

PMR PROJECT IMPLEMENTATION STATUS REPORT (ISR)

1. SUMMARY INFORMATION

Implementing Country/Technical Partner:	Viet Nam
Reporting Period:	From 4/16/2019 to 3/31/2020
Report Date:	4/1/2020
Implementing Agency:	<p>The Ministry of Natural Resources and Environment (MONRE) as the Project Management Unit (PMU) of the Viet Nam Partnership for Market Readiness Project (VNPMR).</p> <p>Main coordinating agencies include: the Ministry of Planning and Investment (MPI), the Ministry of Finance (MOF), the Ministry of Industry and Trade (MOIT), and the Ministry of Construction (MOC).</p>
Contact Person:	<p>Dr. Truong Duc Tri</p> <p>Dr. Luong Quang Huy</p>

Grant Executed By:	Viet Nam
Grant Effectiveness and Closing Dates:	08/20/2017 - 12/31/2019
Grant Amount (USD):	USD 3,000,000
Funding Mobilized (USD):	USD 1,367,904 (cumulative to date, Q1 2020)
Funding Committed (USD)	USD 1,730,465 (annual disbursement planned)

The VNPMR Project actual disbursement corresponds to 46% (\$1,367,904) of the total grant amount. During 2020, the total planned disbursement is estimated at \$1,730,465 including the counterpart fund. This amount is broken down per component as shown in the table below:

	Funding committed (\$)	Cumulative disbursement since project started (\$)	Percentage (%)	Annual planned disbursement in 2020 (\$)	Q1 2020 disbursement (\$)	Percentage (%)
Total	3,000,000	1,367,904	46%	1,730,465	154,330	9%
Component 1	1,540,000	622,703	40%	929,590	26,761	3%
Component 2	760,000	444,481	58%	401,710	108,439	27%
Component 3	700,000	298,994	43%	397,865	19,129	5%
Bank charge		1,726.07				

The graph below shows the planned disbursement during 2020, per quarters. During the first quarter (Q1), the actual disbursement has been \$154,330.

In subsequent quarters, PMU expects to disburse the amounts planned for 2020.

2. OVERVIEW

Objective

The Project Development Objective (PDO) is to strengthen the capacity of Viet Nam's Government to develop market-based instruments (MBI) to reduce greenhouse gas (GHG) emissions in Viet Nam.

Specifically, the VNPMR objective is to provide capacity building for the development, implementation and publishing of policies, state management instruments for Nationally Appropriate Mitigation Actions (NAMAs), establishing MBI, piloting credited NAMAs and developing a roadmap for participating in the domestic and international carbon markets.

Specific objectives

The Project Detailed Outline developed by MONRE and the other main implementing agencies aims at the following specific objectives:

- 1) Improve quality and effectiveness of state management for NAMAs, credited NAMAs through the review, supplement and issue of a number of policies and state management instruments related to carbon markets;
- 2) Establish MBIs, a database system on GHG emissions and a roadmap for participating in the carbon markets in the field of solid waste management;
- 3) Pilot credited NAMAs, develop a reporting system for GHG emission reduction activities and a roadmap for participating in the carbon markets in the field of steel production industry; and
- 4) Raise awareness, knowledge management for organizations' management from center to province levels, monitoring activities related to carbon markets, and organizations and individual's participation in the carbon markets.

Indicators

PDO level results indicators are as follows:

- i) Submission by MONRE of **2 core national GHG emissions data management readiness building blocks for crediting NAMAs** for Government's consideration.
- ii) Submission by MONRE of an **action plan for carbon pricing approaches** for Government's consideration
- iii) Submission by MONRE of **at least one designed sectoral crediting NAMA and Measuring, Reporting and Verification (MRV) system** for Government's consideration

Components

The project comprises of four components:

- Component 1** Research, propose and develop policies and state management instruments related to carbon markets
- Component 2** Develop a database system on GHG emissions, establish market-based instruments and a roadmap for participating in the carbon markets in the field of solid waste management
- Component 3** Develop and pilot credited NAMAs, develop a reporting system on NAMAs and a roadmap for participating in the carbon markets for the steel production industry
- Component 4** Strengthen capacities on management, monitoring, evaluation and implementation of NAMA and credited NAMA activities.

