

MINISTRY OF INDUSTRY AND TRADE

DETAILED PROJECT OUTLINE

**TECHNICAL ASSISTANCE PROJECT SUPPORTED BY
THE UNITED NATIONS**

**Strengthening capacity on climate change initiatives in the Industry
and Trade sectors**

Hanoi, May 2012

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ABBREVIATION

ADB	Asian Development Bank
APR	Annual Project Review
AP-RCC	Action Plan in Response to Climate Change
AWP	Annual Work Plan
BRESL	Cost-Effective Development and Implementation of Energy Efficiency Standards and Labeling
CO	Country Office
CPD	Country Program Document
CTC	Communications and Training Coordinator
DOSTEE	Department of Science, Technology and Energy Efficiency
DST	The Science and Technology Department
EC&EE	Energy conservation and energy efficiency
EU	European Union
GDP	Gross Domestic Product
GETS	Green Economy Technical Support
GHG	Greenhouse gas
HACT	Harmonized Approach to Cash Transfers
HPPMG	Harmonized Programme and Project Management Guidelines
ICD	International Cooperation Department
IFC	International Finance Corporation
ILO	International Labour Organization
ISEA	Industrial Safety Techniques and Environment Agency
FACE	Funding Authorization and Certificate of Expenditures
M&E	Monitoring and Evaluation
MARD	Ministry of Agriculture and Rural Development
MOC	Ministry of Construction
MOIT	Ministry of Industry and Trade
MONRE	Ministry of Natural Resources and Environment

MOST	Ministry of Science and Technology
MOT	Ministry of Transport
MPI	Ministry for Planning and Investment
MRV	Monitoring, reporting and verification
MUTRAP	European Trade Policy and Investment Support Project
NAMAs	Nationally Appropriate Mitigation Actions
NIM	National Implementation Modality
NIP	National Implementing Partner
NEFCO	Nordic Environmental Finance Corporation
NPD	National Project Director
NTP-RCC	National Target Programme to Respond to Climate Change
ODA	Official Development Aid
PECSME	Promoting Energy Conservation in Small and Medium Enterprises
PM	Project Manager
PMU	Project Management Unit
POPP	Programme and Operations Policies and Procedures
PPP	Purchasing Power Parity
RCA	Results and Competency Assessment
RRF	Results and Resources Framework
SEA	Strategic Environmental Assessment
SOEs	State Owned Enterprises
STA	Senior Technical Advisor
UNDP	United National Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
VEEPL	Viet Nam Energy Efficient Public Lighting
VNEEP	Viet Nam Energy Efficiency Programme

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PART A: GENERAL INFORMATION ABOUT THE PROJECT

- 1. Project title:** Strengthening capacity on climate change initiatives in the Industry and Trade sectors
- 2. Sectoral code:** C32900
- 3. Name of the UN Agency supporting the project:** UNDP - Vietnam
- 4. National Implementing Partner:** Ministry of Industry and Trade (MOIT)
 - a) Contact address: 54 Hai Ba Trung, Hoan Kiem, Ha Noi
 - b) Phone/Fax number: Tel: +84-4-22202222, Fax: +84-4-22202525,
- 5. Name of the Implementing Line Agency:** Industrial Safety Techniques and Environmental Agency, Ministry of Industry and Trade (MOIT)
 - a) Contact address: 25 Ngo Quyen, Hoan Kiem, Ha Noi
 - b) Phone/Fax number: (04) 2221 8316; (04) 2221 8321
- 6. Name of the Agency proposing the project:** Industrial Safety Techniques and Environmental Agency, Ministry of Industry and Trade (MOIT)
 - a) Contact address: 25 Ngo Quyen, Hoan Kiem, Ha Noi
 - b) Phone/Fax number: (04) 2221 8316; (04) 2221 8321
- 7. Name of the Co-Implementing Line Agencies:**
 - The Science and Technology Department (DST)
 - The Department of Science, Technology and Energy Efficiency (DOSTEE) under the Directorate of Energy
- 8. Estimated Project duration:** Up to 5 years (Q3, 2012 to Q4, 2016)
- 9. Project location:** Ha Noi and selected provinces

10. Total project budget: 3,050,000 USD, including:

Source of Funding	Equivalent USD
10.1 Total ODA Grant:	\$2,900,000
<i>a. Total ODA amount already committed</i>	<i>\$1,000,000</i>
i) Regular source of funding (UNDP TRAC Fund)	\$1,000,000
<i>b. Total ODA amount to be mobilized</i>	<i>\$1.900,000</i>
i) Co-financing source(s) (From One UN Plan Fund)	\$1,170,000
ii) Co-financing source(s) (EU-UNDP Global Fund)	\$730,000
10.2 Counterpart funding (VND = 3,150,000,000)	\$150,000
a. In-cash (*) (VND = 2,100,000,000)	\$100,000
b. In-kind (**) (VND = 1,050,000,000)	\$50,000
Total Project Budget	\$3,050,000

(*) Including meeting rooms, salary for NPD, salary for Project Steering Committee, salary for Project manager

(**) Including subsidy for NPD, hire cost of Project office, running cost of project office, organizing workshops, training courses, printing cost, advertising project activities...

11. ODA provision modalities: Grant ODA: \$2,900,000 USD

PART B: DETAILED PROJECT OUTLINE

I. Project context and justification:

1. Discuss briefly those components of the master plan.

Brief situation analysis

Viet Nam is among the countries most vulnerable to climate change. The Government has made significant efforts in responding to this challenge with both domestic resources and international support. Viet Nam is taking an active approach to climate change mitigation with the recently released National Climate Change Strategy, committing to take “both mitigation and adaptation actions to deal effectively with climate change, with a focus on adaptation during the first phase”. The Government is also preparing a green growth strategy which takes three strategic directions: low-carbon development trajectories; green production and restoring of natural assets; and the stimulation of green lifestyles. The Green Growth Strategy will provide Viet Nam’s voluntary emission reduction targets and will help to transform current development patterns towards sustainable development.

Although Viet Nam’s greenhouse gas (GHG) emissions are still relatively low, they are growing at a faster pace than many other countries and will continue to rise rapidly due to rapid economic growth and industrial expansion. In 2000, GHG emissions from energy generation and industrial processes accounted for 62.779 million tonnes CO₂ equivalent or 41.6 per cent of total national GHG emissions. In 2020, industrial processes alone are projected to account for 94.376 million tonnes CO₂ equivalent, which is 31.4 per cent of projected national GHG emissions in that year. As Viet Nam aims to become an industrialized country by 2020, addressing the GHG emissions associated with this rapidly growing sector is critical for Viet Nam to reduce its national GHG emissions.

With the Durban Platform agreed under the United Nations Framework Convention on Climate Change (UNFCCC) setting the stage for all countries to negotiate targets for GHG emissions, Viet Nam will need to redouble its mitigation efforts. Plans are underway for a national scheme to develop Nationally Appropriate Mitigation Actions (NAMAs) to attract funding from donors and future mechanisms under the UNFCCC. As a significant emitter, the industry sector will need to complement this national process by developing robust monitoring, reporting and verification schemes. This will also help to access carbon markets, which rely on strong accounting of GHG emissions.

Climate change also poses significant risks to the industry sector, so it is critical to enhance the climate resilience of industrial production to ensure the sector's future growth and competitiveness. The long-term sustainability of the sector and the economy is at stake due to climate change-related risks to industrial production such as: (1) fluctuation in the availability and cost of raw materials and resources (especially energy and water); (2) more frequent extreme weather events, heat waves, variations in seasonal temperature and rainfall, and sea level rise may make current plant sites unsuitable in the future; and (3) human responses to climate change, such as regulation, may reduce the market available to products that are produced with high embodied GHG emissions and other environmental impacts.

