



Australian Government
AusAID



Australia – Vietnam Climate Change Delivery Strategy 2011- 2016



Acronyms

ACIAR	Australian Centre for International Agricultural Research
AM-NEP	Australia Mekong NGO Engagement Platform
ADB	Asian Development Bank
CCCAG	Community-based Climate Change Action Grants
CBDRM	Community Based Disaster Risk Management
CCCEP	Climate Change and Coastal Ecosystems Program
CCFSC	Central Committee for Flood and Storm Control
CCWG	Climate Change Working Group
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CSO	Civil Society Organisation
CTF	Clean Technology Fund
DRET	Department of Resources, Energy and Tourism
DMC	Disaster Management Centre
DMWG	Disaster Management Working Group
DRM	Disaster Risk Management
GDP	Gross Domestic Product
GIZ	German International Development Company
GOV	Government of Vietnam
ICCAI	International Climate Change Adaptation Initiative
IMHEM	Institute of Meteorology, Hydrology and Environmental Management
IPCC	Intergovernmental Panel on Climate Change
MARD	Ministry of Agriculture and Rural Development
MOF	Ministry of Finance
MOIT	Ministry of Industry and Trade
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
MRC	Mekong River Commission
NAMAs	Nationally Appropriate Mitigation Actions
NCCC	National Committee for Climate Change
NCCS	National Climate Change Strategy
NGO	Non-Government Organisation
NTP-RCC	National Target Program to Respond to Climate Change
ODA	Overseas Development Assistance
REDD	Reducing Emissions from Deforestation and Forest Degradation
SEDP	Socio-Economic Development Plan
SP-RCC	Support Program to Respond to Climate Change
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
VANGOCA	Vietnam Australia NGO Cooperation Agreements
WB	World Bank

Cover: A father helps his Children return home from school across a damaged sea dyke in Kien Giang Province. A week after the photograph was taken the dyke broke through and destroyed housing, killed fruit trees and fresh water fish. Photo: Courtesy of Dr Sharon Brown, GIZ

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Executive Summary

Climate change is a key focus of Australia's development cooperation with Vietnam, being identified by both countries as a priority under the Environmental Sustainability pillar of the *Vietnam – Australia Joint Aid Program Strategy 2010-15*. The Government of Vietnam sees climate change as one of the biggest challenges to sustainable development as shown in its National Climate Change Strategy released in December 2011. It recognises that climate change threatens to destabilise economic growth, exacerbate food shortages and erode recent gains in poverty reduction – all of which would negatively impact progress towards achieving the Millennium Development Goals.

The purpose of this delivery strategy is to set the framework for a coherent portfolio of climate change assistance that is guided by the Government of Vietnam's climate change priorities and is focused on areas where Australia can best make a difference. It is intended as a living document that will be reviewed and updated to respond to Vietnam's evolving climate change context.

Under this delivery strategy, AusAID will, in partnership with key development stakeholders, focus on two strategic outcomes:

1. **Building community resilience - *Vulnerable communities demonstrate higher resilience and sustainable livelihoods to respond to climate change and climate-related disasters.*** Given that it is the poorest and marginalised people that are the most vulnerable to climate change, AusAID will focus assistance at the community level and also help provincial governments put in place measures to protect coastal communities in Vietnam's Mekong Delta region.
2. **Promoting low carbon growth - *Vietnam harnesses opportunities for productive green growth through increased capacity in the application of clean technologies and low carbon measures in the energy sector.*** While adaptation is the main priority for Vietnam, the government is also looking at the longer-term benefits of promoting low-carbon growth as Vietnam moves towards its vision of becoming an industrialised country by 2020. AusAID's assistance will focus on low-carbon opportunities that have broader benefits for sustainable economic development (such as energy efficiency and promotion of clean technologies).

These outcomes will be underpinned by **enabling an effective climate change response**. Outcomes will be achieved by working with the Government of Vietnam at national and provincial levels to understand the impacts of climate change on its people, their livelihoods, and to inform and prioritise climate change planning and investment. This will be supported by a structured process of policy dialogue between donors and government to prioritise a road-map of key policy and institutional reform actions required for a comprehensive climate change response.

This delivery strategy is guided by the Australian Government's aid policy, *An Effective Aid Program for Australia* and the *Comprehensive Aid Policy Framework* that sets the strategic direction of Australia's aid program through to 2015-16. It will contribute to the Aid Program's fundamental purpose of **helping people overcome poverty** and will contribute to the strategic goal of **sustainable economic development** by *reducing the negative impacts of climate change and other environmental factors*. It will also contribute to the strategic goal on **humanitarian and disaster response** by working with communities to strengthen their preparedness for climate-related disasters.

Development Context

Vulnerability to climate change and its impacts

Climate change poses a serious threat for Vietnam. It threatens to destabilise economic growth, exacerbate food shortages and erode recent gains in poverty reduction – all of which can negatively impact progress towards achieving the Millennium Development Goals.

Vietnam is one of the most vulnerable countries to the impacts of climate change.¹ Scenarios produced by the government indicate that large areas of the country will be severely affected by sea level rise and flooding by the end of the century (2100).² Vietnam's deltas and coastal lowlands are among the most productive in the world, supporting large and growing populations, and have underpinned the Government of Vietnam's poverty reduction and food security programs for the past two decades.

The impacts of climate change are already being felt. Over the last 50 years: the annual average surface temperature has increased by approximately 0.5 - 0.7° C; the sea level along Vietnam's coastline has risen by approximately 20 cm; the average frequency of cold fronts has decreased by 2.45 events; and the tropical cyclone frequency has increased by an average 2.15 events (MONRE 2009). If sea levels rise by only one metre, more than 11 per cent of Vietnam's population would be displaced, mostly in the Mekong Delta, and the effects would be devastating. With climate change, natural disasters are anticipated to become more frequent and intense. The incidence of severe typhoons, which already cost the country the equivalent of 1-2% of Gross Domestic Product in any year, is expected to rise.

Vietnam's Mekong Delta region is particularly vulnerable to climate change impacts and will be a priority for Australia's adaptation assistance. The region is home to 19 million people who depend on a productive delta for their wellbeing and livelihoods. The Delta is the food basket of Vietnam, growing half of the nation's rice, 80 per cent of its fruit and harvesting more than 60 per cent of its fish, contributing a third of the country's GDP. But water and soil quality in the Delta is already diminishing and ground water level continues to fall due to overuse. Low levels of rain during the monsoon season are impacting water flow. More changes in rainfall patterns, rising sea levels, increased water salinity and more frequent and severe tropical storms will impact on the region's water resources, ecosystems and its people.

People and Sectors at Risk

Water	Changes in rainfall and to water availability will increase the severity of droughts, particularly in the north, flash flooding in the mountains and flooding in the major deltas. Sea level rise will cause salt water intrusion to freshwater systems and supplies across major areas of the Deltas. Changes to water availability for crops are likely. The sector has inherent governance weaknesses (such as water rights and sharing arrangements at basin level). A new decree on integrated water management is in place but yet to be implemented. Greater analysis of supply/demand side impacts with climate change is needed. Costly infrastructure options require careful economic analysis.
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¹ The Fourth Assessment Report of the Intergovernmental Panel for Climate Change, 2007

² Institute of Strategy and Policy on Natural Resources and Environment/UNEP, MONRE, 2009.

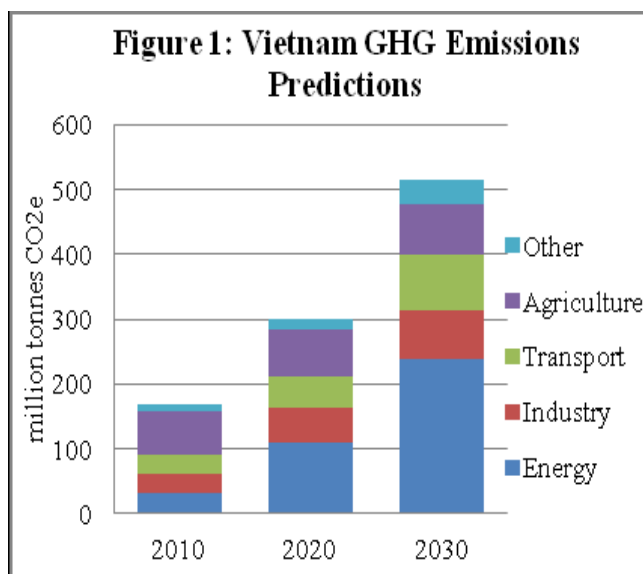
Food security	<p>Changed rainfall patterns and temperatures will impact on crop yields. With sea level rise, yields in the Mekong and Red River Deltas as well as other low lying coastal areas of the country will be severely impacted by salt water intrusion and flooding. As a major rice producer for both domestic and export markets, the rice crop in Vietnam is critical. Coastal and estuarine fisheries are also very important. Vietnam already has 5,000km of river dykes; 3,000 km of sea dykes; and 3,200 km coastline – much of which is protected by mangroves. UNDP has estimated that “by 2030, rising sea levels in the Delta – where four million people live in poverty – would expose 45 per cent of the land to extreme salinisation and crop damage” (UNDP 2009).</p> <p>The complexities of development trajectories including population, river development and urbanisation in the Delta are not well understood. Finer scaled, integrated scenario testing is needed for rice and other important crops, and coastal fisheries, with an aim to build resilience to current and future weather/climate related threats. Research into transitions from freshwater to more saline conditions is needed, including the socio-economic dimensions of potentially large displacement of people.</p> <p>Important economic crops and people’s livelihoods will be impacted in the central upland provinces by changes in temperature, rainfall and more frequent flooding, soil erosion and landslides.</p>
Infrastructure	<p>Weather-related disasters currently result in loss of infrastructure and economic losses equivalent to 1.5% of Gross Domestic Product annually. Vietnam’s two largest cities and 70% of people live in hazard-prone areas. Typhoons, storm surges, floods and droughts are predicted to increase in severity. The government’s strategy to strengthen disaster management is constrained by weak institutional arrangements. There is a need for risk assessments, early warning systems, forecasting, urban infrastructure planning, better agency cooperation and effective laws and planning guidelines.</p>
Biological resources and ecosystems services	<p>Changed rainfall and weather patterns, and sea level rise with associated storm surges will impact on productive coastal and estuarine environments where much of Vietnam’s population is located. Biological resources that support livelihoods in these areas and forest areas are already severely degraded. There are significant research needs to assess ecosystems services in relation to people’s resilience to climate change impacts and natural disasters, and for integrated scenario building based on assessments of risk, vulnerability, adaptive capacities, and opportunities for payments for ecosystems services, <i>e.g.</i> through REDD+.</p>
Social vulnerabilities	<p>Climate change and climate-related disasters disproportionately affect socially vulnerable and disadvantaged groups, including the poor, women, children, ethnic minorities and people with disabilities. There is a need to ensure inclusive approaches in line with international agreements for ODA, and for targeted assistance and no-regrets strengthening of safety nets that take account of weather and climate change impacts.</p>

Reference: AusAID Strategic Climate Change Assessment Report (2011)

Vietnam’s Greenhouse Gas Emissions Profile

While adaptation will be the main priority for Vietnam in the immediate term, the government is also looking at the longer-term benefits of promoting low-carbon growth as Vietnam moves towards its vision of becoming an industrialised country by 2020. Vietnam’s greenhouse gas emissions are roughly a quarter of Australia’s but they are growing very rapidly. CO₂ emissions have quintupled from 1990 to 2007, compared to a doubling or less in China, India and Indonesia over the same period. This very steep rise in emissions is due to a combination of strong economic growth and an almost doubling of the CO₂ intensity in the economy.