Linked to the above-mentioned components the VNPMR Project has focused its implementation during last year (April 2019 to April 2020) in the following packages:

- CS 1.1: Research and propose policies and guidance on credited NAMAs and develop a database system for credited NAMA.
- CS 1.2: Research on market-based carbon pricing approaches, investment and financial policies.
- CS 2.2: Pilot credited NAMA projects, propose carbon pricing instruments and roadmap for applications of MBIs in steel sector.
- CS 2.1: Develop feasibility study for credited NAMA, propose carbon pricing instruments and roadmap for applications of MBIs in solid waste sector.

3. IMPLEMENTATION REPORT BY COMPONENT

Differences between the Objectives/Activities in the Market Readiness Proposal and the Grant Agreement

Are there any important and material differences between the objectives/activities proposed in the Market Readiness Proposal and endorsed by the Partnership Assembly of the PMR and those agreed to in the Grant Agreement with the Delivery Partner and described in the Project's Results Framework?	No
There are no substantive differences between the objectives/activities proposed in the Market Readiness Proposal (2014) endorsed by the PA of the PMR and those agreed to in the Grant Agreement with the WB as a Delivery Partner.	

Implementation Progress by Component

Component 1: Research, propose and develop policies and state management instruments related to carbon markets

Status: Ongoing

This component focuses on assessing the overall institutional, policy, and technical gaps and opportunities for designing and implementing carbon pricing approaches in Viet Nam and also developing the main building blocks for recommended market-based carbon pricing approaches at the national level, with focus on data collection, MRV-related components and the crediting process. And includes the following activities:

- **Activity 1: Research on market-based carbon pricing approaches and developing midterm report to propose policies related to carbon pricing in Viet Nam**
- **Activity 2: Developing implementing instruments and guidelines on policy mechanisms for carbon pricing and national-level MBIs**

Component 1 includes two intermediate result indicators:

- IRI 1.1: An option study for carbon pricing approaches**
- IRI 1.2: The development of national principles and criteria for credited NAMAs**

And the following result indicators:

- I.1: Submission by MONRE of 2 core national GHG emissions data management readiness building blocks for crediting NAMAs for Government’s consideration**
- I.2: Submission by MONRE of an action plan for carbon pricing approaches for Government’s consideration**

Under this component 1, the following work packages are envisaged:

- **CS 1.1: Research and propose policies and guidance on credited NAMAs and develop a database system for credited NAMA**
- **CS 1.2: Research on market-based carbon pricing approaches, investment and financial policies**

The following table provides an overview of the main tasks and deliverables expected under work packages CS 1.1 and CS 1.2, including a summary of their implementation:

CS 1.1 – Implementation progress		
Tasks	Deliverables	Status
Task 1: Review and recommendations for the improvement of the national GHG emissions inventory process	Analytical report on the GHG inventory system A draft action plan consulted with stakeholders to improve the national GHG emissions inventory process to support the design and development of carbon pricing approaches.	<ul style="list-style-type: none"> • First and Second Draft Technical Reports under Task 1 have been submitted. • The Second Draft Report includes key findings from activities implemented under Task 1 during March to December 2019. The findings include measures to fill the gaps for: <ul style="list-style-type: none"> - the current GHG inventory system to meet national and international requirements - the national GHG inventory system to support potential carbon pricing instruments (CPIs) • The Final Draft Technical Report of Task 1, including a draft action plan consulted with stakeholders will be presented in Q1 2020.
Task 2: Developing the guiding principles for the national MRV, registry systems and developing the credited NAMA database system	Analytical report and recommendations on operationalization of the national MRV system including the national emission registry and credited NAMA database system to support the crediting programs in Vietnam	<ul style="list-style-type: none"> • The First Draft Technical Report under Task 2 includes initial key findings from activities implemented under this task during March to December 2019. The First Draft Technical Report distinguishes the difference between national MRV and registry systems and points out their close relationship. • The Second Draft Technical Report will develop the concept of an MRV system for crediting mechanisms and its main design elements in line with international MRV requirements and provide recommendations on concrete actions that need to be taken by the government of Viet Nam to operationalize key elements of such a crediting inclusive MRV system. • The Final Draft Technical Report of Task 2, will be presented in Q2 2020.
Task 3: Proposing the national principles and criteria for crediting programs, including the participation requirements, and key design elements for crediting programs.	Analytical report and the national principles and key criteria for crediting program in Vietnam	<ul style="list-style-type: none"> • The First Draft Technical Report under Task 3 includes initial key findings from activities implemented under Task 3 during October to December 2019. • The initial results presented in the First Draft Technical Report will be further refined in consultation with relevant stakeholders and updates will be presented in the Draft Final Report in June 2020. Findings from tasks 3.3, 3.4 and 3.5 have not yet been covered in this report as their implementation is scheduled for Q1 and Q2 2020. • The Final Draft Technical Report of Task 3, will be presented in Q2 2020 (June).
Task 4: Stakeholder consultation, policy dialogue, and capacity building on the above three activities	Reports on recommendations and other outcomes from stakeholders' consultations that are conducted dialogues, workshops and conferences.	<ul style="list-style-type: none"> • The results presented in the Technical Reports under the different tasks reflect comments from stakeholders during bilateral meetings and consultations and will be further refined based on comments and feedback from the World Bank and VNPMR and further stakeholder consultations in Q1 and Q2 2020.

CS 1.2 – Implementation progress		
Tasks	Deliverables	Status
<p>Task 1: Analyze and compare different carbon pricing options applicable in Vietnam and their respective technical, legal, administrative, policy, institutional, economic, fiscal, and environmental implications and recommend the carbon pricing option(s) feasible in Vietnam</p>	<p>Analytical Report on carbon pricing options and recommended carbon pricing policy package relevant for MONRE and MOF to take action.</p>	<ul style="list-style-type: none"> • First Draft Report under Task 1 was submitted in September 2019. • A Second Draft Report under Task 1 was completed in March 2020, after several revisions and two consultations via teleconference and meetings with the government. • The report includes preliminary recommendations on a suitable CPI package for Viet Nam. While the selection of CPIs was carried out with a consideration for the consistency with existing and planned policies, their successful development and implementation will require the implementation (or continuation) of supporting policies and the reform of some existing policies. CPI factsheets and Policy factsheets are provided to support the analysis.
<p>Task 2: Develop a mid-term action plan for preparing and establishing the policy, legal, institutional, and administrative infrastructure needed to adopt the recommended carbon pricing policy package (as identified in Task 1)</p>	<p>Analytical Report on mid-term action plan relevant for MONRE and MOF to take action</p>	<ul style="list-style-type: none"> • The First Draft Report under Task 2 was submitted in December 2019. • A second Draft Report is expected to be submitted in March 2020.
<p>Task 3: Develop recommendations and an action plan for policies and incentives to mobilize the private sector in support of conditional and unconditional NDC mitigation objectives.</p>	<p>Analytical report on the private financial mobilization for Vietnam’s attainment of the NDC mitigation objectives. Recommendations and Action Plan for the policy package in the selected sectors/subsector feasible for Vietnam</p>	<ul style="list-style-type: none"> • The First Draft Report under Task 3 was submitted in December 2019. • Work under this task has continued and it is pending for inputs from other related tasks, like Task 1.
<p>Task 4: Support stakeholder consultation for information gathering, policy dialogue, and consensus building</p>	<p>Reports on recommendations and other outcomes from stakeholders’ consultations that are conducted dialogues, workshops and conferences.</p>	<ul style="list-style-type: none"> • Reports linked to the following stakeholder consultations have been submitted: <ul style="list-style-type: none"> - Consultation mission #1 (Apr. 2019) - Consultation mission #2 (Oct. 2019) - Consultation mission #3, including half day workshop (Dec. 2019) • Consultation missions #4 (Mar. 2020) and #5 (May 2020) have not yet been conducted, pending the situation on Covid-19