The risks posed by climate change to industry are beginning to be understood by policy makers, but there remain many strategies, plans and programmes governing the industry sector that were developed with limited consideration of climate change. As set out in the National Climate Change Strategy, there is a need to mainstream climate change considerations in the policy and strategic framework to incorporate these risks.

For the industry sector to reduce GHG emissions and enhance the resilience of production to climate change impacts, industrial enterprises will need to increase the resource efficiency of industrial production – defined here as sustainable industrial production. By reducing consumption of energy, water and materials, an industrial process produces less GHG emissions and is less vulnerable to fluctuations in the availability and cost of resources, which will be exacerbated by climate change. Less waste is also produced by a more resource efficient industrial process, which reduces environmental impacts such as pollution of soil and water resources.

This can also bring opportunities for Viet Nam, including by improving the competitiveness of industry through increased industrial productivity, operational cost savings and access to new export opportunities, provided by an international market that is focused more and more on products that are sustainably produced. This focus is due both to an awareness of climate change as well as potential market regulation arising from a future global climate change agreement.

To encourage industrial enterprises to make these investments, there must be favourable policy settings and an attractive market for investment. The policy and regulatory environment in Viet Nam will need to be further developed to provide incentives and requirements to encourage action by the private sector on the necessary scale. The availability of finance continues to be a barrier for these investments, there is limited knowledge and capacity among enterprises to take advantage of what is available and the newly established market for service providers to play the intermediary role between

industrial enterprises and financial institutions requires further development, both from a policy and market perspective. Support for policy development, awareness raising and technical assistance to businesses is necessary to address these barriers.

Relevant Government strategies, plans and policies

In addition to the National Climate Change Strategy, approved in December 2011, and the Green Growth Strategy, currently under development, the Government of Viet Nam has developed and adopted a number of policy frameworks relating to climate change and the industry sector. These include: the National Target Programme to Respond to Climate Change (NTP-RCC), a National Cleaner Production Strategy in Industry until 2020, the National Energy Conservation Law 2010 and the Viet Nam Energy Efficiency Programme (VNEEP). Such policies will provide principles and guidance for ministries and government institutions, directly engaged with relevant climate change sectors, to create their own policies and associated implementation plans to achieve national level targets.

In 2010, MOIT developed and approved the "Action Plan in Response to Climate Change (AP-RCC) for the Ministry of Industry and Trade¹ under the NTP-RCC, which requires all twenty industry sub-sectors in the Ministry to implement specific actions. Implementation is underway, but further efforts are needed to address the challenges posed by climate change. This project will assist MOIT in these efforts, as well as other relevant Ministries and industry stakeholders, to raise awareness about climate change, undertake analysis of the current environment in which industry operates and work to address the challenges posed by climate change and take advantage of the potential opportunities it offers.

2. Summarize other completed or ongoing projects, that have been financed from various sources of funding, to address issues being experienced by the line agency and implementing partners.

Major projects in progress or under development in the industry and trade sectors include:

- United Nations Industrial Development Organization (UNIDO) Green Industry Initiative in Viet Nam, which is currently assisting MOIT to prepare a policy strategy to enable “the greening of industries and the development of green industries”. The project will support this policy and strategy work by developing green industry models through three

¹ Minister’s Decision No. 4103/QD-BCT, dated 03 August 2010

pilot initiatives, including resource efficiency benchmarking and green industry road-mapping for the steel sector.²

- World Bank Clean Production and Energy Efficiency project, which aims to improve energy efficiency and reduce associated greenhouse gas emissions by strengthening Government capacity for the effective delivery of VNEEP.
- Asian Development Bank (ADB) project will focus on capacity building of MOIT, Ministry of Construction (MOC) and Ministry of Transport (MOT) and three provinces to develop climate change action plans for the energy and transport sectors, including mitigation and adaptation measures.
- European Union (EU) United Nations Environment Programme (UNEP) SWITCH Asia regional program is aiming to promote sustainable consumption and production among small and medium-sized enterprises in Asia (including in Viet Nam), beginning with a capacity building needs assessment.
- The European Trade Policy and Investment Support Project (MUTRAP) aims to facilitate sustainable international trade and investment in Viet Nam. A new phase commencing in 2012 will focus on environmental issues, mitigation measures relative to key trade-related industrial sectors, as well as to develop environmental and energy efficiency standards for key industries.

3. Discuss briefly the major relevant lessons drawn from the previous Country Programme(s) of the UN Agency supporting the proposed project.

In the field of environment and climate change, the key ongoing and completed UNDP projects that have relevant lessons for the proposed project:

- Ministry of Science and Technology (MOST) Promoting Energy Conservation in Small and Medium Enterprises (PECSME): providing direct technical assistance to enterprises, developing a market for energy service companies and establishing a loan guarantee fund for energy efficiency investments (completed in 2011);
- MOIT- Barrier Removal to the Cost-Effective Development and Implementation of Energy Efficiency Standards and Labeling (BRESL): developing energy standards and labeling for more energy efficient household appliances (ongoing until 2014);

² Policy advice on environmental management: Green Industry Development, Project No. FB/VIE/11/002, July 2011 – December 2011.

- Viet Nam Energy Efficient Public Lighting (VEEPL) with the Viet Nam academy of Science and technology: promoting energy efficient public lighting (completed in 2011);
- Ministry of Natural Resources and Environment (MONRE) and Ministry of Agriculture and Rural Development (MARD) project on capacity building for climate change: supporting poverty environment mainstreaming (until 2012);
- Ministry for Planning and Investment (MPI) Strengthening Sustainable Development and Climate Planning: strengthening climate change capacity for planning institutions at both central and provincial levels (until 2014).

A general lesson from each of these projects is that, while the Government of Viet Nam recognizes climate change as an important issue for development, incorporating these considerations into planning and programs is a significant institutional challenge. Institutional restructuring has gone some way to overcoming this challenge and UNDP has assisted by facilitating skills-development, supporting coordination mechanisms, such as the UN-chaired Donor Working Group, and building knowledge sharing and management systems. The proposed project will draw on these lessons to provide the Government with the tools to deal with this cross-cutting issue.

The success of the MOST-PECSME project in promoting energy efficiency in industrial enterprises has provided many useful lessons for the design of the proposed project. The project showed that climate change was rarely considered by industrial enterprises and few had the capacity to independently identify energy savings potential and adopt innovative technologies. The project was able to demonstrate that reducing GHG emissions could also be profitable and improve productivity by providing technical assistance to industrial enterprises. In addition to working directly with enterprises, a key element of the project's success was the establishment of an energy service provision market and development of new finance products, which the independent evaluation report stated was "largely responsible for catalyzing SME EC&EE [energy conservation and energy efficiency] investments in Vietnam".³

4. Identify the major issues that will be addressed by the proposed project.

The key issues and barriers in the industry and trade sectors that the project will help to address are:

³ Wong and Dang (2011), Final Evaluation Report: UNDP/GEF Project: Vietnam – Promoting Energy Conservation in Small and Medium Scale Enterprises.

- Policy barriers that are currently restricting industrial enterprises from adopting technologies and business practices to improve their resource efficiency. This includes accelerating the implementation of policies already in place; mainstreaming climate change considerations in policies previously developed; and formulating new policies where there are gaps.
- Institutional capacity and knowledge gaps for developing, implementing and evaluating evidence-based policies and regulations to provide incentives for industry to reduce GHG emissions and enhance climate resilience.
- Lack of market support mechanisms and participants that can contribute to sustainable changes in the market to promote investments in technologies and business and trade practices to improve resource efficiency.