As shown in figure 1³, Vietnam’s total GHG emissions are projected to triple by 2030 relative to 2010, with energy overtaking agriculture as the largest source of emissions.



While Vietnam is not obliged to make cuts in emissions under the UNFCCC Kyoto Protocol, the government is beginning to take a closer look at the long term implications of energy and emissions intensive growth. Although further analysis is needed to assess and evaluate options for reducing emissions, government analysts see the greatest potential in the energy sector, followed by transport and forestry, agriculture, industry and waste management.

Government of Vietnam’s Response to Climate Change

The Government of Vietnam (GOV) is paying increasing attention to climate change as its current and potential impacts are becoming known. Vietnam ratified the UNFCCC in 1994 and the Kyoto Protocol in 2002 and has engaged with the Copenhagen Accord, providing access to a range of multilateral and bilateral partnerships and climate change financing. Vietnam is also participating in the Hyogo Framework for Action 2005-15 on disaster risk reduction, gradually moving to a more integrated approach to disaster management and climate change adaptation.

At national level, policy settings are evolving. The GOV adopted its **National Target Program to Respond to Climate Change (NTP-RCC)** in December 2008 to outline the consequences of climate change and establish national priorities. The NTP-RCC provides an initial framework to guide Vietnam’s medium term response to climate change covering 2009-15. Its main objectives are to identify and assess the intensity of climate change and develop scenarios of responses (adaptation and mitigation); to promote scientific and technological activities to respond to climate change; to enhance public awareness, participation, and human development strategies, programs and plans. The NTP-RCC states that the response to climate change is the responsibility of the whole political system and at all levels. It advocates the integration of climate change into development strategies, programs, plans, and planning in all sectors.

The GOV released its first **National Climate Change Strategy** in December 2011 to provide an overarching document for addressing climate change, building on the strategies outlined in the NTP. The strategy reaffirms Vietnam’s strategic focus on adaptation, recognizing the acute vulnerability of many people, particularly to climate-related disasters and sea level rise. But it also sees Vietnam moving to cut emissions through opportunities for productive low carbon growth. Strategy implementation is supported through the establishment of the **National Committee for Climate Change (NCCC)** in January 2012,

³ Source: Vietnam’s Emissions Inventory under the Second National Communication to the UNFCCC, 2010

chaired by the Prime Minister to strengthen the inter-ministerial coordination required for a comprehensive climate change response.

A **Green Growth Strategy** was approved by the Prime Minister on 25 September 2012. This sets voluntary targets for GHG emission reduction by 8-10 per cent by 2020 compared to 2010 levels, with a particular focus on the energy sector. Other aspects of the strategy include greening production & lifestyles and promoting sustainable consumption. This new strategy furthers Vietnam's commitment to join international efforts in reducing GHG emissions and places Vietnam in good stead to access climate investment funds and emerging carbon markets.

The primary mandate for climate change rests with the Ministry of Natural Resources and Environment (MONRE). As the focal point for the UNFCCC, MONRE is charged with coordinating the integration of climate change across all ministries, development sectors and localities. It is responsible for managing the NTP-RCC and houses the standing office to support the NCCC. MONRE as a relatively junior Ministry is attempting to position itself to manage the complex coordination task that comes with an influx of climate change financing.

The Ministry of Planning and Investment (MPI) also has a key role to play in guiding climate change investment and leads implementation of the Green Growth Strategy. The inter-related nature of the National Climate Change Strategy and Green Growth Strategy requires a clear delineation of roles and responsibilities between the two Ministries. The institutional arrangements and mandates will require careful attention in order for GOV to mobilise resources effectively and streamline the engagement of other Ministries involved in the delivery of both strategies. A clear institutional framework will also help Vietnam's efforts in accessing international climate finance, including through engagement with the Green Climate Fund.

The general picture emerging in Vietnam is of growing momentum driven by new laws, policies, institutional arrangements and programs designed to enable planning and investment to meet the government's forward strategic directions, to better prepare for weather and climate change impacts and address longer term climate risks to economic growth.

Donor and Stakeholder Engagement

There is an increasing number of climate change initiatives funded by donors in Vietnam and remotely through regional programs and global climate finance mechanisms. A key challenge is in the coordination of these initiatives, with over 250 separate activities identified in a past effort to map climate change assistance led by the World Bank.⁴ This brings with it a high risk of fragmentation and donors present in Vietnam are increasing efforts to coordinate investment to avoid duplication.

Coordination is a particularly complex task when faced with climate change as a theme that impacts on all aspects of development. Climate change is integrated across a number of sector interventions and is receiving particular attention in the areas of energy, agricultural production and forestry, waste management, urban planning and infrastructure, and water resource management.

Significant investments are being managed by the World Bank and ADB, including through access to international finance mechanisms such as the Clean Technology Fund, Global Environment Facility and Partnership for Market Readiness. Both Banks have publically released strategies on the integration of climate change across their respective portfolios in Vietnam.⁵ With funds from DFID, the World Bank is undertaking a range of analytical work on low-carbon development and in the provision of targeted technical assistance to support Vietnam's climate change response. The ADB is paying particular attention to the energy and transport sectors, including support to undertake GHG emission modelling to inform sector mitigation plans.

Japan as Vietnam's largest bilateral donor is providing both grant and concessional loan funds. In addition to a broad range of sector support, Japan is working to strengthen Vietnam's GHG emissions inventory and is assisting in the development of Nationally Appropriate Mitigation Actions (NAMAs). JICA is also the lead donor under the Support Program to Respond to Climate Change (SP-RCC), a policy engagement platform to promote inter-ministerial coordination and help prioritise the institutional and policy settings for Vietnam's climate change response (of which Australia is a contributing donor).

Other key donors include: Germany (with a focus on natural resource management, forestry and low-carbon growth); Norway (with a significant contribution to REDD+), DANIDA (who is the core funder of the NTP-RCC and is also providing technical support for the Vietnam National Energy Efficiency Program); USAID (with programming in both adaptation and low-carbon development), Canada (who is taking the lead on agriculture under the SP-RCC), and France (who is taking the lead on renewable energy under the SP-RCC).

Forums for donor coordination: Efforts are underway to strengthen donor coordination. The Support Program to Respond to Climate Change represents the main multi-donor mechanism to align climate change finance with GOV priorities and to provide a forum for coordination and policy dialogue. There is

⁴For the World Bank see: <http://siteresources.worldbank.org/INTVIETNAM/Resources/CCStrategyVNFinal-Eng.pdf> and for the ADB: <http://www.adb.org/documents/viet-nam-country-partnership-strategy-2012-2015?ref=countries/viet-nam/strategy>

⁵ See: <http://siteresources.worldbank.org/INTVIETNAM/Resources/CCStrategyVNFinal-Eng.pdf>

also an informal working group led by UNDP that brings key donors together to discuss emerging climate change issues and developments. Australia is actively engaged in both forums and is working in close dialogue with key donors to avoid duplication and identify opportunities for partnership.

Civil Society: Vietnam's NGO Resource Centre is supporting the Climate Change and Disaster Risk Management Working Groups that include both international and national NGOs to share information and promote a coordinated response to key issues. These two groups have agreed to an advocacy framework to engage with GOV to promote inclusiveness and provide a community perspective on priorities for climate change action. A memorandum of Understanding (MOU) has been signed between the Climate Change and Disaster Risk Management NGO working groups and MONRE to facilitate civil society engagement under the NTP and SP-RCC.

Private sector: GOV is increasing its efforts to engage with the private sector in recognition of the critical role the private sector will play in the promotion of innovative climate technologies and in adopting measures for reducing GHG emissions in production. The Vietnam Chamber of Commerce and Industry has been closely engaged in the development of Vietnam's Green Growth Strategy. The Strategy outlines a commitment to support small and medium sized enterprise development and the use of financial, credit and market-based instruments as incentives for key industries to promote low-carbon production.

Australia's current Climate Change Engagement

Australia recognises that addressing climate change and reducing the risk of climate-related disasters are central to reducing poverty and meeting the Millennium Development Goals and has a large and growing program to respond to these challenges globally and in the region. This is demonstrated by Australia's

Australia's aid policy framework *An Effective Aid Program for Australia* outlines a commitment to reduce the negative impacts of climate change and other environmental factors under its strategic goals.

It states that '*Climate change is a major development challenge. It will impact poor people first and worst. It will exacerbate food shortages, reduce household incomes, and increase rates of illness for poor people and communities who are least able to cope with the impacts.*'

commitment of AUD599 million to fast-start financing under the Copenhagen Accord, with developed country contributions approaching USD \$30 billion from 2010 to 2012. Australia is committed to delivering its fair share of the long-term goal of US\$100 billion per year by 2020.

Australian capabilities in climate change have expanded rapidly and are recognised internationally, particularly in climate science, modelling, adaptation planning and in economic analysis of mitigation options. Research and academic institutions have established centres for climate change work, specialising in adaptation and mitigation and are providing these services to the

Australian Government, industries and around the world.

While climate change is a new focus under the bilateral program in Vietnam, AusAID has been working with Vietnamese institutions at national and provincial level for more than 10 years on disaster risk reduction and in promoting rural development. We have worked in partnership with Australian NGOs to help build community resilience to climate-related disasters since 2006. In preparing for our future climate change engagement, AusAID entered into a partnership with Germany in 2008 to undertake a pilot project in Kien Giang (one of Vietnam's most vulnerable provinces to climate change) to help

communities adapt to climate change and improve the management of coastal environments. This past experience has informed the directions for our expanded program of climate change assistance.

Other Australian government agencies working with Vietnamese institutions on climate change include the Australian Centre for International Agricultural Research (ACIAR), Australia's national science agency (CSIRO), and the Bureau of Meteorology (with a Memorandum of Understanding on technical exchange with MONRE). CSIRO has undertaken research to explore options for climate adaptation through sustainable urban development in Can Tho City and is currently working with Vietnam's climate scientists and research institutions to better understand and predict the impacts of climate change. ACIAR launched a pilot project in 2011 to improve the capacity of rice farmers in the Mekong Delta to adapt to likely climatic changes including through the introduction of salt-tolerant rice varieties. AusAID is working with these agencies to share experience and to identify opportunities for collaboration.