<p>Comments:</p>	<ul style="list-style-type: none"> • The coordination and synergies among the consulting firms under the different work packages has been a key factor to ensure smooth delivery of works under the VNPMR Project. Draft reports have been shared with all consulting firms to keep them fully aware of others' progress, and regular calls and virtual meetings (due to Covid-19 pandemic) have been established on regular basis to discuss progress of several work packages. • The PMU, implementing agencies and the World Bank have provided revisions of the draft reports submitted under the different work packages to ensure a timely implementation of the VNPMR Project. • This packages is particularly significant in providing inputs for recent developments of revised Law on Environmental Protection (LEP), especially the Chapter on Responding to Climate Change and other Government Decrees under the revised LEP, and the revision of Vietnam NDC. Carbon pricing initiatives have been indicated in both NDC and the revised LEP includes an article on carbon pricing and other key CPIs to be implemented during the period of 2020-2030.
<p>Component 2: Develop a database system on GHG emissions, establish market-based instruments and a roadmap for participating in the carbon markets in the field of solid waste management</p>	
<p>Status: Ongoing</p>	<p>Through this component, the Government of Viet Nam will lay the foundations for piloting and implementing market-based instruments through selected sectors, in this particular case, the <u>solid waste management sector</u>.</p> <p>This component focuses on the main activity of developing a feasibility study for credited NAMAs, propose carbon pricing instruments and a roadmap for applications of MBIs in solid waste sector activities.</p> <p>This component includes two intermediate result indicators:</p> <div data-bbox="391 1192 1432 1377" style="border: 1px solid black; background-color: #e6f2ff; padding: 5px;"> <p>IRI 2.4: Guidelines on GHG emissions data collection and management system, relevant reporting forms, and MRV protocol for the solid waste sector are developed</p> <p>IRI 2.3: A case study on solid waste landfill sectors in pilot cities for solid waste sector is completed</p> </div> <p>And the following result indicators:</p> <div data-bbox="391 1451 1432 1524" style="border: 1px solid black; background-color: #e6f2ff; padding: 5px;"> <p>I.3: Submission by MONRE of at least one designed sectoral crediting NAMA and MRV system for Government's consideration</p> </div> <p>Under this component 2, the following work packages are envisaged:</p> <ul style="list-style-type: none"> - CS 2.1: Develop feasibility study for credited NAMA, propose carbon pricing instruments and roadmap for applications of MBIs in solid waste sector <p>The following table provides an overview of the main tasks and deliverables expected under work package CS 2.1, including a summary of its implementation:</p>

CS 2.1 – Implementation progress		
Tasks	Deliverables	Status
Task 1: Identify and develop a crediting program feasible for the urban solid waste management sector in Viet Nam	Case study report on carbon pricing instruments, Data collection and management system for the crediting program; Consolidated report on the collection and processing of GHG emission data Report on proposed action plan	<ul style="list-style-type: none"> • First Draft Report under Task 1 was submitted in September 2019. • A Second Draft Report under Task 1 was completed in February 2020, after several revisions and two consultations via teleconference and meetings with the government. • The report includes all deliverables as required and quality has been checked by PMU and WB teams.
Task 2: Develop a MRV system for a potential crediting program in the solid waste management sector.	MRV system for a crediting program in the urban solid waste management sector in Viet Nam; and Gap analysis and barrier analysis report and recommendations to establish a MRV system and an action plan	<ul style="list-style-type: none"> • First Draft Report under Task 2 was submitted in September 2019. • A Second Draft Report under Task 2 was completed in February 2020, after several revisions and two consultations via teleconference and meetings with the government. • The report includes all deliverables as required and quality has been checked by PMU and WB teams.
Task 3: Survey the current situation of urban solid waste management in selected 3 cities	Evaluation report on data quality and availability as results of surveys in the three selected cities; Report on GHG emission reduction potential; Analysis report on barriers.	<ul style="list-style-type: none"> • First Draft Report under Task 3 was submitted in September 2019. • A Second Draft Report under Task 2 was completed in February 2020, after several revisions and two consultations via teleconference and meetings with the government. • The report includes all deliverables as required and quality has been checked by PMU and WB teams.
Task 4: Study and propose appropriate carbon pricing instruments, MBIs in the solid waste management sector in the mid-and long run.	Analysis report on appropriate carbon pricing instruments; Report on recommendations for the roadmap to apply the appropriate carbon pricing instrument(s), MBI(s) for solid waste management sector.	<ul style="list-style-type: none"> • The report under Task 4 is being developed with findings from Tasks 1-3 and expected to be submitted in April 2020. Analysis are being conducted with stakeholders.
Task 5: Stakeholder consultations	Reports on results of consultation with relevant stakeholders	<ul style="list-style-type: none"> • Consultations with relevant stakeholders are being conducted remotely. • Reports under this task is expected to be submitted in May 2020.

