- In addition, the Vietnam Bank for Social Policies and Vietnam Bank for Agriculture and Rural Development have a large branch network and substantial experience in working with households and small-scale farmers. Both banks, as well as the KfW and the WB, have been providing small-scale loans for reforestation and sustainable forest management activities in Vietnam (CIFOR 2011). Their programmes can provide insights on potential microfinance options for EbA measures. A research project, involving local MFIs and state banks on existing microfinance practices in Vietnam and feasible design options for identified EbA activities on the household or community level could serve as an entry point for exploring this option.

Suggested implementing:

GIZ EbA Project should organize a public-private exchange in collaboration with development partners experienced with private sector, e.g. ADB, AIF, KfW, ASAP/ IFAD. In addition, climate finance experts, e.g. UNEP, UNDP should be engaged together with representatives from MPI, MARD, MONRE, Bank for Social Policies and Vietnam Bank for Agriculture and Rural Development, Vietnam Microfinance Working Group, and Vietnam’s large private and state-owned companies in water, forestry, agriculture and infrastructure sectors.

10. Supporting development of enabling policy incentives for private sector engagement in EbA activities

- Enabling policies are crucial for private sector engagement in sectors with risks and barriers additional to regular economic and political fluctuations. Private sector policy incentives can include preferable taxation or land use policies, low-cost capital, concessional interest rates, bonds, or public private partnerships.
- Vietnam already has positive experience with tax reductions to encourage companies and enterprises to contribute or support environmental projects and the Foundation of Disaster Support for Central Area, which among other measures also includes EbA activities. Experiences and lessons learnt from the education bonds, health care bonds, and irrigation bonds, subsidized by Vietnamese government in 2001–2010 could also be applied to EbA area.
- The success of both policies can create a base for discussing and developing incentives for private investment into EbA projects. In order to find an optimal and effective policy instrument, a research project on identifying the main barriers and market failures the private sector would face in EbA sectors and assessing different approaches that address these barriers would add significant value to the discussion.

Suggested implementing:

GIZ EbA Project should initiate a dialogue on the appropriate incentive framework for private sector engagement in EbA. This dialogue should involve representatives of MPI, MARD, MONRE, Bank for Social Policies and Vietnam Bank for Agriculture and Rural Development, Vietnam Development Bank and Vietnam large private and state-owned companies in water, forestry, agriculture and infrastructure sectors.

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Annex I

Table 12: AF project/programme review criteria

CRITERIA	
Country eligibility	<ul style="list-style-type: none"> • Is the country party to the Kyoto Protocol? • Is the country a developing country particularly vulnerable to the adverse effects of climate change?
Project eligibility	<ul style="list-style-type: none"> • Has the government endorsed the project through its Designated Authority? • Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change and build in climate change resilience? • Does the project / programme provide economic, social and environmental benefits, with particular reference to the most vulnerable communities, including gender considerations? • Is the project / programme cost-effective? • Is the project / programme consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programmes of action, or other relevant instruments? • Does the project / programme meet the relevant national technical standards, where applicable? • Is there duplication of project with other funding sources? • Does the project / programme have a learning and knowledge management component to capture and feedback lessons? • Has the project / programme provided justification for the funding requested on the basis of the full cost of adaptation? • Does the project / programme align with the AF results framework? • Has the sustainability of the project/programme outcomes been taken into account when designing the project?
Resource availability	<ul style="list-style-type: none"> • Is the requested project funding within the cap of the country? • Is the Implementing Entity management fee at or below 8.5 per cent of the total project/programme budget before the fee? • Are the project/programme execution costs at or below 9.5 per cent of the total project/programme budget before the fee?
Eligibility of NIE/MIE	<ul style="list-style-type: none"> • Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?
Implementation Arrangement	<ul style="list-style-type: none"> • Is there adequate arrangement for project management? • Are there measures for financial and project risk management? • Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&E plan? • Is a project results framework included? Are relevant targets and indicators disaggregated by sex?

Source: [Adaptation Fund](#)

Annex II

Table 13: The AF results framework

EXPECTED RESULTS	INDICATORS
Goal: Assist developing-country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of concrete adaptation projects and programmes in order to implement climate-resilient measures.	
Impact: Increased resiliency at the community, national, and regional levels to climate variability and change.	
Outcome 1: Reduced exposure at national level to climate-related hazards and threats	1. Relevant threat and hazard information generated and disseminated to stakeholders on a timely basis
Output 1: Risk and vulnerability assessments conducted and updated at a national level	1.1. No. and type of projects that conduct and update risk and vulnerability assessments 1.2. Development of early warning systems
Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses	2.1. No. and type of targeted institutions with increased capacity to minimize exposure to climate variability risks 2.2. Number of people with reduced risk to extreme weather events
Output 2.1: Strengthened capacity of national and regional centres and networks to respond rapidly to extreme weather events	2.1.1. No. of staff trained to respond to, and mitigate impacts of, climate-related events
Output 2.2: Targeted population groups covered by adequate risk reduction systems	2.1.2. Capacity of staff to respond to, and mitigate impacts of, climate-related events from targeted institutions increased 2.2.1. Percentage of population covered by adequate risk-reduction systems 2.2.2. No. of people affected by climate variability
Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level	3.1. Percentage of targeted population aware of predicted adverse impacts of climate change, and of appropriate responses 3.2. Modification in behavior of targeted population
Output 3: Targeted population groups participating in adaptation and risk reduction awareness activities	3.1.1. No. and type of risk reduction actions or strategies introduced at local level 3.1.2. No. of news outlets in the local press and media that have covered the topic
Outcome 4: Increased adaptive capacity within relevant development and natural resource sectors	4.1. Development sectors' services responsive to evolving needs from changing and variable climate 4.2. Physical infrastructure improved to withstand climate change and variability-induced stress
Output 4: Vulnerable physical, natural, and social assets strengthened in response to climate change impacts, including variability	4.1.1. No. and type of health or social infrastructure developed or modified to respond to new conditions resulting from climate variability and change (by type) 4.1.2. No. of physical assets strengthened or constructed to withstand conditions resulting from climate variability and change (by asset types)
Outcome 5: Increased ecosystem resilience in response to climate change and variability-induced stress	5. Ecosystem services and natural assets maintained or improved under climate change and variability-induced stress