There are also a number of climate change partnerships between Australian and Vietnamese institutions fostered under the Australian Leadership Award Fellowships and Public Sector Linkages Program (now known as the Government Partnerships for Development Program). Such relationships are valued by partner agencies, particularly where they are responsive to genuine needs and recognise the priorities, skills, capacities and momentum for change in Vietnam.

At the regional level, AusAID is providing support to the Mekong River Commission to promote regional adaptation approaches under the Climate Change Adaptation Initiative and climate change is also one of the focus areas under the CSIRO Mekong Futures Initiative. Australia's contributions to global programs such as the Clean Technology Fund, the Global Environment Facility and Partnership for Market Readiness are also supporting climate change initiatives in Vietnam.

Setting Future Directions: Pathways for Change

To help guide Australia's future climate change assistance, AusAID conducted a Strategic Climate Change Assessment in 2011 to gain further insight into Vietnam's climate change priorities and its emerging policy and institutional context. This assessment also identified potential options for Australia's climate change investment, taking into account the programs of other donors, and opportunities to build on our existing partnerships and expertise.

The Assessment found that while there has been significant progress in establishing the policy and institutional framework for its climate change response, Vietnam is still faced with significant challenges in inter-ministerial coordination, planning and the prioritisation of climate change investment. Vietnam's institutional arrangements for responding to climate change and climate-related disasters are still at the enabling stage, with gaps/needs around:

- The evidence base for planning - weather forecasting, climate projections and scenarios to inform planning at national, provincial and community levels
- Pilots that can be scaled up, adaptation options, applying new knowledge to assess adaptive capacities and response to local threats and opportunities
- Analysis and testing of options for low carbon growth to provide an evidence base to guide future investment
- Programs for building community resilience that integrate disaster risk management and climate change adaptation
- Scaling-up of effective adaptation and mitigation approaches for a national response to climate change

The assessment confirmed that Australia is well positioned to help Vietnam to adapt to a changing climate by drawing on over ten years of engagement in disaster risk reduction, rural development and through our more recent partnership with Germany in the Mekong Delta. We also have worked closely with Vietnam on its sustainable development agenda and are well placed to apply our knowledge and experience to help Vietnam to 'get the settings right' for low carbon growth. This past experience has provided some valuable lessons for targeting our assistance to help Vietnam advance its climate change response.

Being realistic about what Australian assistance can achieve: While Australia is currently the largest grant-based donor, it is important to place Australia's assistance in the broader context of Vietnam's development effort. Overall ODA to Vietnam accounts for only around 3-4 per cent of GDP and Australia provides less than one per cent of that total. As a small contributor to total spending, Australia's development assistance needs to be carefully targeted to areas where external support is needed, such as the provision of technical assistance to complement Vietnam's larger development investments, supporting innovation and piloting new approaches.

Over ten years' experience providing assistance in the areas of rural development, disaster risk reduction, and our pilot project with Germany provide a strong foundation for expanding our climate change engagement. We will also look at opportunities for our bilateral grant funds to complement concessional loans from multilaterals through targeted capacity building assistance to promote the longer term sustainability of these larger investments.

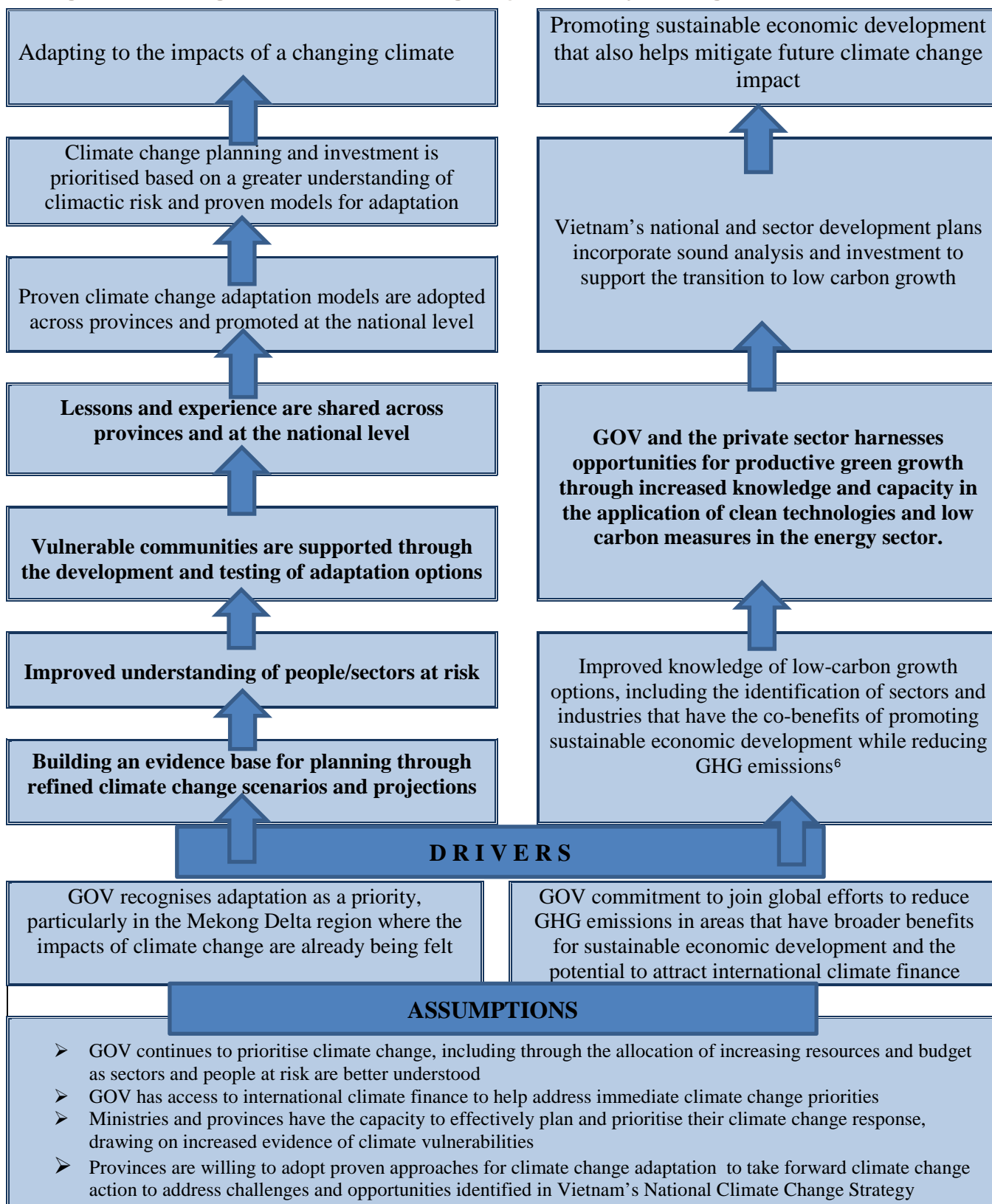
Planning a portfolio of climate change assistance has also involved making hard decisions on areas where Australia will not engage. This includes areas such as urban climate change resilience which is receiving support from a number of donors including the ADB and through the Rockefeller Foundation's Asian Cities Climate Change Resilience Network. Another area is forestry where Indonesia and PNG are the focus of Australia's efforts under the International Forest Carbon Initiative. Norway is the lead donor for the UN-REDD Programme to Reduce Emissions from Deforestation and forest Degradation (REDD+), providing US\$30 million for the second phase from 2012-15. AusAID will continue to monitor the programs of other donors and look for opportunities for collaboration where they complement our areas of strategic focus.

Demonstration can be a powerful instigator of transformational change: Climate change is still a relatively new development challenge on Vietnam's agenda and brings with it a high degree of uncertainty that makes planning and prioritisation difficult. Australia's experience working with Germany in the Mekong Delta has shown that providing practical demonstrations of adaptation approaches has resulted in their adoption more broadly. For example, provincial governments in Kien Giang, Bac Lieu and Soc Trang have dedicated their own funds to adopt the low cost coastal protection measures developed under the Australian and German pilots, resulting in an additional 10km of coastline fences being built across the three provinces. This highlights that provincial governments have the ability to mobilise additional resources once the benefits of an activity have been demonstrated. The key to success is having the provincial authorities actively engaged in the pilot from the outset so that they have ownership of the end result.

Leveraging provincial experience at the national level: There can be a disconnect between national policy development and the realities on the ground. AusAID is often in a unique position where we have partnerships actively working in the provinces and can bring this experience into our dialogue at the national level. An example of this is through our NGO partnerships in disaster risk management where AusAID helped facilitate dialogue and the sharing of good practice with central government to inform the mobilisation of its national Community Based Disaster Risk Management program. This approach is also a feature of our expanded partnership with Germany where the new national component will help leverage experience across the five target provinces to inform national policy making and resource decisions on climate change and coastal ecosystems protection.

Figure 2 below provides an outline of a **theory of change**, presenting the main pathways for both the adaptation and mitigation streams to inform AusAID's climate change assistance. These two streams come together to reflect the GOV's efforts to promote a comprehensive climate change response that addresses the immediate pressures for adaptation but also looks to join international efforts to mitigate future impacts. The bold text highlights the strategic entry points for Australian assistance. Australia's assistance has been informed by the lessons learnt above and will be further detailed in the following section that outlines our key interventions.

Figure 2: Promoting an effective climate change response: Theory of Change



⁶ Initial analysis has been conducted by UNDP to inform Vietnam's Green Growth Strategy with further work being undertaken through support of other donors including the DFID-WB low-carbon study. AusAID will contribute to this work through our strategic partnership with the World Bank that will support energy audits conducted with key industries to identify measures to improve efficiency.

Strategic Focus

Objective and Outcomes

Climate change is a key focus of Australia's development cooperation with Vietnam, being identified by both countries as a priority under the Environmental Sustainability pillar of the Joint Aid Program Strategy 2010-15. The overall objective as stated in the Joint Aid Program Strategy is to **advance climate change adaptation and mitigation**. The Government of Vietnam sees climate change as one of the biggest challenges to sustainable development as shown in its National Climate Change Strategy released in December 2011. It recognises that climate change threatens to destabilise economic growth, exacerbate food shortages and erode recent gains in poverty reduction – all of which would negatively impact progress towards achieving the Millennium Development Goals.

To support Vietnam in advancing its climate change response, AusAID will, in partnership with key development stakeholders, focus on two strategic outcomes informed by the Theory of Change:

1. **Building community resilience:** Vulnerable communities demonstrate higher resilience and sustainable livelihoods to respond to climate change and climate-related disasters.
2. **Promoting low carbon growth:** Vietnam harnesses opportunities for productive green growth through increased capacity in the application of clean technologies and low carbon measures in the energy sector.

