



GLOBAL ENVIRONMENT FACILITY  
INVESTING IN OUR PLANET

**Naoko Ishii**  
CEO and Chairperson

August 30, 2016

Dear SCCF Council Member:

ADB as the Implementing Agency for the project entitled: ***Vietnam: Promoting Climate Resilience in Viet Nam Cities***, has submitted the attached proposed project document for CEO endorsement prior to final approval of the project document in accordance with ADB procedures.

The Secretariat has reviewed the project document. It is consistent with the proposal approved by the SCCF Council in October 2014 and the proposed project remains consistent with the Instrument and GEF policies and procedures. The attached explanation prepared by ADB satisfactorily details how Council's comments and those of the STAP have been addressed. I am, therefore, endorsing the project document.

We have today posted the proposed project document on the GEF website at [www.TheGEF.org](http://www.TheGEF.org). If you do not have access to the Web, you may request the local field office of UNDP or the World Bank to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

Naoko Ishii

Attachment: GEFSEC Project Review Document  
Copy to: Country Operational Focal Point, GEF Agencies, STAP, Trustee



# GEF-6 REQUEST FOR PROJECT ENDORSEMENT/APPROVAL

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: Special Climate Change Fund

For more information about GEF, visit [TheGEF.org](http://TheGEF.org)

## PART I: PROJECT INFORMATION

Project Title: Promoting Climate Resilience in Vietnamese Cities Management			
Country(ies):	VietNam	GEF Project ID: <sup>1</sup>	6924
GEF Agency(ies):	ADB (select) (select)	GEF Agency Project ID:	47274
Other Executing Partner(s):	Ministry of Natural Resources and Environment (MoNRE)	Submission Date:	07/27/2016
GEF Focal Area (s):	Climate Change	Project Duration (Months)	60
Integrated Approach Pilot	IAP-Cities <input type="checkbox"/> IAP-Commodities <input type="checkbox"/> IAP-Food Security <input type="checkbox"/>	Corporate Program: SGP <input type="checkbox"/>	
Name of Parent Program	[if applicable]	Agency Fee (\$)	433,790

## A. FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES<sup>2</sup>

Focal Area Objectives/Programs	Focal Area Outcomes	Trust Fund	(in \$)	
			GEF Project Financing	Co-financing
(select) CCA-1 (select)	Reduce the vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate change  Outcome 1.1 Vulnerability of physical assets and natural systems reduced  Outcome 1.3: climate-resilient technologies and practices scaled-up	SCCF-A	3,000,000	50,633,100
(select) CCA-2 (select)	Strengthen institutional and technical capacities for effective climate change adaptation  Outcome 2.3 Institutional and technical capacities and human skills strengthened to identify, prioritize, implement, monitor and evaluate adaptation strategies and measures	SCCF-A	1,566,210	27,264,000
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
(select) (select) (select)		(select)		
<b>Total project costs</b>			4,566,210	77,897,100

## B. PROJECT DESCRIPTION SUMMARY

Two inter-related and highly complementary GEF interventions have been developed jointly and are being submitted simultaneously to the GEF for approval. These are:

- *Promoting Climate Resilience in Viet Nam Cities* (GEF ID 6924) funded by SCCF. The PIF was approved in October 2014, and;

<sup>1</sup> Project ID number remains the same as the assigned PIF number.

<sup>2</sup> When completing Table A, refer to the excerpts on [GEF 6 Results Frameworks for GETF, LDCF and SCCF](#).

- *Integrated Approaches for Sustainable Cities in Viet Nam* (GEF ID 9077) - a child project under the GEF Sustainable Cities Integrated Approach Pilot (SCIAP). The PFD was approved in June 2015.

This submission is for GEF ID6924. The following results table covers GEF ID6924. The combined results table, covering both GEF ID6924 and GEF ID 9077, is provided in Annex E

<b>Project Objective: Climate resilience and environmental protection mainstreamed into integrated urban planning in secondary cities in Vietnam</b>						
Project Components/ Programs	Financing Type <sup>3</sup>	Project Outcomes	Project Outputs	Trust Fund	(in \$)	
					GEF Project Financing	Confirmed Co- financing
1. Strengthened city planning processes.	TA	1.1 Integrated, resilient planning in three cities	<p>1.1.1 Recommendations for greening and increasing the resilience of the design and procurement of all the SCDP GC project investments for Ha Giang, Hue and Vinh Yen.</p> <p>1.1.2 In each city, strengthened capacity of 10 professionals (including 40% female) that covers the skills needed to integrate green city principles into urban planning and budgeting processes.</p> <p>1.1.3 Three updated, integrated, resilient city action plans for Ha Giang, Hue and Vinh Yen. These will include: an indicator/monitoring framework, GHG inventory and database, biodiversity framework, climate vulnerability assessment, low carbon plan, prioritization and financing plan).</p> <p>Note: GEF/SCIAP contributes \$2.286 million and significant additional co-financing to this Outcome</p>	SCCF-A	462,210	8,189,700
	TA	1.2 Replicating integrated, resilient planning in Six cities	Note: This outcome is totally covered by GEF/SCIAP (\$0.99 million) and associated	SCCF-A	0	0

<sup>3</sup> Financing type can be either investment or technical assistance.

			co-financing). This is closely linked to Component 3.1.			
2. Demonstrating low impact and climate resilient development.	TA	2.1 Demonstrating how efficient insurance mechanisms can contribute positively to adaptation.	<p>2.1.1 Rapid assessment of climate threats to all proposed secondary city investment projects;</p> <p>2.1.2 Prioritized list of city investment projects to be climate proofed, with focus on ecosystem based approaches;</p> <p>2.1.3 Design of additions/modification to investment projects to ensure climate proofing;</p> <p>2.1.4 Investment projects implemented in line with additions/modifications;</p> <p>2.1.5 Lessons learnt, knowledge captured and disseminated.</p>	SCCF-A	2,887,000	56,395,700
	Inv	2.2 Demonstrating an integrated package of investments that lead to transition to low impact, low carbon development in Ha Giang city.	Note: This outcome is totally covered by GEF/SCIAP (\$2.7 million) and associated co-financing)	(select)	0	0
	TA	2.3 Demonstrating community based and insurance-based resilience.	Note: This outcome is totally covered by UCCR TF co-financing	(select)	0	4,000,000
3. Improved enabling environment for upscaling integrated, resilient approaches	TA	3.1 Strengthened enabling institutional environment.	<p>3.1.1 National Technical Regulation on green cities that supports planning processes and includes: a harmonized methodology for GHG inventory and vulnerability assessment, biodiversity framework, and an integrated city planning and indicator framework.</p> <p>3.1.2 Technical Guidelines on implementing the Regulation from 3.1.1.</p>	SCCF-A	1,000,000	7,689,700

			<p>3.1.3 At least eight cities join the Vietnam Sustainable Cities Cluster.</p> <p>3.1.4 Government Decision to establish a green city financing mechanism and/or fund. This will include an incentive for preferential financing conditions for sustainable cities.</p> <p>3.1.5 Strengthened MoNRE capacity to support integrated, resilient city planning and management.</p> <p>Note: GEF/SCIAP contributes \$2.0 million and significant additional co-financing to this Outcome</p>			
	(select)			(select)		
	(select)			(select)		
Subtotal					4,349,210	76,275,100
Project Management Cost (PMC) <sup>4</sup>					(select)	217,000
<b>Total project costs</b>						4,566,210
						77,897,100

If multi-trust fund, breakdown of PMC across trust funds to be provided in small table here:

Up to \$2 million, PMC cap is 10% of subtotal. Over \$ 2million, PMC cap is 5%. PMC should be charged proportionately to focal areas (see table D). PMC to be charged proportionately to focal areas.

### C. CONFIRMED SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE

Please include evidence for co-financing for the project with this form.

Sources of Co-financing	Name of Co-financier	Type of Cofinancing	Amount (\$)
Recipient Government	Government of Vietnam	Grants	15,797,100
GEF Agency	Asian Development Bank (Results Based Loan)	Loans	56,100,000
(select)	Asian Development Bank (UCCR Trust Fund)	Loans	6,000,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	

<sup>4</sup> For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

(select)		(select)	
<b>Total Co-financing</b>			77,897,100

**D. TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS**

GEF Agency	Trust Fund	Country Name/Global	Focal Area	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee <sup>a)</sup> (b) <sup>2</sup>	Total (c)=a+b
ADB	SCCF-A	VietNam	Climate Change	(select as applicable)	4,566,210	433,790	5,000,000
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
(select)	(select)		(select)	(select as applicable)			0
<b>Total Grant Resources</b>					4,566,210	433,790	5,000,000

a ) Refer to the Fee Policy for GEF Partner Agencies

## E. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS<sup>5</sup>

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	<i>hectares</i>
2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	120 million hectares under sustainable land management	<i>hectares</i>
3. Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services	Water-food-ecosystems security and conjunctive management of surface and groundwater in at least 10 freshwater basins;	<i>Number of freshwater basins</i>
	20% of globally over-exploited fisheries (by volume) moved to more sustainable levels	<i>Percent of fisheries, by volume</i>
4. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO <sub>2e</sub> mitigated (include both direct and indirect)	<i>metric tons</i>
5. Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern	Disposal of 80,000 tons of POPs (PCB, obsolete pesticides)	<i>metric tons</i>
	Reduction of 1000 tons of Mercury	<i>metric tons</i>
	Phase-out of 303.44 tons of ODP (HCFC)	<i>ODP tons</i>
6. Enhance capacity of countries to implement MEAs (multilateral environmental agreements) and mainstream into national and sub-national policy, planning financial and legal frameworks	Development and sectoral planning frameworks integrate measurable targets drawn from the MEAs in at least 10 countries	<i>Number of Countries:</i>
	Functional environmental information systems are established to support decision-making in at least 10 countries	<i>Number of Countries:</i>

## F. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No

(If non-grant instruments are used, provide an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF Trust Fund) in Annex D.

## PART II: PROJECT JUSTIFICATION

- As mentioned above, two inter-related and highly complementary GEF interventions have been developed jointly and are being submitted simultaneously to the GEF for approval. They will be implemented jointly. These are: (i) *Promoting Climate Resilience in Viet Nam Cities* (GEF ID 6924) funded by SCCF. The PIF was approved in

<sup>5</sup> Update the applicable indicators provided at PIF stage. Progress in programming against these targets for the projects per the *Corporate Results Framework* in the [GEF-6 Programming Directions](#), will be aggregated and reported during mid-term and at the conclusion of the replenishment period.

October 2014, and; (ii) *Integrated Approaches for Sustainable Cities in Viet Nam* (GEF ID 9077) - a child project under the GEF Sustainable Cities Integrated Approach Pilot (SCIAP). The PFD was approved in June 2015.

2. Although this submission is uniquely for GEF ID6924, as much of the project justification applies to both submissions, much of the 'Project Justification' sections are common to both.

**A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN WITH THE ORIGINAL PIF<sup>6</sup>**

3. Subsequent to the approval of the PIF, the following three major developments created opportunities and greatly influenced the design of the GEF interventions.
4. The opportunity to synergize the SCCF and SCIAP investments. Both ID 6924 and ID 9077 GEF interventions were designed to improve urban planning, management and sustainable urban development in Viet Nam. Following PIF approval, planning consultations were held with all stakeholders and a path to ensure cooperation, complementarity and synergies was identified. As a result, the design of the two GEF interventions was undertaken as a single process. Hence, in addition to each proposal's standard design requirements, SCIAP funds will lead to some climate change resilience benefits and SCCF funds will lead to some integrated city development benefits. Many activities will be co-implemented, and many outputs and outcomes will contribute to both SCIAP and SCCF goals.
5. Finalization of the design of the baseline interventions At the time of PIF approval, the Government of Viet Nam and ADB were starting the design of the Secondary Cities Development Programme (SCDP) and were considering its technical and geographical options. Subsequently, the following has been determined for the baseline:
  - The focus on *secondary* cities has been confirmed, hence the focus for SCCF is also Vietnamese secondary cities (see paras 9 - 12);
  - The SCDP has adopted the 'green city' approach<sup>7</sup> and the SCDP has been sub-titled "Green Cities I" (GC I). This approach embraces a focus on environment, equity and economic development for the target cities. It also integrates urban resilience, notably to climate threats and climate change. The SCDP is closely aligned to both SCIAP and SCCF and it is considered to be the principal baseline programme for both ID 6924 and ID 9077;
  - SCDP is to support three diverse secondary cities in Viet Nam: Ha Giang, Hue and Vinh Yen. In order to maximize complementarity and additionality, SCCF and SCIAP support covers these three same cities, as well as support to replication in a further six cities;
  - At the national level, the Ministry of Natural Resources and Environment (MoNRE) has a key role in climate change, environmental protection and land-use planning. Hence, SCCF and SCIAP support is closely aligned to the workplan of MoNRE and will support MoNRE to play a greater role in integrating environment and climate change issues into city planning and investments;
  - More recently, preliminary steps have been initiated towards a follow-up Green Cities II programme, again with support from ADB.
6. Clarification of the SCIAP Global Umbrella Program The global objectives of SCIAP and the role of the SCIAP Global Coordination and Knowledge Sharing Platform have been determined. The Viet Nam SCIAP Child project has been designed to be closely aligned to the global program and principles. For example, in addition to greenhouse gas emissions, there is a focus on integrated urban approaches, on the establishment of planning and indicator frameworks, on the importance of green city financing and on the need to pilot innovative technologies and practices. There is also a focus on urban resilience.
7. The result is a linked SCCF/SCIAP submission that builds on these three developments. It retains the intent and outcomes of the original PIFs but repackages the activities to maximize synergies and creates a more integrated

<sup>6</sup> For questions A.1 –A.7 in Part II, if there are no changes since PIF, no need to respond, please enter "NA" after the respective question.

<sup>7</sup> See "Green Cities", ADB 2012 and "Green City Development Tool Kit", ADB, 2015.



intervention. Annex F provides a table showing how the results framework is aligned to that in the two approved PIFs.

A.1. *Project Description*. Elaborate on: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed; 2) the baseline scenario or any associated baseline projects, 3) the proposed alternative scenario, GEF focal area<sup>8</sup> strategies, with a brief description of expected outcomes and components of the project, 4) [incremental/additional cost reasoning](#) and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and [co-financing](#); 5) [global environmental benefits](#) (GEFTF) and/or [adaptation benefits](#) (LDCF/SCCF); and 6) innovativeness, sustainability and potential for scaling up.

#### A.1.1. Global Environmental Problems, Root Causes and Barriers to be Addressed

##### Secondary cities in Viet Nam

8. Viet Nam, over the past thirty years, has experienced a rapid economic expansion and has successfully integrated itself into the global market. Its gross domestic product (GDP) per capita has more than tripled from US\$560 in 2004 to US\$1,900 in 2014. The current national *Socio-Economic Development Strategy* (2011–2020) (SEDS) emphasizes the need to sustain the rate of its economic growth but urges that this be combined with social equality and environmental protection. Further, the SEDS promotes the role of regional centres and cities that serve as local engines of development.<sup>9</sup>
9. The rapidly growing urban sector is pivotal to Viet Nam’s progress. Since the 1990s, there has been a continued shift from agriculture to industry and services, which together account for 81.9% of total economic output (2014 figures). Whereas the urban population in 1990 was only 19.5% of the total, amounting to around 19 million people, by 2014 it had increased to 34.5% or 31 million people. This rapid growth is forecast to continue, with urban population expected to reach 45% by 2030 and 75% by 2050. This rapid growth creates many challenges for urban development in Viet Nam. One response to these challenges, as articulated in *Adjustment of the Master Plan for Urban Development in Viet Nam to 2025 and Vision 2050* is the development of secondary and tertiary cities as development hubs within larger urban areas and provinces.
10. There is no single definition of secondary or second-tier city in Viet Nam. Cities are ranked as either Special or Grade I to V using 6 criteria, yet to fit into a category they must meet minimum standards for city size, density and non-agricultural employment.<sup>10</sup> The *National Program on Urban Development, 2012-2020* (NPUD) estimates there may be 312 cities in the Grade I to Grade IV range. Table 1, based on data provided by Urban Development Agency (UDA) of the Ministry of Construction (MoC), indicates that there may be 137 cities with a population between 50,000 and 1,000,000, and with an estimated total population of approximately 17.4 million (and an inner urban population of 12.5 million). These are growing rapidly.