5. Identify the target group(s) that will benefit from the proposed project.

The project's direct target beneficiaries are MOIT and other Ministries, which will benefit from improved capacity of policy makers to develop the policy and strategic framework governing the industry and trade sectors and continue this beyond the lifetime of the project.

Other direct beneficiaries include owners and operators of industrial processes, suppliers of products and services related to reducing GHG emissions, entrepreneurs and investors interested in the market for sustainable industry, and consumers who value industrial products with lower embodied GHG emissions.

Through support to policy and decision-makers focused on the AP-RCC at MOIT and participants in the market, the project will ultimately benefit Viet Nam by catalyzing investments to reduce GHG emissions and improve resilience of this key productive sector to climate change risks. Jobs will also be created as service providers are established and the market for sustainable industrial production develops. Reduced consumption of scarce and valuable natural resources and use of more modern technologies in industry can also contribute to Viet Nam's poverty reduction and environmental goals by improving air quality (indoor and outdoor) and reducing contamination of environmental assets such as water resources.⁴ Women, who are strongly represented in Viet Nam's industrial labour force

⁴ Assistance by the PECSME project in Bat Trang, a ceramics producing village in Northern Viet Nam, reduced energy consumption, which improved air quality that significantly reduced respiratory disease in the village. Estimated energy savings were 30% in the village (25 tonnes of oil equivalent and 134,000 tonnes of CO2 equivalent per year).

(around 70% of workers in the garment industry⁵), also stand to benefit from a shift to more sustainable industrial production as they often perform industrial work that exposes them to harmful levels of indoor pollution.⁶

For the project to realise these potential benefits, such as those for women in industry, a sound understanding of the best approach to integrate environmental sustainability, business profitability and human development is needed. The UNDP Human Development Report 2011 highlights examples of development activities that harness a positive synergy between these three social, economic and environmental aspects, but acknowledges that there are sometimes trade-offs between them. This project aims to manage and, where possible bypass, these trade-offs through inclusive participation by project beneficiaries in project development and implementation.

II. Rationale for the selection of the supporting UN Agency

The One Plan 2012-2016 represents the programmatic and operational framework for delivering the United Nations support to the Government of Viet Nam over the next five years and sets out how the United Nations will “deliver as one” in support of national development priorities. This project falls under One Plan Outcome 1.4, which includes “more efficient use of natural resources and environmental management”.

The following sections set out the reasons UNDP has been chosen as the supporting agency for this project.

1. Relevance of the project contents and objectives to the mandate and programme priorities of the supporting UN Agency.

The proposed project objectives align with these intended outcomes of the UN One Plan, under the “Inclusive, Equitable and Sustainable Growth” Focus Area, and the UNDP, UNFPA, UNICEF common country programme document for Viet Nam, 2012-2016.

UNDP has worked successfully with MOIT and other agencies on energy efficiency projects and maintains a portfolio of activities in the climate change and environment area. The portfolio includes support for energy consumption and energy efficiency in small enterprises (MOST-PECSME) and public lighting (VEEPL with the Viet Nam Academy of Science and Technology), developing energy standards and labeling for household appliances (MOIT-BRESL) and supporting poverty environment mainstreaming (with MONRE).

⁵ Better Work Vietnam: Garment Industry: 3rd Compliance Synthesis Report, International Labour Organization (ILO) and International Finance Corporation (IFC), Geneva: 2011.

⁶ Women, Industry and Environment, United Nations Industrial Development Organization, Vienna: 2005.

2. Reasons for the selection and comparative advantages of UNDP, in terms of technology, managerial experience, policy advice, etc. in the sector/ field.

With its central role in the UN system, UNDP can also facilitate a multi-sectoral approach to help the Government respond to complex issues such as climate change. UNDP has demonstrated its commitment to the longer-term provision of technical assistance needed to affect and sustain the institutional change required in realizing tangible improvements in the regulatory and policy environment.

In the industry and trade sectors, the MOST-PECSME project has made significant progress in catalyzing the market for energy efficiency and has highlighted the important work that UNDP can still pursue through the proposed project. The lessons learned through MOST-PECSME and the ongoing work with MOIT through BRESL offers UNDP distinct advantages for the proposed project, including technical knowledge, managerial experience, and a strong network of experts, both within Government and internationally.

The project will also benefit from the expertise and resources of the European Union (EU)-UNDP Low Emission Capacity Building Program, which has been identified as a co-financing source for the project. In addition to co-financing, the Global Support Component of this global UNDP program will provide expertise to project beneficiaries on NAMA development, low emissions planning and monitoring, reporting and verification (MRV) systems for GHG emissions from the industry sector. It will also link policy makers to a global community of practice on these policy issues and provide a platform to sharing lessons and experiences internationally.

3. Conditions as required by the supporting UN Agency's policy guidelines and the Vietnamese side's capacity to meet them.

Collaboration between UNDP Viet Nam and MOIT will be governed by the Viet Nam – United Nations Harmonized Programme and Project Management Guidelines (HPPMG), which were agreed in May 2010. This incorporates UNDP's Programme and Operations Policies and Procedures (POPP) and the Government's requirements for Official Development Assistance under Decree 131/2006/ND-CP.⁷

MOIT is an active partner of UNDP and fully comprehends these requirements. The Ministry has demonstrated its capacity to implement international donor projects and as such an implementation capacity assessment is not required. However, the new POPP/National Implementation Modality (NIM) Guideline, effective from 1 January 2012,

⁷ Decree 131/2006/ND-CP, issued by the Government on 9 November 2006

requires all UNDP projects to conduct a micro-assessment in the first quarter of 2012 to define the risk level and cash transfer modality in the 2012 AWP.

III. General objectives of the proposed project from the draft One UN Plan 2012-2016

Long-term objective

- By 2016, key national and sub-national agencies, in partnership with the private sector and communities, implement and monitor laws, policies and programmes for more efficient use of natural resources and environmental management, and to implement commitments under international conventions (One Plan Outcome 1.4)

Immediate objectives

- Strengthened capacities of data producers, providers and users for green, people-centered, evidence-based socio-economic development planning and decision-making (One Plan Output 1.1.1).
- Planning and investment processes are climate proofed and specific programs have been formulated and operationalised for long term adaptation to reduce climate change vulnerabilities (One Plan Output 1.3.1).
- Policies, regulations and fiscal tools for green economic development, natural resources management and cleaner production are formulated and applied (One Plan Output 1.4.1).

IV. Main expected results by components or major groups of activities and estimated budget allocations

The specific project objective is to strengthen the capacity of policy makers and stakeholders in the industry sector to reduce GHG emissions, enhance climate resilience and exploit associated green trade opportunities.

The project will do this by removing barriers that are restricting industrial enterprises in Viet Nam to adopt technologies, industrial processes, and business and trade practices to improve resource efficiency, which results in reduced GHG emissions, enhanced resilience to climate change impacts and improved productivity and competitiveness in national and international markets.

The project will begin by identifying the policy and market barriers to more resource efficient – or more sustainable – industrial production through analysis of the entire value chain associated with selected industrial products, as well as the operation of the industrial process. On the basis of this analysis, and an assessment of international best practice, the project will demonstrate the practical steps policy makers can take to improve the incentives for

industry to invest in sustainable industrial production. It will also highlight the opportunities that exist for business to invest in sustainable industrial production, including industrial enterprises, as well as financial institutions and consulting firms providing a service to industry.

In addition to raising awareness of sustainable industrial production, the project will provide technical assistance, training and tools to policy makers and industry stakeholders to allow them to act on the challenges and opportunities that it presents. For policy makers, the project will strengthen capacity of key areas of MOIT and other Ministries to enable them to develop and revise the policy and strategic framework governing the industry sector and establish mechanisms to provide access to additional financial resources to help meet the challenge. For industry stakeholders, the project will assist financial institutions and service providers to establish or enhance their businesses in the targeted industry sub-sectors through business model development, technology training and product targeting.