These outcomes will be underpinned by **enabling an effective climate change response**. Outcomes will be achieved by working with the Government of Vietnam at national and provincial levels to understand the impacts of climate change on its people, their livelihoods, and to inform and prioritise climate change planning and investment. This will be supported by a structured process of policy dialogue between donors and government to prioritise a road-map of key policy and institutional reform actions required for a comprehensive climate change response.

The strategy will also promote **integration across the program** in order to ensure that:

- Climate change resilience and disaster risk reduction are integral to the Australia-Vietnam partnership; and
- Climate change activities integrate other cross-cutting themes such as gender, supporting people with disabilities, child protection and anti-corruption.

Strategy implementation will be guided by the Australian Government's aid policy, *An Effective Aid Program for Australia* and the *Comprehensive Aid Policy Framework* that sets the strategic direction of Australia's aid program through to 2015-16. It will contribute to the Aid Program's fundamental purpose of **helping people overcome poverty** and will contribute to the strategic goal of **sustainable economic development** by *reducing the negative impacts of climate change and other environmental factors*. It will also contribute to the strategic goal on **humanitarian and disaster response** by working with communities to strengthen their preparedness for climate-related disasters.

Guiding Principles

A number of guiding principles underpin the delivery of Australia's climate change assistance:

1. **Promoting a coherent approach to climate change assistance:** Australian assistance to Vietnam is delivered through a range of partnerships, including different Australian Government agencies, and is funded through global, regional and bilateral programs. A concerted effort will be made to ensure that the different forms of Australian assistance are well coordinated, are mutually reinforcing and work towards the shared objectives articulated in this delivery strategy.
2. **Avoiding fragmentation:** Promoting a coherent portfolio of climate change assistance requires a disciplined approach that avoids being drawn in too many directions that can lead to a dilution of effort. In scaling-up Australia's climate change assistance, preference will be given to fewer, larger, and more focused interventions that complement rather than duplicate the efforts of other development partners.
3. **Commitment to the Hanoi Core Statement:** As stated in the *Joint Aid Strategy 2010-15* the harmonisation of Australia's support with other donors and our alignment with Vietnam's systems and programs will continue to define the way Australia delivers its assistance in Vietnam. AusAID will look for opportunities to deliver climate change assistance through partner government systems where appropriate.
4. **Delivering results:** Assistance will be focused on areas where Australia can make a difference. Programs will be based on sound analysis, will represent value for money, and will be subject to monitoring and evaluation to ensure that they are on track to deliver the intended results. Through regular performance evaluations, Australia will look to build on success while discontinuing programs that do not meet their targets.
5. **Integration:** Climate change is a development issue that impacts all sectors. Australia will consider climate change across the three pillars of the country strategy (human resource development, economic integration and environmental sustainability) and is committed to ensure that all future infrastructure investments consider potential climate change impact.

Australia's climate change activities will also integrate other cross-cutting themes such as gender, supporting people with disabilities, child protection and anti-corruption. Addressing gender vulnerabilities to climate change is particularly important and will be integral to adaptation programming.

Strategic Outcome 1: Building community resilience

As outlined in *An Effective Aid Program*, climate change is a major development challenge and it is the poor that are the most vulnerable to its impacts. While Vietnam has made significant gains in addressing poverty (achieving a rate of 12.3% in 2009), there are widening income disparities and a persistence of poverty in rural and remote ethnic communities. The poorest in communities are often living in areas that are the most exposed to events such as typhoons, flooding and landslides. There are also large numbers of people living just above the poverty line who could easily return to poverty if faced with a climate-related disaster.

Under this strategic outcome, AusAID's assistance will focus at the community level and will also help provincial governments put in place measures to protect coastal communities in Vietnam's vulnerable Mekong Delta region. This will be achieved through a number of complementary interventions, drawing on a range of partnerships with multilaterals (UNDP and ADB), NGOs, and our engagement with Germany. AusAID will play an active role in facilitating linkages across our investments, drawing

on the strengths of each partner, and bringing this experience to the national level through our policy dialogue.

Climate Change and Coastal Ecosystems Management in the Mekong Delta

Australia's assistance will help provincial governments put in place measures to protect coastal communities in Vietnam's vulnerable Mekong Delta region through an expanded partnership with Germany. AusAID entered into a delegated cooperation arrangement under the implementation of the German aid delivery agency (GIZ) in recognition of their extensive technical expertise in climate change and coastal ecosystems management. This modality was trialled through an initial pilot in Kien Giang and it was found that Australia retained a high level of visibility under the partnership. Over three years, the project has helped provincial authorities in the planting of over five hectares of mangroves and installing 650 metres of fences to improve their survival and growth. New coastal restoration techniques are now being expanded into other vulnerable areas with funding from GOV.

Building on this experience, Australia has committed a further \$23 million for the Climate Change and Coastal Ecosystems Program which commenced in mid-2011. This expanded five year program brings German funded projects in Bac Lieu and Soc Trang, together with the AusAID-GIZ pilot in Kien Giang, and two new provinces (An Giang and Ca Mau) under a larger unified program. This is supported by a national component that will promote the sharing of lessons and experience across provinces to scale-up successful models and to bring this provincial experience to the national level.

GOV has welcomed this approach as it brings together two like-minded donors with complementary systems and processes – combining resources and technical expertise – to support Vietnam's efforts in addressing climate change in the Mekong Delta. Large infrastructure investment (such as sea dykes) are not affordable at the scale required and need to be combined with other measures such as the establishment of a 'green dyke' through mangrove restoration and improved management and maintenance of the existing dyke system. CCCEP will help identify practical and affordable ways to respond to the threat of climate change including activities such as rehabilitating mangrove forests, improving dyke management, development of alternative and adapted income opportunities and farming practices for affected communities.

Community Based Disaster Risk Management (CBDRM)

Australia's climate change assistance will include disaster risk reduction in recognition that typhoons and flooding will intensify with a changing climate. The GOV has recognised the important role communities can play in reducing the impact of climate-related disasters. The Community Based Disaster Risk Management (CBDRM) program aims to reach over 6,000 communes across Vietnam by 2020 and the government is seeking a 40% contribution from donors (including through NGOs) to help achieve this goal. Australia has been actively supporting MARD in developing the guidelines and criteria for this national program, drawing on the good practice models that have been piloted under our past Vietnam-Australia NGO Cooperation Agreements (VANGOCA).

AusAID will draw on a number of partnerships to support MARD in its ambitious task of implementing a national CBDRM program. We will play a key role in ensuring that these partnerships are mutually reinforcing and build on past practice to inform the Government of Vietnam's CBDRM approach.

AusAID will contribute to UNDP's **Institutional Strengthening for Enhanced Disaster Risk Management** to support MARD's Disaster Management Centre (DMC) and the Central and Provincial Committees for Flood and Storm Control. By contributing to UNDP's existing program we will reduce the administrative burden on Vietnam's disaster risk management institutions and will also benefit from UNDP's existing networks and partnerships in the delivery of capacity building support. AusAID funds will allow UNDP to pilot an innovative partnership approach that will bring together the Vietnam Red

Cross Society, the Vietnam Women's Union and Oxfam to work alongside DMC to support the mobilisation of the national CBDRM program. These partnerships will also help build DMC's capacity in managing stakeholder relationships, including in the establishment of a national Disaster Risk Reduction and Climate Change Adaptation platform for improved coordination, the sharing of lessons and policy dialogue.

Capitalising on the institutional strengthening partnership with UNDP, AusAID will support MARD in the roll-out of CBDRM in 63 communes across two flood-prone provinces (Tien Giang and Dong Thap) in Vietnam's Mekong Delta Region, helping up to 500,000 people. This will be achieved through a co-financing arrangement with ADB where AusAID funds will support a CBDRM component to complement ADB's infrastructure investments under a **Flood and Drought Risk Management and Mitigation** project. ADB will be working to strengthen MARD's capacity as the executing agency for this project at the central and provincial levels. This will involve supporting MARD in the selection of suitable NGO partners to work with local government and communities in the implementation of CBDRM. AusAID will work closely with the ADB on the CBDRM component. We will facilitate linkages with the UNDP institutional strengthening partnership and with our Community-based Climate Change Action Grant partners (Oxfam and Save the Children) who will be piloting integrated disaster risk management and community adaptation approaches in Tien Giang province.

Community-based Climate Change Action Grants (CCCAG)

CCCAGs are part of Australia's global fast-start climate change finance commitment (2010 to 2013) which continues Australia's strong record of supporting community-level adaptation activities in developing countries. The CCCAGs build on our positive experience under VANGOCA where AusAID partnered with three NGOs over five years to develop CBDRM approaches. These new NGO partnerships expand on this approach by looking beyond the immediate risk of climate-based disasters to consider the broader impacts of climate change on people's livelihoods.

Six organisations (the Australian Red Cross, CARE Australia, the Environmental Defense Fund, Oxfam, Save the Children and SNV Netherlands Development Organisation) and their partners have been awarded Climate Change Action Grants in Vietnam:

- Four adaptation partnerships, led by Australian Red Cross, Care, Oxfam and Save the Children will help to promote an integrated approach to climate change adaptation and disaster risk reduction at the community-level; and
- Two mitigation partnerships led by EDF and SNV will help build the capacity of smallholder rice producers and provincial agencies to reduce greenhouse gas emissions and improve benefits from rice production in Vietnam's Mekong Delta and Central Region.

Together, these partnerships will directly benefit around 270,000 vulnerable people through improved resilience to the unavoidable risks of climate change and weather-related disasters and through new agriculture practices to reduce greenhouse gases and improve livelihoods from rice production.

AusAID will facilitate the coordination across these six CCCAG NGO activities through six-monthly partnership meetings that will help identify opportunities for knowledge sharing and bringing experience from community engagement to inform national policy dialogue. This will include promoting synergies with our GIZ, UNDP and ADB investments. In particular, the ARC, EDF and Care are working in the same provinces as CCCEP, providing a valuable opportunity to share experience and scale-up successful approaches. Oxfam and Save the Children are working in Tien Giang province where we will work with ADB to roll-out CBDRM in 63 communes. A number of the CCCAG NGOs are actively participating in the CBDRM Technical Working Group to guide implementation.

Disaster Risk Reduction and Climate Change Adaptation: an integrated approach

AusAID, together with UNDP and our NGO partners, has been closely engaged with MARD and MONRE on realising the GOV's commitment to establish a national platform for Disaster Risk Reduction and Climate Change Adaptation under the Hyogo Framework for Action. An integrated approach is being promoted in recognition that weather-related disasters will intensify with climate change. This is also driven by the need to coordinate adaptation and disaster risk reduction activities at the local level. Provinces are required to develop separate disaster risk management and climate change adaptation plans which often contain the same measures (such as dyke construction, irrigation canals and access roads). Improved coordination will help improve planning and prioritise investment. However, a key constraint has been in clarifying the institutional arrangements between the two key ministries, including how this platform will fit within the National Committee for Climate Change. GOV is currently working through these issues and has committed to the establishment of the platform in 2013.

