

WHO'S COUNTING?

Issues and Options for Climate Finance in Vietnam

A discussion paper by Oxfam and CARE in Vietnam



Photo credit: Xuan Truong/Oxfam

Vietnam is at the frontline of climate change. The Government of Vietnam and international development partners have undertaken great efforts to mobilize resources to assist vulnerable people and communities to adapt to a changing climate and curb greenhouse gas emissions. As international climate change finance begins to flow it is essential that strategies, action plans, governance and implementation mechanisms are shaped so that the needs of the most vulnerable can be met. More leadership is needed to enhance accountability and transparency, and promote learning and innovation. Civil society and vulnerable communities have a larger role to play in holding governments accountable to the way in which climate finance is used.

Table of Contents

INTRODUCTION	3
CLIMATE CHANGE STRATEGIES AND FUNDING MECHANISMS IN VIETNAM: AN OVERVIEW	3
Key Government of Vietnam Strategies.....	3
Programs	5
OWNING CLIMATE FINANCE	6
BASIC PRINCIPLES FOR CLIMATE FINANCE	6
Adaptation versus mitigation.....	6
New and additional	7
Loans versus grants	7
GOVERNING CLIMATE FINANCE	8
Budget allocations and expenditure	8
Learning by doing	8
Civil society involvement.....	9
TARGETING CLIMATE FINANCE	10
Reaching vulnerable communities	10
Prioritize poverty reduction and gender equality	11
RECOMMENDATIONS	13
ENDNOTES	15

INTRODUCTION

Climate change is the single greatest threat to development – making the battle to overcome poverty ever harder and more expensive. It acts as a risk multiplier, exacerbating existing hazards and creating new ones. Using both internationally and nationally-mobilized resources, climate finance should aim to assist vulnerable communities to adapt to a changing climate, as well as support developing countries to curb greenhouse gas emissions as they grow.

As a country strongly affected by tropical storms, floods and other natural hazards, Vietnam has been quick to realize implications of climate change for its development. Estimations on potential impact of climate change on Vietnam's real GDP range from 1 to 3 percent¹. The country has two major low-lying deltas and a long coast line, and is exposed to a range of climate-related hazards. Much of its population, especially the poor, still depend strongly on agriculture. This means that the need for and costs of **adaptation** will be significant. Equally, Vietnam understands the benefits of pursuing greenhouse gas emissions **mitigation** strategies, which can offer opportunities to forest managers, farmers and businesses.

The Government of Vietnam (GoV) and development partners have undertaken efforts to mobilize resources to curb emissions and support adaptation to the changing climate. However, climate change finance is still at a formative stage, and can be shaped to ensure the needs of vulnerable communities are addressed. This paper presents a range of issues and options to consider when reviewing the state of climate finance in Vietnam.

This report is based on preliminary research commissioned by Oxfam and CARE, two international development and humanitarian organizations working with the poorest and most vulnerable in Vietnam. It is intended to support dialogue and debate between civil society, research institutes, the Government of Vietnam and international donors about evolving climate finance. The primary focus of this discussion paper are the government programs on responding to climate change – though it is acknowledged that these programs are part of a bigger picture of climate finance in Vietnam.

CLIMATE CHANGE STRATEGIES AND FUNDING MECHANISMS IN VIETNAM: AN OVERVIEW

Key Government of Vietnam Strategies

The GoV approved the **National Climate Change Strategy** (NCCS) in December 2011. The NCCS articulates the fundamental importance of addressing climate change, with adaptation as the highest priority. The NCCS stresses the role of multiple stakeholders through the *“system-wide responsibility, led by the Government with the active engagement of the business sector, and the maximum involvement of and monitoring by civil-social organizations (CSOs), trade unions and communities”*. To guide the implementation of the NCCS, the National Committee on Climate Change was created in January 2012, chaired by the Prime Minister.

In 2012 the GoV approved the **National Strategy on Green Growth**. The strategy aims to restructure and change the country's growth model to support continued improvements to the competitiveness of the economy and living standards while coping with climate change and taking steps to reduce greenhouse gas emissions. It contains specific targets related to reducing greenhouse gas emissions intensity of the economy, reducing energy consumption per unit of GDP, and reducing energy sector emissions.

