



# Final Market Readiness Proposals

**Country: Viet Nam**

**Responsible agency: Department of Meteorology, Hydrology and Climate Change, Ministry of Natural Resources and Environment**

# Outline

---

## Overview

- MRP Objective(s) and Focus
- MRP Development Process

## Market Readiness Proposal

- **Component 1:** Strengthening capacity for carbon pricing approaches
- **Component 2a:** Developing market-based instrument pilot in steel sector
- **Component 2b:** Design of no-regret measures in solid waste sector with analysis of potential MBIs
- **Component 3:** Program Management and Stakeholder Engagement Facilitation

---

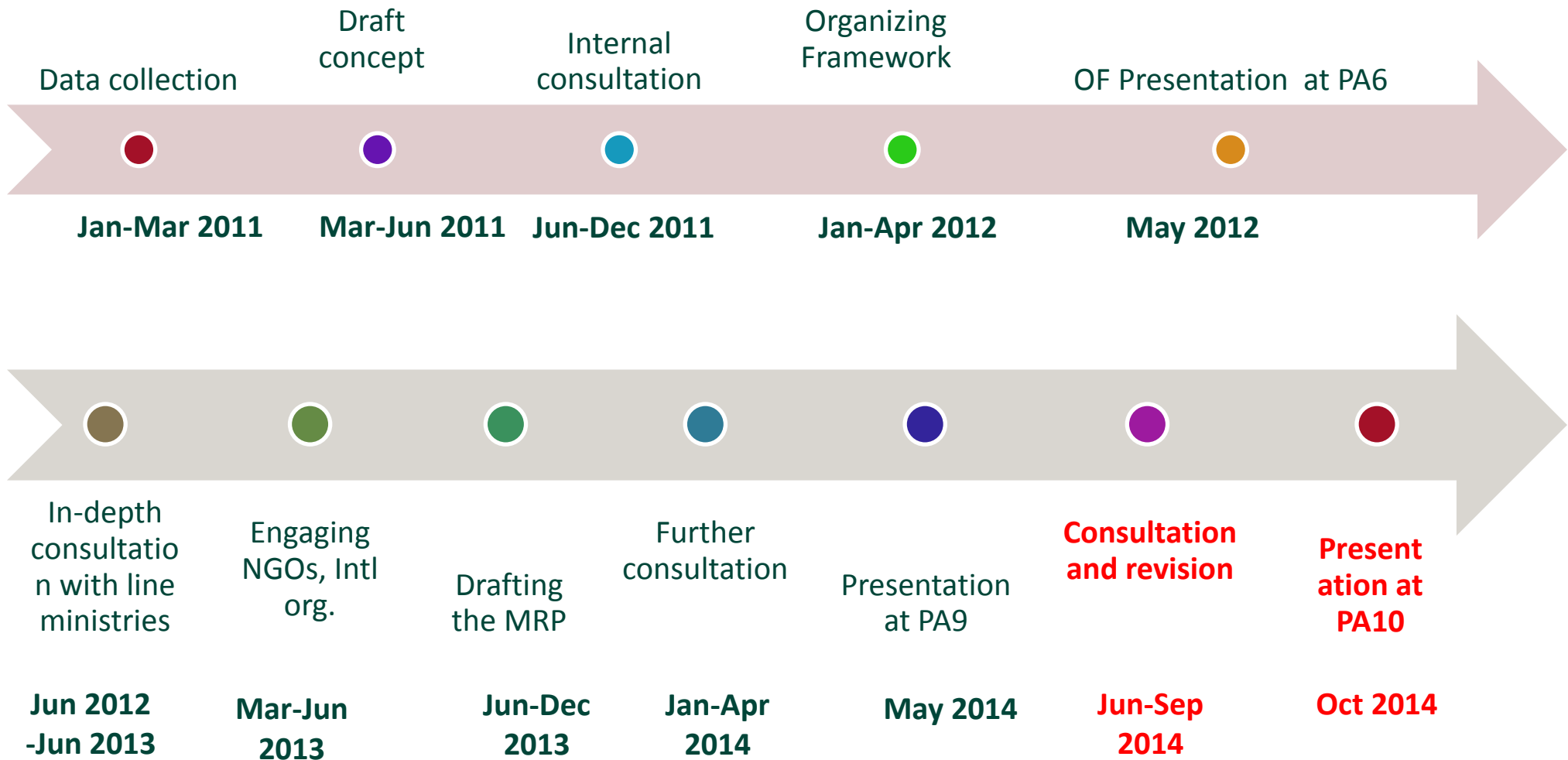
# Overview

# MRP Objectives and Focus

---

- **Overall Objective:** Viet Nam's governmental ministries and selected economic sectors are equipped with policies and instruments to develop a market-based mechanism in Viet Nam
- **Specific Objectives:**
  - Institutional and policy systems on climate change mitigation with focus on financial instruments are enhanced;
  - No-regret measures and market-based instruments for steel and solid waste sectors are analysed, developed and tested.
  - Infrastructure for market mechanism including database, MRV system, registry system, institutional and regulatory framework, is developed