The establishment of this national platform will provide a valuable forum for sharing provincial experience at the national level through our NGO partnerships, our cooperation with Germany, UNDP and the ADB. NGO partners such as Oxfam are already working closely with the DMC through the CBDRM technical working group and will use the platform to continue dialogue to strengthen implementation of the national program. The Institutional Strengthening partnership with UNDP will have a key role to play in supporting DMC in coordinating across key stakeholders and identifying emerging issues and themes for consultation.

Risks and Assumptions

A core assumption under AusAID's partnership approach for building community resilience is the willingness and capacity of our partners to work together to share lessons and experience at the provincial level, and to bring this to the national level through policy dialogue to inform policy and resourcing decisions. There is a need to recognise the transaction costs of coordination and for AusAID to facilitate strategic opportunities for engagement that are not too resource intensive. This will be facilitated by drawing on resources from the Australia Mekong NGO Engagement Platform (AM-NEP). AM-NEP will have a full time coordinator based in Hanoi to support programs in strengthening our NGO partnership approach, facilitating knowledge sharing, and leveraging experience through policy dialogue (further information on AM-NEP is provided in the delivery strategy management section).

Another assumption is that the provincial and national governments will invest their own resources in scaling-up proven approaches. As mentioned in the 'pathways of change' section above, our past experience has shown that demonstration is a powerful instigator of change. There are already promising examples of GOV committing their own resources to build on good practice. This has been facilitated through policy dialogue and promoting opportunities for government officials to see first-hand how these models are working on the ground.

The main risk will be in getting the institutional settings right to promote an integrated disaster risk reduction and climate change adaptation approach that brings the relevant line ministries and stakeholders together and also facilitates provincial engagement. AusAID will continue to work with our partners in advocating for improved coordination through the establishment of the platform and through regular dialogue.

Strategic Outcome 2: Promoting Low-Carbon Growth

Green growth, as a means to achieve a low carbon economy and to enrich natural capital, will become the principal direction in sustainable economic development; reduction of greenhouse gas emissions and increased capacity to absorb greenhouse gas are gradually becoming compulsory and important indicators in socio-economic development - Overall Objective of Vietnam's National Green Growth Strategy, September 2012.

This second strategic objective reflects the importance Vietnam places on not only adapting to climate change but helping to mitigate its future impact. Having recently achieved lower middle-income status, the government of Vietnam is firmly committed to a path of economic growth that will see substantial rises in energy demand, carbon-based energy generation and greenhouse gas emissions across all key development sectors. While Vietnam's GHG emissions are relatively small in global terms (around 0.5 per cent of the global total), it is anticipated that these will grow significantly as Vietnam moves towards its target of becoming an industrialised country in 2020.

As a non-annex 1 country, Vietnam is not obliged to reduce GHG emissions under the Kyoto Protocol. However, the government recognises that low-carbon growth has the co-benefits of promoting sustainable economic development while contributing to global reduction efforts. Australia's assistance will focus on energy efficiency and the promotion of clean technologies which are priorities articulated under Vietnam's Green Growth Strategy.

Energy Efficiency

Improving effectiveness and efficiency of energy use is a priority under Vietnam's Green Growth Strategy and is core to realising its GHG emission targets. Energy production will soon overtake agriculture as the largest emitter of greenhouse gases in Vietnam as it moves forward on its path towards industrialisation. Increasing efficiency in the power sector will play a vital role in achieving the Government of Vietnam's socio-economic development and climate change objectives.

AusAID has identified energy efficiency as an area for collaboration under our strategic partnership with the World Bank in Vietnam. AusAID is well placed to complement the World Bank's larger investments - which are also drawing on our global contributions to the Clean Technology Fund and Global Environment Facility – by funding the provision of targeted technical assistance.

AusAID will fund the technical assistance component under the WB's **Distribution Efficiency Project** to promote the quality and sustainability of this large-scale investment. Valued at a total of US\$800 million⁷ the project aims to provide electricity users across Vietnam with better quality and reliable electricity services which will also reduce greenhouse gas emissions through efficiency improvements (by reducing avoidable power loss). Reliable electricity supply also will help reduce the need of households to use alternative and often more polluting fuels, such as coal and kerosene, to meet their domestic energy requirements.

Australia's contribution will provide targeted technical assistance to build the capacity of Vietnam's power corporations and regulatory authority to introduce measures that increase energy efficiency and to help regulate energy use during peak times, including through the use of smart-grid technologies. AusAID funds will also support a targeted gender and poverty assessment to identify

⁷ Comprising US\$499 million from the WB, US\$30 million from the Clean Technology Fund to support the implementation of smart grid technologies, A\$7.6 million from AusAID for technical assistance and capacity building and US\$313 million from GOV counterpart funds.

needs and potential activities to improve the provision of quality and reliable electricity services in an equitable way.

AusAID will explore further opportunities to partner with the World Bank on their energy efficiency programs under our strategic partnership including the option to provide supplementary funds to expand the Clean Production and Energy Efficiency Project that is funded under the Global Environment Facility. This particular project is helping to build the capacity of the Ministry of Industry and Trade (MOIT) to engage with key industries to promote measures for reducing energy use.

In addition to our engagement with the World Bank, AusAID is supporting an institutional partnership between Australia's Department of Resources, Energy and Tourism (previously DCCEE) and MOIT to assist Vietnam to develop and implement **lighting and appliance energy efficiency standards**, registration, labelling, testing, compliance and monitoring mechanisms. This directly contributes to the Green Growth Strategy's priority of 'labelling energy saving equipment' and 'issuing national standards for the quality of the equipment' to promote energy efficiency in industry and at the household level.

Australia has over 20 years of experience in appliance labelling and is providing technical assistance to MOIT in implementing their ambitious road-map for introducing a mandatory labelling scheme to promote the use of energy efficient appliances throughout Vietnam. DRET will assist MOIT to build a robust regulatory system and will help consumers to make informed purchase decisions. The Program aims to help reduce electricity costs for consumers, reduce Vietnam's energy intensity and greenhouse gas emissions and improve Vietnam's energy security.

Promotion of Clean Technologies

Another area of engagement will be in the promotion of clean technologies. With the reorientation to a more resource efficient economy, the GOV considers the development, deployment and transfer of emerging climate and clean energy technologies as crucial to achieving its Green Growth objectives and stimulating investment and private sector activity in Vietnam. In order to achieve this, the Green Growth Strategy identifies the need to 'develop networks-and-development centres of green technologies and organisations assisting marketing and transferring of green and cleaner production technologies for small and medium enterprises'.⁸

In the interest of exploring opportunities to foster private sector engagement in the promotion of low-carbon growth, AusAID funded an initial feasibility study in 2012 led by *infoDEV's* Clean Technology Program from the World Bank Group into the possible establishment of a Climate Innovation Centre (CICs) in Vietnam. *infoDev* is supporting an extensive global incubator network to support small and medium enterprise development and has applied this experience to the design, development and establishment of CICs to foster clean technology development and transfer. The establishment of a CIC in Vietnam would benefit from the broader network and learn from *infoDev's* early experience of developing and establishing CICs in Kenya, India and Ethiopia. There are also opportunities to foster linkages and technical cooperation with the Global Green Growth Institute and Australia's own clean energy/technology network under Austrade to inform the CIC approach in Vietnam.

According to the Business Plan that was the key output of the *infoDEV* study, the CIC has the potential to support up to 40 enterprises in clean technology development and seed capital funding for the start-up of up to 25 new companies. The CIC will target technologies that improve long-term social,

⁸ Vietnam National Green Growth Strategy, page 8

economic and environment impact such as: carbon mitigation, access to renewable or more efficient sources of energy, access to water and increased agriculture efficiency.⁹

AusAID has recently agreed to contribute to the CIC establishment based on the positive findings of the study that involved extensive consultations with more than 200 stakeholders including research institutes, enterprises, government agencies and other donors. Hosting a CIC in Vietnam has been welcomed by the GOV and is also attracting interest from the UK aid agency DFID to co-fund its establishment.

Risks and Assumptions

A key risk under our energy efficiency partnership with the World Bank will be our ability to actively engage and inform implementation as a small contributor to the overall investment. AusAID in Hanoi does not have in-house expertise on energy efficiency or the power sector and will be relying heavily on the experience offered under the World Bank partnership. To support the WB in this role, AusAID is providing funds to enhance the WB's country office's capacity in supervising their portfolio of activities. The strategic partnership framework also provides the opportunity for AusAID to elevate any issues through the regular management meetings that are co-chaired by AusAID's head of the Vietnam Program and the Country Director of the World Bank.

Our engagement with *infoDEV* will also benefit from our broader strategic partnership with the World Bank at the country level. It is understood that *infoDEV* will be mobilising an additional resource within the WB country office to support the establishment and implementation of the Climate Innovation Centre in Vietnam. This will also help facilitate linkages with other relevant World Bank programs on private sector development, including through the IFC.

Enabling an Effective Climate Change Response

This is the foundation of the delivery strategy that will draw on the experience gained from our climate change investments and will be complemented by targeted research and technical assistance to help GOV better understand the impacts of climate change to inform and prioritise planning and investment. This will be supported by a structured process of policy dialogue between donors and government to prioritise a road-map of key policy and institutional reform actions required for a comprehensive climate change response.

Updating Vietnam's Climate Change Scenarios

Vietnam faces the challenge of planning and prioritising its climate change response when there are still significant uncertainties around the extent of climate change impacts. All provinces are required to develop climate change action plans under the NTP-RCC and more localised projections are required to help provincial governments in determining the best response based on their particular vulnerabilities. The research institute within MONRE responsible for the climate change scenarios (IMHEN) has already commenced some limited down-scale projections and has made a direct request to Australia to help build on this work by drawing on the expertise offered within Australia's national science organisation, CSIRO.

This has resulted in an AusAID funded partnership between IMHEN, CSIRO and the Hanoi University of Science to develop detailed climate change projections for a range of emission scenarios throughout

⁹ Vietnam CIC Business Plan - April 2012

Vietnam that will inform the update of the National Climate Change and Sea Level Rise Scenarios in 2015. Through a collaborative approach, Australia's assistance will:

- Work in close partnership with Vietnamese institutions to increase technical skills and strengthen capacity to develop climate change scenarios;
- Incorporate the preliminary findings of the 5th Assessment of the IPCC;
- Undertake a dynamic approach that draws on a number of different models to help capture the range of factors that contribute to climate change impacts;
- Build on existing research and analysis, including the current work with ADB on the Climate; Change Adaptation Study and preliminary down-scale projections undertaken by IMHEM; and
- Promote a comprehensive approach that can be applied consistently under the guidance of IMHEM to avoid duplication of future effort.