Grade (and population definition)	Provincial Administration (min. 0.5 million)	Grade II (min. 300,000)	Grade III (min. 150,000)	Grade IV (min. 50,000)
No. of cities	12	17	44	64
Average population	345,000	233,000	103,000	75,000
Average ‘inner urban’ population	269,000	186,000	72,000	46,000
Total urban population	4,140,000.00	3,961,000.00	4,532,000.00	4,800,000.00
Total inner urban population	3,228,000.00	3,162,000.00	3,168,000.00	2,944,000.00

TABLE 1: SHOWING SOME DATA ON SECONDARY CITIES

<sup>8</sup> For biodiversity projects, in addition to explaining the project’s consistency with the biodiversity focal area strategy, objectives and programs, please also describe which [Aichi Target\(s\)](#) the project will directly contribute to achieving..

<sup>9</sup> These two paragraphs are sourced from: Draft Final Report “TA 8671 VIE: Secondary Cities Development Program (Green Cities)”, October 2015 (ICF)

<sup>10</sup> Decree No. 42/2009/ND-CP

11. Secondary cities in Viet Nam have suffered from environmental degradation, inadequate public health and social services, limited economic growth prospects and employment opportunities. Rapid population growth, as the cities draw in population from rural and semi-rural areas, mean these challenges are growing. Further, secondary cities are increasingly vulnerable to climate change and natural disasters. Growing urban sprawl and traffic congestion are further problems.
12. Behind these urban problems there are some shared underlying challenges, notably (see also the simplified problem tree in Figure 1):

- **Weak environmental management and unpreparedness for the impact of climate change.** This is due to the lack of climate resilient infrastructure, the weak capacity for environmental management, poor traffic management, limited storm water drainage capacity and flood protection infrastructure, and inadequate solid waste and wastewater management;
- **Inability to respond to low carbon economic opportunities,** including tourism. This inability results from poor economic infrastructure, limited financial resources for investment, insufficient cost recovery, aging assets and underperforming infrastructure, inadequate vocational training and business promotion services, lack of incentives for public-private partnerships (PPPs), and weak capacity for local economic development planning and implementation;
- **Interventions that do not benefit the poor and other vulnerable groups** because of inadequate community preparedness for climate change, inaccessible social services, lack of skills training for a low carbon economy, and the weak participation of the vulnerable groups in decision making and monitoring;
- **Limited capacity in the core competencies of integrated, resilient, low impact, low carbon urban planning and management.** This results from the lack of strategic planning, inadequate linkages between master plans, investment programming and financing, weak asset management, insufficient project identification and structuring, and weak linkages between green city development and urban planning.

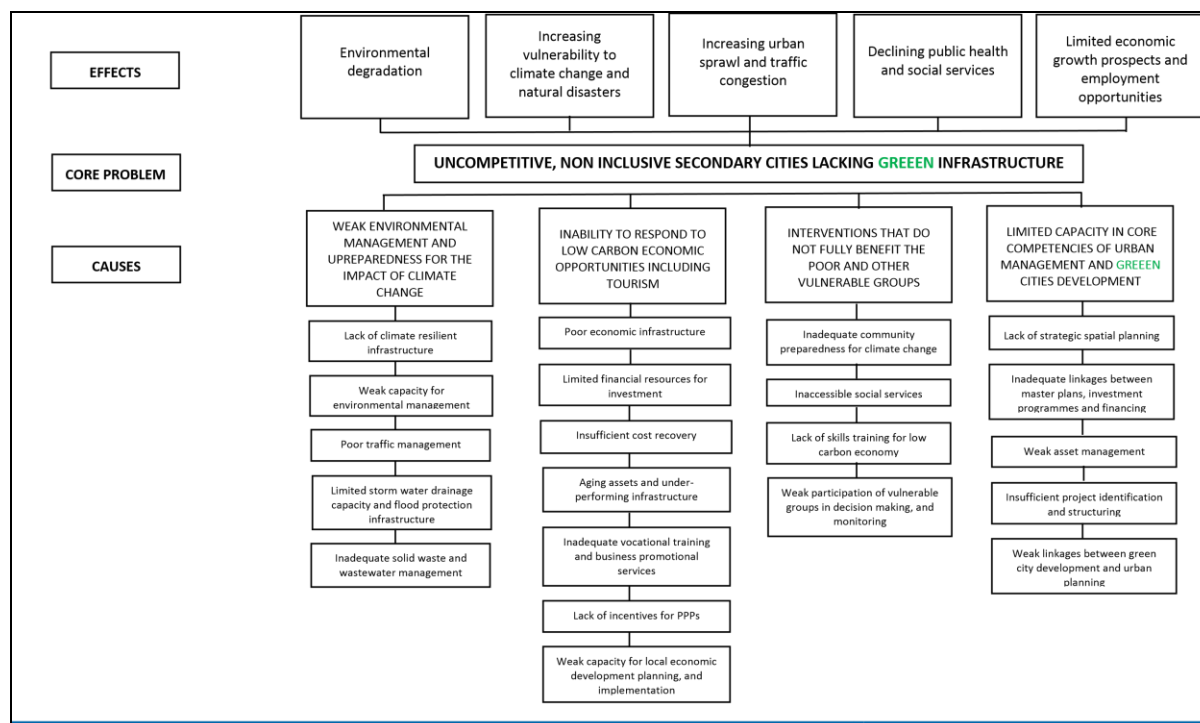


FIGURE 1: SIMPLIFIED PROBLEM TREE FOR VIETNAMESE SECONDARY CITIES<sup>11</sup>

<sup>11</sup> Source: Draft Final Report “TA 8671 VIE: Secondary Cities Development Program (Green Cities)”, October 2015 (ICF)

13. Urban planning in Viet Nam Viet Nam's long established system of socio-economic planning has greatly served its rapid socio-economic development over the past three decades. In this system, each sector and each jurisdiction<sup>12</sup> prepare five-yearly and annual development plans – these serve as the basis for budgeting and prioritizing investments. Further, at the local level, spatial and land-use planning complements socio-economic planning. This includes long-term urban development master plans with detailed land-use zoning. Although they have generated great benefits, the current approaches to socio-economic or land-use planning do not facilitate an integrated, adaptive urban planning and management, and they do not facilitate the mainstreaming of important sustainability factors such as climate change. Further, the land-use planning focuses almost entirely on physical infrastructure needs and construction.
14. Finally, large proportions of the population in Vietnam's secondary cities are **vulnerable**. The rapid urban growth has strained social services; urban sprawl has undermined connectivity; growing environmental and sanitation pressures contribute to health challenges; economic challenges affect employment and livelihoods – meaning many people live with economic insecurity; and the relatively large recently arrived population (from surrounding rural areas) disproportionately suffer as they no longer have the community back-ups they enjoyed in rural areas.

#### Diversity of the Secondary Cities – Ha Giang, Hue and Vinh Yen

15. Secondary cities in Viet Nam are very diverse in terms of geography, economic and trade opportunities, demographics, climatic conditions, financial conditions and access to natural resources. Many of these diverse conditions are represented in the following three cities: Ha Giang, Hue and Vinh Yen.
16. Ha Giang City is located in northern Viet Nam in a rugged mountainous region near the border with China. It is the capital of a poor province with a large ethnic minority population, surrounded by rich forest biodiversity. It is highly vulnerable to flash flooding and landslides. The current population within the administrative boundary is around 55,000, but is currently growing at around 4% per year and it is expanding to take in surrounding communes. By 2020, the city population is expected to reach 100,000. Although a 'smaller' city, it is a city with a clear vision and strong commitment at the political and community level to be a leader in sustainable urban development. The main challenges faced by Ha Giang relate to balancing urban expansion with its role as the administrative, economic, ecotourism and socio-cultural hub for surrounding areas, while managing and reducing impacts on the urban environment and retaining its rich cultural and natural heritage. Ha Giang is a typical city in Northern Viet Nam and similar to many cities in mountainous central regions of Viet Nam; there are at least 30 similar cities in the region and many more in the mountainous border regions of Viet Nam.
17. Hue city is located in central Viet Nam on a coastal plain close to the Huong (Perfume) River estuary. It is the capital of Thừa Thiên-Huế province; a UNESCO-listed heritage centre; a major tourist destination; and a commercial and services centre for the surrounding province. It is typical of many secondary cities in Viet Nam facing challenges of rapid growth, urbanization and commercial development. Over the last 10 years, the urban population of Thừa Thiên-Huế Province has increased by 60%. In addition, Hue is highly vulnerable to natural disasters and climate change, especially sea level rise, typhoons, storm surge and both sea and river flooding. This combination of factors makes Hue representative of many coastal cities in central Viet Nam.
18. Vinh Yen is the capital of Vĩnh Phúc Province in the Red River Delta region of northern Vietnam. It is a successful and rapidly growing industrial satellite city of Ha Noi with strong foreign investment into manufacturing (vehicles, electronics, clothing/textiles and other goods) and a growing role as a logistics hub. Vinh Yen City is expanding to engulf surrounding rural and urban areas, and in the near future, is expected to be renamed Vinh Phuc City and have a population of approximately 400,000. This growth is straining urban services, especially: waste water management and treatment; water supply; solid waste management; and flooding mitigation. Vinh Yen aspires to become an eco-business city, with a focus on high-value clean manufacturing, and at the same time, to rehabilitate

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<sup>12</sup> Province, city and commune

its degraded areas and enhance the urban environment. Vinh Yen is typical of many rapidly growing industrial cities in Viet Nam, and also representative of many cities in the Red River delta. As it lies low in the Red River Delta and is along the main branch of the Red River, it is very vulnerable to annual flooding.

19. Annex G provides more information on these cities. It provides an introduction to their geography, demography, administration, economy, climate vulnerability, as well as an overview of the recently approved Green City Action Plan, and a justification of their suitability to be SCIAP and SCCF pilot cities. Although unique, these three cities represent many of the urban development and sustainability issues facing secondary city in Viet Nam.

### Vulnerability to Climate Change in Viet Nam

20. Viet Nam is accepted to be among the countries that are to be the most seriously affected by the adverse effects of climate change. The Global Climate Risk Index<sup>13</sup> placed Viet Nam as the country the seventh most affected by climate during 1994-2013. Impacts of climate change will heavily affect the country's economic production, livelihoods, environment, infrastructure, public health, and threaten recent advances in poverty reduction, food and energy security, sustainable development, as well as the fulfilment of the Millennium Development Goals. All geographical locations in Viet Nam are considered vulnerable in different ways:

21. The principal vectors of climate change in Viet Nam are:

- Sea level rise and storm surges affecting coastal cities (such as Hue) and delta areas – including saline intrusion;
- Changing rainfall patterns leading to flash floods, seasonal droughts and land instability in cities in hilly regions such as Ha Giang;
- Changing rainfall patterns leading to increased threat of annual flooding from major rivers, including in cities such as Hue and in low-lying river delta cities such as Vinh Yen.

### Secondary City Green House Gas (GHG) Emissions

22. Cities currently contribute around 70% of world GHG emissions (IEA) and the share is increasing; with most of the growth in urban emissions expected to come from developing countries, and especially from East Asia (World Bank 2013). Driving this growth is a strong link between urbanization, economic growth, energy, and GHG emissions trends. Urban consumers require more energy as the economy grows and their standards of living rise.
23. These trends are especially evident in Viet Nam. Viet Nam is urbanizing rapidly and its economy is growing strongly. Under the BAU scenario, Viet Nam's per capita GHG emissions are expected to almost triple between 2010 and 2030 (Viet Nam INDC 2015). This growth is happening not just in the major cities, but also in secondary cities throughout Viet Nam. However, less attention has been paid to these issues in secondary cities, meaning there is an untapped potential for cost-effective interventions to have a real impact on establishing a sustainable, low carbon development pathway in secondary cities.

### Biodiversity

24. Hue and Vinh Yen both lie close to biodiversity areas and are connected to protected areas with globally significant biodiversity. In these two cities, the strongest link between the urban population and biodiversity is local recreation possibilities and ecotourism. However, Ha Giang has a particularly rich natural environment and cultural heritage. Ha Giang is surrounded by areas rich in good quality forest and by several national protected areas. The importance of the biodiversity is demonstrated by the fact that the hills around Ha Giang city include two key biodiversity areas (KBA) / important bird areas (IBA) (Tay Con Linh and Du Gia) and two national protected areas (Tay Con Linh

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<sup>13</sup> Global Climate Risk Index 2015, Germanwatch

and Phong Quang)<sup>14</sup>. These all lie within 15 km radius of Ha Giang city centre. Slightly further away, at approximately 20km, is the Bai Dat Son Alliance for Zero Extinction (AZE) site<sup>15</sup>. Bai Dat Son lies on the edge of the UNESCO Dong Van Karst Plateau - a Global geological park<sup>16</sup>. There are strong and complex economic and cultural linkages between the Ha Giang urban population and the biodiversity areas, notably eco-tourism, micro-scale hunting and NTFP collection.

## Conclusion

25. National policy is to develop secondary cities as development hubs within larger urban areas and provinces, to create better lives and livelihoods for people, and to reduce the pressure on the emerging mega cities. However, current practice is that the secondary cities do not offer better lives and livelihoods; they face increasing economic, social and environmental challenges; and they are not climate resilient and are threatened by climate change.

### A.1.2. Baseline scenario and associated baseline projects

#### Overall Baseline Scenario

26. The baseline scenario is defined by the *Framework Master Plan for Urban Development in Viet Nam to 2025 and Vision to 2050* (and its update the *Adjustment of the Master Plan for Urban Development in Viet Nam to 2025 and Vision 2050*). These specifically aim to develop secondary and tertiary cities as development hubs.
27. Another key guiding aspect of the baseline is the National Strategy on Climate Change (issued by Prime Minister in December 2011). This includes the following two targets: *to bring into play the whole country's capacity in simultaneously taking measures of adapting to impacts of climate change and to strengthen people and natural systems' adaptability to climate change*.
28. Within this baseline scenario, MoNRE, is working on many of the elements of integrated urban development. For example, with support from international partners, MoNRE has supported several climate vulnerability assessments at city and provincial level, but not as yet for any secondary city. MoNRE is also developing a city level sustainable development indicator frameworks, although there is not yet a common approach or methodology. Finally, MoNRE is supporting city level GHG inventories and has already completed work in Danang and Can Tho.
29. Further, the Prime Minister, supported by the Ministry of Planning and Investment (MPI), in 2012 issued the national Green Growth Strategy.<sup>17</sup> This promotes green growth “*as a means to achieve a low carbon economy and to enrich natural capital, will become the principal direction in sustainable economic development; reduction of greenhouse gas emissions and increased capability to absorb greenhouse gas are gradually becoming compulsory and important indicators in socio-economic development*.” Two of the specific ‘solutions’ are: *development of key sustainable infrastructure including: transportation, energy, irrigation and urban works, and sustainable urbanization*. In the baseline, provinces and the larger cities are expected to prepare policies, programmes and action plans – but there is no guidance for secondary cities. The implementation mechanisms have not yet been elaborated.
30. Also in the baseline scenario, with support from ADB, the Urban Development Agency (of the Ministry of Construction) is preparing the national urban resilience strategy and program – to be completed by 2018, and is

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<sup>14</sup> Supporting globally significant species including the critically endangered Tonkin Snub-nosed Monkey (*Rhinopithecus avunculus*) and endangered Boulenger's Spiny Frog (*Quasipaa boulengeri*).

<sup>15</sup> Identified as being globally significant for the protection of 2 endangered conifer species: *Amentotaxus hatuyenensis* and *Xanthocyparis vietnamensis* (Golden Vietnamese Cypress).

<sup>16</sup> Dong Van Karst Plateau, located on an altitude of 1,000m-1,600m and covering 2356km<sup>2</sup>, is one of Viet Nam's special limestone areas.