# MRP Development Process



# MRP Development Process

---

## *The process of revising the MRP*

**Analysis  
of  
feedback  
from PA9**

**Consultation  
with LMs and  
donors**

**In-depth  
consultation  
with  
relevant  
LMs**

**First  
revision  
of MRP**

**Consultation  
with  
stakeholders  
& PMR**

**Second  
revision  
of MRP**

**Final  
review  
and  
approval**

# Responses to general PA feedback (1)

PA Feedback	Responses
<p>Analysis of actual situation of the waste sector before developing the MBIs.</p>	<ul style="list-style-type: none"> <li>Initial analyses &amp; data management system will be developed, along with capacity building to ensure data reliability and availability.</li> <li>Legal foundation will also be analysed as basis for MBI development at later stage</li> </ul>
<p>The importance of the donor coordination or initiatives</p>	<ul style="list-style-type: none"> <li>A specific note on “Donor Coordination” has been included in the new version of the MRP.</li> </ul>
<p>Why the carbon intensity of the GDP has increased while Vietnam's economy has grown.</p>	<ul style="list-style-type: none"> <li>Accelerated electricity generation is mainly based on fossil fuels (primarily coal).</li> <li>Growing transport sector fuelled by oil, contributing to increasing carbon intensities.</li> <li>The MRP has been amended.</li> </ul>
<p>How the tax issue would be treated in the proposed Fossil Fuel Pricing Reform Study</p>	<ul style="list-style-type: none"> <li>The GoV will facilitate future development of carbon pricing policy approaches, evaluating carbon pricing options and assessing and developing the technical, policy and management tools for MBI implementation.</li> </ul>

# Responses to general PA feedback (2)

---

PA Feedback	Responses
<p>Basis for the proposed accreditation standard preparation; BB3 did not include any verification standard preparation.</p>	<ul style="list-style-type: none"><li>• Re-directed towards assessing and developing technical, policy and management tools to guide the implementation of MBIs in Vietnam.</li><li>• Reporting systems and standards have been removed and included in the sectoral parts of steel and waste management.</li></ul>
<p>Clarify difference between crediting NAMA and regular NAMA; GoV's view on demand for credits from the credited NAMAs; How proposed credited NAMA evolves into a domestic ETS.</p>	<ul style="list-style-type: none"><li>• The role of credited NAMAs and how they could be evolved into a domestic ETS shall be revealed in the next phase.</li><li>• The MRP includes development of criteria, rules, and procedures for MBIs and credited NAMAs.</li><li>• Sectoral works provide basis for potential future development of a sector-wide ETS.</li></ul>



# Responses to general PA feedback (3)

---

PA Feedback	Responses
<p>Relationship between Steel sector's Credited NAMA and the UNDP project, How pilot program would be developed into a nationwide program.</p>	<ul style="list-style-type: none"> <li>• The focus of UNDP is on an appropriate MRV system and does not intend to develop a credited NAMA.</li> <li>• Based on experience of pilot program, necessary components to establish ETS / Cap-And-Trade in the steel sector shall be developed.</li> </ul>
<p>Why waste sector had been chosen as while transport and EE in building sectors have been dropped</p>	<ul style="list-style-type: none"> <li>• Transportation sector lacks a comprehensive dataset and no CDM transport projects have been registered in Vietnam.</li> <li>• EE in building sector has very poor data availability and limited efforts are underway to improve the situation.</li> <li>• Waste sector has well established management system, data collection while NAMAs for this sectors have been developed.</li> </ul>