Comments:	<ul style="list-style-type: none">• The coordination and synergies among the consulting firms under the different work packages has been a key factor to ensure smooth delivery of works under the VNPMR Project. Draft reports have been shared with all consulting firms to keep them fully aware of others' progress, and regular calls have been established quarterly to discuss progress of several work packages.• The PMU, implementing agencies and the World Bank have provided revisions of the draft reports submitted under the different work packages to ensure a timely implementation of the VNPMR Project.• This packages is also providing inputs for recent developments of revised Law on Environmental Protection (LEP), especially the Chapter on Responding to Climate Change and other Government Decrees under the revised LEP, and the revision of Vietnam NDC.• MOC is using the finding of this package to develop their MRV systems and other analysis to be ready for the application of CPIs which has been included in the revised LEP and NDC.
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Component 3: Develop and pilot credited NAMAs, develop a reporting system on NAMAs and a roadmap for participating in the carbon markets for the steel production industry

Status: Ongoing

Through this component, the Government of Viet Nam will lay the foundations for piloting and implementing market-based instruments through selected sectors, in this particular case, the steel sector.

This component focuses on the main activity of **piloting credited NAMA projects, propose carbon pricing instruments and develop a roadmap for applications of MBIs in the steel sector.**

This component includes two intermediate result indicators:

IRI 2.1: Guidelines on GHG emissions data collection and management system, relevant reporting forms, and MRV protocol for the steel sector are developed
IRI 2.2: An option study and action plan are developed for mid-to long-term market-based carbon pricing approaches applicable to steel industry

And the following result indicators:

I.3: Submission by MONRE of at least one designed sectoral crediting NAMA and MRV system for Government's consideration

Under this component 3, the following work package is envisaged:

- **CS 2.2: Pilot credited NAMA projects, propose carbon pricing instruments and roadmap for applications of MBIs in steel sector**

The following table provides an overview of the main tasks and deliverables expected under work package CS 2.2, including a summary of its implementation:

CS 2.2 – Implementation progress		
Tasks	Deliverables	Status
Task 1: Development of the readiness for the sectoral crediting program in Viet Nam	Analysis report of gaps and barriers Report to propose a plan to develop data collection and management, MRV and registration systems at plant Report to propose necessary contents to develop a database, MRV and registration systems. Technical report to recommend organization and management models and implementation process. Validation protocol Verification protocol	<ul style="list-style-type: none"> From August to December 2019, the MRV methodology, MRV process, data collection and data management under Task 1 was conducted and all relevant deliverables submitted. The Second Draft of all deliverables except the validation and verification protocols have been finalised and submitted to MOIT. The validation and verification protocols are results of activities under subtask 1.2, and these activities were planned to be finalized end of January 2020.
Task 2. Development of pilot crediting program for steel sector	Technical report on the potential of GHG emission mitigation in steel sector for the period 2021-2030; Technical Report on Pilot Crediting Program for the steel industry; Technical Report providing the method to determine the marginal cost of GHG emission reduction in the steel industry; Report on the outcome of Pilot Crediting Program in some steel enterprises in Viet Nam.	<ul style="list-style-type: none"> Based on data collection and the field trip conducted in July 2019, a preliminary assessment on the potential of emission reduction was presented in the Draft Report. From November to December 2019, six plants were selected to conduct the pilot crediting program. It has been suggested to continue the data collection exercise during Q1 2020. The report on outcome of pilot crediting program will be provided in April 2020.
Task 3. Identification of feasible carbon pricing instruments to the steel sector	Analysis report on appropriateness and feasibility of applying carbon pricing instruments to steel sector; Technical report on recommendations for applicability of an MBI or combination of carbon pricing instruments to steel sector Report on the mechanisms and policies for implementing the Crediting Program and the plan to apply the market-based carbon pricing instrument(s)	<ul style="list-style-type: none"> Work package CS 1.2 report provides preliminary inputs to this task. Reports under this task are expected to be submitted in May 2020.
Task 4. Stakeholder consultations	Report on the results of consultation	<ul style="list-style-type: none"> First training on MRV methodology and GHG accounting was conducted in July 2019. The second consultation workshop on pilot crediting program was planned to be held in December 2019, but suggested to be moved to February 2020, after the field trip to the plants was conducted but being postponed due to Covid-19. Trainings to DOIT and steel plants in the North and Center expected to be hold in March 2020 but postponed due to Covid-19.