<sup>17</sup> Decision 1393/QĐ-TTg

building related capacity. This will also include the preparation of six city-level urban development plans, covering issues such as low-income housing and climate resilient shelters.<sup>18</sup>

31. Finally, at the national level, the Ministry of Construction, with support from the World Bank, is developing a *Consolidated Policy Note (CPN)*, based on a detailed *Urban Infrastructure Investment Needs Assessment (UIINA)* and the related *Policy Note (UIINP)*.
32. Hence, the general baseline scenario largely excludes actions in secondary cities. As a result, the degradation and challenges set out in the previous section (see Figure 1) will remain. Secondary city urban development will remain sectoral and focussed on infrastructure. It will miss opportunities to optimize economic, social, equity and environmental benefits. It will miss opportunities to be integrated, resilient, low impact, low carbon, and environmentally friendly (including, where appropriate, having positive impacts on biodiversity).

#### Baseline Project: The Secondary City Development Program/Green City Program

33. In this context, working with three target cities (Ha Giang, Hue and Vinh Yen)<sup>19</sup>, the Government of Vietnam, with the support of ADB, has launched the Secondary City Development Program (SCDP, also referred to as the Green City I program or GC), under the coordination of the Ministry of Planning and Investment.<sup>20</sup> This program has supported national level assessments and provided policy support to improve the institutional environment. The program has notably worked with planners and decision-makers (i.e. the City and Provincial Peoples Committees - CPC/PPC) in the three cities. Annex K provides the list of analytical and design documents prepared under this Program.
34. The SCDP baseline project supports sustainable and resource efficient urban growth in three Vietnamese cities: Ha Gang, Vinh Yen and Hue. To demonstrate various urban growth models, a GrEEEn city action plan (GCAP)<sup>21</sup> has been developed for each city. The GCAP capture the city's vision, its goals, a time-based spatial development plan, socio-economic and environmental co-benefits and an investment program. Under GCAP, a number of *sub-projects* have been identified, and several of these sub-projects have been prioritized in each city, including: road expansion and upgrading; pavements; bridge construction; dredging of rivers/lakes, embankments; drainage, waste water collection, treatment and management; solid waste management; education hub; and green park development.
35. Within the SCDP baseline project, the GCAPs represent a first, innovative attempt to develop integrated, resilient and adaptive planning for secondary cities in Viet Nam. They represent good progress over previous urban planning and management in secondary cities. Yet, in the baseline, the linkages between the strategic objectives and the proposed investments are not clarified: although the *overall thinking* is integrated, the implementation appears *sectoral*. Although the overall thinking is 'resilience', climate resilience is not adequately mainstreamed. Also, the priority sub-projects do not adequately address the social and economic issues that are undermining urban resilience – and the climate-proofing process has not been sufficiently thorough. The GCAP also lack a proper financing and monitoring framework. Moreover, the GCAPs are not currently integrated into the formal urban planning process in Viet Nam, which limits their impact especially regarding the spatial distribution of urban activities, efficient provision of urban services and sprawl. In addition, they only cover three secondary cities and only a small percentage of the population of secondary cities. Annex G includes an introduction to the GCAPs for Ha Giang, Hue and Vinh Yen - the complete GCAPs are available in English, see Annex K.

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<sup>18</sup> See project document for ADB CDTA "Sustainable and Resilient Urban Development", funded by Government of United States and Norway.

<sup>19</sup> These cities (one coastal tourist city; one industrialized satellite city; one regional center in the mountainous border regions – each having specific climate related threats) were chosen to represent the diversity of secondary cities in Viet Nam and so maximize learning and replication potential.

<sup>20</sup> See Draft Final Report "TA 8671 VIE: Secondary Cities Development Program (Green Cities)", October 2015

<sup>21</sup> The three E's stand for Equity, Economy (competitiveness) and the Environment.

36. In order to start implementing the GCAP, the Government and ADB are finalizing a US\$224 investment program with an ADB loan of \$170 million. **This loan, known as the Secondary Cities Development Program – Green Cities (SCDP-GC) project is the baseline project for the proposed GEF funding.** The focus of the SCDP-GC project is a package of urban infrastructure (waste water, roads, drainage and flood control, solid waste management, energy efficiency and environmental rehabilitation) to Ha Giang, Hue and Vinh Yen during 2017 – 2021. This project will be implemented under the *Results Based Lending* (RBL) modality. RBL delegates more responsibility to the borrower, with funds release contingent on meeting pre-agreed benchmarks (Disbursement Link Indicators - DLIs).
37. Under the RBL modality, after the overall RBL is approved, the cities will be responsible during SCDP-GC implementation for selecting sub-projects, finalizing the full design of the sub-projects (including climate proofing), and implementing the sub-projects<sup>22</sup>. This will happen in line with ADB guidelines and will meet ADB required standards and safeguards. Independent Verification procedures will guide decisions to release funds in accordance with meeting DLIs.
38. The Government also has tentative plans to expand this approach, and to request the support of a follow-up (and potentially larger) loan – referred to as the Green Cities II loan. Processing is tentatively planned for 2018-2019.

#### Vulnerability of Secondary Cities to Climate Risks in the Baseline Scenario and Vulnerability of the Baseline Project

39. The general situation A rapid climate risk and vulnerability assessment of three secondary cities (Ha Giang, Hue and Vinh Yen) was undertaken as part of the SCDP-GC project preparation. The analysis looked into climate change, hydrology, hydraulics, floods and damages, structural and non-structural measures, and flood management issues. The analysis found that the infrastructure in the three cities is highly vulnerable to climate risks and climate change. The bridges, drainage, embankments, roads, landfills, wastewater collection & treatment systems and water supply systems are all vulnerable to climate threats and to climate change, notably to increased rainfall, storm surges, flooding and in some cases drought and increased temperatures. This is potentially a threat to the very socio-economic development of these cities. The full report is provided in Annex M. There is reason to believe that this is a typical situation facing the majority of secondary cities across Viet Nam.
40. Separate studies supported by the ADB have assessed the *financial* capacity of two secondary cities in Viet Nam to manage climate related disaster risks (Regional Technical Assistance, TA- 8012).<sup>23</sup> These studies assessed the potential financial impact of climate related flooding in Hue and of storm surges in Can Tho. The studies found that that a large amount of the city infrastructure is vulnerable to climate threats. Most importantly, the city capacity to finance a response to climate disasters is far below the potential financial needs. This finding is backed up by recent experience in Viet Nam – whenever there are climate related disasters in Vietnam, vulnerable assets are destroyed, and the national government is required to step in and almost entirely finance the recovery (except in large-scale cases where international support is forthcoming).
41. Further, officials and departments in secondary cities in Viet Nam often lack the planning, management and adaptive capacity that is necessary to plan for and respond to extreme weather events. All the above factors combine to leave Vietnamese secondary cities highly vulnerable to climate change.
42. Vulnerability of SCDP - GC investments A rapid climate risk screening was undertaken using AWARE for Projects for the baseline SCDP-GC in the 3 target cities. The overall risk rating for the baseline project was found to be **High**. The major risk factors are floods, landslides, onshore category 1 storms, sea level rise and precipitation increases. In general, most of the initially proposed subproject sites are in areas that are likely to be affected by climate-induced impacts, mainly extreme precipitation and heavy storms; and in the case of Hue, sea level rise. The nature of the sub-projects also means the infrastructure will be vulnerable to climate change. The full report is in Annex L.

<sup>22</sup> Detailed preliminary designs have been prepared through an earlier ADB technical assistance program.

<sup>23</sup> See report: “Disaster Risk Finance for Total Climate Risk Phase II –Study of Potential DRF options: Viet Nam” (2015)

43. Annexes L and M demonstrate that the adoption of adaptation options and resilient infrastructure is critical to minimize the potential impacts of climate change on the investments to be financed under SCDP – GC. To ensure climate resilience during future extreme weather events, all subprojects should be accompanied by a thorough and systematic assessment and design process that ensures climate resilient designs and ensures that intended outcomes will not be compromised by climate change. Typical steps to this are: (i) climate risk screening at the concept development stage to identify projects that are at risk; (ii) full climate change risk and vulnerability assessment (CRVA) during preparation for the projects at risk; (iii) identification of adaptation options, followed by their technical and economic evaluation; (iv) integration of adaptation measures in project design. For example, detailed engineering designs should be based on calculations that incorporate the most appropriate hydro-meteorological parameters in each case through climate change (e.g., maximum rainfall and intensity, peak river flow, highest flood level, maximum sea-level rise in coastal areas, peak wind speed, and thermal ranges, among others); and (v) monitoring and reporting of the level of risk and climate-proofing measures.
44. However, in the baseline situation, there may be limited technical capacity at the city level and within the project management units to undertake more detailed climate risk and vulnerability assessment and to interpret the data and apply it to specific investments. Furthermore, although regulations (notably through Circular 27/2015/T-BTNMT of July 2015) now require the assessment of the impacts on climate change of all subprojects, they do not require an assessment of climate-induced impacts on them. As a result, in the baseline, detailed engineering designs will follow current Vietnamese standards, regulations and codes regarding construction practices, materials and their quality, which do not fully take into consideration site level climate risks and vulnerabilities. These factors leave the SCDP-GC investments vulnerable to climate change.

#### Disaster Risk Financing – An Opportunity with Barriers

45. As mentioned above, almost all cities in Viet Nam are ill-equipped financially to respond to disasters. This leads to delays in responding to disasters, reallocation of development funds to disaster response, and a fall in economic activities and tax revenue after disasters, all with long-term impacts. Disaster risk financing (DRF) offers a potential solution to these challenges – potentially assisting both cities and national government to react to natural disasters as they occur and immediately after – by rapidly providing funds to support recovery and quickly getting economic development back on track and quickly re-establishing social services. Further, if structured appropriately, DRF can help cities to plan for disasters, and it can provide an incentive to cities to plan more effectively and to undertake adaptation measures.
46. The above mentioned TA 8012 looked at potential DRF options in Viet Nam, notably for Hue city. It identified that the extreme weather linked insurance of city assets could offer a potential solution - offering financial benefits, planning benefits, development benefits and providing incentives for integrated planning and adaptive management of city assets. However, it identified a series of barriers, including lack of experience and capacity at city level; institutional, administrative and regulatory constraints; and lack of a market for DRF products.

#### A.1.3. Proposed alternative scenario, GEF Focal Area Strategies<sup>24</sup>, with a brief description of expected outcomes and components of the project

47. The alternative scenario includes a joint effort from two GEF sources and projects: this proposed SCCF project (*Promoting Climate Resilience in Viet Nam Cities* - GEF ID 6924); and GEF ID 9077 - *Integrated Approaches for Sustainable Cities in Viet Nam* (a child project under the GEF SCIAP). This section covers the overall joint response, providing more detail on GEF ID 6924.

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<sup>24</sup> For biodiversity projects, in addition to explaining the project's consistency with the biodiversity focal area strategy, objectives and programmes, please also describe which Aichi targets the project will directly contribute to achieving.



48. With support from MoNRE, GEF and other partners<sup>25</sup>, the alternative will build on the baseline at both city level and national level. The alternative will support transformation to a more systematic, climate change responsive and evidence-based approach to integrated urban planning and project implementation in secondary cities across Viet Nam ( FIGURE 2 illustrates how GEF and partners transform the baseline). This will lead to urban development plans that are integrated, resilient, inclusive, low impact and low carbon, as explained in the following:

- **Integrated** New approaches to urban planning will ensure the various sectors (transport, energy, water, waste, education, agriculture etc) and the spatial distribution of activities are planned and develop in an integrated, efficient and sustainable manner, generating collaboration and synergies. Integration will also extend to consideration of linkages between the urban area and its hinterland (including surrounding agricultural land, townships, natural landscapes, etc), and upstream/downstream issues pertaining to resources. Overall planning, financing, management and **indicator**/monitoring frameworks that stimulate this integration will be established;
- **Low impact** The work will stimulate an urban development that has a limited impact on water, air, land and biodiversity resources. Notably, water pollution and air pollution will be targeted and monitored. In Ha Giang and similar cities, measures will be taken to have a positive impact on biodiversity;
- **Low carbon** Measures will be identified and stimulated to reduced greenhouse gas emissions, notably from public lighting, transport, water supply, solid waste and urban agriculture;
- **Resilient** Strategies and measures to adapt to climate change will be identified and implemented. Further, resilience in more general terms will be promoted – by increasing connectivity, ensuring that planning and development is socially inclusive, promoting broad participation in planning and monitoring processes, and stimulating an economic development that is equitable and reaches all parts of society;
- **Inclusive** Planning that engages with all members of society and takes into account and respects their needs and the contribution that they make to society;
- **Incentive structures** will be developed to support low impact, low carbon, resilient and inclusive urban development. Innovative sources of finance for urban development will be identified – including private sector and carbon funds (including, possibly, NAMA, green financial mechanisms, payments for urban ecological services, etc). The possibility of accessing this financing, linked to the indicator frameworks, will provide an incentive to city developers for a sustainable, integrated urban development. In particular, incentives can be used in conjunction with spatial land-use planning to mitigate sprawl and shape the urban form to meet sustainability goals.

49. Resilience will be a key aspect of urban development planning. Resilience considerations will be incorporated into long-term/cross-sectoral urban development and investment planning to ensure that the urban system can absorb shocks and trends, not just from climate change but from a wide range of potential sources (economic, political, disease, natural disaster, etc) and retain its social, economic and environmental identity. This broad view of resilience and the need for an integrated synergistic approach to urban planning and management will guide this Project<sup>26</sup>. More details are provided in the activity descriptions below.

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<sup>25</sup> Other co-financers include the Urban Climate Change Resilient Trust Fund (managed by ADB, with funding from DFID, Rockefeller and others), CDIA and other ADB managed technical assistance projects financed by USAID and Norad.

<sup>26</sup> The GEF STAP publication “Designing Project in a Rapidly Changing World” (2016) and associated RAPTA (Resilience, Adaptation Pathways and Transformation Assessment) framework provides guidance on planning for resilience.

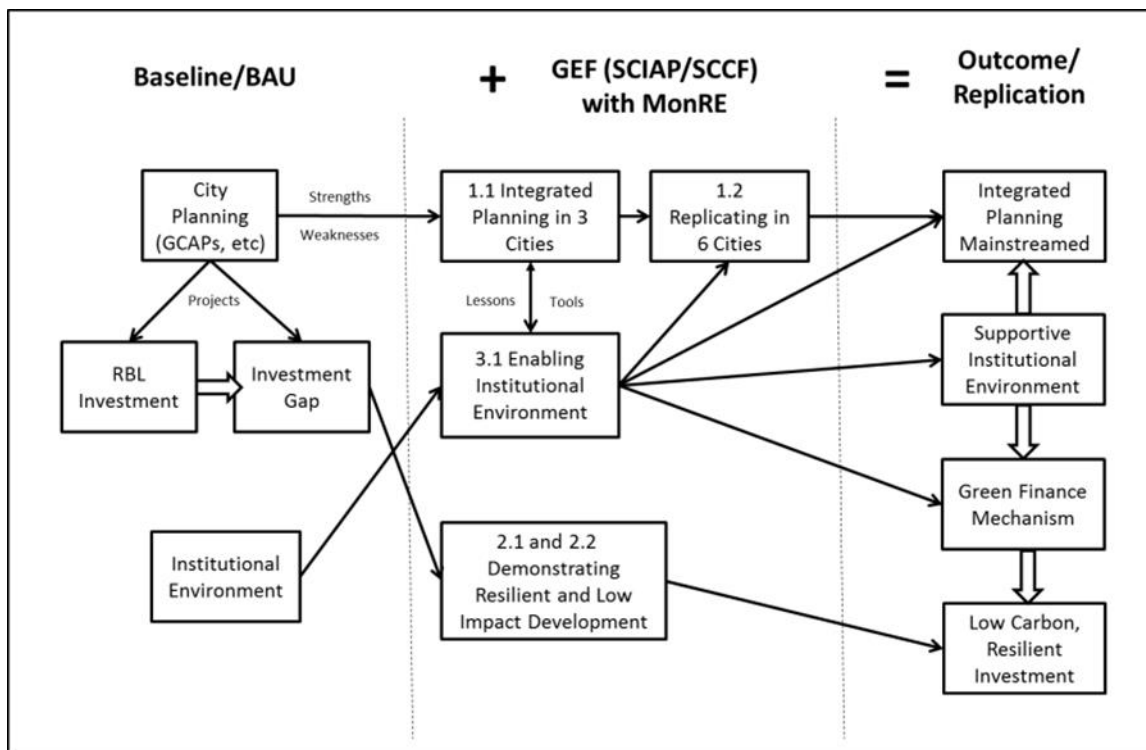


FIGURE 2: SHOWING THE TRANSFORMATION OF THE SECONDARY CITY BASELINE

50. As illustrated in FIGURE 2, to maximize progress and effectiveness, the alternative proceeds along 3 parallel streams or components: integrated planning in target cities (Outcomes 1.1 and 1.2 in FIGURE 2); strengthening the national enabling institutional environment (Outcome 3.1); and demonstrating climate resilient and low impact technologies and approaches (Outcome 2.1 and 2.2). The alternative will also optimize the implementation of the baseline SCDP-GC project and it will support the design of the follow-up Green Cities II initiatives.