Box 1: ACTORS IN CLIMATE FINANCE AND CLIMATE CHANGE INVESTMENT PROJECTS

Ministry of Finance (MoF) manages the financial resources for climate change actions as per the Law on State Budget. The department of State Budget is in charge of allocating funds for recurrent expenditures of the National Target Program to Respond to Climate Change (NTP-RCC). The department of Debt Management and External Finance is responsible for managing and monitoring ODA sources for the Support Program to Respond to Climate Change (SP-RCC) and other climate change-related ODA.

Ministry of Planning and Investment (MPI), including the Department of Science, Education, Natural Resources and Environment, decides on the allocation of the state budget for climate change investment projects. MPI collaborates with MoF in preparation of the annual budget planning for ministries and provinces on investments and recurrent budget expenditures. The department also provides inputs in the policy formulation and the selection of priority investment projects under SP-RCC.

Ministry of Natural Resources and Environment (MONRE), in particular the Department of Hydrology, Meteorology and Climate Change, acts as coordinator of the NTP-RCC and Action Plans to Respond to Climate Change of various Ministries and provinces. MONRE is also responsible for the coordination of the SP-RCC. The International Cooperation Department (ICD) supports the fundraising and allocation of international funds. The department of Finance acts as liaison with MPI and MOF on budget expenditures. MONRE often takes the lead in negotiation with international partners in providing funds for climate change actions in Vietnam. A circular to guide the use of SP-RCC funds to implement climate change priority investment projects, is under development by MONRE, MPI and MOF.

National Committee for Climate Change, established in January 2012, promotes and coordinates all climate change-related activities in Vietnam. The office of the National Committee is in MONRE. The Prime Minister is the chairman.

Programs

In December 2008, the GoV approved the **National Target Program to Respond to Climate Change (NTP-RCC)**, with a total budget of 1,965 billion VND (nearly 94 million USD²) for 2009-2015. Program priorities include developing climate change and sea level rise scenarios, developing action plans to respond to climate change, capacity building, and communication. The NTP-RCC was partially funded by the Government of Denmark (grants), and later some soft loans under the SP-RCC (see below) were also allocated. Actual funds are approved by MOF through the national budget process. According to figures provided by the NTP-RCC Standing Office, the Ministry of Natural Resources and Environment (MONRE), the NTP-RCC budget was 141.7 billion VND in 2010 (nearly 7 million USD), and 216 billion VND in 2011 (just over 10 million USD). Other development partners such as UNDP provided project-based assistance to formulation and implementation of the NTP-RCC.

Recognizing and encouraging the GoV's leadership and ownership on climate finance, development partners stepped up support following establishment of the **Support Program to Respond to Climate Change (SP-RCC)** in early 2009. Japan and France were the initial contributors, providing general budget support for climate change to Vietnam. Subsequent contributors include the World Bank, Australia, Canada and South Korea. The SP-RCC funds are mainly concessional loans and a minor part are grants from Australia and Canada. The total budget for the SP-RCC was 140 million USD in 2010, 220 million USD in 2011 and 260 million in 2012³. The donor countries all appear to have included their SP-RCC funding until 2012 in their global reports on fast start finance communicated at the UNFCCC Conference of Parties 18 in Doha, late 2012⁴.

Approved budget NTP-RCC		
	VND	USD
2009-2015	1,965,000,000,000	93,571,430*
2010	141,700,000,000	6,747,619*
2011	216,000,000,000	10,285,710*
SP-RCC allocations		
2010	2,940,000,000,000*	140,000,000
2011	4,620,000,000,000*	220,000,000
2012	5,460,000,000,000*	260,000,000
TOTAL	13,440,000,000,000*	640,000,000
Pledges for climate change		
	25,200,000,000,000*	1,200,000,000

Sources: SP-RCC, MONRE-MPI

* Exchange rate: 1 USD = 21,000 VND

In addition to the SP-RCC, **bilateral and multilateral donors, UN organizations and NGOs** support a range of climate change mitigation and adaptation activities in Vietnam. Key sources and mechanisms include:

- Bilateral grants, including direct work with key ministries and some provincial level authorities. Australia, Denmark, Germany and Japan, amongst others, are important bilateral donors. For example, Germany and Australia fund a large coastal ecosystems adaptation program in five provinces in the Mekong Delta. The Netherlands supports Ho Chi Minh City on climate change adaptation planning, and works with various ministries on regional Mekong Delta wide master planning.
- Concessional loans, including those from multi-donor trust funds such as the Climate Investment Funds, administered through the World Bank and the Asian Development Bank.
- Grants from multilateral global funds, including the Global Environment Facility⁵, Special Climate Change Fund⁶, and for example the UN-REDD Program⁷. These involve a range of multilateral organizations for implementation of projects. The majority of this funding supports mitigation and reduction in emissions from the energy sector. Development banks and UN organizations also support projects on disaster risk management, including climate related disasters, in which climate change effects are being mainstreamed.
- NGO-led activities, including those funded by grants from donors (such as Australian-funded Community-based Climate Change Action Grants). NGOs are also using more flexible funding to support adaptation and disaster risk reduction. Building on years of experience in community development, disaster risk reduction, awareness raising and capacity building, their focus is generally on supporting vulnerable and disadvantaged groups to adapt.

OWNING CLIMATE FINANCE

In order for climate finance to be effective and, most importantly, reach those who need it most, country ownership, transparency and accountability and effective governance systems are critical for a robust climate finance regime, whether funded through domestic funds or international sources.

BASIC PRINCIPLES FOR CLIMATE FINANCE

Climate finance to Vietnam must prioritize supporting the poorest and most vulnerable to adapt to climate change impacts. This support should be additional to ODA and be grant-based. Concessional loans can play a role in supporting mitigation efforts that generate profit.

Adaptation versus mitigation

With millions of people vulnerable to the impacts of climate change and considering Vietnam's low-middle income country status, adaptation must remain the priority.

The relative allocation of resources to adaptation and mitigation is important. However, it is currently difficult to ascertain the relative budget allocations and expenditure for both. Different sources indicate

that, in the broadest terms, the GoV allocated significant resources for adaption while funds for mitigation were more limited⁸. This includes the expectation that the vast majority of SP-RCC funds will go to a list of projects approved by the Prime Minister on dyke reinforcements in many coastal provinces. However, there is a lack of robust, coherent and publicly accessible data to determine the exact balance and allocations. This is in part due to mixed understanding of climate change by the key ministries involved in climate finance, and highlights the need for a consistent and coordinated climate finance tracking system.

New and additional

As governments agreed under the UNFCCC Copenhagen Accord, developed countries will provide 'new and additional' climate finance without a decrease in overall levels of ODA or shifting other aid resources to climate related programs.

MPI reported that 1.2 billion USD of climate finance was mobilized by international donors between January 2009 and April 2011, although timeframes of these pledges versus their actual allocations are not clear⁹. The total amount is double the amount expected under the SP-RCC. Based on figures provided by MPI, there have been around 250 internationally funded projects and programs on climate change adaptation and mitigation over the same period. This includes all sources from bilateral donors and multilateral agencies, as well as international NGOs.

Most donors do not have a specific definition or category for climate finance; rather it is treated as part of their ODA budgets which makes tracking of climate finance challenging. Although some donors have indicated that their climate finance to Vietnam is additional to ODA, for others it may be re-pledging or displacing other ODA commitments. There is a lack of clarity about the extent to which aid to other sectors that integrates climate change considerations is counted as climate finance. A lack of detailed information prevents comprehensive analysis, and highlights the need for the Government of Vietnam and development partners to ensure a much more robust and transparent accounting system.

Loans versus grants

Information from various sources indicates that the GoV uses mainly loans for adaptation and also for mitigation.

Climate change imposes a new burden on developing countries which is not caused by them, and therefore new international resources are needed to tackle it. There is a strong objection to using existing ODA to finance climate change mitigation and adaptation, and grants are preferred over loans. In Vietnam, nearly all funds in the SP-RCC are provided as loans, albeit at concessional rates¹⁰. In 2011 and 2012, less than 3% were grants¹¹. Similarly other bilateral and multilateral donors also provide both grants and loans for climate change programs.