Output 5: Vulnerable physical, natural, and social assets strengthened in response to climate change impacts, including variability	5.1. No. and type of natural resource assets created, maintained or improved to withstand conditions resulting from climate variability and change (by type of assets)
Outcome 6: Diversified and strengthened livelihoods and sources of income for vulnerable people in targeted areas	6.1 Percentage of households and communities having more secure (increased) access to livelihood assets
	6.2. Percentage of targeted population with sustained climate-resilient livelihoods
Output 6: Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability	6.1.1.No. and type of adaptation assets (physical as well as knowledge) created in support of individual- or community-livelihood strategies
	6.1.2. Type of income sources for households generated under climate change scenario
Outcome 7: Improved policies and regulations that promote and enforce resilience measures	7. Climate change priorities are integrated into national development strategy
Output 7: Improved integration of climate-resilience strategies into country development plans	7.1. No., type, and sector of policies introduced or adjusted to address climate change risks
	7.2. No. or targeted development strategies with incorporated climate change priorities enforced

Annex III

Table 14: ASAP project portfolio.

Approved Year	Country	Financial Instrument	Project	EbA relevant activities included	Approved (USD million current)
2013	Bangladesh	Grant	Climate Adaptation and livelihood improvement project in the Haor basin (CALIP)	Broader project focus. EBA relevant elements present: 1) Landscape level reforestation will be undertaken to recreate natural wave barriers (there is significant carbon sequestration potential and quantification will be undertaken). 2) Vegetative species will be tested as alternative slope stabilizers and for soil sequestration	15,00
2014	Nepal	Grant	Adaptation for Smallholders in the Hilly Areas (ASHA)	Broader project focus. Some elements may potentially include EbA: construction of prioritized infrastructure items normally considered to provide public benefit and might include, inter alia, potable water supply; marketing infrastructure for new climate adapted products; soil and water conservation including spring protection, watershed protection, eco-system services, slope stabilization, flood control;	15,00
2012	Mozambique	Grant	Pro-poor Value Chain Project in the Maputo and Limpopo Corridors (PROSUL)	Broader focus. No explicit EbA measures included	4,91
2013	Mali	Grant	Fostering agricultural productivity project	Broader focus. Some elements may potentially include EbA approach: At the community level, construction of infrastructure, such as stabilized riverbanks, contour bunding or terracing, reduces the effects of flooding and erosion	10,00
2013	Rwanda	Grant	Post-harvest Agribusiness Support Project	Broader focus. No explicit EbA measures included	7,00
2013	Vietnam	Grant	Project for Adaptation to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh Provinces	Broader focus. Some elements may potentially include EbA approach, but not explicitly mentioned	12,00
2013	Kyrgyzstan	Grant	Livestock and Market Resilience Project	Broader focus. Some elements may potentially include EbA approach in the community-led natural	10,00

				<i>resource management</i>	
2013	Bolivia	Grant	Adaptation Project for Families and Rural Communities in Highlands, Lowlands and Inter-Andean valleys (ACCESOS)	<i>Broader focus. Some elements may potentially include EbA: (i) agroenvironmental resilience (adaptation measures and investments in conservation, restoration and management of agricultural land and ecosystems);</i>	10,00
2013	Nicaragua	Grant	Adaptation to changes in markets and effects of Climate Change	<i>Broader focus. No explicit EbA measures included</i>	16,00
2013	Djibouti	Grant	Programme to reduce vulnerability in coastal fishing areas	<i>Broader focus. Some elements may potentially include EbA</i>	6,00
2013	Yemen	Grant	Rural Growth Programme	<i>Broader focus. Some elements may potentially include EbA approach: rehabilitation of terraces, wadi bank protection and reforestation activities to increase slope stability and reduce soil erosion, reforestation activities of hillsides, micro-catchment water harvesting, reseeding of indigenous herbaceous leguminous and cereal species, and woody perennial forage crops as well as soil conservation and stock water provision and other</i>	10,00
2014	Morocco	Grant	Programme de Developpement Rural des Zones de Montagne (PDRZM)	NA	2,00
2013	Nigeria	Grant	Inclusive Growth for Smallholder farmers in staple crop process zones in Nigeria	NA	15,00
2014	Ghana	Grant	Ghana Rural Growth Programme	<i>Broader focus. No explicit EbA measures included</i>	10,00
2014	Lesotho	Grant	Wool and Mohair Production Project	<i>Broader focus. No explicit EbA measures included</i>	7,00
	ALL	GRANT	ALL		149,91

Source: <http://www.climatefundsupdate.org/listing/asap>

Annex IV

1. Agence Française de Développement

GENERAL INFORMATION

Agence Française de Développement (AFD) is a financial institution and the main implementing agency for France's official development assistance to developing countries and overseas territories. Similar to other bilateral cooperation agencies, AFD works with country governments and state-owned enterprises. The ADF provides long-term soft loans, non-sovereign loans, technical assistance, institutional capacity building grants, support for feasibility studies, and capacity building programs for sectors set out in individual countries' priorities and cooperation agreements.