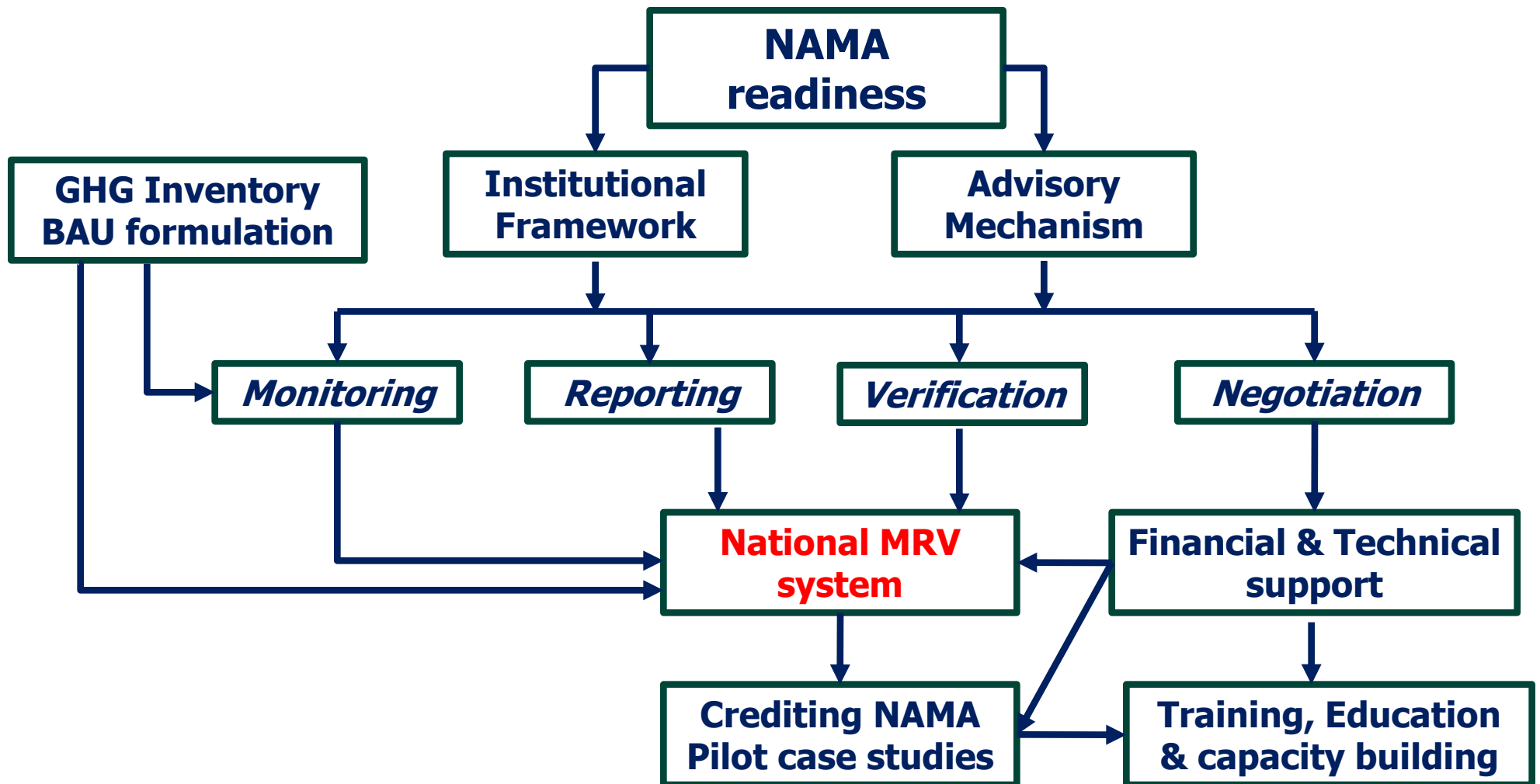
---

# COMPONENT 1

## Strengthening capacity for developing carbon pricing approaches

# I. Strengthening capacity for developing carbon pricing approaches

## *Readiness for NAMA/MRV formulation and implementation*



## I. Strengthening capacity for developing carbon pricing approaches

### *Gaps in establishing the institutional market readiness*

1. Development of an overall strategic direction and positioning of the GoV in the usage of NAMAs and eventually credited NAMAs
2. Identification and application of appropriate MBIs in the context of Viet Nam.
3. Assessment of the role of MBIs in NAMAs with a special focus on credited NAMAs.
4. Identification and analyses of relationship between MBIs and domestic and international financial mechanisms.
5. Development of a coherent approach and a consistent strategy for the components such as MRV, baselines, data collection, registry etc.

## I. Strengthening capacity for developing carbon pricing approaches

---

### *Component 1's Objectives*

**Facilitate future development of carbon pricing policy approaches, including MBIs through a focus on evaluating carbon pricing options for Vietnam and assessing and developing the technical, policy and management tools available to the GoV for MBI implementation.**

#### **Specifically:**

- ◆ **Evaluate carbon pricing approaches and assess requirements for introducing MBI(s) in Vietnam**
- ◆ **Assess the institutional and regulatory framework for implementation of MBIs in Vietnam**

# I. Strengthening capacity for developing carbon pricing approaches

## Activities proposed for support

PA9	PA10
<ol style="list-style-type: none"> <li>1. Carbon pricing in the power sector</li> <li>2. Fossil fuel pricing reform and Green Finance Readiness</li> <li>3. Institutional structure for MRV system</li> <li>4. Accreditation standards</li> <li>5. Registry</li> </ol>	<ol style="list-style-type: none"> <li>1. Evaluation of market based instruments (MBI) for the formulation and implementation activities of NAMA, especially credited NAMA in Vietnam</li> <li>2. Research and formulation of mechanisms and financial policies and measures to employ MBIs</li> <li>3. Research and development of data collection and management systems</li> <li>4. Stakeholder training and awareness raising on carbon pricing approaches and trading mechanism and green growth</li> <li>5. Research and develop roadmap for implementing carbon market and application of MBI(s) in Vietnam</li> <li>6. Development of strategies to address potential barriers that may hinder the application of MBIs</li> <li>7. Study and development of criteria and crediting process for MBIs' application in Vietnam</li> </ol>

## I. Strengthening capacity for developing carbon pricing approaches

Activities	Budget (US\$)	Implementing agency
<b>Activity 1.</b> Evaluation of market based instruments (MBI) for the formulation and implementation activities of NAMA, especially credited NAMA in Vietnam	120,000	MONRE
<b>Activity 2.</b> Research and formulation of mechanisms and financial policies and measures to employ MBIs	150,000	MPI
<b>Activity 3.</b> Research and development of data collection and management systems	100,000	MONRE
<b>Activity 4.</b> Stakeholder training and awareness raising on carbon pricing approaches and trading mechanism and green growth	250,000	MONRE
<b>Activity 5.</b> Research and develop roadmap for implementing carbon market and application of MBI(s) in Vietnam	50,000	MONRE
<b>Activity 6.</b> Development of strategies to address potential barriers that may hinder the application of MBIs	210,000	MONRE
<b>Activity 7.</b> Study and development of criteria and crediting process for MBIs' application in Vietnam	220,000	MONRE
	<b>Subtotal</b>	<b>1,100,000</b>