For some mitigation investments, limited concessional lending may be an appropriate way to cover specific developing country costs as they will produce an economic return. However, for measures that will not generate profits, such as institutional capacity building, or where pro-poor outcomes must be safeguarded such as mitigation through agriculture or forestry, mitigation actions should be grants based. There must be strict limits on the amount of mitigation finance that can be provided as loans.

GOVERNING CLIMATE FINANCE

Efficient management, utilization and coordination of climate finance require accountable and transparent governance systems with involvement of civil society organizations. A learning-by-doing approach involving all stakeholders embodies the type of adaptive management needed to deal with climate change.

Budget allocations and expenditure

Not enough detailed information is available and accessible on the actual expenditure in the various climate programs in Vietnam.

Government agencies with responsibility for managing climate finance do not have a shared set of criteria to identify climate change projects and funding, or systems to track climate finance expenditure and monitor outcomes. This makes climate finance tracking and transparency particularly challenging, especially for development projects that do not have climate change as their main focus but do integrate large climate change components.

In the case of the NTP-RCC, although a number of activities have been carried out, the exact expenditure of the planned budget and the specific allocations are unclear. Information from donors and the SPR-CC coordination office indicates that while policy actions are directed towards forests, agriculture and energy, some sectors such as health and education receive very limited attention.

Learning by doing

The current climate finance governance structures in Vietnam are not set up for collaborative reflection and learning and sharing of lessons learned.

Learning from adaptation and mitigation projects is critical to inform future interventions, strategies and governance structures. To date, the dialogue organized under the SP-RCC focuses mainly on progress updates on policy actions. Relatively little evidence-based research and evaluation has been undertaken and there is no learning forum for the NTP-RCC. Strong leadership in line Ministries and coordination also remain critical.

A mid-term evaluation of the SP-RCC recognizes the importance of time and resources for coordination, in-depth dialogue and strategic policy discussions and action. It also identifies the need for more systematic learning, information and knowledge sharing, and monitoring and evaluation¹².

Pilot NTP-RCC programs in Quang Nam and Ben Tre provinces provide important opportunities for in-depth learning, research and evaluation on provincial action planning, mainstreaming into Socio-Economic Development Planning, financing of community based adaptation actions, and the funding of infrastructure versus education and health.

There are also a vast amount of lessons that can be drawn from other National Target Programs such as the community investment ownership component under the Poverty Reduction NTP (“Program 135”), the National Community Awareness Raising and Community-Based Disaster Risk Management Program (“Program 1002”) besides best practices from INGOs, civil society partners and the donor community.

BOX 2 – LEARNING FROM THE WEALTH OF EXPERIENCE WITH CBDRM

The community based disaster risk management (CBDRM) approach was first introduced in Vietnam in the late 1990's by the Red Cross and a number of INGOs working on disaster risk management, including Oxfam, CARE, World Vision, CECI and others. It soon became the main approach applied to disaster mitigation, preparedness, response and recovery in various parts of the country.

This process has led to a vast amount of experience, best practices and lessons learned on awareness raising and behaviour change communication, small-scale mitigation, replication and up scaling, gender sensitive and inclusive planning, M&E, budget tracking and mainstreaming into socio-economic development planning. This must not be overlooked by the climate change adaptation and mitigation community.

The success of the various CBDRM projects led to an increased interest and support from the GoV, donors and UN organizations. On the 13th July 2009, under Decision 1002/QD-TTg, the Prime Minister approved an ambitious “*Community Awareness Raising and Community-Based Disaster Risk Management*” Program.

The program will be implemented over a twelve year period, starting in 2009 and finishing in 2020 and is expected to target about 6,000 communes frequently affected by disasters. The total investment will be VND988.7 billion coming from the State Budget (55%), community contributions (5%) and grants (ODA funds) from other Governments and international organizations (40%).

Civil society involvement

Participation of civil society organizations (CSOs) in all aspects of climate change projects and programs, including financing, remains limited and access to information is constrained.

Since climate change impacts are unequal in different places, communities and populations, adaptation and mitigation require a thorough understanding of the local context. The voice and active involvement of communities and civil society organizations can play a critical role in understanding vulnerability and identifying locally appropriate options for adaptation. Involving these groups presents an opportunity for the GoV and development partners to create systems for governing climate finance that are innovative, transparent and responsive to the needs of those on the frontlines of climate change.