ECOSYSTEM-BASED ADAPTATION PROJECTS

AFD provided support for a wide range of projects in agriculture, water and sanitation, biodiversity, infrastructure and energy sectors. Most of these projects have a scope broader or do not explicitly include EbA measures.

FUNDING IN VIETNAM

Since 1994, Vietnam has been a major beneficiary of the AFD, with EUR 1.617 billion granted for 79 projects as of 2014 for urban and rural development, transport, electricity infrastructure and banking reform. For 2011–2015, AFD focuses on: urban development, modernizing the productive sector with a strong environmental and social impact, and climate change.

For Vietnam, climate change is one of the ADF's priority three pillars. In particular, ADF provided credit for the GoV for the SP-RCC for a total amount of EUR 100 million. However, the current focus is on low-carbon development. Adaptation related activities focus on major water management and flood prevention programs as part of larger projects for hydro-agricultural infrastructure and the surveillance of coastal areas. This can be an entry point for discussing how to integrate of ecosystem-based approach into baseline investments in the water sector.

More info: [AFD Vietnam](#)

2. ASEAN Infrastructure Fund (AIF)

GENERAL INFORMATION

The ASEAN Infrastructure Fund was established in 2012 by the ADB and ASEAN nations to mobilize regional funds for infrastructure development. The AIF finances projects that promote infrastructure development within the territories of ASEAN developing member countries, including Vietnam, by mobilizing regional savings, including foreign exchange reserves. All AIF-financed projects are also cofinanced by ADB, which also serves as the fund's administrator.

Types of activities that may qualify for the AIF funding are projects in the transport, energy, water and sanitation, environment and rural development, and social infrastructure sectors. Examples include renewable energy plants, roads or highways, and transmission and power grid development. Funding of ecosystem-based activities is theoretically possible, but only if integrated into larger water, infrastructure or environment projects. Projects must promote regional cooperation and private sector participation. Also, projects should have credit rating diversification.

The fund offers loans up to \$300 million a year. As a shareholder of the AIF, ADB has been entrusted with the administration of the fund; therefore, it proposes a project pipeline based on ADB's Country Partnership and Strategy (CPS) with the member countries. For each, ADB defines a Country Operations Business Plan, which consists of the projects eligible for AIF funding that fall under the CPS. The Country Operations Business Plan is the basis for identifying projects to receive AIF funding.

ECOSYSTEM-BASED ADAPTATION PROJECTS

The ASEAN Infrastructure Fund only started lending in December 2013. As yet, no ecosystem-based adaptation projects have been funded.

FUNDING IN VIETNAM

Improvement of power delivery in Hanoi and Ho Chi Minh City in 2014 is so far the only project in Vietnam, which was co-financed with a loan of \$100 million from ASEAN Infrastructure Fund and \$173 million loan from the ADB.

More info: <http://www.adb.org/site/aif/main>

3. BioCarbon Fund

GENERAL INFORMATION

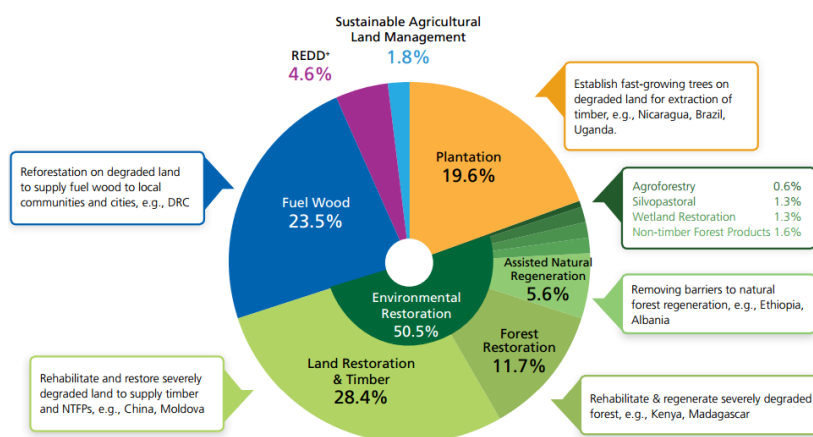
The BioCarbon Fund is a multilateral facility funded by Germany, Norway, UK, US and managed by the WB, which focuses on land use, financing projects that sequester or conserve carbon in forest and agro-ecosystems in developing countries. Its Initiative for Sustainable Forest Landscapes (ISFL), with the total capital of \$380 million, supports emission reduction activities from the land sector, deforestation and forest degradation in developing countries (REDD+), as well as sustainable agriculture and smarter land-use planning, policies and practices³⁵.