Comments:	<ul style="list-style-type: none"> • The coordination and synergies among the consulting firms under the different work packages has been a key factor to ensure smooth delivery of works under the VNPMR Project. Draft reports have been shared with all consulting firms to keep them fully aware of others' progress, and regular calls have been established quarterly to discuss progress of several work packages. • The PMU, implementing agencies and the World Bank have provided revisions of the draft reports submitted under the different work packages to ensure a timely implementation of the VNPMR Project. • This packages is also providing inputs for recent developments of revised Law on Environmental Protection (LEP), especially the Chapter on Responding to Climate Change and other Government Decrees under the revised LEP, and the revision of Vietnam NDC. • MOIT is using the finding of this package to develop their MRV systems and other analysis to be ready for the application of CPIs which has been included in the revised LEP and NDC.
Component 4: Strengthen capacities on management, monitoring, evaluation and implementation of NAMA and credited NAMA activities	

<p>Status: Ongoing</p>	<p>Through this component, the Project Management Unit will be supporting project management with a dedicated project team to ensure an efficient and effective implementation of all the VNPMR Project components (1 to 3) and also support communication and stakeholder engagement including conducting a feedback and learning process with stakeholders to ensure awareness raising and dissemination of results of the VNPMR Project.</p> <p>This component focuses on strengthening capacities on management, monitoring, evaluation and implementation of NAMA and credited NAMA activities and overall VNPMR Project implementation.</p> <p>This component includes one intermediate result indicator:</p> <div data-bbox="391 646 1425 751" style="border: 1px solid black; padding: 5px;"> <p>IRI 3.1: Number of consultations evidencing that stakeholder engagement and communications strategy on promoting carbon pricing approaches in key GHG emitting sectors is implemented</p> </div> <p>And the following result indicators:</p> <div data-bbox="391 827 1425 1041" style="border: 1px solid black; padding: 5px;"> <p>I.1: Submission by MONRE of 2 core national GHG emissions data management readiness building blocks for crediting NAMAs for Government’s consideration I.2: Submission by MONRE of an action plan for carbon pricing approaches for Government’s consideration I.3: Submission by MONRE of at least one designed sectoral crediting NAMA and MRV system for Government’s consideration</p> </div> <p>Under this component, the following work packages are related:</p> <ul style="list-style-type: none"> - CS 3.4 Implement the dissemination and propaganda for NAMAs policies, technologies, carbon markets and other key outcomes of the project to enhance stakeholder engagement - NCS 3.1 Communication materials for start-up workshops (documents, leaflets, videos) and use at other workshops of the project - Both packages have started their works with findings from other packages. The first set of reports are under development but having various difficulties as meetings cannot be held due to Covid-19.
<p>Comments:</p>	<ul style="list-style-type: none"> • The coordination and synergies among the consulting firms under the different work packages has been a key factor to ensure smooth delivery of works under the VNPMR Project. Draft reports have been shared with all consulting firms to keep them fully aware of others’ progress, and regular calls have been established quarterly to discuss progress of several work packages. • The PMU, implementing agencies and the World Bank have provided revisions of the draft reports submitted under the different work packages to ensure a timely implementation of the VNPMR Project. • This packages is also providing inputs for recent developments of revised Law on Environmental Protection (LEP), especially the Chapter on Responding to Climate Change and other Government Decrees under the revised LEP, and the revision of Vietnam NDC. MONRE, MPI, MOF, MOIT and MOC are using the finding of this package to provide inputs for the revised LEP and NDC.