51. Annex H provides detailed information on the baseline, alternative, strategic approach and activities under each of these Outcomes.

52. A brief description of expected outcomes and components of the project is provided below

#### Component 1: Strengthened city planning processes.

##### Outcome 1.1: Integrated, Resilient Planning in Three Cities.

53. The first action in the alternative is to provide technical support to Ha Giang, Hue and Vinh Yen as they implement the existing GCAPs and then prepare updated, improved green city action plans. Capacity will be built in the three cities through their involvement in these processes – i.e. on the job capacity development. This will result in strengthened city planning processes that mainstream green planning and green design, and integrate the GCAP process into city master plans for spatial and socio-economic development. As the three cities represent three very different type of secondary city, this will generate a range of lessons and experience useful to replication across all secondary cities in Viet Nam. The Outputs are:

*Output 1.1.1 Recommendations for greening and increasing the resilience of the design and procurement of all the Secondary City Development Program (SCDP - GC) project investments for Ha Giang, Hue and Vinh Yen. A Design Review and Green Procurement Advisory (DRA) will be established to provide technical support to the design and procurement processes related to the sub-projects. Amongst others, the DRA will identify ways to make*

individual SCDP-GC sub-Projects greener<sup>27</sup>, to make them reflect an *integrated* approach to urban development, and to help them contribute to reducing GHG emissions. An initial climate vulnerability assessment will be undertaken of the GCAP and the sub-projects and planning options that are more climate resilient will be identified. This will also support preparation of the city business plans – the annual city business plans that are the implementing tool of the GCAP and baseline RBL.

*Output 1.1.2 In each city, strengthened capacity of 10 professionals (including 40% female) that covers the skills needed to integrate green city principles into urban planning and budgeting processes.* The skills covered include integrated city planning, resilience, disaster risk management, equitable development and accessing innovative finance. In each of three provinces, a small network of highly capable professionals will be established and developed to international standards. This will provide the basis for driving integrated urban development in the cities over the coming decade. The professionals will have key roles in the planning, financing and implementation of urban strategies and investments, and will be supported through training activities, and hands-on involvement in all Outcome 1.1 activities. They will also supported to play mentoring role for professionals in other cities through involvement in the Viet Nam Sustainable Cities Cluster and associated knowledge sharing activities at national level. To facilitate this role as mentors and the sustainability of skills upgrading, a “train the trainer” aspect will be included in the program, with several of the professionals in each city selected to have a specific ongoing role in promoting and maintaining skills development.

*Output 1.1.3 Three updated, integrated, resilient city action plans for Ha Giang, Hue and Vinh Yen. These will include coverage of: an indicator/monitoring framework, GHG inventory, biodiversity framework, climate vulnerability assessment, low carbon plan, prioritization and financing plan).* These will include an indicator/monitoring framework<sup>28</sup>, a city level GHG inventory<sup>29</sup>, a biodiversity framework, a climate vulnerability assessment, a low carbon development plan, an urban resilience strategy, clear approaches for investment prioritization and asset protection, and a financing plan that includes access to innovative financial mechanisms. GEF will support workshops to develop the vision and write the details of these updated Action Plans. This will involve reviewing the existing city level plans (i.e. the Socio-Economic Development Plan, the climate change adaptation plans, etc.) and determining how best to anchor the update Action Plans into government planning/budgeting processes. This will involve a systematic process to prioritize hard and soft investments. Local approval will be assured by the Peoples Committees. This Output will benefit from the knowledge generated under Component 2. This will involve a systematic process to prioritize hard and soft investments, that guides spatial planning and land-use development. In addition, the process may consider opportunities for regional cooperation and resource sharing between cities, as discussed under Component 3. Local approval will be assured by the People’s Committees. The approved plans will be used to access the green financing (prepared under Component 3).

Key activities (mostly covered by SCIAP) are expected to include:

- Research into an institutional structure for city level GHG inventory and database;
- Research and propose appropriate GHG mitigation actions and alternatives for the socio-economic development plans of the three cities, focusing on four key sectors including (i) green energy system and renewable energy, (ii) green transport, (iii) agriculture and (iv) sustainable waste management. This will feed into the development of low carbon city development and land use scenarios, as described below;
- Specific measures to integrate GHG mitigation alternatives and adaptation measures into city planning. Likewise, where appropriate, biodiversity conservation and indicators will be incorporated;

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<sup>27</sup> For example greening the supply chains, using environmentally friendly materials and using ecosystem approaches where possible.

<sup>28</sup> Aligned to the United Nations 2030 Agenda for Sustainable Development and Development Goals.

<sup>29</sup> Each registered with the Global Protocol for Community-Scale Greenhouse Gas Emission Inventories.

- Expand the consideration of resilience in the GCAP process to include a wider range of potential shocks and trends, and mainstream resilience as a key aspect of the GCAP planning process, consistent with the principles of the RAPTA framework;
- Development of city scenarios on low carbon, resilient and inclusive development that includes mitigation and adaptation countermeasures and roadmap of implementation (in line with city green growth action plan and climate change response action plan). These scenarios will include consideration of land-use and spatial distribution of urban activities to guide urban development on an efficient and inclusive pathway, help manage sprawl, and integrate with the city master planning process;
- Capacity building for DONRE and line department officers on GHG inventory, and low carbon scenarios analysis.
- Capacity building for DONRE on ecosystem based adaptation planning (funded by SCCF).

54. All activities under Outcome 1.1 will be linked to Component 3 (i.e. establishing the national enabling environment). Two-way linkages between Outcome 1.1 and Component 3 will ensure: (i) capacity built in Component 3 is based on ground experience from Outcome 1.1 and (ii) approaches and methodologies in Outcome 1.1 are harmonized and aligned with national approaches.

55. See Annex H for more details.

#### Outcome 1.2: Replicating integrated, resilient planning in 6 cities

56. Outcome 1.2 is ***totally covered*** by GEF/SCIAP and associated co-financing.

57. Outcome 1.2 is chronologically the final Outcome under the alternative, but, logically, it is in Component 1. Under Outcome 1.2, the alternative, with support from MoNRE, will directly replicate the enhanced integrated planning process to six additional secondary cities. The cities are to be selected by MPI and MoNRE based on (i) their readiness and commitment to adopt the GCAP approach; (ii) their potential for reducing GHG emissions; (iii) their vulnerability to climate and other risks and (iv) assessments of infrastructure, services and capacity gaps. The alternative will support preparation of integrated urban development plans, and build capacity in the six cities to prepare and implement plans. The main Outputs are the *six integrated, resilient plans*.

58. The approach to Outcome 1.2 will be similar to that in Outcome 1.1, but will be improved following the learned lessons from Outcome 1.1, and knowledge generated from Component 2. Outcome 1.2 will further field test and refine the enhanced and harmonized methodologies developed in Component 3. Two-way linkages between Outcome 1.2 and Component 3 will ensure; (i) capacity built in Component 3 is based on ground experience from Outcome 1.2 and (ii) approaches and methodologies in Outcome 1.2 are harmonized and aligned with national approaches.

#### Component 2: Demonstrating low impact and climate resilient development

59. Component 2 will demonstrate two innovative approaches and technologies for climate resilient, low carbon development in Viet Nam. These are both highly pertinent to the current stage of development of Viet Nam and are both highly replicable to secondary cities in Vietnam.

#### Outcome 2.1 Demonstrating prioritized strengthening of resilience of urban investments.

60. As described above, the focus of the baseline SCDP program is to finance urban development sub-projects (i.e. drainage, dredging, embankments, roads, paths, parks, lighting, etc) in Ha Giang, Hue and Vinh under the existing GCAPs. Under the RBL approach, the final selection of the sub-projects, as well as the complete design of these sub-projects, will be led by national authorities and will take place after loan approval. However, initial assessments suggest that each of the urban development projects face some degree of existing climate threat, and that climate

change will exacerbate these threats. In the baseline, this will follow national procedures and be subject to national regulations and standards.

61. Outcome 1.1 (above) will have already supported an initial climate vulnerability assessment of the GCAP and the sub-projects and will have identified more climate resilient planning options. Building on this, under Outcome 2.1, a rigorous and cost-effective process to ensure the resilience of a limited number of priority sub-projects will be supported, consisting of: (i) full definition of threats; (ii) selection of priority sub-projects for climate proofing; (iii) re-scoping or re-design of the priority sub-projects to ensure they are more resilient; (iv) supplying necessary goods/equipment as needed for the modified designs; and (v) capturing the knowledge. Should, through this process, entirely new investments be identified that contribute to overall climate resilience at the city level (i.e. investments that lie in the GCAP framework but are not listed as a sub-project in the GCAP), these may also be supported. The whole process will be implemented through an approach that develops national and city capacity.
62. Five Outputs are to be delivered
63. *Output 2.1.1 Rapid assessment of climate threats to secondary city investment projects.* After loan approval, each city will formally select the sub-projects to be supported under its GCAP. In Output 2.1.1, a rapid assessment of the existing climate threats to each sub-project will be undertaken, as well as of how future climate change will affect their viability, as well as an identification of main adaptation options.
64. *Output 2.1.2 Prioritized list of city investment projects to be climate proofed.* To ensure buy-in, each city will propose sub-projects for climate proofing. Based on agreed and internationally accepted criteria<sup>30</sup>, 2-5 sub-projects will be selected for climate proofing. If possible, at least one from each city will be selected, but only if the cities submit high quality proposals. If possible, at least one ecosystem based approach will be selected.
65. *Output 2.1.3 Design of additions/modification to investment projects to ensure climate proofing.* Under this Output, SCCF funds will support Vietnamese engineers to redesign or re-scope the selected priority sub-projects. SCCF funds will ensure that a strong focus is given to ecosystem based adaptation, where possible. Non-structural adaptation measures will also be given high attention. Detailed cost benefit analysis will be prepared in order to demonstrate the economic justification of implementing adaptation measures. Some of the possible design or scope changes to be introduced include:
- bioengineering along vulnerable embankments;
  - slope stabilization through micro-watershed management;
  - improved drainage infrastructure that improves local drainage;
  - provision of local flood shelters;
  - introduction of SCADA systems to improve water management and reduce shortages and flooding;
  - introduction of urban smart irrigation or cleaning systems to keep canals flowing in drought conditions; or,
  - introduction of climate monitoring and early warning systems.
66. *Output 2.1.4 Investment projects implemented in line with additions/modifications.* SCCF funds will be used to provide the equipment and/or goods required to implement the design changes from Output 2.1.3. The equipment/goods will be provided to the city authorities, the cities will be responsible for the installation, operation and maintenance. The SCCF funds will not finance civil works or labour associated with the implementation or installation of the goods and equipment - this will be provided or undertaken by the baseline project or with government co-finance.
67. *Output 2.1.5 Lessons learnt, knowledge captured and disseminated.* The process through Outputs 2.1.1 – 2.1.4 is an innovative and rigorous and inclusive way to plan, design and implement activities in secondary cities in Viet Nam. It is expected that many lessons will be learnt, both regarding engineering issues and process issues. Hence, the

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<sup>30</sup> Including vulnerability to climate change, impacts on poverty alleviation, and chances of success.

lessons learned from the process will be disseminated, including by feeding into: (i) the preparation of new and/or updated green cities action plans (Component 1); (ii) the design of a new national policy framework and monitoring framework for sustainable cities (Component 3); and (iii) the design of a green financing mechanism for sustainable cities (Component 3). Information sharing on the process and the results will also be facilitated through the Viet Nam Sustainable Cities Cluster and Network (also under Component 3).

68. See Annex H for more details.

Outcome 2.2: Demonstrating an integrated package of investments that lead to transition to low impact, low carbon development in Ha Giang city.

69. Outcome 2.2 is totally covered by GEF/SCIAP and associated co-financing.

70. In Ha Giang, the alternative will demonstrate how to practically implement an integrated approach, how this can generate synergies, and how this can nudge a small city onto a green, integrated, resilient pathway. Ha Giang was chosen for this demonstration because (i) there are opportunities for complementary activities that build on the baseline project investment to produce an integrated response, and (ii) given its size and stage of development, a GEF intervention has the potential for significant, transformational impact. The integrated package of technologies will contribute to reduced GHG emissions, improved urban livability, increased resilience of vulnerable populations, community development and positives impacts on biodiversity. The Outputs are:

*2.2.1 At least 50% of all organic solid waste is composted using technologies that result in significantly reduced GHG emissions.*

*2.2.2 At least 1,000 street lights are converted to energy efficient lighting, with resulting reduced GHG emissions.*

*2.2.3 Biodiversity friendly practices introduced on at least 50 hectares of agricultural land.*

*2.2.4 At least 30 hectares of urban paddy is converted to organic, cash crop farming, with resulting reduced GHG emissions.*

71. See SCIAP proposal and Annex H for more details.

Outcome 2.3 Demonstrating community based and insurance-based resilience.

72. This outcome is totally financed by UCCR TF co-financing. UCCR TF supports:

73. Community based adaptation activities in Vinh Yen and Hue within the framework of those cities GCAPs. This will demonstrate an approach to community based adaptation, and how it can contribute to overall sustainable, resilient city development. This will be implemented within the framework of GEF activities, and through the same management, monitoring and learning framework. Findings and results will feed into Outcome 1.2 and Component 3.

74. The development of individual and institutional capacity and information related to disaster risk financing. This will feed into the design of a demonstration of climate insurance products in Hue city, and will ultimately help demonstrate how disaster risk financing can contribute to climate resilience. This will be implemented within the framework of GEF activities, and through the same management, monitoring and learning framework. Results and findings will feed into Outcome 1.3 and Component 3.

### Component 3. Improved enabling environment for upscaling integrated, resilient approaches.

#### Outcome 3.1 Strengthened enabling institutional environment

75. In this Outcome, the GEF supported alternative will strengthen the national framework that provides the foundation and incentives for the adoption of integrated, resilient, low carbon, low impact planning by secondary cities across Viet Nam – the “green city” approach. Climate change adaptation and climate resilience will be central to this approach. This will facilitate replication, upscaling and institutionalization of the successes. The policy and technical support will focus mostly on MoNRE and related institutes.
76. The GEF support will develop harmonized methodologies for city level climate risk assessments and city GHG inventories<sup>31</sup>. It will define the “green city” approach for Vietnam. It will clarify how this green, integrated, resilient urban planning links into existing planning process in Viet Nam. It will determine an indicator framework - aligned with international initiatives, notably to the SDGs, and with the SCIAP-GPSC.<sup>32</sup> It will prepare a Vietnamese green city toolkit – to help planners in all secondary cities. GEF support will also help design, establish and resource a green financing mechanism<sup>33</sup> – the possibility of accessing this mechanism will be an incentive to cities to mainstream green and resilient planning approaches, and will directly support replication. GEF support will also facilitate a national, inter-agency mechanism on green cities to institutionalize the concept and processes, and it will help prepare national level legislation.
77. In addition to fostering replication among secondary cities, GEF supported initiatives at the national level will explore mechanisms and opportunities for regional coordination between neighboring cities of different sizes and responsibilities. For example, between Vinh Yen and Hanoi and between Hue and Da Nang. This can lead to effective ways to share resources (e.g. waste management, water supply, open spaces, transport infrastructure), or it can facilitate complementarities (e.g. education, tourism services), and enhance agglomeration economies. At present, the institutional environment at national and city level does not facilitate this type of inter-city coordination, and there are no incentives to do so. GEF support will investigate the feasibility of regional cooperation with a focus on existing institutional/financial barriers; and identify specific opportunities for realizing regional coordination and national-level mechanisms for fostering/incentivizing regional coordination<sup>34</sup>. Consideration of the potential for regional coordination will also be captured in the GCAP process (as noted in Component 1).
78. There will be a strong two-way flow of interaction and knowledge sharing between this Component and Components 1 and 2. This will ensure that the lessons emerging from the targeted cities in Component 1 are reflected in the methods and tools developed at the national level. This will ensure that the vast amount of practical experience acquired through the processes and demonstrations in Component 2 are captured and integrated into the methods and tools adopted at the national level. The Outputs are:
79. *Output 3.1.1 National Technical Regulation on green cities that supports planning processes.* This will include: a definition of the green city (integrated, resilient, low carbon, low impact) approach in Viet Nam and its linkages to related Vietnamese initiatives; an harmonized methodology for undertaking city level vulnerability assessment; an harmonized methodology for undertaking city level GHG inventories, and; a clear and agreed monitoring and indicator framework for city planning.