Countries can receive grant funding and technical assistance and results-based payments for achieved emissions reductions. Based on the capital available, ISFL will fund four jurisdictional programs, which will be identified based on set criteria. A group of project candidates were identified by the BioCarbon Fund Participants and the World Bank. Relevant selection criteria included: price, expected benefits, developer's track record, feasibility of raising start-up capital. Geographic and technical diversity were also factors. For now the fund has already selected and approved funding for two programs in Ethiopia and Zambia, and is considering Indonesia and Colombia as target jurisdictions³⁶. It is not clear, from the information available, whether ISFL will consider additional countries for funding.

ECOSYSTEM-BASED ADAPTATION PROJECTS

Many of the projects by the BioCarbon Fund are closely related to ecosystem-based adaptation. Some of the examples include reforestation and establishing 3000 hectares of multiple-use forests with mostly native species in China, Nile basin reforestation project in Uganda, empowering rural communities to adopt sustainable agro-forestry practices using the native species in Senegal. The figure below provides more details on BioCarbon Fund project portfolio:

Figure 17: BioCarbon Fund project portfolio



Source: [BioCarbon Fund](#)

FUNDING IN VIETNAM: No existing or planned projects have been identified in Vietnam.

⁹ [ISFL](#), accessed March 2015.

³⁶ [ISFL](#), accessed March 2015.

4. Forest Carbon Partnership Facility

GENERAL INFORMATION

Operational since 2008, the Forest Carbon Partnership Facility (FCPF) focuses on REDD+ readiness. It helps developing countries, including Vietnam, reduce deforestation and forest degradation emissions, conserve forest carbon stocks and sustainably manage forests. It consists of a Readiness Fund and a Carbon Fund. The FCPF has already provided a readiness preparedness grant of \$3.8 million to the government of Vietnam, which includes policy development, support for adopting national REDD+ strategies; MRV design and other measures (FCPF 2014).

As a second step after receiving readiness support and having made significant progress towards REDD+ readiness, Vietnam can access the Carbon Fund, which is designed for pilot payments for verified emission reductions from REDD+ programmes. The total capital of the Carbon Fund is around \$390 million. Programs will be selected based on the following criteria: country's political commitment and readiness progress to date, the scale of the program and potential to generate a large volume of high-quality and sustainable emission reductions, the technical soundness, stakeholder participation, and non-carbon benefits of the program.

ECOSYSTEM-BASED ADAPTATION PROJECTS

From the current mandate of the FCPF, it seems that individual ecosystem-based projects cannot be funded through the FCPF. Instead, EbA approach should be a part of a larger program, which would cover much broader emission reduction activities, in line with the national REDD+ strategy.

FUNDING IN VIETNAM

Thus far, FCPF approved funding \$3.8 million for Vietnam for the REDD+ readiness preparation. Total budget of the program is \$4.4 million, with GoV contribution of \$0.6 million. The project consists of the following components:

- Component 1: Analytical studies and development of capacities for the effective and efficient REDD+ implementation at national and provincial level.
- Component 2: Policies review, studies and development of user-friendly guidance materials on SFC reform for REDD+ service provision.
- Component 3: Stakeholder consultation and regional cooperation; and Strategic Environmental and Social Assessment (SESA) in connection with the refinement of national and sub-national REDD+ strategy options.
- Component 4: Project management and monitoring and evaluation.

The project started in 2013 is planned to be completed in 2015. It is executed by the DoSTIC and VNFOREST.

More info: www.forestcarbonpartnership.org and <http://www.vietnam-redd.org/>

5. Global Facility for Disaster Reduction and Recovery (GFDRR)

GENERAL INFORMATION

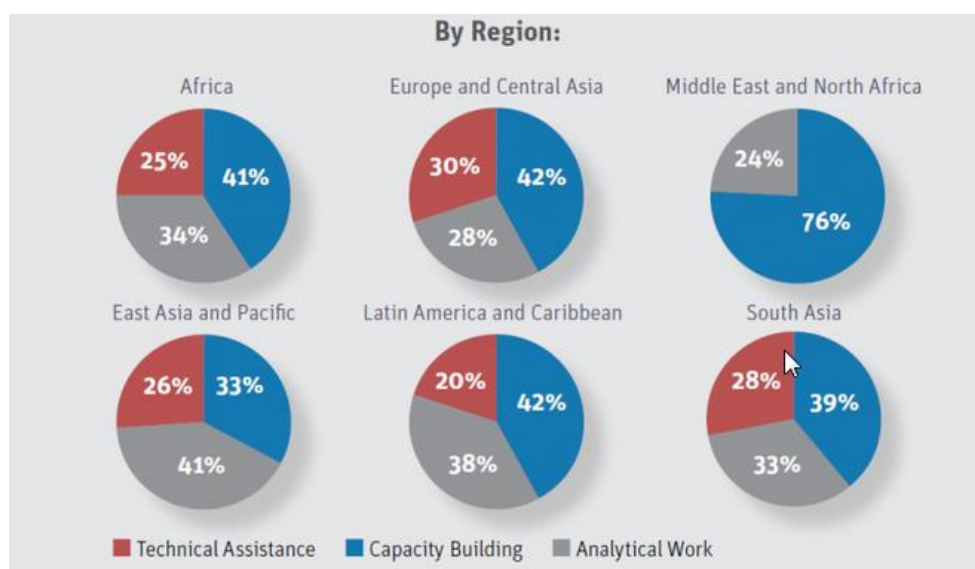
The Global Facility for Disaster Reduction and Recovery (GFDRR) helps high-risk, low-capacity developing countries understand and reduce their exposure to natural hazards, as well as adapt to climate change. It also encourages mainstreaming disaster and climate risk management into national strategies. offers grant support in three areas of activity: capacity building, creating new analytical products and technical assistance. It has 20 priority core countries, including Vietnam, and 11 earmarked non-core countries.