# I. Strengthening capacity for developing carbon pricing approaches

ID	Area	Year 1				Year 2				Year 3						
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
<b>COMPONENT 1 Strengthening capacity for development and implementation of policies and management tools for credited NAMAs and readiness to participate in the carbon market.</b>																
1	Evaluation of market based instruments (MBI) for the formulation and implementation activities of NAMA, especially credited NAMA	→														
2	Research and formulation of mechanisms and financial policies and measures to employ MBIs			→												
3	Research and development of data collection and management systems			→												
4	Stakeholder training and awareness raising on	→														
5	Research and develop roadmap for implementing carbon market and application of MBI(s) in			→												
6	Development of strategies to address potential barriers that may hinder the application of MBIs					→										
7	Study and development of criteria and crediting process for MBIs' application in Vietnam			→												



---

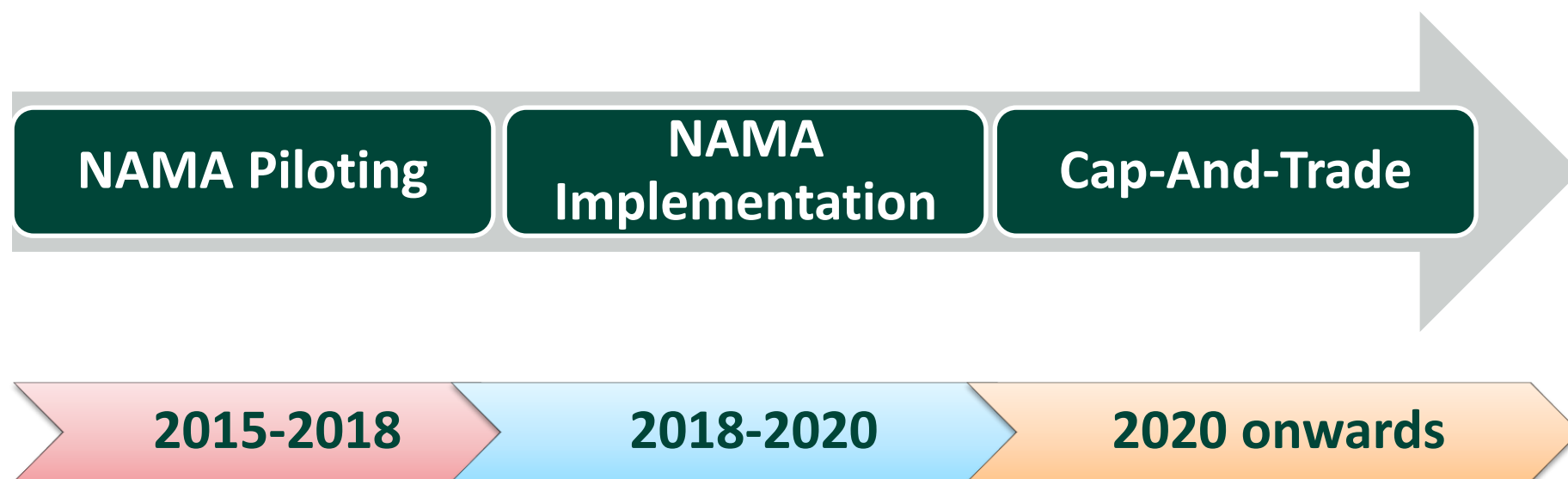
## **COMPONENT 2A**

# **Developing market-based instrument pilot in steel sector**

## 2a. Developing market-based instrument pilot in steel sector

---

### *Activities for MBIs in Steel Sector in Vietnam*



1. **2015 – 2018:** The core elements of a NAMA will be designed in coordination with the UNDP steel NAMA;
2. **2018-2020:** Implementation of a pilot crediting NAMA and preparation for the next stage;
3. **Post 2020:** Cap-and-trade system for the steel sector.

## 2a. Developing market-based instrument pilot in steel sector

---

### *Design of the crediting NAMA*

- 1. Guiding objectives:** defining the objectives of the credited NAMA
- 2. Definition of scope and scale:** defining the GHG emissions, sectors, and technologies to be targeted by the credited NAMA
- 3. Governance:** roles and responsibilities of institutions involved in the credited NAMA
- 4. Rules and procedures:** rules and procedures that guide the operation of the credited NAMA
- 5. Baseline setting and definition of the crediting approach:** elements for quantification of emission reductions generated by the credited NAMA activities
- 6. MRV:** the procedures for monitoring, reporting of emissions and quantified emission reductions
- 7. Data management and registry:** data management and infrastructure to transparently account for program activities, achieved emission reductions and any transfer/use of credits from the credited NAMA.