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<sup>31</sup> Aligned to the Global Protocol for Community-Scale Greenhouse Gas Emission Inventories, GPC - see <http://www.ghgprotocol.org/city-accounting>

<sup>32</sup> It will be aligned to the United Nations 2030 Agenda for Sustainable Development and Development Goals - in particular with indicators supporting Goal 11 “Make cities and human settlements inclusive, safe, resilient and sustainable”. See <https://sustainabledevelopment.un.org/>.

<sup>33</sup> The potential Green Cities II loan may capitalize this mechanism.

<sup>34</sup> The feasibility investigation will consider all options, but based on consultation during project preparation, it appears that a bottom-up approach that involves some initial inter-city cooperation on some small, specific demonstration projects, leading to recognition of benefits and city-level support for cooperation is more likely to be successful in the Viet Nam environment. See Annex H for further discussion.

An inter-agency mechanism involving MoNRE, MoC, and MPI for technical cooperation/coordination on integrated green cities will be supported. The role of this mechanism (possibly a Working Group) will be to discuss and clarify the roles and responsibilities of each agency at the national level, and thereby create synergies and avoid replication. The mechanism/working group will oversee the technical process to prepare an inter-ministerial Regulation document that defines the framework for integrated city planning and indicators in Viet Nam. The mechanism/working group will support the process to have the legislation formally approved and issued.

80. *Output 3.1.2 Technical Guidelines on implementing Regulation from 3.1.1.* Guidelines will be prepared to guide national and local authorities on how to implement the Regulation from 3.1.1. A training programme will be implemented, through this the capacity of national level stakeholders – in MoNRE and related institutes, in MoC, and in MPI - to implement the Regulation will be developed. This will include training on integrated, resilient, low carbon, low impact development and indicator frameworks. This will be integrated into MoNRE's existing training programmes.
81. *Output 3.1.3 At least 8 cities join the Vietnam Sustainable Cities Cluster.* MoNRE has initiated this Cluster across the country with the objective of replicating sustainable and resilient city management models through partnerships and sharing lessons learned. The Cluster activities include: (i) support to defining and developing medium and long-term sustainability scenarios that impact emissions and increase resilience; (ii) awareness raising for policy makers and citizens to better understand how to reduce cities impacts on environment and climate change while enhancing social and economic development; (iii) enhancing a city's ability to attract technological and financial support; (iv) developing incentives such as sustainable city awards to encourage the participation of cities across the country; (v) fostering city-to-city cooperation/networking in areas of common interest (such as regional tourism, waste management, etc); and (vi) supporting national forums on key topics of sustainability and cooperation. At least eight of the nine cities supported under Outcome 1.1 and 1.2 are expected to join and actively participate in the Cluster.
82. *Output 3.1.4 Government Decision to establish a green city financing mechanism/fund.* Based on experience in Viet Nam with other funds, the institutional and administrative basis for a green mechanism and/or fund for sustainable cities will be designed. The criteria and mechanisms through which secondary cities can access the 'green financing mechanism' will be defined. Steps will be taken to identify sources of funding to the 'green financing mechanism' and to lobby to mobilize their funds. Finally, all practical aspects of the 'green financing mechanism' will be prepared: the governance mechanism, the managerial mechanism, the technical review mechanism, the secretariat, the details of the project cycle, the details of the proposal and appraisal documentation, the communication mechanisms, the grievance mechanism, the monitoring and reporting mechanism, the audit procedures, etc. A government Decision will be prepared and facilitated. This will be connected to work by MoNRE to provide financial and technical support incentives for cities, private sector and international donors to invest in sustainable and 'green' cities approaches.
83. *Output 3.1.5 Strengthened MoNRE capacity to support integrated, resilient city planning and management.* This includes: (i) 6 professionals trained on integrated green city planning related issues (50% female); (ii) a city GHG Inventory Database; and (iii) recommendations to modify SEA regulations/procedures and Environmental standards as a result of the findings, lessons learnt and experience from implementation Outcome 1.1.
84. See Annex H for more details.

#### **Alignment to GEF Focal Area Strategies**

85. As described above, GEF SCCF will support CCA Objective 1 (*Reduce the vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate change*), in particularly SCCF Outcome 1.1 (*vulnerability of physical assets and natural systems reduced*) and Outcome 1.3 (*climate-resilient technologies and practices scaled-up*). It will also support CCA Objective 2 (*Strengthen institutional and technical capacities for*



*effective climate change adaptation*) in particular Outcome 2.3 (*Institutional and technical capacities and human skills strengthened to identify, prioritize, implement, monitor and evaluate adaptation strategies and measures.*)

86. In reality, the alternative, with both SCCF and SCIAP support, will contribute somewhat to other CCA Outcomes, such as 2.1 (Increased awareness of climate change impacts, vulnerability and adaptation); 3.1 (Institutional arrangements to lead, coordinate and support the integration of climate change adaptation into relevant policies, plans and associated processes) established and strengthened and; 3.2 (Policies, plans and associated processes developed and strengthened to identify, prioritize and integrate adaptation strategies and measures).
87. In line with the SCIAP approach, the alternative scenario will also integrate climate change mitigation and biodiversity perspectives into an integrated, low impact, low carbon, resilient and environmentally friendly approach to urban planning and management and supportive institutional environment in Viet Nam. This clearly and strongly aligns with GEF-6 Focal Area Strategies for climate change mitigation and biodiversity conservation. This includes a significant contribution to reduced emissions of greenhouse gases, and a contribution to the several of the Aichi biodiversity targets under the Convention on Biological Diversity<sup>35</sup>.

### **Meeting Environmental and Social Safeguards**

88. Overall supervision of the GEF funds is subject to the ADB due diligence and safeguards system and all environmental and social safeguards will be ensured through this system. GEF funds are used to provide associated technical support and capacity development to the baseline SCDP-GC project. There are no additional risks or concerns associated with the GEF funds over the baseline. Hence, the management of safeguards for GEF funds is through the management of safeguards of the baseline investment.
89. The baseline SCDP-GC project follows the RBL modality<sup>36</sup>, hence the following apply.
- The ADB Safeguard Policy Statement (SPS, 2009) will apply. As an RBL, the process to deliver and operationalise the SPS will be through the existing Vietnamese government legislation and procedures. Accordingly, during project preparation, a Program Safeguard Systems Assessment (PSSA)<sup>37</sup> has been undertaken and assessed the current systems for managing environmental, involuntary resettlement, and Indigenous Peoples impacts and risks associated with the program, and listed gaps and weaknesses in the existing Vietnamese safeguard system. Then, a Program Action Plan (PAP)<sup>38</sup> was prepared to determine the steps to be taken in order to fill the gaps and overcome the weaknesses. Loan disbursements are contingent to the Vietnamese authorities implementing the PAP and overcoming the gaps/weaknesses identified in the PSSA. Additional capacity support will be provided where needed to ensure SPS compliance. All of the above documents are available for review;
  - No sub-project ranked as category A for environment, involuntary settlement or indigenous people will be supported under the SCDP-GC or with GEF co-finance. All sub-projects will be category B or C;
  - Independent verification will ensure that Vietnamese safeguard legislation is respected, that safeguard principles are effectively applied to each sub-project, and that the PSSA and PAP are implemented;
  - For environment, as all supported sub-projects are category B or C, this means that potential adverse impacts, if any, are site-specific, few, and will be reversible, and mitigation measures can be readily designed. During SCDP-GC implementation, an initial environmental examination will be prepared for each sub-project, which will include an environmental management plan to be updated during detailed design and integrated into bidding documents;
  - For involuntary resettlement (IR), category B or C means that, at most, sub-projects are expected to have minimal involuntary resettlement impacts on a small number of households. *The GEF administered funds will not be involved in the parts of the project related to involuntary resettlement, and will not be involved with*

<sup>35</sup> Details are provided in the parallel submission for GEF ID 9077.

<sup>36</sup> The RBL modality follows requirements provided in ADB (2013) Piloting Results-Based Lending for Programs (<http://www.adb.org/documents/piloting-results-based-financing-programs>) and associated Staff Guidance.

<sup>37</sup> See list linked documents in Appendix 11 of the RRP

<sup>38</sup> See list linked documents in Appendix 13 of the RRP

*activities related to involuntary resettlement.* For each baseline Category B sub-project, a resettlement plan will be prepared based on an assessment of impacts and consultations with affected persons. Affected people and local stakeholders will be consulted and provided with relevant information. The sub project's IR impacts will be adequately assessed and measures developed in a resettlement plan to adequately address the impacts identified;

- Indigenous people may be involved in activities in Ha Giang, both in the baseline sub-projects and GEF administered funds, as potential beneficiaries. The safeguard system will ensure that (i) full consultation with IP representatives is undertaken at all time; (ii) Vietnamese government agencies receive necessary training and institutional strengthening related to working with IP; (iii) for category B sub-projects, an indigenous peoples plan (IPP), including assessment of social impacts, will be prepared during SCDP-GC implementation.

#### A.1.4. Incremental cost/additional cost reasoning and expected contributions from the baseline, from the GEF, from SCCF and co-financing

##### **Overall**

90. As mentioned above, the SCDP-GC loan is the baseline project, supported by ADB and the Government of Viet Nam, providing almost \$227 million co-financing to the joint SCCF and SCIAP projects. SCDP-GC provides the main baseline funding to all Components and to all Outcomes.
91. MoNRE will provide in-kind support for project management of the SCCF funded technical assistance program. This co-financing (currently estimated at some \$54,000) will be added to the PART I C co-financing table when formal confirmation is finalised.
92. In addition, co-financing has been leveraged to the joint SCCF and SCIAP projects from the following sources:
  - The Urban Climate Change Resilience Trust Fund (UCCR TF). The UCCR TF is managed by ADB and funded by several partners, notably DFID, the Rockefeller Foundation, USAID, SECO. UCCR TF co-financing has been leveraged to both SCIAP and SCCF. UCCR TF co-finances Outcomes 1.1, 2.1, 2.2 and 3.1, with a total contribution of \$6 million;
  - The Cities Development Initiative for Asia (CDIA). CDIA is an international partnership established initially by the ADB and the Government of Germany, with additional core funding support from the governments of Austria, Sweden, Switzerland and the Shanghai Municipal Government. CDIA is managed by the ADB with technical support from GIZ. CDIA co-financing has been leveraged to Outcome 1.1 of SCIAP, for a total of \$0.6 million;
  - The “*Sustainable and Resilient Urban Development*” Capacity Development Technical Assistance Project (CDTA) funded through the ADB by the United States Agency for International Development and the Nordic Development Fund. CDTA co-financing has been leveraged to Outcome 1.2 of SCIAP, for \$2.6 million. A key objective of this CDTA is to prepare the Viet Nam National Urban Development Strategy (NUDS);
93. The linkages between the baseline, co-financing and GEF is illustrated in Figure 3, including the differentiation between SCIAP and SCCF.

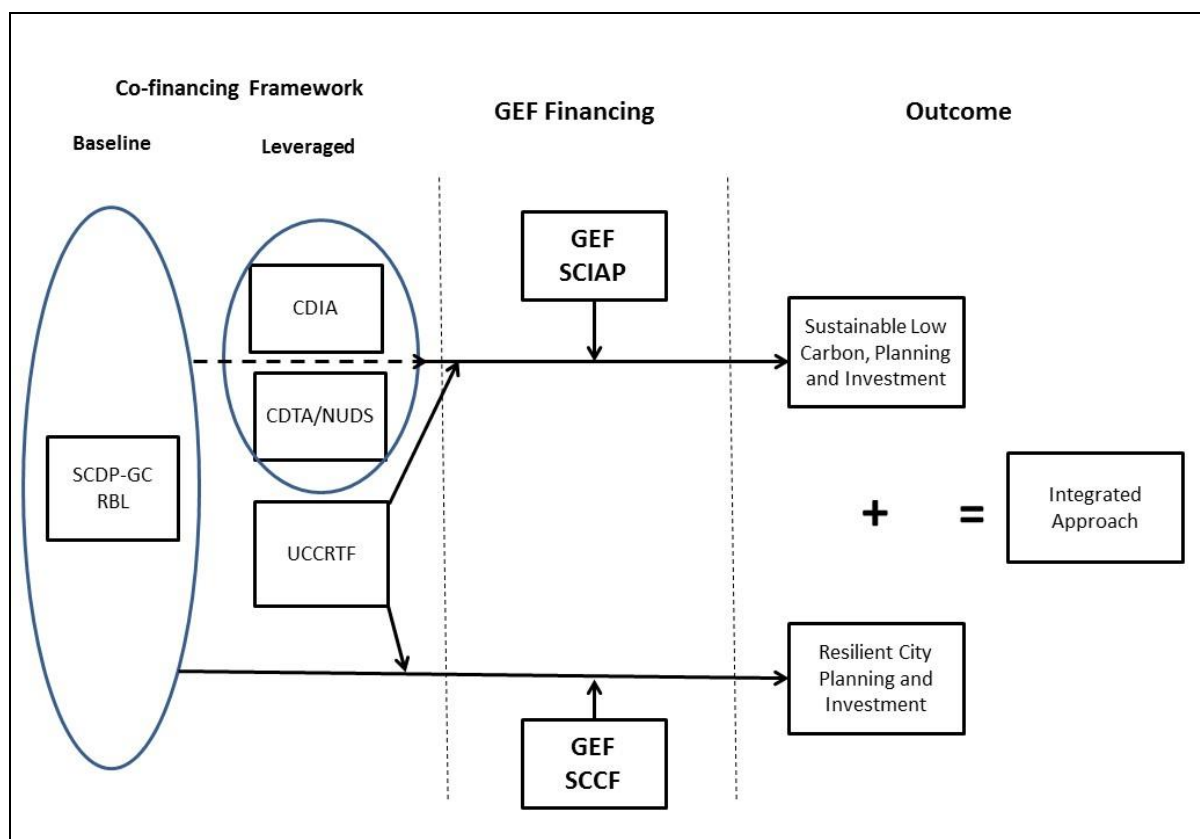


FIGURE 3: ILLUSTRATING LINKS BETWEEN BASELINE AND LEVERAGED CO-FINANCING AND SCCF AND SCIAP FUNDS

94. Table 2 provides the figures for the contribution of each financier, including SCCF and SCIAP, to each Outcome.

Outcomes	SCCF					SCIAP						
	GEF / SCCF	Co-financing				GEF / SCIAP	Co-financing					
		ADB	UCCR	GOV	total		ADB	UCCR	CDIA	CDTA	GOV	total
1.1	0.462	5.61	1	1.580	8.19	2.286	5.695	0	0.6		3.207	9.502
1.2						0.987	5.695			2.5		8.195
2.1	2.887	43.758	0	12.638	56.396							
2.2						2.7	88.842				25.658	114.5
2.3			4		4							
3.1	1	5.610	0.5	1.580	7.690	2.0	11.39	0			3.207	14.597
PM	0.217	1.122	0.5		1.622	0.283	2.278	0				2.278
<b>Totals</b>	4.566	56.100	6	15.797	77.897	8.256	113.9		0.6	2.5	32.073	149.073

TABLE 2: SUMMARIZING CONTRIBUTIONS FROM EACH CO-FINANCIER TO EACH OUTCOME

95. The following sections provide basic information on the activities to be supported by of each co-financier under each Outcome.