At the moment, there is no clear or systematic mechanism for civil society participation in the design, implementation and monitoring of adaptation and mitigation finance, projects and programs by the GoV and the development partners. Considering that climate change will impact the poorest and most vulnerable communities the hardest, such partnerships are very much needed.

Although clearly stated in their country strategies, few bilateral and multilateral donors involve CSOs in the implementation of climate change programs, with some notable exceptions. The mid-term review of the SP-RCC identified that participation of CSOs remains ad hoc and informal and that the voices from the most vulnerable groups have not been heard sufficiently during the SP-RCC dialogues. Although a MOU between the NGO Resource Centre Climate Change Working Group (CCWG) and MONRE exists, progress on cooperation and joint activities could be improved significantly, especially related to discussions on climate finance. The MOU also indicates that a broadening of the SP-RCC Appraisal Committee membership should be considered to ensure civil society involvement.



Photo credit: Chu Xuan Canh/Care

TARGETING CLIMATE FINANCE

Finance for adaptation and mitigation needs careful prioritization in order to achieve the desired impact for the poorest and most vulnerable. This process needs to be continuously informed by comprehensive analysis highlighting differential climate vulnerabilities and capacities.

Reaching vulnerable communities

Currently the poorest and most vulnerable people do not benefit enough from climate finance expenditure, with the exception of the planned - but not yet spent - small scale government funding for awareness raising and community-based disaster risk management, and small scale community-based adaptation projects.

It is the poorest and most vulnerable people that are on the front line of the climate crisis, making it imperative that climate finance reaches them. Considering the need for localized participatory planning,

adaptive management, awareness raising and capacity strengthening for the lowest administrative levels where the impacts of climate change will materialize, strategic shifts in the allocation of finance must occur if Vietnam is to build up its resilience.

Data provided by the NTP-RCC Standing Office is insufficient to conduct a detailed analysis on how much of the finance has reached community-level and the extent to which communities were involved in planning. A preliminary analysis of the NTP-RCC action plans in the two pilot provinces Quang Nam and Ben Tre shows that only a little funding went to the ‘soft’ side of adaptation including raising awareness and building adaptive capacity of the most vulnerable communities. Activity plans in those provinces indicate that most activities to date focused on building infrastructure, even though the NTP-RCC’s stated priorities include awareness raising and capacity building. Looking at the 61 projects approved and expected to be funded under the SP-RCC the focus is also on infrastructure works (dyke reinforcement), with very limited attention to community-participation, awareness raising and livelihoods support activities.

More than 15 years of experience from community-based disaster risk management (CBDRM) programs have proven that working on ‘soft’ aspects is critical, cost effective and achieves lasting impact. Although GoV officials confirm that awareness raising and capacity building for local vulnerable populations is imperative and will be funded from the government budget, it is often absent or underfunded in adaptation, mitigation, poverty reduction and other government programs.

Prioritize poverty reduction and gender equality

Although the NTP-RCC identifies poverty reduction and gender equality as guiding principles no specific strategy, indicators or targets have been developed nor is there specific finance available for these crucial issues.

Research in Vietnam and elsewhere has highlighted the differential impacts of climate change on women and men (see box 3)¹³. Investing in gender equality, gender mainstreaming and poverty reduction therefore has to be a priority.

However, a review of the SP-RCC shows that a focus on poverty reduction and gender is clearly lacking in the screening and appraisal process, including selection criteria, for projects under the SP-RCC;

- The call for climate change investment projects under the SP-RCC framework (Circular 3939/BTNMT-KTTVBĐKH) did not require specific gender sensitive objectives, targets and indicators. There is no requirement for a gender analysis or mainstreaming activities in the proposal guidelines;
- Decision 1719/QĐ-TTg, regulating the steps and criteria for screening and selecting climate change investment projects under the SP-RCC does not include gender mainstreaming or gender equality;
- The project selection criteria only mention poverty reduction and gender equality as a sub-criterion of “mainstreaming, multi-purpose” with a maximum score of only six points out of 100; and
- “Mainstreaming environment protection, livelihood generation to the poor, gender equality and income increase to vulnerable communities” is only considered in Step 3 of the project selection process.