## 2a. Developing market-based instrument pilot in steel sector

<b>Activities</b>	<b>Budget (US\$)</b>	<b>Implementing agency</b>
<b>Activity 8: Development of a database and reporting system for steel industry</b>	200,000	MOIT
<b>Activity 9: Capacity building for stakeholders involved in the implementation of MBI(s) in the steel industry</b>	120,000	MOIT
<b>Activity 10: Development of design for credited NAMA and pilot reporting on a voluntary basis for steel industry</b>	300,000	MOIT
<b>Activity 11: Research and analysis of necessary components to establish the trading carbon market in the steel industry</b>	170,000	MOIT
<b>Subtotal</b>	<b>790,000</b>	

## 2a. Developing market-based instrument pilot in steel sector

ID	Area	Year 1				Year 2				Year 3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>COMPONENT 2 Readiness to pilot selected market-based instruments (MBIs)</b>													
8	Development of a database and reporting system for steel industry												
9	Capacity building for stakeholders involved in the implementation of MBI(s) in the steel industry												
10	Development and design of a pilot credited NAMA and pilot reporting on a voluntary basis for steel industry												
11	Research and analysis of necessary components to establish the trading carbon market in the steel industry												

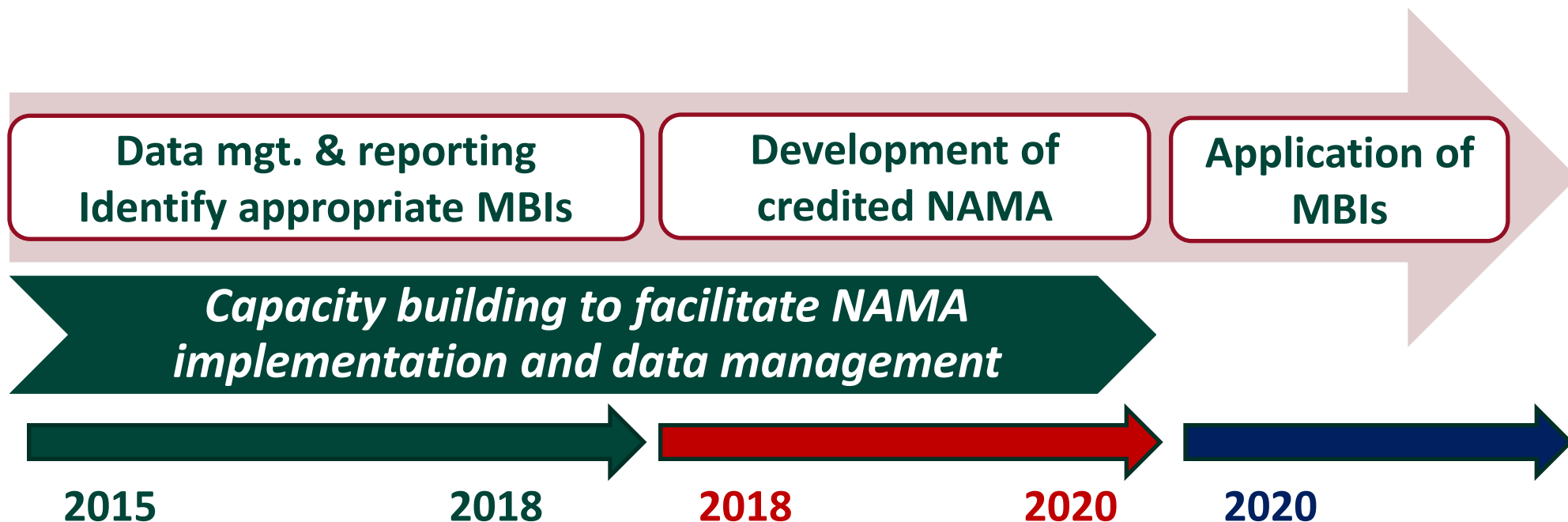
---

## **COMPONENT 2B**

# **Design of no-regret measures in solid waste sector with analysis of potential MBIs**

## 2b. Design of no-regret measures in solid waste sector with analysis of potential MBIs

### *Roadmap to develop MBIs for the Solid Waste Sector*



1. 2015-2018: Design of no-regret measures in solid waste sector with analysis of potential MBIs & strengthening of the capacity in the collection of reliable data.
2. 2018-2020: Development of credited NAMA for the sector.
3. Post 2020: Nationwide application of selected MBIs.

## 2b. Design of no-regret measures in solid waste sector with analysis of potential MBIs

---

### *Identification of appropriate MBIs*

- 1. Development of a data collection system**, establishment of sector and activity baselines, MRV, institutional aspects, incentive structure, financing etc.;
- 2. The design of credited NAMA** in 3 pilot cities;
- 3. Capacity building** in the collection of reliable data in the solid waste management sector and for reporting, application of MBI(s) in the solid waste management ;
- 4. Assessment of the potential of realizing a credited NAMA** for the solid waste sector;
- 5. Assess appropriate MBIs** for the solid waste sector in Vietnam;
- 6. Lay the foundation for piloting and implementing** selected MBIs.



## 2b. Design of no-regret measures in solid waste sector with analysis of potential MBIs

Activities	Estimate budget (US\$)	Implementing Agency
<b>Activity 12: Development of a database and reporting system for the solid waste sector</b>	200,000	MOC
<b>Activity 13: Capacity building for reporting, application of MBI(s) and implementing credited NAMA in the solid waste management in Vietnam</b>	100,000	MOC
<b>Activity 14: Assessment of potential credited NAMA for the solid waste sector</b>	250,000	MOC
<b>Activity 15: Research and assessment of appropriate MBI(s) for the solid waste sector in Vietnam</b>	180,000	MOC
<b>Subtotal</b>	<b>730,000</b>	