#### Component 1 (Outcomes 1.1 and 1.2)

96. SCCF contributes \$0.462 to Outcome 1.1. UCCR contributes \$1 million of leveraged co-financing to Outcome 1.1. These to ensure that the GCAP have fully mainstreamed climate change adaptation, and include resilience activities. Initially this will include city and GCAP vulnerability assessments. This also includes capacity development in the targeted cities.

97. SCIAP will provide \$2.286 million to Outcome 1.1. SCIAP will contribute to all stages leading to the finalization of integrated, low carbon, low impact, biodiversity friendly, resilient urban development plans in the three targeted cities.

98. SCCF does not contribute to Outcome 1.2. SCIAP contributes \$0.987 million to Outcome 1.2. This will contribute to all stages leading to the finalization of integrated, low carbon, low impact, biodiversity friendly, resilient urban development plans in the additional six cities.

99. SCDP-GC (ADB and GOV) will provide baseline funding of \$7.19 to SCCF and \$14.597 million for SCIAP. This will provide direct support to the city planning processes, capacity building, data collection, detailed sub-project design, sub-project supervision, maintenance and operations. CDIA will provide \$0.6 million of co-financing to SCIAP. CDIA will support the development, and initial implementation, of a Sustainable Transport Master Plan in Hue, which will be an integral part of the updated GCAPs. CDTA/NUDS will provide \$2.5 million of co-financing to SCIAP under Outcome 1.2. CDTA will support the initial stages to develop GCAP in the six new cities to be supported under Outcome 1.2.

#### Component 2 (Outcomes 2.1 and 2.2)

100. SCCF contributes \$2.887 million to Outcome 2.1. SCDP-GC (ADB and GOV) will provide baseline funding of \$56.4 million to Outcome 2.1.

101. SCCF does not contribute to Outcome 2.2. SCIAP contributes \$2.7 million to Outcome 2.2. This is to implement the integrated urban development programme of activities in Ha Giang. SCDP (ADB and GOV) will provide baseline funding of \$114.5 million to Outcome 2.2. This is to construct the flood management schemes, the drainage, the embankments, the transport connections, the waste water systems etc. in the three cities.

102. SCCF does not contribute to Outcome 2.3. UCCR TF covers the total \$4 million costs of Outcome 2.3 – this is used to demonstrate community based adaptation and to develop capacity for demonstrating insurance-based adaptation.

#### Component 3 - Outcome 3.1

103. SCCF contributes \$1 million to Outcome 3.1 This is to ensure that the resilient Green City approach is replicated and mainstreamed nationally, including through legislation, capacity, guidelines and the green financing mechanism.

104. SCIAP will provide \$2.0 million to Outcome 3.1. This is to ensure that the low impact, low carbon, biodiversity friendly Green City approach is replicated and mainstreamed nationally, including through legislation, capacity, guidelines and the green financing mechanism.

105. UCCR contributes \$0.5 million to Outcome 3.1. This is directly to support the design and establishment of the green financing mechanism.

106. SCDP-GC (ADB and GOV) will provide baseline funding of \$21.79 million to Outcome 3.1. This will provide direct support to the national planning processes, national policy processes, national monitoring and evaluation, support to institutional and legislative reform, etc.

#### A.1.5. Adaptation benefits

107. The joint SCCF and SCIAP program generates both adaptation benefits and global environmental benefits (GEB).

108. Baseline and SCCF and SCIAP investments aim to generate climate resilience benefits, first in the three target cities (Outcome 1.1), then in the second six cities to be targeted (Outcome 1.2), then through GCAP implementation (Component 2 – both Outcomes) and finally nationally through the enabling environment (Outcome 3.1).

109. GEF (SCCF and SCIAP) funded activities will promote a system-wide approach to climate resilience, mainstreaming climate resilience approaches into the urban planning, management and budgeting processes and developing capacity at national level and in nine cities in turn.

110. Under Component 1, in Ha Giang, Hue and Vinh Yen, the baseline and GEF activities will lead to urban plans and urban management that are climate resilient. The total population to benefit from this is approximately Hue (350,000), Vinh Yen (105,000) and Ha Giang (55,000) – i.e. a total of approximately 510,000. Subsequently, under Outcome 1.2, six additional cities will benefit, an estimated one million beneficiaries. This will include climate risk and vulnerability assessments in each city, and support to accessing finance for adaptation.

111. Under Component 2, the baseline project – financed by the RBL - includes many investments to increase climate resilience, such as improved drainage, embankments and flood protection<sup>39</sup>. Taking a very conservative estimate, and assuming that only 10% of the city population benefits directly (this is in line with the fact that the baseline implements 10% of the GCAP, and it focuses strongly on resilience), then we can conservatively estimate that approximately 50,000 people benefit directly from this.

112. Outcome 3.1 will develop the national system to support secondary cities as they adapt to climate change, including: (i) finalizing a methodology for climate risk assessment; (ii) finalizing an indicator and incentive framework that helps mainstream climate resilience; (iii) replicating the success with climate disaster risk financing through legislation and capacity development.

113. For details of the GEB, see the separate SCIAP submission.

#### A.1.6. Innovativeness, sustainability and potential for scaling up.

##### Innovation

114. The joint SCCF and SCIAP initiative has several innovative aspects. First, it is innovative to undertake integrated, resilient, low carbon, low impact urban planning in Viet Nam. Previous efforts have been fragmented, and/or focused on parts of cities, and/or been technical exercises and not mainstreamed in the government system. This project represents a truly innovative approach to address economic, resilience, ecological, equity, climate change and other issues, within an incentive-oriented monitoring and indicator framework. In particular, Component 1 focuses on cross-sectoral integration in nine cities, while Component 3 develops the enabling environment for integrated approaches.

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<sup>39</sup> See Annex G. Annex G introduces the GCAPs for Ha Giang, Hue and Vinh Yen. It lists the projects in the GCAPs. The baseline project includes many of the infrastructure projects from these GCAPs.

115. Two specific aspects of this are: (i) the demonstrating of a thorough, participative, science-based approach to climate proofing planning and investments under Outcomes 1.1 and 2.1 respectively; (ii) the creation of an incentive based financing mechanism (the green financing mechanism under Outcome 3.1) – whereby only cities that are truly committed to ‘integrated’ measures can access the finance – in the past all government funds in Viet Nam are allocated equitably or on a needs basis, they are not performance-based.
116. A second innovative aspect is the focus on secondary cities. Most internationally supported initiatives in the past have focused either at the national level or on the major cities of Hanoi, Haiphong, HCMC, Danang or Can Tho. As the government has recently placed secondary city development at the centre of its urban development strategy, this is a first initiative to support that process.
117. Finally the modality of the baseline project – the *results based loan* - is very innovative for Viet Nam. This is only the fourth such loan to be processed by the ADB in all of Asia.<sup>40</sup> Use of this modality will ultimately increase government ownership over the process and facilitate the linking of support to performance.

### Sustainability

118. Sustainability is addressed at the city level, at the level of each Component, and for the entire process:
- For each city, the project will build local capacity to plan and to manage, it will also establish the Action Plans as a basis for sustained action, it will develop capacity to access available finance, and it will develop a monitor/indicator framework that both encourages lesson learning and provides incentives for sustained work. These elements all promote city level sustainability;
  - For each Component, the project will build the individual capacity and the institutional mechanisms to ensure that the process continues after the GEF support has finished. In particular, the monitor/indicator framework, the financial mechanisms and incentive structures and the institutional strengthening will all provide incentives for sustained work after GEF support;
  - The overall process has sustainability built in. The linkages between Components 1, 2 and 3 are designed to create momentum, and to create the capacity and incentives for sustained work after GEF support. Notably Component 3, which establishes a platform, and builds financing and institutional capacity, will build a solid basis of sustained work GEF for when support is complete. Component 3 focuses on sustainability and replication.

### Potential for scaling up

119. The proposed project has vast potential for scaling up. The approach will support immediate scaling up of the GCAP approach to an additional six cities under Outcome 2.1. The lessons learnt under Component 2 are to be immediately disseminated to cities across Vietnam through activities under Components 1 and 3. In addition, the project will be fully and immediately replicable to the estimated 140 secondary cities in Viet Nam, a target population of at least an additional 17 million. Further, many of the successes will be replicable to smaller cities throughout Asia.
120. For these reasons, the project design pays great attention to upscaling. The entire Component 3 focuses on upscaling – creating the national platform for replication across Viet Nam. Upscaling strategies include: demonstration in a diverse set of conditions; building national capacity; developing toolkits and guidelines; establishing a financing mechanism; establishing an inter-sectoral institutional mechanism; and issuing the

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<sup>40</sup> The RBL modality delegates more responsibility to the borrower, with funds release contingent on meeting pre-agreed benchmarks (Disbursement Link Indicators - DLIs). Additional aims of this modality are to increase accountability and incentives for delivering and sustaining results, to improve the effectiveness and efficiency of government-owned sector programs, to promote institutional development, and to enhance development effectiveness. It also aims to foster more effective partnerships.

necessary legislation. In addition, Component 1.2 sets the replication process in motion by developing GCAPs for 6 different cities.

*A.2. Child Project?* If this is a child project under a program, describe how the components contribute to the overall program impact.

121. The SCCF is not a child project. The SCIAP component is a child project under the Sustainable Cities Integrated Approach Pilot (SCIAP) Program. For details, see the separate SCIAP submission

*A.3. Stakeholders.* Identify key stakeholders and elaborate on how the key stakeholders engagement is incorporated in the preparation and implementation of the project. Do they include civil society organizations (yes ☐ /no☐)? and indigenous peoples (yes ☐ /no☐)? <sup>41</sup>

122. In accordance with ADB guidelines, a comprehensive stakeholder analysis was undertaken in a participatory manner during the preparatory phase of the SCDP-GC project and in the initial assessment of the sub-projects. These led to the preparation of a comprehensive participation and communications strategy to guide implementation of the baseline loan The objectives of the stakeholder analysis were to:

- Identify the key stakeholders and their support for the project or possible vested interests which may be opposed to the project, and their means of doing so; and
- Develop measures to mitigate any identified resistance to and facilitate general agreement with the project.

123. Further, following approval of the two PIFs for SCCF and SCIAP, a GEF-specific stakeholder consultation was undertaken to refine the components and outcomes. This included visits to each of the target cities for formal meetings with city officials and technical meetings with city and provincial staff and site visits to proposed demonstration projects. Additional high level and technical level discussions have also been held with key national government agencies (MoF, MoNRE, MPI) to further develop the national perspective and city-national integration. The results of these consultation have guided the preparation of this submission.

124. Annex J lists each key stakeholder group consulted. Annex J summarizes their potential interest in the project, their perception (of problem or opportunities), their resources and their capacity to participate or oppose, and their mandate. As can be seen from Annex J, civil society organizations and indigenous people organizations were involved in the preparation of the Project.

125. As noted above, the baseline project and linked GEF-funded activities will be implemented under a Results Based Lending (RBL) modality. RBL empowers local authorities (city and national level) with a leading role in project implementation. This creates a greater level of local ownership and responsibility, and pays particular attention to stakeholder participation during implementation. This includes the following features:

- stakeholder engagement mainstreamed into implementation (during sub-project prioritization, planning, design phases);
- ensure participation (operation and maintenance) by affected and beneficiary groups to ensure their voice, needs and constraints are addressed; and,
- direct support to community-led initiatives to improve the living environment of the target groups (including the poor and vulnerable).

*A.4. Gender Equality and Women's Empowerment.* Elaborate on how gender equality and women's empowerment issues are mainstreamed into the project implementation and monitoring, taking into account the differences, needs, roles and priorities of women and men. In addition, 1) did the project conduct a gender analysis during project preparation (yes ☒ /no☐)?; 2) did the project incorporate a gender responsive project results framework, including

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<sup>41</sup> As per the GEF-6 Corporate Results Framework in the GEF Programming Directions and GEF-6 Gender Core Indicators in the Gender Equality Action Plan, provide information on these specific indicators on stakeholders (including civil society organization and indigenous peoples) and gender.

sex-disaggregated indicators (yes ☒ /no ☐)? <sup>42</sup>; and 3) what is the share of women and men direct beneficiaries (women 50%, men 50%)? <sup>42</sup>

126. SCDP-GC is classified as “Effective Gender Mainstreaming (EGM)”. During preparation of SCDP-GC, a gender assessment was undertaken for each city, and a rapid assessment was undertaken for each priority sub-project. The gender assessment identified the following key issues: access of women to services and opportunities provided under the program; affordability of services; equal participation of women in decision-making activities at Program, commune and city levels. Accordingly a gender action plan (GAP) was prepared, which covers both baseline and GEF supported activities. The GAP proposes a systematic framework for ensuring that women participate in and benefit from the activities. The GAP also provides a framework for monitoring gender-specific aspects of the impact of the project and benefits realization during the implementation phase.

127. As the SCDP-GC follows the RBL modality, an assessment of capacity to mainstream gender was undertaken during preparation, and the measures necessary to address are set out in the PAP. Key gender specific measures in the PAP, include: (i) 30% - 60% of the PMUs staff members are to be female; (ii) guidelines are to be developed and institutionalized on the participation of the disadvantaged groups (including women) in prioritizing, planning, implementation, supervision of civil work and services and O&M of cities infrastructure services; (iii) capacity building for PMUs staff and implementation agencies staff focusing on both female participation and gender mainstreaming in technical contents, and implementation guidelines; (iv) the community-led initiatives that involve stakeholders utilize engagement principles with attention to women’s economic participation and decision making (such as compost making, green farming) and (vi) M&E of the gender results included in the program monitoring and information system.

128. In addition, the following measures will ensure the effective gender mainstreaming during baseline implementation:

- Preparation of a gender related loan covenant to guide implementation and reporting on gender equality implementation;
- Gender disaggregated monitoring of sub-project impacts;
- Support to sub-project design, to ensure gender effectiveness, through the design and procurement review advisory (Outcome 1.1).

129. The support and supervision provided to the baseline project will also apply to all GEF financed activities.

A.5 Risk. Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

130. Table 3 sets out the risks that may prevent the project objectives being achieved, and summarizes the measures being taken to mitigate these risks.

TABLE 3: SUMMARIZING THE RISKS TO PROJECT SUCCESS AND MITIGATION MEASURES

Risk and Description	Impact & Probability <sup>43</sup>	Countermeasures/Management response
<b>Risks to All Project Components and Outcomes</b>		
Lack of experience with the RBL modality leads to delays.  <i>The RBL modality is new to Viet Nam, leading to some uncertainty, and to the danger that unexpected problems will</i>	I - 3 P- 2	As this is the first RBL for Viet Nam, and one of the first undertaken by ADB, both ADB and government are providing strong support to setting things appropriately in place, for example the PSSA, the PAP and the Independent Verification Agency (IVA).  Likewise, after project start-up, Government and ADB will provide

<sup>42</sup> Same as footnote 8 above.

<sup>43</sup> Range 1-5, where 5 is highest.