GFDRR is managed by the World Bank. Project submissions come from World Bank Group Staff, although other organizations can request assistance via the GFDRR website. Projects are assessed based on: consistency with GFDRR mission, clear country ownership, effective donor coordination, minimum 10% co-financing target.

ECOSYSTEM-BASED ADAPTATION PROJECTS

About two-thirds of GFDRR's assistance provided since inception has focused on climate change adaptation. In 2014, GFDRR's portfolio consisted of 226 operational grants financed with \$156 million in commitments. GFDRR approved 85 new grants worth \$60 million. In the year, 26 GFDRR-financed projects reached completion. The figure below shows GFDRR's project portfolio by region and type of support provided.

Figure 18: GFDRR's project portfolio by region and type of support provided



Source: <https://gfdr.org/>

FUNDING IN VIETNAM

GFDRR funded three projects in Vietnam in capacity building and institutional development. None of them include EbA measures. The table below provides short summaries on the projects objectives and components:

PROJECT	DESCRIPTION
DRM Capacity Building Program—Phase	Strengthens the capacity of the Government in line with the National Strategy for Natural Disaster Prevention, Response, and Mitigation Towards 2020. Outputs in-

<p>III</p> <p>US\$1,950,000</p> <p>Start date: 2010 (On-going)</p>	<p>clude: (i) methodologies to guide DRM mainstreaming into road network investments in the Mekong Delta provinces; (ii) assessment of livelihood vulnerability amongst poorer upland communities and associated mitigation/adaption plans; (iii) mainstreaming flood risk into the drainage system of the Nhieu Loc – Thi Nghe sub-catchment and District 2 of Ho Chi Minh City; (iv) an Adjusted Adaptation Prioritization Tool (APRT) for climate-related actions planning and strengthened Government capacity in the implementation of the APRT; and (v) the development and piloting of an Agriculture Risk Management Information System (ARMIS) for climate resilience.</p>
<p>DRM Capacity Building Program–Phase II</p> <p>US\$1,500,000</p> <p>Start date: 2011 (On-going)</p>	<p>Supports the Government in the implementation of the National Strategy for Natural Disaster Prevention, Response, and Mitigation Towards 2020. The key partners of the program are the Ministry of Agriculture and Rural Development and the Ministry of Natural Resources and Environment. Expected outputs include: (i) guidelines and methodologies for hazard-resistant infrastructure; (ii) provincial emergency preparedness plans (EPPs); (iii) development of an effective Monitoring and Evaluation (M&E) framework to track the implementation of the National Strategy; (iv) upgraded master plan of the hydro-meteorological sector, including improved Early Warning System (EWS) capacity; (v) enhanced institutional capacity for DRM at provincial levels through development of operational models for Provincial Disaster Management Center (PDMC); and (vi) action plan to raise public awareness to support the implementation of the Government's CBDRM Program.</p>
<p>Hazard Risk Management Institutional Development</p> <p>US\$904,000</p> <p>2006–2010 (Completed)</p>	<p>Strengthened the coordination and mainstreaming of hazard risk management in Vietnam's socioeconomic development planning processes across various sectors. The project provided a good foundation for further work in DRM by national counterparts such as the Ministry of Agriculture and Rural Development and the Ministry of Natural Resources and Environment. Outcomes included: (i) mainstreaming of DRM into poverty reduction initiatives in the rural northern mountain provinces; (ii) increased availability of risk information and mitigation options to populations in low-lying coastal cities and most vulnerable communities; (iii) increased prevention and preparedness capacity in the cities of Hanoi, Dong Hoi, and Can Tho, supported by a Local Resilience Action Plan (LRAP); and (iv) guidance on affordable and effective options for disaster risk financing.</p>

Source: <https://www.gfdrr.org/sites/gfdrr/files/region/VN.pdf>

GFDRR key partners in Vietnam are MARD, MONRE, MOF, and also other development organisations, e.g. World Bank, UNDP, ADB and bilateral donors.