A key factor for success will be in ensuring that the findings from the down-scale projections are accessible and can be easily translated into guidance to inform decision makers at the national and provincial levels. A communication strategy has been developed at the commencement of the down-scale projections work. Australia will also identify opportunities to pilot the integration of the down-scale projections into adaptation planning at the provincial level by drawing on our existing partnership with Germany in the Mekong Delta.

Research and institutional partnerships

The role of research and institutional partnerships are an important part of AusAID's climate change engagement, including by drawing on the expertise of other Australian government agencies and through our Government Partnerships for Development Program that supports partnerships across Australian and Vietnamese institutions. As highlighted above, the CSIRO is helping to update Vietnam's climate change projections and has also undertaken a range of other research projects including the identification of options for climate adaptation through sustainable urban development in Can Tho City with a focus on water.

The Australian Centre for International Agricultural Research (ACIAR) is partnering with local institutions to develop options for smallholder farmers to strengthen and diversify their farming in challenging environments (such as degraded soils, water-limiting conditions, and climate variability). In the Mekong Delta, ACIAR is focusing on adaptation options to climate change in rice-based farming systems through improved management practices (e.g. salt tolerant rice) to enhance farm productivity and sustainable livelihoods. It also builds the local capacity for assessing greenhouse gas emissions in rice systems by comparing traditional with new adaptive approaches. This research is highly relevant for our engagement in the Mekong Delta. CCCEP is collaborating with this research by supporting on-farm trials that will allow more rapid testing of new approaches at a broader scale.

AusAID has funded research to help inform the targeting of our climate change assistance. AusAID has contributed to an ADB-led study to undertake a climate change risk and vulnerability assessment for Ca Mau and Kien Giang that is being used to identify effective adaptation approaches for future investment. ADB has worked closely with CCCEP with a view to complement the coastal protection measures that have been developed under the program. Another study was undertaken to support Vietnam's vision of reducing GHG emissions in the agriculture sector by applying a value-chain approach to identify low-carbon opportunities in tea and rice production. This study has been shared with key stakeholders and is being used to inform the NGO low-carbon rice projects with EDF and SNV.

Australia will continue to explore options for further research to inform our portfolio of climate change assistance and to directly support the GOV in promoting a comprehensive climate change response.

Policy dialogue: drawing on our portfolio of climate change engagement

AusAID, together with our partners, has the opportunity to bring the experience from our climate change portfolio through policy dialogue to inform GOV's climate change response. Key areas for policy engagement include:

- Capitalising on over 10 years investment in disaster risk management through continued dialogue on the establishment of a national platform to coordinate disaster risk management and climate change actions and a greater focus on non-structural measures for disaster preparedness and community resilience.
- Bringing provincial experience to the national level through our partnership with Germany in the Mekong Delta to inform GOV on successful adaptation approaches and key issues impacting coastal provinces and communities.
- Joining other donors in a collective effort to raise climate change issues in dialogue with GOV through high-level forums.
- Representation prior to key global forums to share views on key climate change issues and to draw on Australia's experience from our domestic policy development.
- Advocacy for climate change to be considered across the partnership program, including the NTP for Rural Water Supply and Sanitation and the Cao Lanh Bridge project.
- Facilitating the engagement of NGOs and civil society with GOV in the formulation of key strategies and policies, including advocacy for marginalised groups.

The **Support Program to Respond to Climate Change** (SP-RCC) provides a key avenue for structured policy dialogue on climate change. Initiated by Japan in 2009, the SP-RCC provides a platform for donors and government to work together on a prioritised roadmap of policy actions to enable a comprehensive climate change response. The SP-RCC has proven to be a reasonably effective framework for engagement in that it:

- Facilitates focused and strategic level dialogue between donors and government based on an agreed roadmap of prioritised policy actions; and
- Promotes an inter-ministerial climate change response through the Prime Minister's endorsement of agreed policy actions, reinforced by the incentive of general budget support that is released after the policy actions are achieved.

AusAID has joined the SP-RCC together with Japan (JICA), the World Bank, France (AFD), Canada (CIDA) and South Korea (KEXIM), with a combined commitment currently valued at over USD 200 million per annum. As a grants based donor, GOV has agreed for AusAID's contribution to be earmarked for climate change planning (through the NTP-RCC) and investment.

Australia's policy dialogue under the SP-RCC will focus on areas that complement our climate change assistance and where we can bring experience to the table. AusAID and GIZ have agreed to take the lead for donor engagement in Integrated Coastal Management. This will provide the opportunity to leverage provincial experience to the national level by drawing on the resources and experience from our CCCEP partnership in the Mekong Delta. AusAID will use our SP-RCC engagement to continue to champion the integration of disaster risk reduction and climate change adaptation, drawing on our considerable experience - and resources through our UNDP and NGO partnerships - in this area. There is also scope for us to take a more prominent role in mitigation as our portfolio matures in this area.

Integration of climate change and other cross-cutting issues

Recognising that climate change is a development issue that impacts all sectors, AusAID will integrate climate change considerations across the three pillars of the *Joint Aid Program Strategy* (human resource development, economic integration and environmental sustainability) and is committed to ensure that all future infrastructure investments consider potential climate change impact.

To assist with this task, AusAID has developed an Integration Action Plan in consultation with each sector team which will be updated on an annual basis to ensure the continual promotion of climate change, disaster risk reduction and environment across the Vietnam program. Examples of integration include:

- The targeting of climate change is a theme of study under our Australia Awards that offers scholarships to Australia at PHD and Masters level. In 2012, 25 out of 204 Awards were in fields of study directly relevant to climate change, with 22 short-term fellowships offered.
- Integration of climate change considerations into the design on Cao Lanh bridge: The Infrastructure team worked closely with GOV and ADB in conducting an Environment and CC Impact Assessment during the feasibility phase to inform detailed design of the bridge. As a result, GoV has agreed to appropriate measures to respond to potential flooding levels identified in the study.

Climate change activities will also integrate other cross-cutting themes such as gender, supporting people with disabilities, child protection and anti-corruption. Addressing gender and social vulnerabilities to climate change is particularly important and will be integral to adaptation programming.

Gender and Social inclusion

There is a growing body of evidence to indicate that climate change will impact differently on different groups of people in society: men, women, children, disadvantaged groups. A gender analysis conducted under the AusAID-GIZ support for climate change in the Mekong Delta highlighted opportunities and risks for gender-specific responses to climate change.¹⁰ That analysis found that the differing gender roles in local livelihoods meant that men and women were likely to be differently affected by climate change and by policy responses to climate change. The analysis also found that the existing gendered vulnerabilities are exacerbated by the effects of climate change.

AusAID will actively promote consideration of gender and social inclusion within our climate change portfolio and through our various partnerships. This will be achieved through the following actions (noting that this is not an exhaustive list):

- The findings of the AusAID-GIZ gender analysis and subsequent base-line study will inform the integration of gender under our CCCEP partnership in the Mekong Delta. This will be reinforced through a dedicated results indicator on the integration of gender in climate change and development planning in target provinces;
- AusAID will provide additional resources under our energy efficiency partnership with the World Bank to undertake a targeted gender and poverty assessment to improve the provision of quality and reliable electricity services in an equitable way;
- AusAID will draw on our existing partnerships (such as with UN Women and our NGO partners) to promote the consideration of gender and social inclusion, including opportunities to elevate key issues through policy dialogue at the provincial and national level; and
- Integration of gender will be actively monitored through the Vietnam Program's Gender Action Plan - drawing on the support of the gender focal point – and through the annual review of this delivery strategy.

¹⁰ UEA International Development (2010) Climate Change and Coastal Ecosystems Program – Gender Analysis. AusAID-GIZ Hanoi, Vietnam.

SUMMARY OF OUR APPROACH

Australia supports the Government of Vietnam in the development and implementation of its climate change response that builds community resilience and promotes low carbon growth

Build Community Resilience

by working at the community level (in partnership with NGOs and local government) to strengthen communities' ability to respond and adapt to climate change, including climate-related disasters

- Australia will work in partnership with international NGOs to deliver adaptation and mitigation activities at the community level.
- We will also work in partnership with UNDP and the ADB in supporting GOV in the implementation of its national Community Based Disaster Risk Management program.
- AusAID will play an active role in promoting the cross-sharing of lessons and in bringing good practice to the national level through joint advocacy and policy dialogue, including through the CBDRM TWG and the SP-RCC.
- We will promote linkages and identify opportunities for collaboration (including scaling up proven approaches) between our NGO partnerships and other initiatives, including our partnership with Germany in the Mekong Delta.

Promote Low-Carbon Growth

by working with government to identify low-carbon approaches to development, including the identification of mitigation options with strong development co-benefits (such as energy efficiency)

- Our focus will be on improving energy efficiency and clean technology promotion, with the co-benefits of sustainable economic development and GHG emissions reduction.
- We will look for opportunities to complement Australia's global climate change commitments with additional support where gaps in technical assistance or funding are identified at the country-level.
- AusAID will partner with the World Bank to complement our global climate change contributions to the Clean Technology Fund (CTF) and Global Environmental Facility (GEF) with institutional strengthening support in the energy sector.
- We will support an institutional partnership between Australia's Department of Energy, Resources and Tourism (DRET) and Vietnam's Energy Efficiency Department to promote appliance energy efficiency standards and labelling.

Enabling Vietnam's Climate Change Response

- Australia will provide technical assistance to improve Vietnam's understanding on the impacts of climate change and identify practical approaches to adapt to climate change to inform planning and investment. This will be achieved by drawing on a range of partnerships and expertise, including within the Australian Government (e.g. AusAID, DRET, CSIRO and ACIAR) and in partnership with other donors (e.g. Germany and the ADB), NGOs and research institutions.
- Australia will contribute to the Support Program to Respond to Climate Change (SP-RCC), a multi-donor partnership that supports GOV in prioritising its key policy and institutional actions to enable an effective climate change response. This is a performance-based policy operation where funds are released following the achievement of jointly agreed policy actions. Our funds will be earmarked to support Vietnam's climate change planning, research and investment.
- Australia's policy dialogue under the SP-RCC will focus on areas that complement our climate change assistance. We will lead donor engagement in Integrated Coastal Management drawing on our partnership with GIZ. This will provide the opportunity to leverage provincial experience to the national level by drawing on the resources and experience from our Climate Change and Coastal Ecosystems Program partnership in the Mekong Delta.

Integrating Climate Change Across the Vietnam Program

- We will promote the integration of climate change considerations across the program to ensure that climate change resilience and disaster risk reduction are integral to the Australia-Vietnam partnership.
- The Climate Change Team will develop and update annually an integration plan together with other sector teams (HRD, Infrastructure, Water & Sanitation) with clear milestones.
- We will ensure that climate change activities integrate other cross-cutting themes such as gender, supporting people with disabilities, child protection and anti-corruption.