<i>be encountered. Further, there are some specific requirements that may take time to meet.</i>		strong assistance and trouble-shooting support where necessary.
<p>The impacts of climate change at the scale relevant to these infrastructure projects are not adequately known or understood.</p> <p><i>The available data and available models make it very difficult to accurately predict climate change at the level of secondary cities, and the impacts it will have.</i></p>	I - 2 P- 3	<p>The impacts of climate change are known at a general level in the country level, and the best available models have been used in the preparation of this Project. Finally, there are many ongoing activities to collect improved data and to improve measuring and modelling; this improved knowledge will be used as it becomes available.</p> <p>Also, the Project strategy focuses on ‘no regret’ and ‘low regret’ options, i.e. interventions that increase resilience to climate change and have other benefits.</p>
<b>Risks specific to Components or Outcomes not being achieved</b>		
<p>Component 1: GCAPs are not integrated with other city level plans.</p> <p><i>The GCAPs are somewhat innovative, and as of yet are not formally included in the national planning framework. This may lead to the GCAP’s being implemented, but not institutionalized thereafter.</i></p>	I - 2 P- 2	<p>The existing GCAPs – for Ha Giang, Hue and Vinh Yen, were approved by the concerned Peoples Committees.</p> <p>Integration of GCAP into planning process has been made a target of the GEF support, so this risk will be addressed head on, with awareness raising, policy dialogue, national level advocacy, etc.</p> <p>Importantly, the broad participatory process should ensure that all concerned stakeholders are engaged, and so willing to support this integration process, when necessary.</p>
<p>Component 1: Cities are unable to meet gender targets.</p> <p><i>The baseline loan has set ambitious targets for gender, in particular in the women involved in project implementation. This can be challenging at secondary city level in Viet Nam.</i></p>	I - 1 P- 3	<p>Whereas one or two cities may be challenged to meet the targets, the others should be able to meet them comfortably. Hence this is likely to be a risk at only one, or two, cities.</p> <p>The PSSA and PAP address this issue, providing both incentives and support to meeting the targets. ADB and MPI will closely monitor this situation and provide support and guidance when necessary.</p>
<p>Component 1: Recommendations are not applied to loan sub-projects.</p> <p><i>Output 1.1.1 will lead to recommendations to improve the sub-projects, but the local authorities are not obliged to incorporate these.</i></p>	I - 2 P- 3	<p>The RBL modality and procurement process should ensure that the city level project implementation units have good ‘ownership’ over Output 1.1.1 and the related recommendations, and should treat the advice with due respect. Further, the ADB can ensure that the recommendations are based on <i>both</i> best international practices <i>and</i> sensitivity to Vietnamese circumstances – this should ensure that the recommendations are both pertinent and realistic.</p> <p>ADB and MPI will closely monitor this situation and provide support and guidance when necessary.</p>
<p>Component 3: Insufficient impact into the national policies/ legislations to achieve sustainability.</p> <p><i>Ultimately, to be sustained, changes will be necessary in terms of policy and legislation, this takes time in any country, and there is no guarantee it will be successful.</i></p>	I - 2 P- 3	<p>This is a key target to be addressed under Component 3, and this risk will be addressed head on with training, assessments, awareness raising, policy dialogue, national level advocacy, expert advisories, etc. Further, MoNRE has committed to this project and its objectives and is committed to reaching this sustainability.</p> <p>ADB will work closely with MoNRE to identify and implement the best pathways to achieving the policy and legislative requirements.</p>

*A.6. Institutional Arrangement and Coordination.* Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

131. The SCDP-GC project includes both investment and technical assistance activities. The investment activities are financed by a loan package and some grants. The technical assistance activities are financed entirely by grants.

132. SCCF funds contribute only to technical assistance activities, and are managed as described in the section “Technical Assistance Activities” below.

#### Investment Activities - RBL Loan Package and Associated Grants

133. The Executing Agencies (EAs) for the baseline SCDP-GC investments loans and associated grants will be the Provincial People’s Committee (PPCs) of Hue - Thua Thien province and Vinh Phuc province, and the City People’s Committee (CPC) in Ha Giang city. Vinh Phuc will be the lead EA.

134. The Implementing Agencies (IAs) for the baseline SCDP-GC investments loan and associated grants are the Project Management Units (PMUs) set up within each province/city.

135. The Ministry of Planning and Investment (MPI) is the Focal Point for the SCDP-GC RBL loan.

#### Technical Assistance Activities (including all SCCF supported activities)

136. MoNRE is the Executing Agency for all technical assistance activities. MoNRE will be responsible to Government of Viet Nam, ADB and the GEF/SCCF for the achievement of all outputs and the effective use of all funds. MoNRE will ensure the prompt provision of all government co-finance. MoNRE will be responsible for ensuring that the SCCF supported activities are effectively mainstreamed into government workplans and are effectively contributing to concerned government objectives.

137. MoNRE will administer the GEF grant of behalf of ADB. MoNRE will appoint a senior official to act as national project director – and s/he will be responsible for the project to MoNRE. MoNRE will open a bank account for the use of this Project only. ADB will transfer project funds to the MoNRE bank account in line with ADB procedures.

138. MoNRE will establish a Project Management Office (the GEF Project Management Office or GPMO). The GPMO will be responsible for all planning, procurement, technical supervision, monitoring, reporting, due diligence and communication with stakeholders. The GPMO will also be responsible for appointing an independent auditor on an annual basis and for establishing effective working relationships, coordination and communication with all project partners and notably with the concerned city and provincial governments, and with the Project Management Units (PMUs).

139. MoNRE and the three city PMUs will be the implementing agencies for all technical assistance activities, including those financed by SCCF.

#### Additional Information not well elaborated at PIF Stage:

*A.7 Benefits.* Describe the socioeconomic benefits to be delivered by the project at the national and local levels. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?

140. Socio-economic co-benefits are a feature of urban development projects. For the joint SCCF and SCIAP projects, the co-benefits will flow from a more systematic, evidence-based and climate change responsive approach to integrated urban planning and project implementation in secondary cities across Viet Nam. This will increase resilience as explained in other sections of this report: to climate change and to other urban challenges. This will also generate global environment benefits by reducing GHG emissions from private vehicles and by reducing negative biodiversity impacts of urban activities and urban expansion.

141. At the same time, the joint SCCF and SCIAP projects will deliver socio-economic co-benefits by:

- reducing the health impacts of inadequate water, wastewater, drainage and solid waste management services;
- improving local air quality and reducing related health impacts;
- reducing congestion and related impacts on travel time and road safety;
- facilitating growth in economic activity, notably increased tourism;
- helping to alleviate poverty and social isolation by improving access to employment and social opportunities, and;
- providing a more pleasant, safer and more secure urban environment, especially for pedestrians and vulnerable groups (such as the disabled and elderly that have special needs).

142. In particular, the project will deliver co-benefits to lower income residents, women and vulnerable groups (such as the disabled and elderly that have special needs). In particular, the urban poor suffer disproportionately from inadequate urban services (water, sanitation, drainage, etc) and a chaotic transport system. The poor tend to be more exposed to health risks and transport externalities: they lack adequate means to avoid exposure to polluted air, face higher commuting distances and costs and reduced access to jobs, and are particularly affected when there is a lack of provisions for pedestrians. Women and the poor stand to benefit significantly from the improved urban amenity and services delivered by this project.

143. As well as the local impact on individuals, the ineffective urban planning and inadequate services have an adverse impact on the local and national economy. Reliable estimates of the scale of this impact are not available specifically for secondary cities in Viet Nam, but Asian regional studies suggest that the adverse effects of air pollution can impose an economic cost of around 2% of GDP; poor water quality can have an economic cost of 2% of GDP; the economic cost of road congestion is around 2%–5% of GDP every year due to lost time and increased transport costs; and the total national cost of road accidents is estimated at 1-2% of GDP annually. In Viet Nam, it is estimated that financial and economic losses from poor sanitation are roughly 0.5% of GDP, while overall population welfare losses are equal to 1.3% of GDP. Overall, this means that initiatives aimed at improving the sustainability of urban planning and management also deliver significant dividends in terms of economic efficiency and activity, and importantly, increased well-being for city residents.

*A.8 Knowledge Management.* Elaborate on the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives (e.g. participate in trainings, conferences, stakeholder exchanges, virtual networks, project twinning) and plans for the project to assess and document in a user-friendly form (e.g. lessons learned briefs, engaging websites, guidebooks based on experience) and share these experiences and expertise (e.g. participate in community of practices, organize seminars, trainings and conferences) with relevant stakeholders.

144. The ADB is committed to ensuring that all knowledge generated by the project and all lessons learnt will be disseminated in an appropriate manner, through the ADB networks and partner organizations.

145. As the baseline project is one of the first RBL for ADB, the ADB and Government of Viet Nam will be carefully monitoring in order to learn lessons and capture knowledge. Under the RBL, and in particular through the UCCR technical assistance co-financing (to the IVA and the PMU), significant resources have been allocated to monitoring, data collection, report writing, documentation and publications.

146. The proposed SCCF and SCIAP Project is also linked into several knowledge management mechanism and tools. First, the proposed Project is also co-financed by the Urban Climate Change Resilience Trust Fund (UCCRTF), making UCCRTF a key partner. UCCRTF builds resilience to the effects of climate variability and climate change within medium-sized cities in Asia, particularly working with the urban vulnerable and poor. It promotes a systems-centred approach that supports making climate change a central element of city planning. This is linked to the implementation of infrastructure and policy or institutional interventions, as well as strong knowledge, capacity building, and networking components. Managed within the ADB, the UCCRTF has mechanisms for capturing and sharing knowledge – these will be used by the proposed project.

147. Second, the proposed Project also takes place within the broader ADB Green Cities Initiative. Through this network, the Project will share lessons and knowledge with cities across Asia. The ADB's knowledge management resources support the urban development specialists and community practice members to collect data, learn lessons, and prepare documentation and publications.

148. Finally, as an SCIAP child project, it is supported by the Global Platform for Sustainable Cities (GPSC). GPSC supports knowledge capture and knowledge exchange, both amongst the SCIAP participating cities, and with external initiatives and cities. The proposed Project will be actively involved with the overall SCIAP, sharing knowledge on a regular basis through GPSC, and constantly learning from GPSC through its involvement in GPSC networks and learning events.

149. Within Viet Nam, the proposed Project will benefit from the active involvement of the MoNRE and the MPI to ensure lessons are captured and knowledge shared. Notably, an active involvement is planned for the Institute of Strategy and Policy for Natural Resources and Environment (ISPONRE). ISPONRE will ensure that knowledge is shared through the appropriate Vietnamese channels.

150. Specifically with regards to adaptation to climate change, ADB has been actively involved for nearly two decades in efforts to manage the risks associated with climate change on the region's development. In 2010, ADB launched its climate change strategy – Addressing Climate Change in Asia and the Pacific: Priorities for Action. This emphasized the integration of adaptation and disaster risk reduction into national development plans; the building of climate resilience of vulnerable sectors; the climate-proofing of projects; and prioritizing the adaptation needs of the most vulnerable, including women. Since 2012, ADB has been programming projects with adaptation elements amounting to approximately \$1 billion per year. As a result of all this ground work, ADB has strong technical units responsible for collecting data, learning lessons and sharing knowledge notably through web events, conferences and publications. This includes close coordination with the Asia-Pacific Adaptation Network and Forum.

## **B. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:**

B.1 *Consistency with National Priorities.* Describe the consistency of the project with national strategies and plans or reports and assessments under relevant conventions such as NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.:

### **With regards to integrated and green urban growth**

151. The Project is aligned to and helps implement the national *Green Growth Strategy* (GGS). The GGS promotes green growth “as a means to achieve a low carbon economy and to enrich natural capital...”. The SCDP and the Green City Program have been designed to directly help implement the GGS, and the proposed Project contributes to this.

152. Further, the project is aligned to and helps implement the *Framework Master Plan for Urban Development in Viet Nam to 2025 and Vision to 2050* (2009) and the *National Program on Urban Development (NPUD), 2012-2020*. The Master Plan sets out a long-term phased approach to urban development with an initial focus on comprehensive economic zones to facilitate economic growth followed by a phase from 2015 to 2025 to enhance urbanized areas including through infilling, raising the density of existing urban areas, development of the urban fringes of large cities and the development of satellite cities. This strategy is further articulated in *Adjustment of the Master Plan for Urban Development in Viet Nam to 2025 and Vision 2050* which identifies secondary and tertiary cities as development hubs within larger urban areas and provinces. The NPUD targets an efficient, sustainable and equitable process of urban development through improving access to basic services, and the integrated upgrading of low-income urban areas. This Project will make a direct contribution to implementing these.

### **With regards to climate change and climate resilience**

153. The Project will support implementation of, and is guided by, the key national policies/plans and assessments. In particular, this project aligns closely with the *Viet Nam National Strategy on Climate Change* (NSCC), which stresses that climate impacts on Viet Nam are serious threats to poverty reduction, the realization of development goals, and the country's sustainable development. There is a range of potential adaptation measures identified in the NSCC and the *National Action Plan on Climate Change* (NAPCC) (2012-20) specifically targeted at reducing the vulnerability and enhancing the resilience of urban centres.
154. This project also contributes to the following Specific Objectives of the *National Target Programme to Respond to Climate Change* (NTP): (a) to assess climate change impacts on every sector and locality; (b) to identify measures to respond to climate change; (c) to enhance public awareness, responsibility and participation; and, (g) to mainstream climate change issues into socio-economic, sectoral and local development strategies and plans. In addition, the project will contribute directly to item 22 of the NTP List of Tasks and Projects which involves “*measures to adjust technical infrastructure planning, urban areas according to climate change scenarios; study and propose additional contents in construction criteria, norms, technical directions to respond to climate change; and implement pilot projects*”.
155. Finally, the project also aligns strongly with Viet Nam's Second National Communication to the UNFCCC (SNC) of 2010, which highlights the vulnerability of urban systems throughout the country stressing the critical drivers of impacts in mountainous regions, in river flood plains and in coastal zones. The SNC includes specific urban adaptation measures to “*strengthen residential planning, taking into account natural disasters impacts for vulnerable areas such as coastal zones, steep hills and mountains and fluvial low-lying areas* (p.88)”.

#### **With regards to climate change mitigation and biodiversity**

156. Viet Nam has prepared several policies, programmes and plans related to climate change mitigation. Most recently, Viet Nam submitted its Intended Nationally Determined Contribution (INDC 2015) to the UNFCCC. The INDC includes many aims and targets, including to reduce emissions from the transport, energy and waste sectors. This Project will contribute to these targets. INDC also aims to mobilize climate change financing for clean urban development in Viet Nam, and this Project will help with that process.
157. The project contributes to many elements of the *National Biodiversity Strategy* (2015) and to priorities set out in Viet Nam's *Fifth National Report To The United Nations Convention On Biological Diversity* (2014). These documents set out the importance of forest biodiversity in Ha Giang, and to the potential importance of on-farm biodiversity in northern mountainous areas. These documents also highlight that urban growth, especially of secondary cities near biodiversity-rich areas, is one of the main threats to biodiversity.

#### **ADB Programme in Viet Nam**

158. The Project supports the three pillars of the Asian Development Bank (ADB) draft country partnership strategy<sup>44</sup> (CPS) 2016 – 2020 for Viet Nam, i.e.: (i) More innovative and productive economy; (ii) Enhanced and more inclusive service delivery; (iii) Improved environmental sustainability and climate change adaptation. Further, this Project, and the CPS, are in line with the three main trusts of the ADB Urban Operational Plan<sup>45</sup> of Competitiveness, Inclusiveness and Green, as reflected in the GrEEEn<sup>46</sup> City approach of the Program. Finally, the Project is consistent with the technical assistance and programs from the various development partners (DP) in the urban sector, in general, and in green city / green growth, in particular. The design of the Program integrates lessons learned from results based operations in Viet Nam under World Bank implementation and other ADB urban operations in the country.

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<sup>44</sup> ADB. 2016. *Country Partnership Strategy: Viet Nam, 2016–2020*. Manila

<sup>45</sup> ADB. 2013. *Urban Operational Plan 2012–2020*. Manila.

<sup>46</sup> GrEEEn City adopts the 3Es approach: Economy (Competitiveness), Equity (Inclusiveness), Environment (Green)

### C. DESCRIBE THE BUDGETED M & E PLAN:

159. At a project level, ADB has well-proven frameworks and arrangements for M&E. ADB tracks progress and evaluates each project against its Design and Monitoring Framework (DMF), approved by the ADB Board. A Design and Monitoring Framework (DMF) has been prepared for the SCDP RBL investment activities. This DMF (see Annex A) also covers all SCDP TA activities including all those supported by GEF. Annex A also provides a table showing how the DMF indicators cover the Outcomes/Outputs in the GEF results framework. Hence, monitoring and reporting on the DMF will cover monitoring and reporting on GEF.

160. Monitoring of the DMF will be undertaken by the Government and ADB in line with their procedures for an RBL and related TA. Table 4 below lists the SCDP monitoring mechanisms and steps, and illustrates how/where they will be amended or modified in order to ensure SCCF monitoring requirements are met.