4. PROGRESS, CHALLENGES, AND LESSONS LEARNED

Important policy or regulatory developments related to the Grant's objectives and activities:

Developments:

The key developments are the findings of the packages of the project providing inputs for recent revised Law on Environmental Protection (LEP), especially the Chapter on Responding to Climate Change and other Government Decrees under the revised LEP, and the revision of Vietnam NDC. Carbon pricing initiatives have been indicated in both NDC and the revised LEP includes an article on carbon pricing and other key CPIs to be implemented during the period of 2020-2030.

The Government of Vietnam have been more aware of carbon pricing initiatives' significance in Paris Agreement implementation in general and GHG emission reduction in particular from which the level of readiness have been translated into the legal documents development.

Challenges:

The major challenge is the timing and conclusions on the Article 6 of the Paris Agreement which is expected to be adopted by end of this year at COP26. The national policy, while being reviewed by line ministry, may not include all elements of the Article 6 if COP26 is cancelled or postponed. However, there are opportunities to be revised in 2021 even if national policies have been issued before that.

Lessons learned:

The readiness of high-level policy makers have been raised significantly during the implementation of the project, especially during the past year. Carbon pricing have also been made well-aware to all relevant stakeholders included in the project. It will be more effective to pilot the CPIs application to other sectors to be well prepared for the implementation of LEPs (with dedicated provision on carbon pricing) once it is passed, expected to be in 2021.

Important changes in the technical design or approach related to the Grant's activities:

Developments:

All key packages have proposed their design of CPIs application, MRV system, data collection and database analysis, stakeholder consultation and awareness raising. All of those proposals have changed the level of readiness for carbon pricing in the Government of Vietnam. The design of policy makers has been benefited from the proposal of the packages.

Challenges:

As mentioned, the technical design proposed by the packages may have been postponed or affected by the delay of decisions on Article 6 of the Paris Agreement.

Lessons learned:

It is important to involve stakeholders and key policy makers to the policy development process as awareness and readiness are significantly raised during the process.

Key capacity issues (implementation, technical, financial management, procurement) related to the Grant's activities:

<p>Developments:</p> <p>All relevant stakeholders have been involved in the process of project's implementation, technical, financial management, procurement from which capacity have been raised significantly.</p> <p>Challenges:</p> <p>At this stage, only those policy makers who are involved in the process of policy making have significantly improved their awareness and readiness for carbon pricing. There are needs to extend the process to many other type of stakeholders.</p> <p>Lessons learned:</p> <p>There are needs to pilot CPIs application to other sectors to improve the capacity further and to be ready for the nationwide implementation after the revised LEP is passed.</p>
<p>Coordination with other carbon pricing initiatives, including those funded by other donors:</p> <p>Developments:</p> <p>As this stage, MONRE is the key coordination agency on carbon pricing. With the implementation of the projects, other line ministries, especially MPI, MOF, Government Office, National Assembly and other line ministries have been made aware of their position in carbon pricing implementation. It has been clearly indicated in the revised LEP.</p> <p>Challenges:</p> <p>The implementation of carbon pricing initiatives at nationwide scale needs to provide more support on policy making at sectoral and ministerial levels.</p> <p>Lessons learned:</p> <p>Coordination can be improved with further support on policy making.</p>
<p>Stakeholder engagement related to the Grant's activities:</p> <p>Developments:</p> <p>As mentioned, relevant stakeholders have been included in the project implementation as planned. There are also many other line ministries and provinces who have expressed their interests in the project and would like to be included in the project.</p> <p>Challenges:</p> <p>Due to the scale and scope of work of the project, some stakeholders have not been included, especially city level where potential for CPIs application can be high.</p> <p>Lessons learned:</p> <p>Stakeholder engagements should be expanded to other stakeholders at ministerial and provincial levels.</p>
<p>Other issues related to the Grant's activities</p> <p>N/A</p>