An evaluation of gender and pro-poor dimensions is warranted for projects already approved under the SP-RCC. While a number of development partners require gender and poverty reduction to be a core component of all initiatives they support, the approved (infrastructure) projects should be reviewed in-depth on these issues.

BOX 3 – GENDER DIMENSIONS OF CLIMATE CHANGE IN VIETNAM

Livelihoods: In a predominantly rural society, women are active in agriculture and/or self-employment in support of the household economy, but have limited access to and control over key assets. Climate change affects agricultural and ecological systems. Because women are generally more dependent on land and other natural resources for their livelihoods they are more vulnerable to resource scarcity.

Migration: Women who migrate often earn less than men. Women who are left behind when male family members migrate or seek local non-agricultural occupations take over traditionally male responsibilities in agriculture but often without equal access to resources (e.g. land and extension).

Health: In general women are affected from both direct and indirect results of natural disasters and climate change. Pre-existing patterns of gender discrimination mean both women and girls suffer more health impacts during and after natural disasters. Children and pregnant women are especially susceptible to water-borne diseases. Elderly people are at risk from heat stress.

Adaptation: Generally speaking, women, especially poor women, have a limited range of coping strategies. Major constraints include access to and control over land and information. But women have a key role in local-level adaptation, and many women in Vietnam are already coping with and adapting to climate change, and they know their needs and priorities.

Participation and decision-making: Prevailing social and government structures mean that women often have less say than men in decisions on natural resources and disaster management, despite their roles, responsibilities and experience. At household and community level, despite some progress, clear gender-based differences in decision-making power persist. Addressing these factors and creating a space for women's participation is essential to addressing vulnerability, and bring broader benefits to women and communities.

RECOMMENDATIONS

The Government of Vietnam and development partners have demonstrated great initiative and responsiveness to confront climate change challenges. The Government has developed various climate change strategies, while development partners have recognized and supported country ownership of initiatives. Nevertheless, there is scope for improvement in the delivery of climate finance, to ensure that it meets the needs of the most vulnerable people and communities. There is also scope to enhance transparency and accountability to national and international partners and the public.

Even as financing for climate change adaptation and mitigation has been flowing, only some of the funding is reaching the most vulnerable and responding to their immediate and pressing needs. However the exact data are unclear and further research is needed to evaluate the impact of climate finance for those that need the greatest support.

Oxfam and CARE make the following recommendations:

1. Development partners must provide resources which are **new and additional** to existing ODA commitments. Guarantees must be put in place to limit the use of concessional loans to no more than one third of total public mitigation finance.
2. There is no role for lending for adaptation. Vietnam and development partners should respond to international calls that **adaptation should be grant-based**.
3. A fair, transparent and robust **accounting system for climate finance** of both domestic and international sources is needed. Monitoring and evaluation of climate-related projects should be included and undertaken by the State Audit. The Government should make it mandatory to disclose information on climate-related finance, its implementation and results particularly of the NTP-RCC, provincial action plans, and other climate change programs.
4. **Development partners** need to publicize information regarding climate finance sources and climate change related programs and projects for Vietnam, highlighting the additionality of climate finance, and based on their international commitments. Criteria for climate finance should be transparent, and development assistance that integrates climate change adaptation must not be double-counted as climate finance. Development partners can also use their resources and influence to ensure the participation of the most vulnerable populations, civil society, CBOs and NGOs in the implementation and monitoring of climate finance, including adaptation and mitigation projects, as well as the research that they fund.
5. The NTP-RCC and climate change-related programs must incorporate the learning and best practices of community development and disaster risk reduction projects in Vietnam. A **platform for learning and sharing** is urgently required and should build on the work being done around a potential 'National Platform for DRR and CCA'. Civil society organizations should be strongly engaged in this platform but Government ownership and facilitation is essential.
6. Work on climate change adaptation and mitigation **must build on more than a decade of experience implementing Community Based Disaster Risk Management in Vietnam**. Mechanisms

need to ensure that climate finance is used to support local climate change analysis and adaptation planning, and draw on experience of ensuring that the needs of the most vulnerable are integrated into planning.