More info: <https://gfdrr.org/>

6. Japan International Cooperation Agency (JICA)

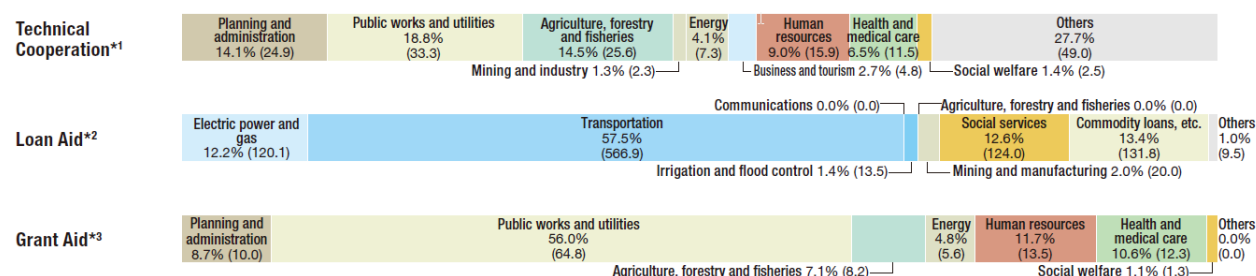
GENERAL INFORMATION

JICA is a governmental agency that coordinates the official development assistance for Japan, focused on assisting economic and social growth in developing countries, as well as promoting international cooperation, following ODA criteria. It is one of the largest bilateral development organizations, with projects in more than 150 countries and USD 8.5 billion in financial resources. JICA provides technical cooperation, capital grants and yen loans. Most of JICA's programs are technical assistance programs for capacity building and institutional development.

ECOSYSTEM-BASED ADAPTATION PROJECTS

JICA has a diverse project portfolio in multiple sectors. Adaptation projects, also with EbA elements, often have cross-sectoral approach and cover water resources and sanitation, agriculture, forestry and natural resources conservation, disaster management, urban-regional development and transportation. The table below shows JICA projects by sectors in 2013.

Figure 19: JICA projects by sectors in 2013



*1 Expenses that include expenses required for dispatching volunteers and Japan Disaster Relief Team.

*2 Total Commitment Amounts of ODA Loan and Private-Sector Investment Finance.

*3 Amount of concluded Grant Agreements. However, for projects running over several fiscal years, the maximum amount allowed for each fiscal year is counted for that fiscal year.

Source: JICA Annual Report 2014

Adaptation measures supported by the JICA include developing capacity in protection against storm and flood damage, coastal protection and embankments, construction of water supply facilities, appropriate management of water resources, ecosystem protection, promoting irrigated agriculture and dissemination of drought-resistant agricultural crops, afforestation activities, and sustainable fishery practices.

FUNDING IN VIETNAM

The Japan International Cooperation Agency (JICA) works and funds projects as part of the "Japan-Vietnam Joint Statement" and "Economic Partnership Agreement (EPA)", which, among others, includes environmental issues. Within climate change and environment related sectors, JICA's focus has been on other activities, such as enhancing functions of agricultural cooperatives, improving irrigation and drainage facilities, capacity building on water environment protection³⁷. The major program, where JICA provided a loan of \$450 million, is the Support Program to Respond to Climate Change³⁸. During the interviews, JICA representative noted that the agency is in the process of restructuring its focus areas in Vietnam and there will be less funding available for biodiversity and nature

³⁷ [JICA](#), accessed in March 2015.

³⁸ [JICA](#), accessed in March 2015

conservation. Therefore, a further discussion with JICA would be needed, namely under what conditions and what kind of EbA measures would fit in its new mandate.

The major ongoing climate change related projects funded by JICA in Vietnam are:

- Promoting energy efficiency & renewable energy (loan)
- Support Program to Respond to Climate Change (loan)
- Disaster and climate change countermeasures using earth observation satellite(loan)
- Multi-beneficial measure for mitigation of climate change in Vietnam and Indochina countries by development of biomass energy (technical cooperation)
- Project for Multi-beneficial Measure for the Mitigation of Climate Change in Vietnam and Indochina Countries (technical cooperation)
- Development of Biomass Energy (technical cooperation)
- Sustainable forest management in the Northwest watershed area (technical cooperation)
- Irrigation systems upgrading (loans)
- Water environmental improvement (technical cooperation)

More info: <http://www.jica.go.jp/vietnam/english/activities/index.html>

GENERAL INFORMATION

KfW Development Bank funds climate mitigation, adaptation and technology-transfer projects. Assistance is provided as German Financial Cooperation (FC) – mix of grants, ODA, structured finance, low-interest loans with long maturities (for instance as development loans, mixed and composite finance, interest reduction, promotional loans and credit lines) or equity participations. In carrying out German Financial Cooperation (FC) KfW follows two main principles: to strengthen our partner country's sense of ownership and to align the work with the country's national development strategies and structures. The partner countries themselves propose projects and programs within the framework of these agreements and are responsible for their preparation and implementation. Those programs and projects generally go through the same processing cycle.

ECOSYSTEM-BASED ADAPTATION PROJECTS

KfW has a vast portfolio of projects. Adaptation projects cover agriculture, coastal zone management, forestry, infrastructure, natural resource management, sustainable land management, transport, waste management, water efficiency.

One example of EbA related project by KfW is on biodiversity and climate change adaptation in [Mongolia](#). This project aims to enhance the management effectiveness and sustainability of Mongolia's Protected Area System, and hereby to contribute to the conservation of representative elements of Mongolia's significant ecosystems, to sustain critical ecosystem services, and to support local livelihoods. The target group of the project is the local communities living in the protected areas and the buffer zone. These communities will participate in the planning, implementation and monitoring process, and have advantage of receiving benefit from sustainable management of natural resource and job creation as a result of development of the tourism sector.

FUNDING IN VIETNAM

Vietnam is one of Germany's most important development policy partners. Based on the negotiations in 2013, the cooperation between two countries will focus on three priority areas:

- vocational education and training,
- environmental and resource protection, and
- energy.