The expected results from the project are: (1) a strengthened policy and regulatory environment governing the industry sector that provides the right incentives and requirements – or provide the ‘push’ for – the industry sector to develop sustainably and reduce greenhouse gas emissions; and (2) more active participation in the market by financial institutions and service providers to facilitate – or provide the ‘pull’ for – investments by industrial enterprises in sustainable production.

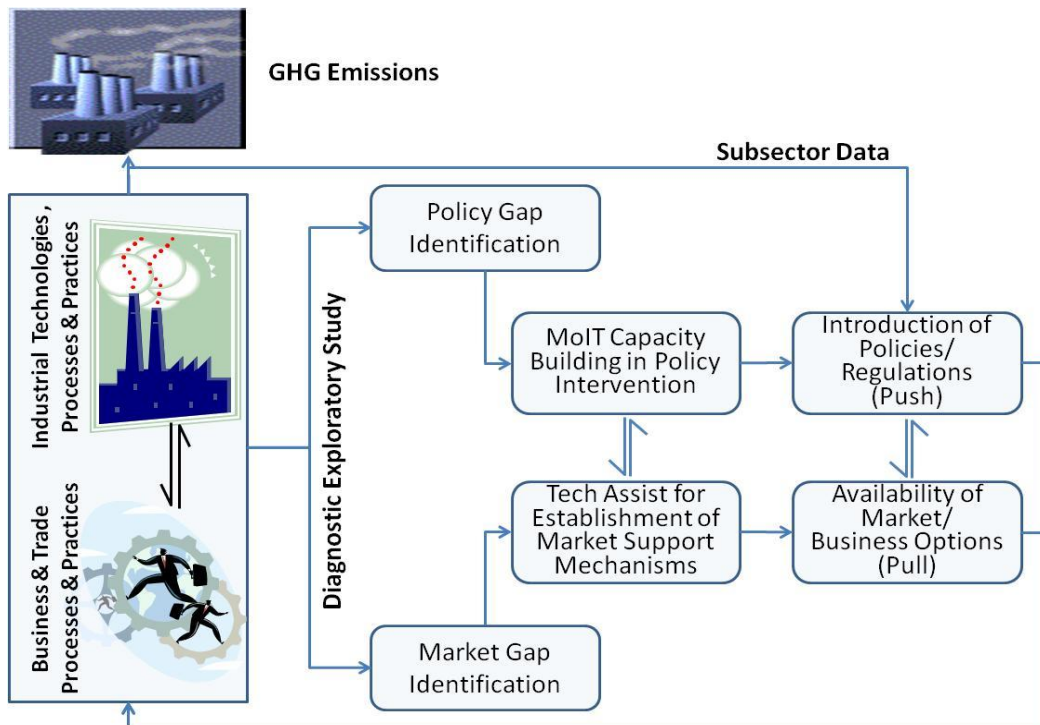


Figure 1. Schematic of the project, including identifying the policy and market barriers to sustainable industry and the push-pull factors to address them.

The project is comprised of the following 3 components and activities within these components to overcome policy and market failures.

Target industry sub-sectors

The project will focus on two industry sub-sectors, based on their contribution to the GHG emissions of the industry sector in Viet Nam, their vulnerability to changes in cost and availability of resources due to climate change impacts and their importance to national productivity. The target industry sub-sectors will be determined during the project's inception phase and will be central to the project's analysis, which is expected to provide lessons for the industry sector more broadly.

Component 1: Evidence of sustainable industrial production (estimated budget allocation is USD 413,000)

Specific Project Output 1: Policy and market barriers to commercially viable investments in targeted industry sub-sectors to reduce GHG emissions, enhance climate resilience and exploit associated green trade opportunities are identified.

In order to reach to Specific Project Output 1, some activity results are determined.

Activity Result 1: Policy and market barriers to sustainable industrial production are identified through analysis of two industrial value chains from identified targeted industry sub-sectors: This activity aims to assist MOIT to analyse select industrial processes in target industry sub-sectors to identify the critical factors influencing their productivity and profitability, as well as their GHG emissions and vulnerability to climate change risks. Each case study will include an analysis of the entire value chain associated with the identified industrial process to determine the key drivers of sustainable industrial production, including the raw materials used, industrial production processes, the interaction with service industries such as banks and service providers, and trade logistics necessary to bring products to market.

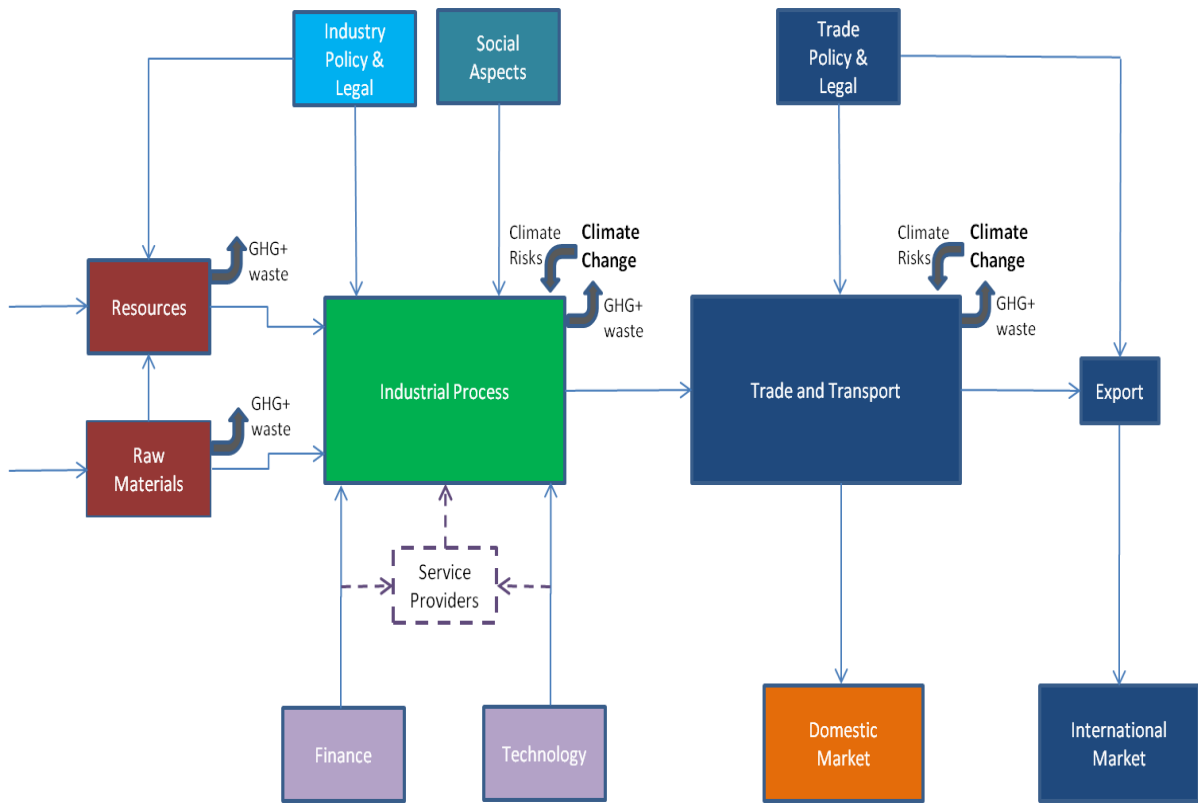


Figure 2. Flow diagram of the entire value chain associated with enterprises operating in the industry and trade sectors.