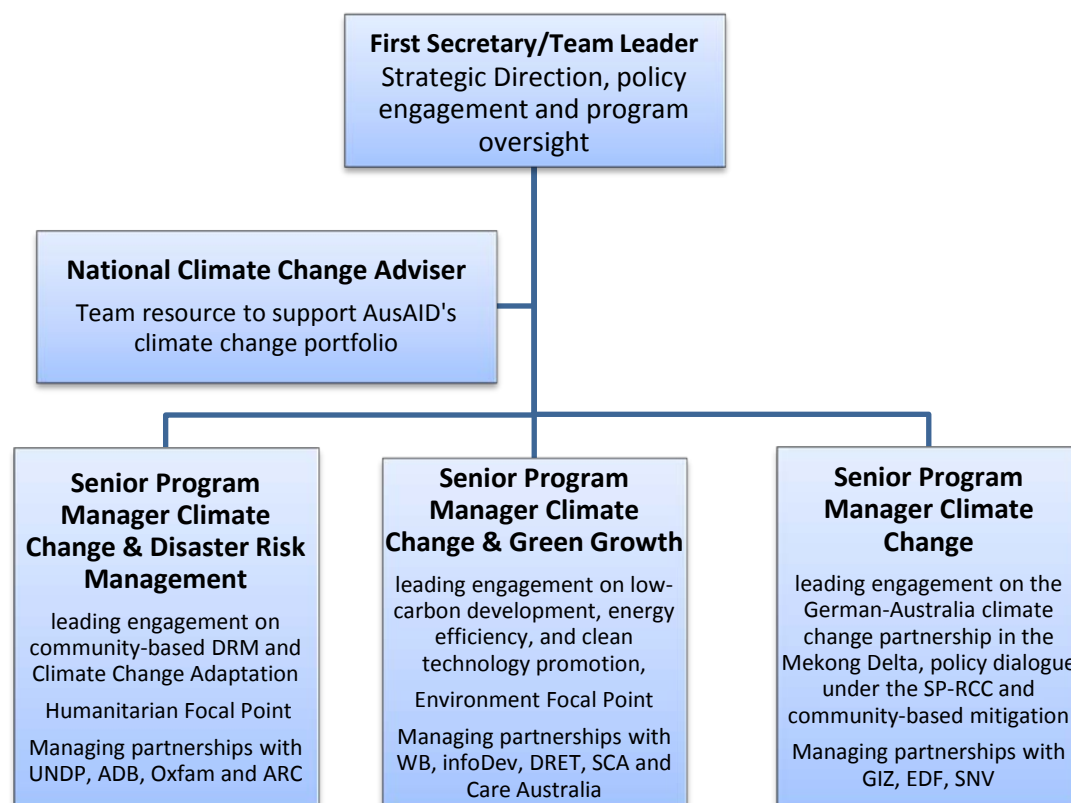
Delivery Strategy Management

Climate change is a new focus area for AusAID in Vietnam under the *Joint Aid Program Strategy*. The first year (2010-11) has involved a period of transition involving the completion of activities under our previous rural development and ethnic poverty reduction focus and undertaking a climate change assessment to identify potential programming options. Additional funding for addressing climate change in Vietnam has been made possible under Australia's fast-start commitment, with funding allocations for 2011-12 and 2012-13. This has required the rapid mobilisation of a number of initiatives that have built on previous experience and partnerships.

Program Management and Oversight Arrangements

The primary carriage of managing delivery strategy implementation rests with the AusAID Climate Change team based in Hanoi. This is led by the First Secretary (Climate Change), with three senior program managers as outlined in Figure 2 below. The current team of senior program managers have each worked for AusAID for over ten years on a range of rural development, disaster risk management and poverty programming that will provide an important skills base for delivery strategy implementation. The initial mobilisation period required a high degree of flexibility in the management of staff resources as initiatives under the previous country strategy are completed and a new climate change portfolio is developed. A National Climate Change Specialist will be recruited to support the team during this time of transition and in scaling-up our climate change engagement.

Figure 2: AusAID Hanoi Climate Change Team Structure



The AusAID Hanoi Climate Change Team will have access to a range of support from both within the Mekong Regional Hub and within AusAID Canberra.

The **Mekong Regional Hub** will provide access to a range of specialist expertise in the areas of Social Protection, Economic Development, Disability Support, Rural Development and Water. These in-house specialists will play a key role in facilitating linkages, knowledge management and lessons learnt across Mekong country programs. The AusAID Climate Change Team in Hanoi is already in close consultation with the Water Specialist based in Vientiane to promote coordination with the Mekong River Commission and other climate change initiatives in the Mekong Delta.

The **Australia Mekong NGO Engagement Platform (AM-NEP)** will provide technical and administrative services to support AusAID in managing its NGO partnerships under the Community Based Climate Change Action Grants. Under the guidance of a Hanoi-based Coordinator, AM-NEP will provide a range of services including logistical support, Monitoring, Evaluation and Learning (MEL) and access to technical expertise to enhance program quality.

AusAID headquarters will play a crucial role in supporting the Hanoi team. AusAID Canberra will take the lead on whole-of-government engagement and in the setting of policy and corporate priorities. Regular communication will ensure that Vietnam's programming is in line with Australia's broader climate change commitments and will also help to strengthen linkages with activities that are funded and managed by AusAID headquarters through global and regional programs. A climate change specialist position has been mobilised in the Asia Division with a particular focus on Indonesia, the Philippines and Vietnam that will provide a valuable resource in promoting the sharing of experience and good practice across the programs. Thematic support will also be provided through the Climate Change and Environment Section and through the Disaster Reduction and Risk Prevention Section.

Aid Advisory Service Panel: In addition to in-house expertise, the Hanoi team will have access to a range of advisory services through the Aid Advisory Service Panel that includes expertise in both climate change adaptation and mitigation.

Funding Allocation

This delivery strategy represents a significant scale-up of AusAID's bilateral climate change assistance, starting from a modest base of \$1.5 million (pilot and NGOs) in 2010-11 at the beginning of the new country strategy to over \$19 million in 2011-12. This initial scale-up has been funded through allocations under Australia's fast-start commitment (supporting CCCEP, CBDRM and partnerships for low-carbon growth); the performance-linked aid initiative for Australia's participation in the SP-RCC; and the bilateral country program.

To date, climate change funding has been budgeted and administered centrally, making this a relatively inflexible component of the Vietnam program. The Vietnam bilateral program will be the major source of funding for the climate change delivery strategy following the completion of AusAID's fast start-start commitments. This will allow greater flexibility to respond to emerging priorities. Annual allocations of around \$20 million have been made for 2012-13 and 2013-14. Ongoing allocations beyond 2015-16 will be determined after completion of the next joint aid strategy. An overview of current commitments is provided at **Annex A**.

Performance Management

AusAID will establish a performance management system for the Delivery Strategy. The Vietnam Program is recognised within AusAID as one of the leading exponents of strategy-level management and this approach draws on over four years of experience. The Delivery Strategy management system promotes a results driven focus that is underpinned by five core internationally recognised performance management principles (see www.MfDR.org):

1. Focus dialogue on results at all phases of the development process
2. Align programming, monitoring, and evaluation with results
3. Keep measurement and reporting simple
4. Manage for, not by results
5. Use results information for learning and decision-making

The Vietnam Program will utilise a Performance Assessment Framework (PAF) as the principal basis for assessing progress towards the Delivery Strategy development outcome targets. The Performance Assessment Framework together is found in **Annex B**. The PAF will be continually refined as the portfolio of climate change assistance is developed. This will include detailed specification of the anticipated outcome results for 2016 (with the establishment of baseline data).

Performance Management System

The Delivery Strategy performance management system will be driven by an annual review and planning process. This will be associated with the preparation of the Vietnam Program Annual Program Performance Report (APPR) of the Vietnam Program. Towards the beginning of each year the Vietnam Program will:

- discuss Delivery Strategy context including assumptions, and assess progress principally against PAF annual milestones. The PAF will be refined as appropriate and PAF annual milestones for the following twelve months will be established. Independent assessment of progress against key initiatives under the Delivery Strategy is expected to feed into this process;
- prepare concise results narrative on progress achieved and management consequences for the next twelve months for inclusion into the APPR;
- establish an annual workplan for the Delivery Strategy setting out key tasks and responsibilities for achieving annual milestones. This will draw heavily on the APPR management consequences section of the APPR. Consistency with the Vietnam Program Management Plan (PMP) which sets out key quality assurance events will also be necessary;
- review and adjust individual staff performance plans to promote mutual consistency with Delivery Strategy annual milestones.

Delivery Strategy stakeholders including Australian Government agencies, Government of Vietnam and AusAID corporate and advisory support will be invited to engage in performance management discussions. The approach will be guided by AusAID's Performance Management and Evaluation Policy and changes that occur in response to the Independent Review of Aid Effectiveness (April 2011). The Delivery Strategy will be reviewed during the preparation phase of the next country program strategy (likely to fall within the first half of 2014).

Measuring Contribution of Aid

Development change occurs principally due to the efforts of a country and its people. Measuring the specific contribution of Australian aid (or aid more generally) to this change is challenging but necessary for both management and accountability purposes. There will be a concerted effort to identify in advance the expected contribution of Australian aid to all Delivery Strategy development outcome targets and annual milestones in the PAF.

Alignment and Harmonisation

Opportunities to align and harmonise the Delivery Strategy performance management system with Government of Vietnam systems and those of donor partners working in climate change will actively occur. This will reduce the administrative burden for all stakeholders, lessen duplication, and encourage system sustainability. Strengthening the information base related to climate change and Government of Vietnam M&E systems is considered to be integral element of the Delivery Strategy. This will enable the Vietnam Program to more accurately report results achieved.

Communicating Results

Australia will actively look for opportunities to communicate results and lessons learned under the climate change portfolio. This will be undertaken with the support of the AusAID's Research and Communications Manager located in Hanoi, AusAID's Communication and Media Branch, and will also draw on the communications approaches of other implementing partners. Key reports and evaluations will be made publically available via the AusAID website and the AusAID Climate Change team will actively distribute reports to key stakeholders and arrange for translation as appropriate.

Risk Management

A number of strategy level risks have been identified that will be carefully managed in delivering Australia's climate change assistance. These risks have been captured at the delivery strategy and initiative level (through more detailed risk assessments) and will be regularly updated through the Vietnam Program's Risk Register and Post Risk and Fraud Management Plan. **Annex C** highlights some of the main risks that will be monitored at the Delivery Strategy level.