For 2013/2014 Germany committed [EUR 63.2 million](#) in funding – EUR 25.5 million for financial cooperation and EUR 37.7 million for technical cooperation. In addition, Germany will make available for Vietnam EUR 8 million forests and biodiversity protection in Vietnam. KfW funds projects within these priorities.

More info: [KfW Entwicklungsbank](#)

8. KOICA

GENERAL INFORMATION

KOICA is the Republic of Korea's grant agency, formed in 1991, focusing on sustainable socioeconomic development and poverty reduction in developing countries. Through its East Asia Climate Partnership Initiative, KOICA supports climate change efforts in the Asian region. It is also active in other sectors, such as low-carbon energy and water management.

KOICA chooses projects focused on the following areas: education and vocational training, health and medical care, public administration, agriculture and fisheries, and ICT. It provides assistance in the form of grants, concessional loans and technical assistance. In the sector of climate change, KOICA operates with a geographic focus on the East Asia region, through the East Asia Climate Partnership initiative. This agency funds activities in the field of forestry; low-carbon energy; and sustainable waste and water management in the following countries: Azerbaijan; Bangladesh; Cambodia; Fiji; Indonesia; Mongolia; Philippines; Sri Lanka; Tajikistan; and Vietnam.

ECOSYSTEM-BASED ADAPTATION PROJECTS

No available information

FUNDING IN VIETNAM

In 2013, KOICA provided ~\$30 million to Vietnam. Vietnam is one of KOICA's main aid recipients in the Asia and Pacific region, but in the past three years there were no climate change or environment related projects funded by this agency. In Vietnam and in the Asia and Pacific region in general, KOICA has a strong focus on the health and education sectors, e.g. projects on health insurance development, capacity building in public and education institutions.

More info: <http://www.koica.go.kr/english/main.html>

9. NEFCO Nordic Climate Facility

GENERAL INFORMATION

The Nordic Climate Facility targets climate change and poverty reduction projects in low-income countries. It also promotes technological innovation in sectors vulnerable to climate change, such as, energy, transport and natural resource management. It finances projects that have a potential to combat climate change and reduce poverty in low-income countries. NCF is financed by the Nordic Development Fund (NDF) and administered by the Nordic Environment Finance Corporation (NEFCO).

The following countries are eligible: Africa: Benin, Burkina Faso, Cape Verde, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Rwanda, Senegal, Tanzania, Uganda, Zambia, Zimbabwe, Asia: Bangladesh, Cambodia, Kyrgyz Republic, Lao PDR, Maldives, Mongolia, Nepal, Pakistan, Sri Lanka, Vietnam, Latin America: Bolivia, Honduras, Nicaragua

NCF provides grant co-financing between € 250,000 and 500,000. Project themes change yearly. For instance, in the first call for proposals the theme was water resources and energy efficiency, whereas the second call focused on renewable energy and urban adaptation. The last call was on "Climate Resilience in Urban and Private Sector Contexts". The applicant needs a registered place of operations in Scandinavia with relevant experience. It also needs one or more eligible local partners in the target country. Specific climate change and poverty reduction outcomes should also be outlined.

ECOSYSTEM-BASED ADAPTATION PROJECTS

No ecosystem-based adaptation projects funded so far. Adaptation project examples include:

- Community-based adaptation through environmentally sustainable water management in Kenya: to increase capacity to adapt to the effects of climate change by enhancing access to safe water resources piloting innovative environmentally sustainable water systems in vulnerable rural communities.
- Climate change adaptation for Fairtrade tea producers in East Africa: to build the adaptive capacity and resilience of small Fairtrade tea producer organizations in East Africa.
- Developing low-cost, community-based innovative solutions to mitigate and adapt to climate change in Nepal: to promote non-timber forest products, which contribute in building an ecosystem's resilience against climate change in local communities?
- Piloting REDD+ Monitoring and Non-Wood Forest Product Value Chains to Mitigate Green House Gas Emissions in the Rural Communities in Senegal: to contribute to the fight against rural poverty, the restoration of natural forests and prevention of soil erosion in rugged landscape

FUNDING IN VIETNAM

Two projects in Vietnam as of 2014:

- DHI Water and Environment: Building technology in urban flood & inundation forecasting to be applied for early operational warning system in Hanoi
- DCEA and Aalborg University: Adapting Urban Construction Plans to Climate Change in Vietnam by the use of Strategic Environmental Assessment.

More info: http://www.nefco.org/financing/nordic_climate_facility

10. Norway's International Climate and Forest Initiative (NICFI)

GENERAL INFORMATION

The USD 517 million NICFI supports the development of the REDD+ agenda by contributing to several multilateral and bilateral initiatives, such as the Brazilian Amazon Fund, Congo Basin Forest Fund, Forest Carbon Partnership Facility, Forest Investment Program, and UN-REDD Programme. It works towards developing credible MRV systems, the conservation of natural forests and capacity building. More than 80% of NICFI funds are channeled through these large multilateral programs.

ECOSYSTEM-BASED ADAPTATION PROJECTS

EbA project types supported by NIFCI include: sustainable landscapes (addressing deforestation emissions, climate adaptation to disasters; ecological restoration) and REDD+ relevant commodity supply chains (promoting deforestation)

FUNDING IN VIETNAM

In 2012, Norway and Vietnam signed a climate and forest agreement, with Norway promising NOK 180 million to support Vietnam's deforestation efforts.