Through detailed analysis of each link in the value chain, the case studies will present a set of recommendations for both industry stakeholders and the Government to address climate change while also improving industrial productivity. For industry, the case studies will highlight investments industry can make to meet the challenge posed by climate change and improve productivity under the current policy landscape. And for Government, the case studies will highlight policy and regulatory changes that could be made to improve the market and provide the incentives to invest in cleaner and more resource-efficient technologies and processes.

Value chain analysis is a unique tool that allows market and policy analysis from the perspective of the private sector. Through its focus on specific, practical examples, value chain analysis can help to improve understanding and facilitate a productive dialogue between industry and the Government.

The intention of this component is to use the case studies as the analytical basis for awareness raising, capacity building and policy development under Components 2 and 3. As the case studies focus on the entire value chain associated with industrial processes, it is expected that a broad range of recommendations will be made to Government to address climate change through industry and trade policy. As part of Component 2,

MOIT will determine, with the project's assistance, the priority areas to address.

The case studies will build upon other work underway in Viet Nam, including UNIDO's Green Industry Initiative, UNEP's Energy Efficiency Guide for Industry in Asia and the Joint UN Programme on Green Production and Trade.

Activity Result 2: Innovative policy and market mechanisms to promote sustainable industrial production are identified through analysis of international experience and the latest international research and considered for their suitability for the circumstances of Viet Nam: Further analysis on specific issues, such as responding to climate risks to industry and improving access to finance for sustainable production, will be carried out to complement the value chain analysis under Activity Result 1. It will draw from current international research underway on sustainable industrial development, particularly focusing on countries with similar socio-economic circumstances to Viet Nam.

Activity Result 3: Awareness is raised about the opportunities and challenges arising from sustainable industrial production among policy makers in MOIT and other relevant agencies and industry stakeholders: Based on the recommendations from the analytical case studies undertaken in Activity Results 1 and 2, this activity aims to demonstrate the practical steps Government and industry stakeholders can take to move towards more sustainable industrial production. A forum on addressing the climate change challenges facing industry will be arranged to encourage a practical dialogue between industry stakeholders, policy-makers, donors, and international organizations. The case studies generated under Activity Result 1 and other evidence-based analyses will serve to inform and stimulate discussion about reducing GHG emissions, enhancing climate resilience, improving industrial productivity and taking advantage of new market opportunities through green trade.

Component 2: Government capacity building and policy development (estimated budget allocation is USD 1,172,000)

Specific Project Output 2: Increased knowledge and capacity of policy makers at MOIT and other relevant Ministries has enabled the Government to develop evidence-based policy measures to promote sustainable industrial development.

This Component aims to address the priority knowledge and capacity needs of policy makers from a range of agencies, informed by the EU-UNEP capacity building needs assessment currently being developed under its regional SWITCH Asia project. A policy strategy developed by MOIT with the support of UNIDO's Green Industry Initiative in Viet Nam and

complementary assistance from the World Bank's Clean Production and Energy Efficiency Project will also inform policy analysis and development.

Activity Result 4: MOIT has analysed its policy and strategic framework, determined the climate change needs, and developed new or revised policies, regulations, frameworks and/or strategies to provide incentives for sustainable industrial production: Based on the analytical work carried out under Component 1 and the SEA+ tool (Strategic Environmental Assessment plus climate change) developed by MPI, this activity aims to enhance the capacity of MOIT to conduct policy and programme analysis and identify the key policy levers MOIT and other Government agencies, both national and provincial, have available to address climate change challenges and promote sustainable industrial development. Importantly, this will assist MOIT to identify the link between climate change and existing programmes and strategies, many of which were developed with limited consideration of climate change.

Based on this analysis, this activity will assist MOIT and other Government agencies, both national and provincial, to develop or revise policies and regulations and prepare supplementary guidelines to promote sustainable industrial development. This activity will also assist MOIT to conduct industry information sessions and targeted consultation on proposed policy and regulatory measures to inform stakeholders of their intended benefits and ensure they are effective in practice.

Potential policy, regulatory and strategic measures under this activity may include: (i) improving the enabling environment for finance, technology and environmental service providers such as establishing accreditation programs, amending public procurement procedures and allowing access to Government concessional financing mechanisms; (ii) piloting an enterprise-based GHG reduction program based on China's successful Top-1000 Energy-Consuming Enterprises program (Top-1000 program)⁸; and (iii) other potential policy and regulatory measures such as tax incentives, improved planning approvals processes, planning for disasters and mitigating potential risks, resource efficiency standards for industry, streamlined import and export processes, and market incentives for foreign direct investment.

In order to reach to Specific Project Output 2, some activity results are determined.

Activity Result 5: MOIT has developed a framework to establish feasible Nationally Appropriate Mitigation Actions (NAMAs) in targeted

⁸ Price et al (2008), China's Top-1000 Energy-Consuming Enterprises Program: Reducing Energy Consumption of the 1000 Largest Industrial Enterprises in China, Ernest Orlando Lawrence Berkeley National Laboratory.

industry sub-sectors: This activity will help to identify and address the monitoring, reporting, verification (MRV) needs that form the basis of future NAMAs in Viet Nam. Rigorous MRV is essential to inspire confidence in international donors and could help to attract international climate change finance in the future. According to current international discussions, NAMAs could be specific GHG mitigation practices, national or sectoral low carbon strategies, or capacity building measures.⁹ While there is still some uncertainty internationally, this activity will help MOIT to identify the priority actions in the industry sector that would most benefit Viet Nam and be most likely to satisfy future MRV requirements and pilot an approach to develop NAMAs in the industry sector. This work will draw from the Feasibility Study for NAMA Development in Vietnam and potential subsequent pilot programmes, funded by the Nordic Environmental Finance Corporation (NEFCO).

Activity Result 6: MOIT has established a trust fund mechanism to enable policy makers to access financial assistance for high quality technical projects aimed at sustainable production in industry: This activity aims to support MOIT to establish a multi-donor trust fund to enable policy makers to access financial assistance for high quality technical projects aimed at sustainable production in industry. The trust fund would be designed to link with the framework of the Green Economy Technical Support Facility (GETS Facility), proposed by MPI, and serve as a flexible and comparatively fast mechanism to mobilize funding to develop capacities, generate knowledge and address emerging policy and program needs to promote sustainable production in industry.

Component 3: Improving the market for sustainable industrial production (estimated budget allocation is USD 838,000)

Specific Project Output 3: Greater knowledge of sustainable industrial production and capacity of local financial institutions and consulting firms has improved the investment environment for industrial enterprises in target industry sub-sectors to reduce GHG emissions and increase resilience to climate change impacts.

This component aims to demonstrate that there is a viable market for investments in sustainable industrial production. This will complement support direct to industrial enterprises by MOIT with the support of donors to facilitate investment.¹⁰ There are three key barriers to investments in

⁹ Climate Focus (2011), Briefing Note: Design options for NAMAs and their regulatory framework.

¹⁰ Projects providing support direct to industrial enterprises in Viet Nam include: UNIDO's project "Promoting Industrial Energy Efficiency through System Optimization and Energy Management Standards in Vietnam"; UNIDO's proposed project "Policy Advice on Environmental Management: Green Industry

sustainable industrial production: (i) awareness of commercially viable opportunities; (ii) capacity to take advantage of new methodologies and technologies; and (iii) ability to access finance. The Government of Viet Nam has a number of donor supported projects underway to address the first two barriers, but access to finance is an important barrier with ongoing challenges.

Access to finance is a key barrier for sustainable industrial investment, particularly those investments aimed at reducing resource intensity (and therefore operating costs) because banks are more inclined to lend for more tangible projects that expand production. This component will build on the work done by MOST-PECSME, which made significant progress in introducing new credit lines for energy efficiency in financial institutions and catalyzing the market for energy service companies.