## 2b. Design of no-regret measures in solid waste sector with analysis of potential MBIs

---

ID	Area	Year 1				Year 2				Year 3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
12	Design of a database and reporting system for the solid waste sector												
13	Capacity building: reporting, application of MBI(s), implementing credited NAMA in the solid waste management												
14	Assessment of potential credited NAMA for the solid waste sector												
15	Research and assessment of appropriate MBI(s) for the solid waste sector in Vietnam												

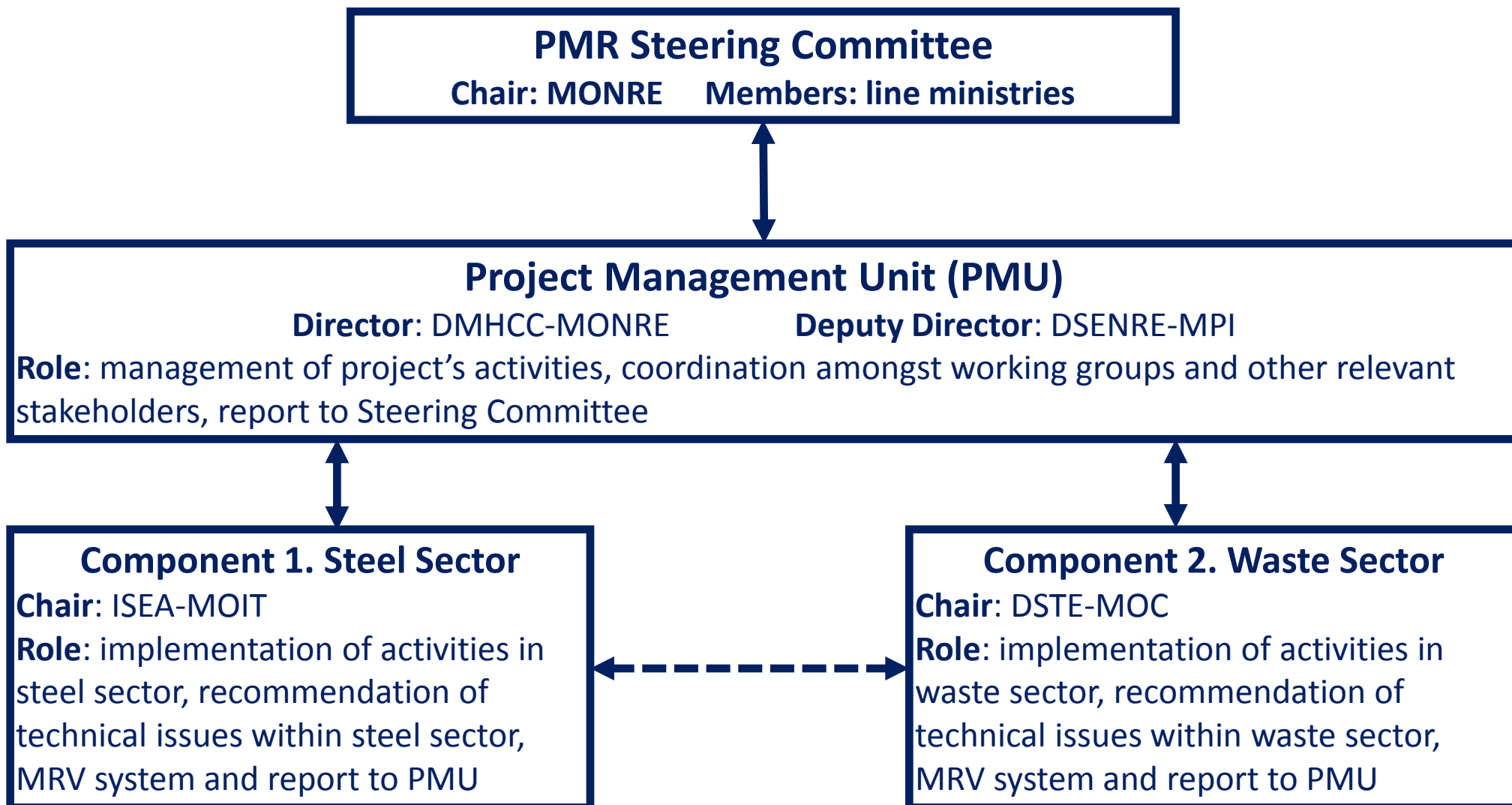
---

# COMPONENT 3

## Program Management and Stakeholder Engagement Facilitation

### 3. Program Management and Stakeholder Engagement Facilitation

#### *Organizational Setup for the Implementation of the MRP*



### 3. Program Management and Stakeholder Engagement Facilitation

#### Activities proposed for support

Area	Specific tasks
<b>Project coordination and management</b>	<ol style="list-style-type: none"><li>1. Establishment of project coordination and management team.</li><li>2. Quality control of reports, document reviews, clearances and publications.</li><li>3. Support the official reviews and clearance processes across participating line ministries.</li><li>4. Operation supports for the Project Management Unit.</li></ol>
<b>Communication and stakeholder engagement</b>	<ol style="list-style-type: none"><li>1. Design of a strategy for stakeholder engagement including a communication strategy and implementation of strategy involving stakeholder meetings, workshops and seminars</li><li>2. Capacity building for public and private sectors - Strengthen the technical capacity of the private and public sectors on matters related to the design, implementation and operation of an MBI for the selected sector along with its associated MRV and Registry systems.</li></ol>