Annex A: Summary of Current Bilateral Climate Change Portfolio

Program	Description	Amount
Climate Change and Coastal Ecosystems Management Program	Through an innovative partnership with Germany, Australia is helping Vietnam manage and protect its coastal ecosystems and respond to the impacts of climate change. The five-year program is working with communities in five provinces in the Mekong Delta to develop climate change adaptation plans and to find practical solutions to address the range of environmental hazards being faced in coastal ecosystems. The program is also supporting national level policy development on climate change adaptation that is informed by provincial experience.	\$23 million 2012 - 2016
Community-based Climate Change Action Grants	Australia is working with Australian and international NGOs to deliver six projects that will build the resilience of communities to the impacts of climate change, help communities reduce or avoid greenhouse gas emissions, and address key development priorities. Around 270,000 vulnerable people will directly benefit from these partnerships.	\$15 million 2012 - 2014
Community Based Disaster Risk Management (CBDRM)	To reduce economic losses and fatalities resulting from flood or drought events, AusAID is co-financing a drought and flood mitigation project with ADB focusing on the implementation of community-based disaster risk management (CBDRM) activities across 63 communes in two flood-prone provinces in Vietnam's Mekong Delta region (community preparedness; small-scale community infrastructure; two studies for Vietnam on cross-border flood management and water control infrastructure). This is complemented by an institutional strengthening partnership with UNDP to help build the capacity of MARD's Disaster Management Centre in the implementation of its national CBDRM program and the coordination of DRM and Climate Change Adaptation more broadly.	\$5.85 million 2013 - 2016 \$2.8 million 2012 - 2015
Energy Efficiency Standards and Labelling	Implemented through a partnership between DRET and Vietnam's Ministry of Industry and Trade, this project will assist Vietnam to develop and implement lighting and appliance energy efficiency standards, registration, labelling, testing, compliance and monitoring mechanisms. This will help consumers to make informed purchasing decisions that reduce the country's energy intensity and emissions.	\$2.8 million 2012 - 2014
Energy Efficiency Partnership with the World Bank	AusAID has identified energy efficiency as an area of focus under our bilateral strategic partnership with the World Bank in Vietnam. Together we have identified the Distribution Efficiency Project as an initiative that would benefit from additional support with a focus on building the capacity within the Ministry of Industry and Trade (MOIT) and Vietnam's Power Companies in the area of power sector reform and tariff regulation for improved energy efficiency.	\$7.6 million 2012 - 2016
Climate Innovation Centre	AusAID is contributing to the establishment of a Climate Innovation Centre (CIC) in Vietnam that will support business development of clean technologies. Initiated by the World Bank a CIC in Vietnam has been welcomed by the GOV and is also attracting interest from the UK aid agency DFID to co-fund its establishment.	\$6 million 2013 - 2017
Downscaled climate change projections	Australia is partnering with CSIRO to work with the Government of Vietnam to complete high-resolution downscaling of climate change projections for Vietnam. The projections will help Vietnam prioritise and plan their climate change responses.	\$2 million 2012 -2013
Support Program to Respond to Climate Change	In 2011, AusAID joined other donors (Japan, France, the World Bank, Canada and South Korea) in a structured process of policy dialogue under the Support Program to Respond to Climate Change (SP-RCC) to promote a comprehensive/multi-sectoral climate change response. Successful achievement of policy actions for 2011 resulted in Australia's release of \$8 million in 2012 to support the Government of Vietnam in climate change planning, research and investment. Future contributions are anticipated in 2013 and 2014.	\$8 million 2012

Annex B- Performance Assessment Framework

Goal: To support the Government of Vietnam in the development and implementation of its climate change response that builds community resilience and promotes low carbon growth				
Outcomes 2015 - 16	Outcome indicators	2012/13 milestones	2013/14 milestones	GoA assistance
BUILDING COMMUNITY RESILIENCE				
1.) Communities demonstrate higher resilience and sustainable livelihoods in response to climate change and natural disasters	<ul style="list-style-type: none"> - 750,000 people assisted to build their resilience to climate change and natural disasters - Increased community awareness on the impact of climate change and knowledge of adaptation options - No. of people/communities utilising climate change adaptation and mitigation options and demonstrating more sustainable livelihoods - Proven coastal adaptation measures (mangrove rehabilitation & dyke maintenance) are scaled-up to protect vulnerable communities and their livelihoods - Proven adaptation approaches are integrated into provincial planning and resourced 	<ul style="list-style-type: none"> - Selection of NGO partners and mobilisation of climate change action grants [achieved] - CCCEP baseline established to measure targets (↑incomes/awareness) [achieved] - Establishment of a National Platform to enhance DRR/CCA coordination [ongoing] 	<ul style="list-style-type: none"> - Progress towards directly helping 270,000 people build their resilience to climate change and natural disasters under the CCCAGs - Mobilisation of CBDRM under ADB flood and drought mitigation project (targeting 63 vulnerable communes – around 500,000 people) - 10km of cost-effective dyke protection and mangrove rehabilitation structures are completed 	<ul style="list-style-type: none"> - Climate Change & Coastal Ecosystems Program (CCCEP) [\$23m] - Community-based Climate Change Action Grants [\$15m] - ADB CBDRM component [\$5.85m]
PROMOTING LOW CARBON GROWTH				
2.) Vietnam harnesses opportunities for productive green growth through increased capacity in the application of clean technologies and low carbon measures in the energy sector	<ul style="list-style-type: none"> - Strengthened capacity of Vietnam’s power companies and regulatory authority to promote improved efficiency in power distribution, contributing up to 220,000 tonnes of avoided CO2 by 2016 - Strengthened capacity within Vietnam to set and enforce appliance labelling and standards to promote energy efficiency at the household level - Establishment of a CIC that will support up to 20 sustainable clean technology enterprises by the first 5 years of operation, contributing to a CO2 reduction - GHG emission reduction through low-carbon rice production techniques 	<ul style="list-style-type: none"> - Commencement of CIC feasibility study [completed] - Value chain analysis to identify low-carbon pathways in agricultural production commenced [completed] 	<ul style="list-style-type: none"> - Mobilisation of the Distribution Efficiency Project with the WB - Design of an online registration system for appliance labelling - Preliminary results on potential GHG emission reduction from the adoption of low-carbon rice production techniques - Mobilisation of Vietnam CIC to support SME development in clean technologies 	<ul style="list-style-type: none"> - WB Energy Efficiency Partnership [\$8m] - Climate Innovation Centre [\$6m] - Mitigation partnerships under the CCCAG (focusing on both building community resilience through sustainable livelihoods and GHG emissions reduction)

Outcomes 2015 - 16	Outcome indicators	2012/13 milestones	2013/14 milestones	GoA assistance
ENABLING AN EFFECTIVE CLIMATE CHANGE RESPONSE				
Working with GOV at national and provincial levels to better understand the impacts of climate change	<ul style="list-style-type: none"> - Level of understanding of climate change impacts at the national and provincial levels including people and sectors at risk - Field-tested adaptation approaches demonstrate increased resilience to climate change informing national policy / resourcing decisions 	<ul style="list-style-type: none"> - Completion of ADB Climate Change Impact study with results to inform CCCEP mobilisation and CSIRO down-scale projections [completed] - CSIRO down-scale projections commence in partnership with IMHEM [achieved] 	<ul style="list-style-type: none"> - Down-scaling Vietnam's climate change projections nationally to better understand impacts locally - Commencement of pilot to apply down-scale projections to inform provincial planning - Agreement with GOV of roadmap for priority CC policy actions from 2013/15 	<ul style="list-style-type: none"> - Climate Change Impact and Adaptation Study [\$1.1m] - Support Program to Respond to Climate Change (SP-RCC) [\$8m] - Community Based Action Grant [\$5] - CSIRO Partnership: Down-Scale Projections [\$2]
INTEGRATION				
Key investments under the Australia-Vietnam partnership are climate resilient	<ul style="list-style-type: none"> - Consideration of CC and DRR is integrated across key investments within the Vietnam program 	<ul style="list-style-type: none"> - Integration Action Plan finalised with key actions agreed across the Vietnam program [achieved] 	<ul style="list-style-type: none"> - Integration Action Plan updated with actions identified in consultation with sector teams 	<ul style="list-style-type: none"> - Cao Lanh Bridge (\$160m) - Scholarship/Volunteer Program - GDP / Research Partnerships

Annex C: Risk Matrix

Risk/Assumption	Probability	Impact	Management/Mitigation Strategy
Proliferation of initiatives leads to a fragmented climate change portfolio that is unwieldy and difficult to manage	M	M	<ul style="list-style-type: none"> - The Delivery Strategy clearly articulates areas for Australian assistance - Whole of Government consultation in the development of the delivery strategy – priorities for bilateral assistance are clearly understood - The Delivery Strategy will be reviewed regularly to feed into Vietnam’s Annual Program Performance Report, which will include an assessment of how different initiatives are mutually reinforcing.
Implementation partners do not work effectively together to facilitate linkages and coordination across our climate change initiatives	M	M	<ul style="list-style-type: none"> - AusAID will play a key role in facilitating strategic opportunities for engagement across initiatives within each strategic outcome area. This will include thematic knowledge sharing events and regular coordination meetings between our NGO partners. - Coordination will also be facilitated by supporting GOV led mechanisms such as the DRR/CCA platform.
Anticipated scale-up is not reached due to other priorities within the aid program	M	M	<ul style="list-style-type: none"> - The climate change portfolio identified under the delivery strategy has sufficient flexibility to adjust the level of expenditure if the budget allocations fall below expectations. Contributions to the SP-RCC are set on an annual basis and flexibility will also be built into our future commitments around Energy Efficiency.
GOV does not prioritise climate change or allocate sufficient resources to address its impacts.	L	M	<ul style="list-style-type: none"> - The impacts of climate change are already being felt and GOV has demonstrated a willingness to allocate funding from the central and provincial level to support climate change initiatives. There is an expectation that international climate finance will augment GOV’s own funding, especially to meet Vietnam’s GHG emission reduction targets. - AusAID, through our partnerships , will help identify affordable and proven approaches for climate change mitigation and adaptation. Scale-up will depend on GOV’s willingness to allocate its own funds beyond our targeted support. This will be facilitated through close engagement with the planning and budgeting process.
Prioritisation and mismanagement	M	M	<ul style="list-style-type: none"> - GOV has demonstrated capacity for directly managing donor funds (such as through the Poverty Reduction Support Credit and various National Target Programs). - AusAID will be undertaking a National Assessment in the last quarter of 2011 to determine how future programs are delivered through GO systems. Australia is also investing in public financial management to improve fiscal policy management and financial accountability of the Vietnamese Government. - SP-RCC includes the management of Climate Change finance as a key policy action.
Donor overcrowding overwhelms the absorptive capacity of GoV (particularly at the provincial level) leading to poor prioritisation and mismanagement of funds	M	H	<ul style="list-style-type: none"> - Australia will actively pursue opportunities to harmonise and align our assistance to reduce administrative burden on GOV, including through our contribution to the multi-donor SP-RCC that is rapidly becoming the main bilateral mechanism for CC finance. - Australian assistance will include working with provincial authorities to help build their understanding of the impacts of climate change and how to plan and prioritise investment accordingly.