This component will work directly with local financial institutions and consulting firms acting as finance, technology and environmental service providers to increase awareness about the potentially lucrative sustainable production market. It will provide direct assistance to these institutions, both government and private, to promote the development of tailored financial and consultancy services for industrial enterprises planning to undertake projects to improve the sustainability of their industrial processes. As the market develops, financial institutions and consulting firms more readily offer products and services to assist industrial enterprises to make commercially viable and sustainable industrial investments.

The analysis under Component 1 is expected to provide case studies of the opportunities available to financial institutions and service providers in sustainable industrial production, which will be used, among other analytical work, to demonstrate the commercial viability of this potentially lucrative market.

In order to reach to Specific Project Output 3, some activity results are determined.

Activity Result 7: Industrial enterprises, service providers and financial institutions are aware of commercial opportunity provided by investments in sustainable industrial production and sources of finance available: This activity aims to disseminate the results of the project to demonstrate successes and encourage further work towards sustainable industrial development. This would be aimed at industry stakeholders and will use a range of dissemination techniques, including publications, newsletters and online media such as a web-based database to exchange experiences and knowledge.

Activity Result 8: Local financial institutions active in target industry sub-sectors have expanded their loan portfolios in sustainable industrial production: This activity aims to promote the development of tailored financial products for industrial enterprises planning to undertake projects to improve the sustainability of their industrial processes. UNDP will support relevant Ministries and experts to increase awareness about the commercial viability of these investments and provide assistance to financial institutions to enable them to enter the market, including by improving their technical knowledge of the industry sector and the financial product lines required to tap these non-traditional investments. This activity will complement a project being developed by the International Finance Corporation (IFC) to provide investment capital to local financial institutions for investments in sustainable production.¹¹

Activity Result 9: Finance, technology, energy and environmental service providers have been established or expanded their operations in target industry sub-sectors: This activity aims to further develop the nascent finance, technology and environmental service broker industry in Viet Nam. To complement the policy and regulatory measures implemented under Component 2, this activity will assist MOIT and other relevant Ministries to establish support services for these institutions to enhance their participation in the market, including through business training, workshops on technical issues in the industry sector, and assistance on results-based contracting. This activity will complement a project being developed by the World Bank on sustainable production and energy efficiency, which includes assistance to energy service companies.¹²

¹¹ International Finance Corporation (IFC): Proposed Vietnam Sustainable Energy Finance Program (V-SEF) (up to US\$128 million according to Clean Technology Fund Investment Plan in Viet Nam).

¹² World Bank, Vietnam Clean Production and Energy Efficiency project (\$4.15 million).

V. Funding arrangements

Source of Funding	Equivalent USD
5.1 Total ODA Grant:	\$2,900,000
<i>a) Total ODA amount already committed</i>	<i>\$1,000,000</i>
Regular source of funding (UNDP TRAC Fund)	\$1,000,000
<i>b) Total ODA amount to be mobilized</i>	<i>\$1,900,000</i>
Co-financing source(s) (From One UN Plan Fund)	\$1,170,000
Co-financing source(s) (EU-UNDP Global Fund)	\$730,000
5.2 Counterpart funding (VND = 315,000,000)	\$150,000
In-cash ^(*) (VND = 210,000,000)	\$100,000
In-kind ^(**) (VND = 105,000,000)	\$50,000
Total Project Budget	\$3,050,000

(*) Including meeting rooms, salary for NPD, salary for Project Steering Committee, salary for Project manager

(**) Including subsidy for NPD, hire cost of Project office, running cost of project office, organizing workshops, training courses, printing cost, advertising project activities...

Total project budget: \$3,050,000 USD, including:

1. ODA budget:

ODA budget: \$2,900,000 USD

2. Counterpart funding:

2.1. Counterpart funding: 3,150,000,000 VND, equivalent to \$150,000 USD, including:

- In-cash: equivalent to \$100,000 USD

- In-kind: equivalent to \$50,000 USD

2.2. Modalities to mobilize counterpart funding:

- Allocation from the central budget: 2,100,000,000 VND equivalent to 100,000 USD (66.7% of the counterpart funding)

- Mobilization from other sources: 1,050,000,000 equivalent to \$50,000 USD VND (33.3% of the counterpart funding)

VI. Management and implementation arrangements for the proposed project

1. Organizational structure

The Ministry of Industry and Trade will assume all duties assigned to the implementing partner, which is referred to as “National Executing

Agency” or “National Implementing Partner” (NIP) in the NIM Guideline. MOIT will be accountable to the Government of Viet Nam and UNDP for ensuring;

- 1) effective use of both international and national resources allocated to the project;
- 2) production of the results expected from it as well as their substantive quality;
- 3) availability and timeliness of national contribution to support project implementation; and
- 4) proper coordination among all project stakeholders, particularly national parties.

As NIP, MOIT will ensure that all project activities are coordinated with related initiatives and complementary to activities already undertaken in the country. MOIT will take responsibility for the delivery of the project outputs and the judicious use of project resources. Within MOIT, the Implementing and Co-Implementing Line Agencies responsible for implementation of this project, according to their work area and mandate, include the Industrial Safety Techniques and Environment Agency (ISEA), the Science and Technology Department (DST), and the Department of Science, Technology and Energy Efficiency (DOSTEE) under the Directorate of Energy. These agencies within MOIT will coordinate with UNDP Viet Nam in the implementation of the project activities and project monitoring and evaluation.

The proposed project’s Implementing Line Agencies have the requisite organizational, management and implementation capacity experience, having managed internationally funded programs, including UN projects. ISEA is currently working with UNIDO on its Green Industry Initiative and DST and DOSTEE have worked with UNDP on BRESL.

2. Management and implementation arrangements.

The management arrangements for the proposed project include the following key organizational entities: a Project Steering Committee to oversee the operation of the project; the National Project Director is responsible for achieving project objectives and ensuring accountability; the Project Management Unit to undertake day-to-day project management and technical assistance; and the UNDP Viet Nam Country Office, which holds the dual roles of Senior Supplier on the Project Steering Committee and Quality Assurance.

The organisation chart is shown in Figure 3 and the roles and functions of each of these entities are described below.

Planning and implementation of the proposed project will be undertaken in close collaboration with UNIDO on-going and pipeline projects, particularly through its project Policy Advice on Environmental Management: Green Industry Development, particularly through its Green Industry Initiative. Agreed arrangements for joint programming between UNDP and UNIDO include: establishing a single Project Management Unit for the proposed project and UNIDO's Green Industry Initiative with MOIT and collaboration on project work planning, particularly annual work plans, to ensure project activities are complementary. Additional joint programming arrangements may also be agreed between UNDP, UNIDO and MOIT.

a) Project Steering Committee

A Project Steering Committee will be established to provide guidance on the project at inception and during implementation and to facilitate effective coordination among the project partners, including government agencies, local authorities and other donors. This will ensure that the project's resources made available and the outputs produced meet the requirement of beneficiaries and the Government. The Project Steering Committee is the group responsible for making management decisions during project implementation when guidance is required by the National Project Director or UNDP.

The Project Steering Committee will also provide a formal forum for stakeholders to discuss the progress of the project and provide guidance to the PMU and contracted experts in the design and delivery of project activities.

The membership of the Steering Committee will be identified based on consultation with all partners during the project's inception phase and will comprise executive level representatives from:

- MOIT (the Chair of the Project Steering Committee), MONRE, MPI, MOF are the representatives of unit of the Government,
- UNDP as the Senior Supplier, representing the interests of the parties concerned which provide funding and technical expertise to the project. UNDP may also invite other UN agencies active in related projects, such as UNIDO, to play an active observer role on the Steering Committee.