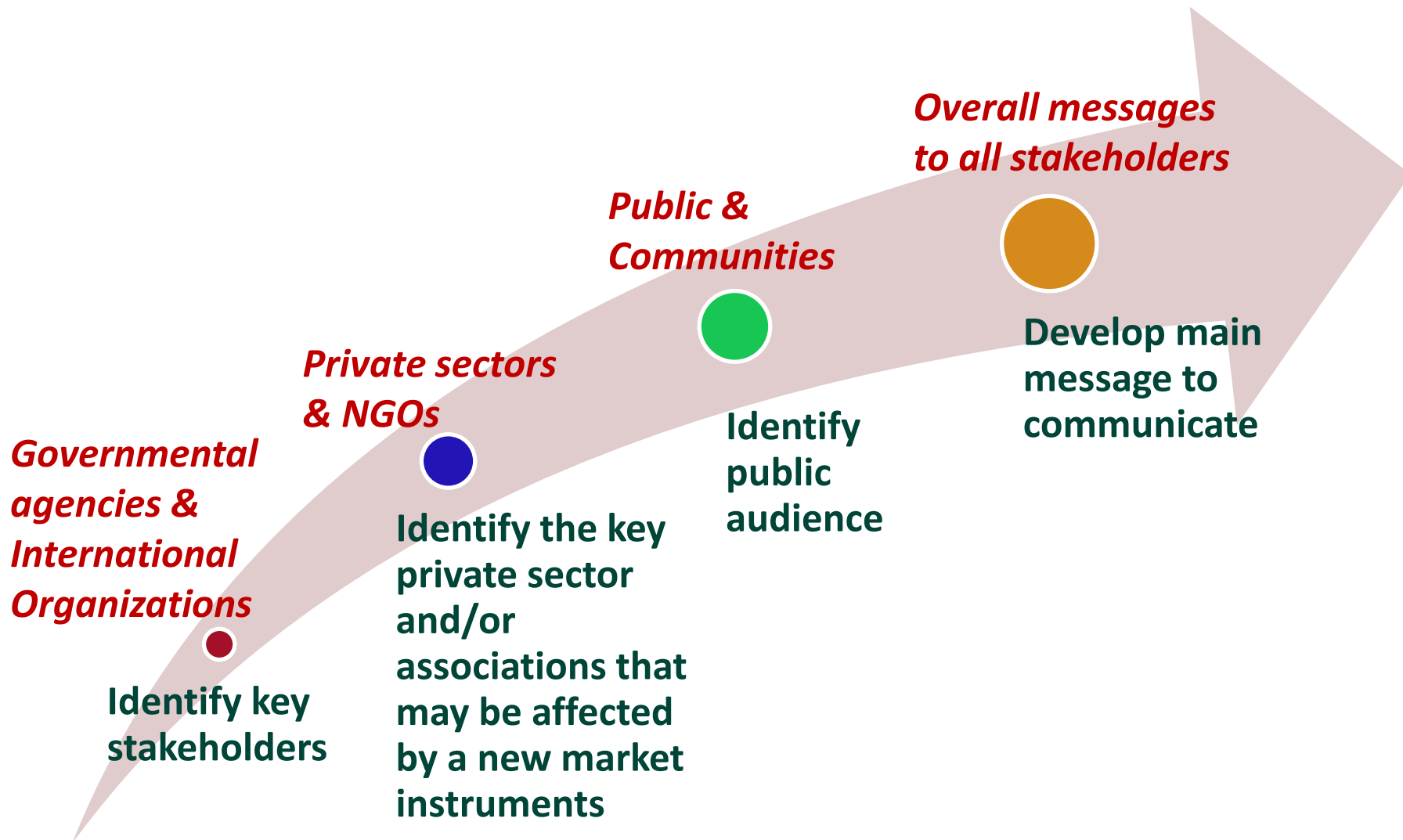
### 3. Program Management and Stakeholder Engagement Facilitation

Activities	Estimate budget (US\$)	Implementing Agency
<b>Activity 16: Project coordination and management of fiduciary requirements to ensure efficient and effective program implementation.</b>	155,000	MONRE
<b>Activity 17: Communication and stakeholder engagement / conducting a feedback and learning process</b>	145,000	MONRE
<b>Activity 18: Operation support for PMU</b>	80,000	MONRE
<b>Subtotal</b>	<b>380,000</b>	

ID	Area	Year 1				Year 2				Year 3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>COMPONENT 3 Program Management and stakeholder engagement facilitation</b>													
16	Project coordination and management of fiduciary requirements	▶											
17	Communication and stakeholder engagement / conducting a feedback and learning processes	▶											
18	Operation support for PMU	▶											