7. Climate change strategies, programs and activities must be developed and implemented with **participation of vulnerable communities, particularly of women**, and accountability to these groups.
8. More formal and specific mechanisms must be created for **stakeholder participation in the NCCS, NTP-RCC and SP-RCC**. This should involve provincial governments, the private sector and civil society organizations. Broadening of the SP-RCC Appraisal Committee membership should be considered to ensure civil society involvement.
9. Vietnam's response to climate change, and associated climate finance, has primarily focused on infrastructure and engineering solutions. There should be more attention to the **promotion and integration of community-based and led interventions** that focus on strengthening the resilience of the most vulnerable communities and ecosystems to the impacts of climate change.
10. As climate change is impacting the poor first and hardest, **poverty reduction and gender equality** must be at the heart of all climate strategies and investments. This should be translated into specific and strengthened criteria in the process for appraising potential projects under the NTP-RCC and SP-RCC, and result in adequate and specific budget allocations. Approved and ongoing projects should be assessed against their contribution to poverty reduction and gender equality, including through the collection of gender-disaggregated data, in order to guide improved implementation.

The development of this discussion paper was funded by by Oxfam and Southern Voices Capacity Building Programme to Climate Change Working Group (CCWG) through CARE Vietnam.

Oxfam is an international confederation of 17 organizations networked together in 94 countries, as part of a global movement for change, to build a future free from the injustice of poverty. In Vietnam, Oxfam is recognized as one of the leading international non-governmental organizations, especially in rural development, disaster risk reduction and humanitarian response, civil society development, ethnic minorities, and women's empowerment. www.oxfam.org/vietnam

CARE is a leading humanitarian organization fighting global poverty. CARE places special focus on working alongside poor girls and women because, equipped with the proper resources, they have the power to lift whole families and entire communities out of poverty. CARE is helping the most world's most vulnerable communities adapt to the impacts of climate change. Last year CARE worked in 84 countries and reached 122 million people around the world. To learn more about CARE's work on climate change, visit www.careclimatechange.org

ENDNOTES

¹ An ADB study concluded that the impact of climate change on real GDP by 2050 will be 1-3 percent, compared with a baseline situation that assumes no climate change while a World Bank assessment of the economics of adaptation concludes that as a result of climate change impacts on agriculture the total GDP in 2050 could be reduced by 0.7%-2.4%, depending on which greenhouse gas emissions scenarios and climate change models are chosen. Monash University (2010). *The Economics of Adaptation to Climate Change: Macro Level Assessment for Vietnam*. Centre of Policy Studies. World Bank (2010). *Economics of Adaptation to Climate Change: Vietnam*.

² The exchange rate used in this text is 1USD=21,000 VND in early June 2013. In December 2008, at the time of approval of the NTP-RCC, the exchange rate was about 1USD=17,000VND

³ JICA, Initial Findings and Recommendations by SP-RCC Mid-term Evaluation (February 2012)

⁴ Fast-start finance refers to the collective commitment by developed countries, made at UNFCCC Conference of Parties 15 in Copenhagen, late 2009, to provide new and additional resources, including forestry and investments through international institutions, approaching USD 30 billion for the period 2010 - 2012.

⁵ The GEF receives finance from many developed and some large developing countries. It provides grants for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. Since 1991, the GEF has achieved a strong track record with developing countries and countries with economies in transition, providing \$11.5 billion in grants and leveraging \$57 billion in co-financing for over 3,215 projects in over 165 countries. GEF manages the (only) financing mechanism under the UNFCCC, though that is now changing as the Green Climate Fund is being established.

⁶ The Special Climate Change Fund (SCCF) was established in 2001 to finance projects relating to: adaptation; technology transfer and capacity building; energy, transport, industry, agriculture, forestry and waste management; and economic diversification. It is administered by the GEF Secretariat.

⁷ United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries

⁸ MPI- Climate finance in ODA, 2011

⁹ MPI- Climate finance in ODA, 2011

¹⁰ Technical assistance is typically provided on a grant basis

¹¹ SP-RCC's PCU office, 2012

¹² JICA, Initial Findings and Recommendations by SP-RCC Mid-term Evaluation (February 2012)

¹³ Gender and Climate Change in Vietnam - A Desk Review, UN Vietnam, 2008 and Gender Equality in Climate Change Adaptation and Disaster Risk Reduction in Vietnam – Policy Brief, Oxfam, UN Vietnam 2012.