More info:

<https://www.regjeringen.no/en/topics/climate-and-environment/climate/climate-and-forest-initiative/id2000712/>

11. UK International Climate Fund

GENERAL INFORMATION

The GBP 3.87 billion International Climate Fund (ICF) is the main channel for UK climate change finance, helping developing countries adapt to climate change, reduce deforestation and transition to a low-carbon growth pathway. The ICF aims to:

- a. Demonstrate the feasibility of low-carbon, climate-resilient growth
- b. Support international climate change negotiations
- c. Highlight the opportunities climate change offers for private sector partnerships, sustainable development and innovation.

The ICF is managed by a project team consisting of representatives from the Department for International Development (DFID), the Department of Energy and Climate Change (DECC), the Finance Ministry (Her Majesty's Treasury), The Department for Environment, Food and Rural Affairs (DEFRA), and the Foreign and Commonwealth Office (FCO). Decisions on funding are guided by the UK's international climate change strategy, Whitehall International Climate Change Program Board's strategy and DFID's Bilateral and Multilateral Aid Reviews.

The ICF allocates 50% of its funds to adaptation projects, 30% to low carbon development and the remaining 20% to forestry. Assistance is provided as capital contributions/concessional loans and grant finance. Expenditure has to be consistent with: ODA guidelines, UK agreements on aid effectiveness, choice of instrument, transparency, and an appropriate enabling environment.

ECOSYSTEM-BASED ADAPTATION PROJECTS

ICF funds are usually channeled through global or regional multilaterally administered programs, such as The Congo Basin Forest Fund (CBFF), Clean Investment Funds and Forest Carbon Partnership Facility (FCPF) rather than towards specific country initiatives (see table below). Specific ecosystem-based adaptation projects are difficult to track.

Table 15: ICF projects based on geographical distribution

ICF project geography	EUR million
Global	574
Regional	218
Lower-middle income economies	31
Upper-middle income economies	81
Low-income economies	152
Total	1,056

FUNDING IN VIETNAM

In Vietnam, the ICF funded project for a total amount of USD 2.4 million, as part of DFID-World Bank Climate Change Partnership (VNCLIP).

More info: <https://www.gov.uk/government/policies/taking-international-action-to-mitigate-climate-change/supporting-pages/contributing-to-international-climate-change-adaptation-funds>

12. UN-REDD Program

GENERAL INFORMATION

UN-REDD is a multi-donor trust fund focused on reducing forest degradation and deforestation emissions. The UN-REDD Program supports readiness efforts in two ways: Projects that help design and implement UN-REDD national programs and projects that strengthen MRV and best practices. There are seven work areas:

- Improving MRV
- Engage with indigenous communities
- Promoting benefits of REDD+
- Strengthen transparency
- Improve management of REDD+ Funds
- Green economy transition
- Build capacity and knowledge sharing to support REDD+ on multiple governance levels
- international REDD+ efforts

In 2011, the following criteria were used to decide grant funding:

- Country is a UN-REDD partner
- Regional balance
- Coordinate with other initiatives
- Coordination with other UN agencies
- Clear short-term results
- REDD+ potential
- Alignment with RED+ principles

FUNDING IN VIETNAM

Vietnam was one of the first pilot countries targeted by the UN-REDD program. Phase I of the Program (USD 30 million) was finished in October 2012 and Phase 2 (USD 4.4 million) started work in December 2012; it focuses on emissions reductions in the deforestation sector.

More info: <http://www.un-redd.org>

GENERAL INFORMATION

Wetlands International (WI) works to sustain and restore wetlands, their resources and biodiversity. WI supported projects with ecosystem-based adaptation approaches in natural resource management, pilot schemes, and diversifying livelihoods in China, Indonesia, Sri Lanka, India, Thailand and Malaysia (UNFCCC 2015). WI has several work streams, which include restoring wetlands, advocacy, expert knowledge sharing, and working with local communities through microcredit finance mechanisms. Project selection by WI seems to be on a case-by-case basis and the scale of funding is not available. Therefore, further bilateral discussion with the WI would be needed to clarify whether a particular EbA project in Vietnam would correspond with the priorities and budget of this organization

ECOSYSTEM-BASED ADAPTATION PROJECTS

No specific ecosystem-based adaptation projects funded, some projects are closely related to EbA approach:

- Conserving and restoring wetlands in Niger delta: to sustain and restore wetlands in the Niger Delta. Environmental degradation and poverty are closely linked in the delta. An integrated approach is needed to restore the wetland ecosystem services that directly sustain communities and contribute to the conservation of biodiversity.
- Reducing disaster risk by restoring wetlands in the Inner Niger Delta of Mali: to make the people in the delta less vulnerable to the impacts of severe droughts and floods and decreased water availability. At the policy level, the project aims for the wise use of the Niger River in which the impacts of proposed dams and irrigation schemes on people and the natural environment are fully taken into account.
- Strengthening Coastal Resilience for Communities in Nusa Tenggara Timur, Indonesia: to support local communities through the Bio-rights microcredit scheme in return for conservation action
- Community-based coastal habitat restoration in Indonesia, Sri Lanka, India, Thailand and Malaysia: to restore and manage damaged coastal ecosystems to restore livelihood and increase climate resilience.

FUNDING IN VIETNAM

WI do not appear to be involved in Vietnam.

More info: www.wetlands.org