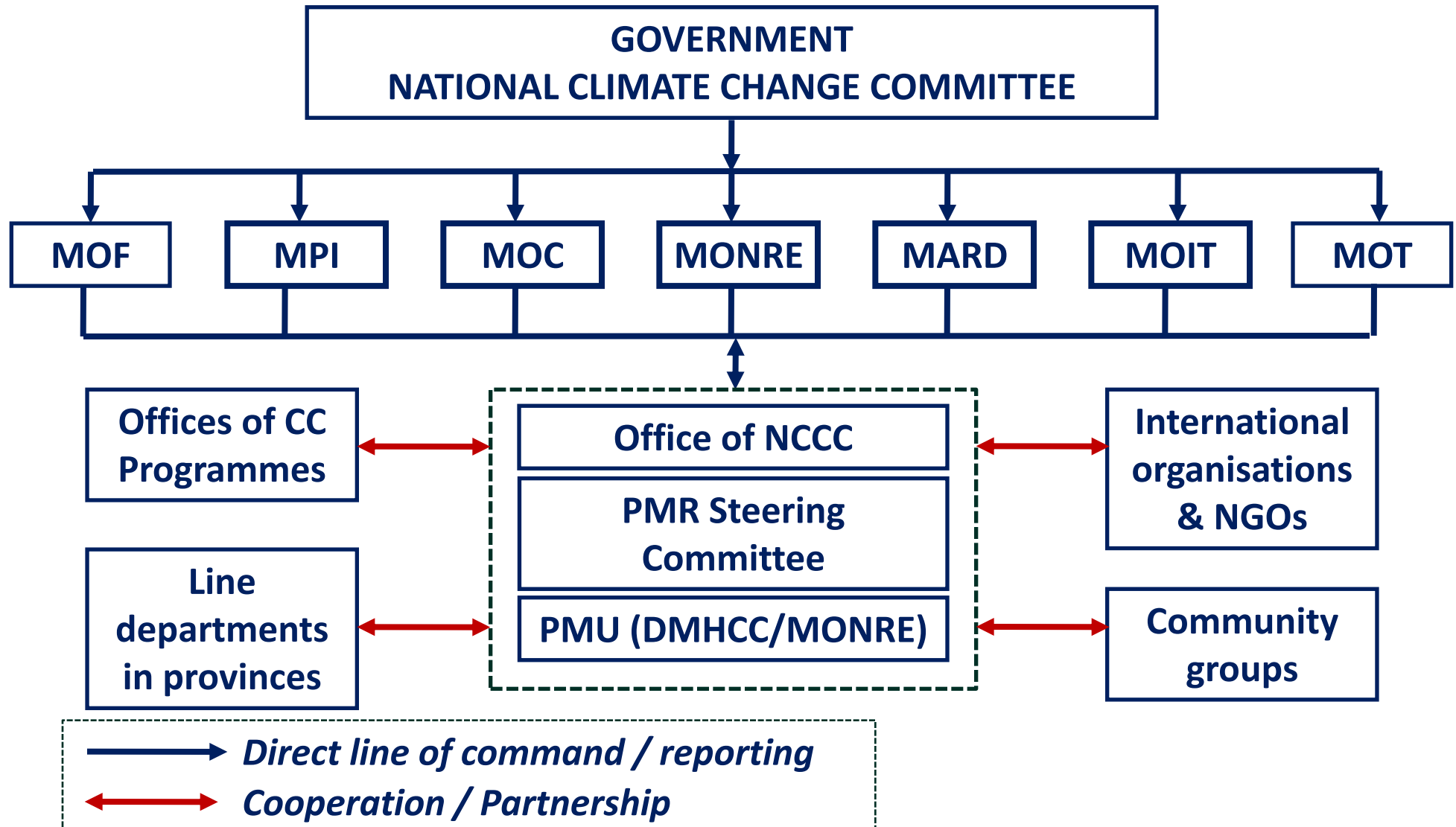
### 3. Program Management and Stakeholder Engagement Facilitation

#### Communication Strategy



### 3. Program Management and Stakeholder Engagement Facilitation

#### *Consultation and Stakeholder Engagement*





### 3. Program Management and Stakeholder Engagement Facilitation

#### Summary budget

Area	Year 1	Year 2	Year 3	Total	PMR	GoV
<b>Component 1</b>	350,000	650,000	350,000	1,350,000	1,100,000	250,000
<b>Component 2</b>	550,000	500,000	750,000	1,800,000	1,520,000	280,000
<b>Component 3</b>	150,000	150,000	150,000	450,000	380,000	70,000
<b>Total</b>	1,050,000	1,300,000	1,250,000	3,600,000	<b>3,000,000</b>	<b>600,000</b>

# CONCLUSIONS

---

## Phase 1: 2015-2017

- 1.Component 1:** Identification of necessary strategies, policies for credited NAMAs, MBIs and domestic carbon market.
- 2.Component 2a/2b:** Development of data collection and management system; capacity building for credited NAMAs and MBIs
- 3.Component 3:** QA/QC and ensuring integrity amongst components

## Phase 2: 2017-2018

- 1.Component 1:** Development of strategies, policies for credited NAMAs and MBIs application.
- 2.Component 2a/2b:** Designing and piloting credited NAMAs and assessment of appropriate MBIs.
- 3.Component 3:** QA/QC and ensuring integrity amongst components

# CONCLUSIONS

---

## Budget estimate

1. **PMR support:** US\$ 3 millions.
2. **GoV support:** US\$ 600,000 from national budget and other donors' support

## Institutional and technical support

1. PMR is given high priority within GoV, included in NCCC's work plan.
2. PM and MONRE leader were reported on MRP and highly supportive.
3. Process of approving the MRP has been initiated with line ministries' supports.
4. Background works are already underway by top experts in Viet Nam.
5. Some donors expressed willingness to support the project implementation.



***Thank you very much!***  
***Trân trọng cảm ơn!***