The Project Steering Committee will meet once at project inception and yearly, in December, thereafter, or as required by the National Project Director or UNDP. The December meeting will be the Annual Project Review (APR).

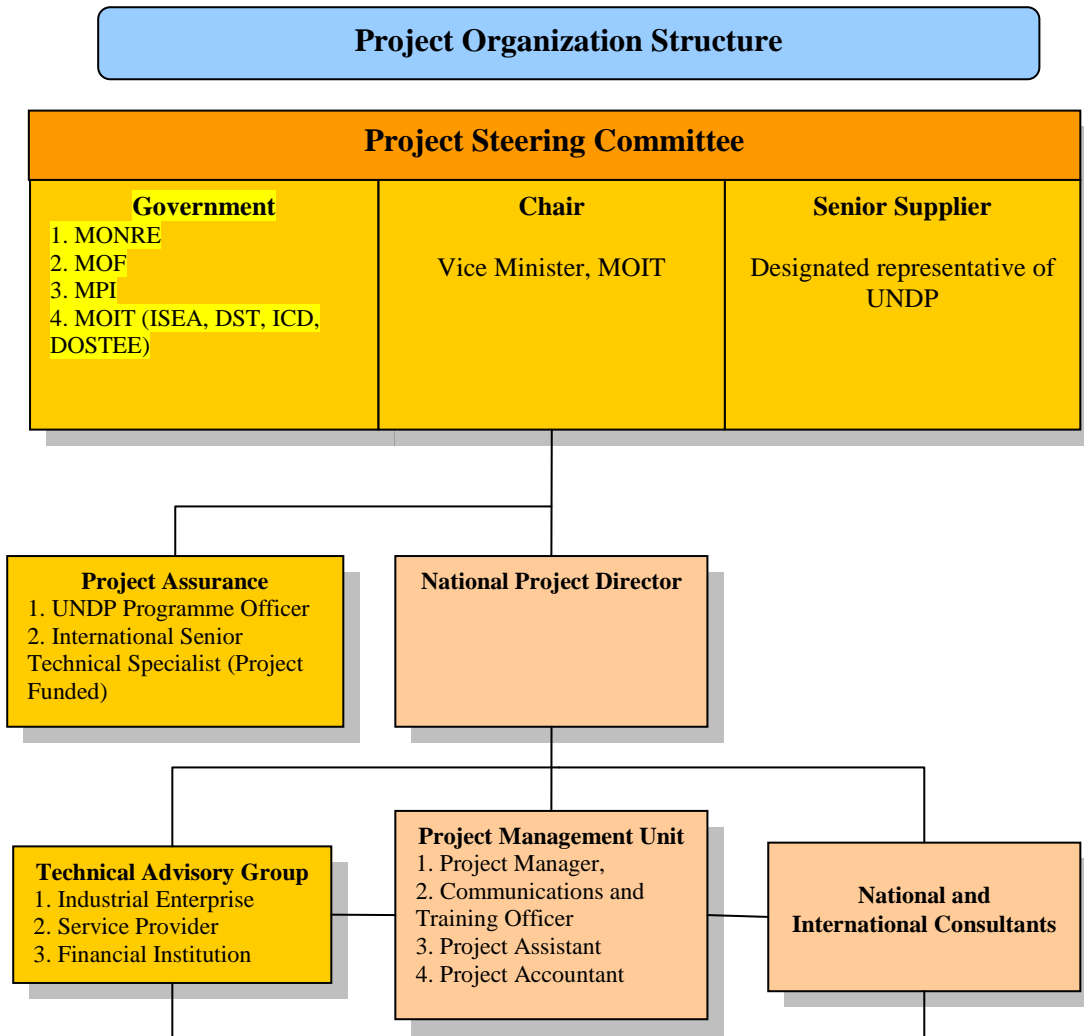


Figure 3. Schematic of the management arrangements for the proposed project

b) National Project Director

The National Project Director (NPD) has the authority to run the project on a day-to-day basis. The NPD's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost. The NPD holds the ultimate authority to spend funds from the UNDP managed project budget, acts as the approving officer for the project and serves as a focal point for coordination of the project with MOIT, UNDP and other Government Ministries and agencies.

The National Implementing Partner appoints the NPD, who should be an officer at the Director or Deputy Director level and should be different from the National Implementing Partner's representative in the Project Steering Committee. The NPD is a Deputy Director of a Department or above and cannot delegate a lower-level official to manage and provide strategic

direction to the proposed project. The job description of the NPD is included in Annex 1.

Prior to the approval of the project, the Project Developer role is the UNDP staff member responsible for project management functions during formulation until the NPD from the NIP is in place.

c) Project Management Unit

The Project Management Unit (PMU) will be established to undertake the day-to-day operations of the project and the overall operational and financial management and reporting of UNDP funding in accordance with NIM Guideline (see Project Monitoring below).

The PMU will be responsible for the staffing, planning and implementation of project activities, will provide mechanisms and technical inputs necessary to integrate the results of various activities, will ensure satisfactory performance of the project members and contractors, and will provide official reports to the Project Steering Committee as needed.

The PMU will work under the direction of the NPD, however, a dedicated full-time Project Manager shall coordinate all project affairs and implement project activities under the direction of the NPD. According to the requirements of the project work, the Project Manager may hire short-term contracted personnel, in addition to the PMU's staff, as and when needed to accomplish the designated work.

The project team will comprise of 5 members: Project Manager, Communications and Training Coordinator, Project Assistant and Interpreter, Project Accountant and International Senior Technical Specialist. The job descriptions for each of these positions is presented in Annex 1. The Project Manager shall be responsible for the implementation of core project technical activities with support from the project team and technical assistance from the International Senior Technical Specialist and contracted experts. The Project Manager shall develop annual and quarterly workplans by identifying specific activities to achieve project outputs and outcomes.

d) Technical Advisory Group

A Technical Advisory Group will be established to provide advice to the PMU and experts contracted by the project to ensure the project adequately considers the perspective of the private sector in project activities, particularly in Component 3, which involves direct assistance to businesses. The Technical Advisory Group will comprise selected experts from industrial enterprises, financial institutions and service providers and with experience in this field.

The Technical Advisory Group will meet regularly, as requested by the Project Steering Committee, during the development and implementation of the project, particularly Component 3.

e) Project Assurance

Project Assurance is the responsibility of each Project Steering Committee member, however the Project Assurance role supports the Project Steering Committee by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. Project Assurance has to be independent of the Project Manager; therefore the Project Steering Committee cannot delegate any of its assurance responsibilities to the Project Manager.

The role of Project Assurance for the project will be undertaken by the UNDP Programme Officer responsible for the project, based in the UNDP Country Office (CO), and an International Senior Technical Specialist, funded by the project and based in MOIT.

The UNDP Programme Officer will also act as a focal point of UNDP CO in facilitating and monitoring the project implementation. He/she will maintain a continuous partnership with the project team and participates in all project reviews, work/budget planning meetings, monitoring visits and evaluations. She/he will certify the TORs/specifications, annual and quarterly workplan/budgets/progress reports, as well as proposed use of unspecified budget within the annual budget already approved for the project.

In addition, UNDP CO can provide, upon request by the NPD and PMU, a range of implementation support services to the PMU as part of its project support role (e.g. recruitment of the project personnel, overseas travel, and procurement of equipment). When the need arises, the project partners should request support services (see Annex II.3.5, Vol. 2, NIM), together with specific TORs, specifications and other instructions. UNDP CO will recover the costs for these services from the project as well as other routine project support transactions (e.g. processing contracts, payments, visas, reserving hotels, air tickets) based on actual costs or on a Universal Pricing List established by UNDP Headquarters in consultation with Country Offices worldwide. These costs will be charged to the same charts of account as the project inputs themselves; therefore, no separate activities need to be created in the project budget payment.

3. The working relationships between the parties concerned and other participating parties in project management and implementation.

The Project Inception Phase will provide an important opportunity for project participants to begin establishing effective working relationships. It will commence with a Project Inception Workshop, where the project's key components will be discussed and working relationships defined, along the lines of the Detailed Project Outline. A Project Inception Report will be prepared to formalise these working relationships, recommend project refinements and set out the approach for the implementation.

As NIP, MOIT will coordinate implementation of all activities, through the NPD and under the guidance of the Project Steering Committee, in collaboration with stakeholders and other Ministries, in line with current practice. All sub-contractors and external consultants will be managed by PMU.

During the implementation of the activities included in AWP, the NPD and PMU will be in regular contact with UNDP CO staff to ensure the overall quality of all activities undertaken, as well as to monitor progress.

The mission and responsibility of CIP will be established by responsible contract between NIP and CIP.

The NPD and PMU shall also facilitate frequent networking and communications events to ensure engagement of all major stakeholders in the implementation process.

4. The main mechanisms to develop and implement project work plans and manage its financial resources.

Annual and quarterly work plans are the foundational arrangement between the NIP and UNDP CO for program implementation. The PMU's project management role will include developing project work plans and managing allocated financial resources. In relation to these work plans, UNDP Viet Nam's role will include both supplier and quality assurer and will be responsible for provision of the resources as needed to implement the approved annual and quarterly work plans, and monitoring and provision of project management/ implementation support as required and requested by the NIP, including on work plans.

The cash transfer modalities selected for this project under the Harmonized Approach to Cash Transfers (HACT) guidelines include: Direct Cash Transfers to the National Implementing Partner and Direct Payments to vendors and other parties for obligations and expenditures in support of activities agreed in annual work plans. The risks associated with these modalities are considered to be low. As discussed above, MOIT has managed

past and current UN projects with satisfactory performance. As such, an implementation capacity assessment is not required under HACT guidelines, however, a micro-assessment will be conducted in the first quarter of 2012 to define the risk level and cash transfer modality in the 2012 annual work plan, as required for all UNDP projects under the new POPP/NIM Guideline, effective from 1 January 2012.

5. Monitoring, overseeing, evaluation and reporting requirements.

Monitoring, evaluation and reporting requirements provided in this section are based on the provisions of the HPPMG on Project Monitoring, Evaluation and Reporting of Individual Projects. An outline of key elements of the proposed M&E framework is presented below and an analysis of the key project risks is presented under Part II of this document under the Preliminary analysis of project feasibility (Part II).

Continuous self-monitoring of implementation progress will be the responsibility of the Project Steering Committee, with the support of the PMU, based on the project results and resources framework (Annex 2), Annual and Quarterly Work Plans and its indicators. The Project Steering Committee will inform UNDP CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be taken in a timely fashion.

Periodic monitoring of implementation progress will be undertaken by the UNDP CO through quarterly meetings with the PMU, or more frequently as deemed necessary. UNDP CO will also conduct yearly visits to project activities in the field as appropriate or more often based on an agreed upon schedule to be detailed in the project's Inception Report and Annual Work Plans (AWPs) to assess project progress first-hand. A Field Visit Report will be prepared by UNDP CO and circulated no less than one month after project team visits, to all Project Steering Committee members.

Implementation arrangements

The NPD is responsible for preparing the M&E plan as an integral part of an individual project. They should be developed and formulated together with this DPO and are captured in the Results and Resources Framework (RRF). If the Inception Report recommends that indicators are updated and refined, the NPD will work with UNDP to incorporate any changes into AWP for the first year of implementation. Indicators should be elaborated in subsequent AWP.

The NPD is responsible for working with UNDP CO to arrange for the development and utilization of baselines, indicators, survey questionnaires, checklists, matrices and other tools to support M&E activities.

During the implementation of activities included in signed AWP, there will be regular and frequent interaction between the UNDP CO staff, the PMU and the NPD. This interaction will be primarily to help ensure the overall quality of all activities undertaken, as well as to monitor the progress of activities being undertaken and results being achieved jointly and those activities being implemented directly by each party (UNDP and NIP).

Project monitoring

Project monitoring is a routine function of the PMU that helps it to keep track of project performance and take immediate corrective actions if so required. In undertaking its monitoring function, the PMU has the following main tasks:

- Updating project implementation
 - Project progress against current work plan
 - Quantity and quality of the work performed
 - Costs and inputs involved
 - Issues and likely risks
- Updating project management including
 - Preparing and detailing out plans to implement project management tasks
 - Updating the implementation of work plans and changes to them if necessary
 - Ensuring the compliance with regulations/procedures in project management

Project evaluation

Evaluation of an individual project provides critical information to decision-making during the project life cycle and serves as important building blocks for the evaluation of the One UN Plan. Periodic project reports include the following:

- **Quarterly Project Progress Report:** Within fifteen days of the first month of the following quarter, together with the Funding Authorization and Certificate of Expenditures (FACE) form;
- **Annual Project Performance Report:** By 30 November of the current year, the draft annual report should be submitted to the UNDP CO and the Project Steering Committee and be finalized and formally submitted by 15 January of the following year after the financial reports for the fourth quarter and the entire planning year have been finalized;

- **Mid-term Project Review Report:** Following the third year of operation, an evaluation of implementation in progress will be conducted by an external provider;
- **Terminal Project Report:** Within six months as of the day on which the project is operationally closed.
- In addition to the above project reports, the PMU and the NIP are responsible for preparing and submitting other reports as specified in Circular 04/2007/TT-BKH and Decision 803/2007/QĐ-BKH on reporting requirements for ODA-financed projects.

The NIP is responsible for preparing reports on the implementation of project activities assigned to it using the standard format and submitting these reports to the NPD by the required deadline.

III. Preliminary analysis of project benefits

1. Direct benefits for the Implementing Partner

The National Implementing Partner will benefit from the capacity building elements of the project, particularly strengthened capabilities in policy analysis and development and improved knowledge of the link between climate change and industry. Ultimately, this will assist the National Implementing Partner to understand and take advantage of the policy and market levers available to promote more sustainable industrial production.

2. Economic, environmental and social implications for the sector, field, locality

Industry is a key productive sector of the economy in Viet Nam and ensuring it develops in a sustainable way is critical to the sector's future growth and its contribution to the national economy. Aside from reducing its contribution to Viet Nam's national GHG emissions and reducing vulnerability to climate change impacts, the proposed project's efforts to promote sustainable industrial development will ultimately have benefits to the people of Viet Nam. These benefits of improved air quality and reduced consumption of scarce and valuable natural resources will accrue particularly to the poorest communities in Viet Nam, which often depend on the environment for their livelihoods, live disproportionately in areas exposed to industrial pollution and waste, and in some cases perform the dirtiest forms of industrial work

3. Sustainability of the project following its completion

The proposed project is the result of extensive discussion and consultation between UNDP, MOIT, other relevant Ministries and donors to ensure ownership and sustainability of project impacts following its completion. It will be Government-led and work alongside and build upon current efforts by the Government and donors. The focus of the project on improving the policy and strategic framework governing the industry sector, as well as enhancing the participation of businesses in the market, will set the foundations for the project's impacts to continue beyond its lifetime. Institutional structures established by the project will also help to sustain project impacts, including by facilitating skills-development, supporting coordination mechanisms and building knowledge sharing and management systems and capabilities.

Hanoi, May, 2012

Hoang Quoc Vuong
Vice Minister
Ministry of Industry and Trade