SCDP monitoring activity	Addition or Modification for SCCF Contribution or Component	Additional cost, in US\$, for SCCF Contribution or Component	Time Frame
<b>Project performance monitoring.</b>  Before each ADB Program Administration Mission (2 to 4 times per year), the PMUs prepare a summary progress report of their subprogram for ADB and MPI.  In addition, the PMUs will also prepare and Annual Program Report on oversight and monitoring as per the PAP.	MoNRE will prepare performance reports that will be integrated with the PMU reports.	\$1,000/2 <sup>47</sup> .	Ongoing
<b>Compliance monitoring and Safeguards monitoring</b>  Covered by PAP monitoring	MoNRE will prepare performance reports that will be integrated with the PMU reports.	\$1,000/2.	Ongoing
<b>Gender and social dimensions monitoring</b>  Covered by PAP monitoring	Additional data required for AMAT will be collected as appropriate.  MoNRE will prepare performance reports that will be integrated with the PMU reports.	\$1,000/2.	Ongoing
<b>Reviews and Evaluation</b> a) 6 monthly/annual  b) Mid-term –  c) Within 6 months of physical completion, the Project implementing agency will submit a project completion report to ADB.	a) In addition, the annual PIRs are to be prepared in line with GEF requirements No addition or modification required.  b) Mid-term review: the AMAT will be completed. As appropriate, a mid-term review of GEF funded activities may be prepared and reported upon separately. This will be overseen by MoNRE.  c) Final evaluation: the AMAT will be completed. As appropriate, a end-of-project review of GEF funded activities may be prepared and reported upon separately. This will be overseen by MoNRE.	a) \$5,000/2  b) \$20,000/2  c) \$20,000/2	a) Ongoing  b) after 2-3 years.  c) within 3 months of project closure

<sup>47</sup> M+E costs are shared equally with the SCIAP parallel project.

		\$24,000	
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**TABLE 4: MONITORING AND EVALUATION PLAN**

161. As can be seen from Table 4, most costs of M&E are to be integrated with ADB monitoring of the baseline project. However, an additional \$48,000 is required to cover M&E specific to monitoring SCCF. Likewise there will be \$24,000 for the SCIAP parallel project to cover.

162. The M&E plan will be reviewed and revised as necessary at Project inception stage.

#### **Adaptation Monitoring and Assessment Tool (AMAT), SCCF Indicators and Targets**

163. The AMAT Tracking Tool is provided in Annex I. Although the Project concept was approved prior to December 2014, the AMAT has been aligned with the new revised results framework issued by the GEF/LDCF/SCCF in December 2014. The most pertinent factors from Annex I are provided in Table 5.

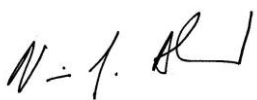
<b>AMAT Indicator</b>	<b>Baseline Value</b>	<b>Target for End of Project</b>
<b>SCCF Objective 1: Reduce the vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate</b>		
Indicator 1: Number of direct beneficiaries	0	510,000
<b>SCCF Outcome 1.1: Vulnerability of physical assets and natural systems reduced</b>		
Indicator 2: Type and extent of assets strengthened and/or better managed to withstand the effects of climate change	0	14,800 hectares of land
<b>SCCF Outcome 1.3: climate-resilient technologies and practices scaled-up</b>		
Indicator 4: Extent of adoption of climate-resilient technologies/ practices	0	1,000,000 persons to benefit from upscaling
<b>SCCF Objective 2: Strengthen institutional and technical capacities for effective climate change adaptation</b>		
<b>SCCF Outcome 2.3: Institutional and technical capacities and human skills strengthened to identify, prioritize, implement, monitor and evaluate adaptation strategies and measures</b>		
Indicator 9: Number of people trained to identify, prioritize, implement, monitor and evaluate adaptation strategies and measures	0	30 professionals from the planning and decision making systems in the three cities, of which at least 40% female, trained to an advance level.

Table 5: AMAT Indicators, baseline and target values

### **PART III: CERTIFICATION BY GEF PARTNER AGENCY(IES)**

#### **A. GEF Agency(ies) certification**

**This request has been prepared in accordance with GEF policies<sup>48</sup> and procedures and meets the GEF criteria for CEO endorsement under GEF-6.**

<b>Agency Coordinator, Agency Name</b>	<b>Signature</b>	<b>Date (MM/dd/yyyy)</b>	<b>Project Contact Person</b>	<b>Telephone</b>	<b>Email Address</b>
Nessim Ahmad, Deputy Director General, Sustainable Development and Climate Change Department, Concurrently Chief Compliance Officer, ADB		07/27/2016	Hubert Jenny, Principal Urban Development Specialist, Southeast Asia Department	+84 4 3933 1374 - Ext 140	hjenny@adb.org

### **ANNEXES**

Annex A	Project Results Framework
Annex B	Response to Project Reviews
Annex C	Status of Implementation of Project Preparation Activities and the Use of Funds
Annex D	Calendar of Expected Reflows
Annex E	Combined Results Table: SCIAP and SCCF projects
Annex F	Table showing how the Results Framework is aligned to the two approved PIFs
Annex G	Profile of Target Cities
Annex H	Detailed Description of GEF/SCIAP/SCCF Components
Annex I	AMAT Tracking Tool
Annex J	Stakeholder Analysis
Annex K	Documentation Produced under Secondary Cities Development Program
Annex L	AWARE Climate Screening of the Secondary Cities Development project
Annex M	Climate Change, Flood Management and Decision Support Systems (DSS) Screening

<sup>48</sup> GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, and SCCF  
GEF6 CEO Endorsement /Approval Template-Dec2015



**ANNEX A: PROJECT RESULTS FRAMEWORK** (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).  
DRAFT

The following Design and Monitoring Framework (Draft) accompanies the RBL approval and is reviewed and approved by the ADB Board.

In the table below the DMF table, a second table shows how each GEF Outcome/Output is covered by the indicators in the DMF.

<b>Impact the RBL Program is Aligned with</b>			
“The urban development ensures effective use of land, investment in infrastructure, environmental quality control, urban areas with good living condition” of Prime Minister Decision 1659/2012 <i>National Urban Development Program</i> 2012 – 2020. Viet Nam			
<b>Program Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting</b>	<b>Risks</b>
<b>Outcome</b> Improved urban resilience in participating Vietnamese secondary cities	2023 Annual climate related flood damages reduced by at least 20%. Baseline: \$10 million (2015).	Feasibility Study Report (PPTA) Annual SCDP Progress Reports from PMUs Program Completion Report	Program delays, resulting in delayed or cancelled benefits
<b>Outputs</b> 1. Strengthened city planning processes	2022 1a. Approved and disclosed Annual Green City Business Plans from the GCAPs with gender-responsive and pro-poor features. for the 3 Program cities (annually) 1b. GCAPs updated in the Program cities and prepared for at least 5 additional cities by 2019. 1c. GCAPs mainstreamed into the Program Cities’ Master Plans by 2022 1d. Strengthened capacity of at least 200 professionals from the central and local governments with at least 33% female to integrate green city principles into planning and budgeting processes.	1a. Annual Business plans 1b. Annual SCDP Progress Reports 1c. Updated/new GCAPs 1d. Updated / New 3 City Master Plans 1e. Training attendance sheets	Program delays from onlending problems between Government and the Program cities
2. Enhanced implementation for urban resilience	2022 2a. Implementation of at least 10% of investments identified in the 2016 GCAPs.	2a. Completion reports	Technical: DRA inputs not incorporated into the design and

Program Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
	<p>2b. At least [300,000] beneficiaries (disaggregated by gender), including [20,000] vulnerable beneficiaries have access to newly built infrastructure following low impact development and GrEEEn City Approach (promoting into the GCAPs: Environment / Green; Economy / Competitiveness; Equity / climate resilient/ Inclusiveness).</p> <p>2c. At least [6] community-led initiatives that improve urban resilience completed in two Program Cities.</p> <p>2d. Newly built infrastructure will contain one third of green features, integrating green facilities as network of multifunctional open spaces and low impact development promoting ecosystem services, for at least 1.5 million square meters</p>	<p>2b. Program Completion Report</p> <p>2c. Program Completion Report</p> <p>2d. Program Completion Report</p>	<p>implementation, resulting in less green features included in the newly built infrastructure.</p> <p>Fiduciary: High number of complains on procurement delaying Program implementation.</p>
3. Improved institutional effectiveness	<p>2020</p> <p>3a. Strengthened program safeguards, social/gender, financial management and procurement systems as per the PAP approved by ADB.</p> <p>3b. 5-year tariff roadmap for urban services in line with Vietnamese regulations approved in the 3 Program cities, with pro-poor features for affordability to vulnerable households.</p> <p>3c. Asset management plans approved in the 3 Program Cities demonstrating how local urban infrastructure subprojects are fully operated and maintained after completion.</p> <p>3d. National Technical Regulation on green cities issues along with implementation guidelines.</p> <p>3e Green city financing mechanism established.</p>	<p>3a. Annual Progress Report from PMUs</p> <p>3b. Annual Progress Report from PMUs Provincial and City Decisions</p> <p>3c. Annual Progress Report from PMUs Provincial and City Decisions</p> <p>3d. Gazette of Vietnamese legislation</p> <p>3e. Government Decision issued</p>	<p>Commitment from local governments to implement tariff roadmap and AMS resulting in lack of sustainability of the Program..</p>

ADF = Asian Development Fund; GCAP = Green City Action Plan; GEF = Global Environment Facility; NUDP = National Urban Development Program; OCR = Ordinary Capital Resources; PAP = Program Action Plan; RBL = results-based lending; UCCRTF = Urban Climate Change Resilience Trust Fund.  
Source: Asian Development Bank.

Table showing how GEF Outcomes/Outputs are covered by DMF indicators

GEF Outcome/Output	DMF Indicator
1.1.1 Recommendations for greening and increasing the resilience of the design and procurement of all the SCDP GC project investments for Ha Giang, Hue and Vinh Yen.	1c. GCAPs mainstreamed into the Program Cities' Master Plans by 2022
1.1.2 In each city, strengthened capacity of 10 professionals (including 40% female) that covers the skills needed to integrate green city principles into urban planning and budgeting processes.	1d. Strengthened capacity of at least 200 professionals from the central and local governments with at least 33% female to integrate green city principles into planning and budgeting processes.
1.1.3 Three updated, integrated, resilient city action plans for Ha Giang, Hue and Vinh Yen. These will include: an indicator/monitoring framework, GHG inventory and database, biodiversity framework, climate vulnerability assessment, low carbon plan, prioritization and financing plan).	1b. GCAPs updated in the Program cities and prepared for at least 5 additional cities by 2019.
1.2 Replicating integrated, resilient planning in Six cities	1b. GCAPs updated in the Program cities and prepared for at least 5 additional cities by 2019.
2.1 Demonstrating prioritized strengthening of resilience of urban investments	2b. At least [300,000] beneficiaries (disaggregated by gender), including [20,000] vulnerable beneficiaries have access to newly built infrastructure following low impact development and GrEEEn City Approach (promoting into the GCAPs: Environment / Green; Economy / Competitiveness; Equity / <b>climate resilient</b> / Inclusiveness).
2.2 Demonstrating an integrated package of investments that lead to transition to low impact, low carbon development in Ha Giang city.	2d. At least 50% of organic waste composted; replacement of at least 1000 street lights to energy efficient lighting; at least 30 hectares of urban paddy converted to organic, cash crop farming, with resulting reduced GHG emissions; and introduction of Biodiversity friendly practices on at least 50ha of agricultural land.
3.1 Strengthened enabling institutional environment.	3d.National Technical Regulation on green cities issues along with implementation guidelines.  3e Green city financing mechanism established.

**ANNEX B: RESPONSES TO PROJECT REVIEWS** (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

From GEF Secretariat and GEF Agencies, and response to comments from the Council at the time of work programme inclusion, and from Conventions and from STAP at PIF.

Comment	Response at time of workplan inclusion	Additional response at time of submission of Request for CEO Endorsement
<b>Council Members</b>		
Germany supports this project but kindly requests further elaboration on the establishment of target cities under the ICCIM. Germany would appreciate some clarification on this matter as according to the proposal, the focus is only on cities under the ICCIM and SCDP Green Cities in the initial phase. Moreover, only the upscaling phase in cities with less adaptive capacity will be targeted since the cities with less adaptive capacity are usually the most vulnerable and thus need the most assistance in establishing adaptation mechanisms.	n/a	<p>The SCCF project has been developed jointly with a GEF Sustainable Cities Integrated Approach Pilot (SCIAP) programme project in Viet Nam. SCCF and SCIAP will be integrated as a joint programme.</p> <p>The baseline SCDP programme worked in a coordinated manner with national stakeholders to identify target cities in line with requirements and criteria. SCDP chose to focus on secondary cities, and initially on three diverse such cities (Ha Giang, Hue and Vinh Yen). This selection was based on a long and thorough process, led by MPI, and in line with ADB guidance as to what would be eligible and suitable target projects.</p>
Germany suggests that the project aligns with some of the work of the German Development Cooperation (GIZ) which is already mentioned as a development partner in this project. Germany suggests that the project encompasses activities on flood-proofing building on GIZ's efforts to make cities more resilient within the "Flood Proofing and Drainage for medium-sized coastal cities in Viet Nam Programme".	n/a	<p>The SCCF project has been developed jointly with a GEF Sustainable Cities Integrated Approach Pilot (SCIAP) programme project in Viet Nam. SCCF and SCIAP will be integrated as a joint programme. SCCF and SCIAP will support an integrated approach to city planning, management and development, that is resilient, low impact, low carbon and pro-biodiversity.</p> <p>Hue – a medium sized coastal city – has been selected as one of the three target city. Lessons learnt will be replicated to other such cities.</p> <p>Co-financing is provided by Cities Development Initiative for Asia (CDIA) - an international partnership established with support from the Government of Germany. This facilitates lesson learning and coordination. Also, co-financing is provided by the Urban Climate Change Resilience Trust Fund – which has several supporters, thereby also facilitating lesson learning and coordination.</p>
Germany - As the region most affected by climate change in Viet Nam is the Mekong Delta, Mekong Delta cities should receive special attention within the PIF. The activities in the Mekong delta should be aligned with GIZ's "Integrated Coastal Management Programme".	n/a	The assessments undertaken in early stages of project preparation indicated that there are many ongoing projects in the Mekong Delta focussing on climate change, and many projects under development. Hence it was determined to focus this project into other regions which also face key climate change challenges.
USA - The United States welcomes this project concept and appreciates the Asian Development Bank's (AsDB) aim to support	n/a	The SCCF project has been developed jointly with a GEF Sustainable Cities Integrated Approach Pilot (SCIAP) programme project in Viet Nam.

<p>Vietnam's local leaders in taking action to promote climate resilience in their communities. We laud Vietnam's efforts to mainstream adaptation into national and local level policies. As AsDB prepares the final project document for CEO endorsement, we would like to request that it provide more information on:</p> <ul style="list-style-type: none"> <li>- How the Ministry of Natural Resources and Environment will work with other government ministries such as the Ministry of Construction in its role as the government focal point in Component 1;</li> </ul>		<p>The MoNRE will lead the technical assistance programme and will be the focal point for all SCCF and SCIAP supported activities.</p> <p>Component 3 includes activities and strategies to increase cooperation and coordination amongst national agencies, notably the Ministry of Planning and Investment and the Ministry of Construction. An inter-agency working group is to be established, and an inter-agency government Decision is to be developed/promoted. Furthermore, The Vice Minister of the Ministry of Construction in charge of the Urban Development Agency has requested ADB assistance for the revision of the National Urban Development Strategy (NUDS). Subsequently ADB has developed and approved a \$2 million technical assistance that will support the preparation of a National urban resilience strategy and program; National urban planning capacity improvement; and capacity developed to implement climate change resilience at provincial and city levels. This places ADB in an ideal position to work with both MONRE and MOC around the mainstreaming of climate change into urban development in a consistent way.</p>
<ul style="list-style-type: none"> <li>- How local knowledge will be incorporated and utilized in each of the project's components; and</li> </ul>	n/a	<p>The Project is anchored in the development process, particularly in the three target cities Ha Giang, Hue and Vinh Yen. The project will be led by teams, technical people and decision-makers in these cities. Local knowledge will drive the project. Finally, use of the 'Results based' lending modality in the baseline transfers additional responsibility to local stakeholders.</p>
<ul style="list-style-type: none"> <li>- The economic, environmental, and social connections between urban and rural areas as they relate to the project and its outcomes.</li> </ul>	n/a	<p>The SCCF project has been developed jointly with a GEF Sustainable Cities Integrated Approach Pilot (SCIAP) programme project in Viet Nam. Hence SCCF and SCIAP will support an integrated approach to city planning, management and development, that is resilient, low impact, low carbon and pro-biodiversity. This includes optimizing connections with nearby rural areas.</p> <p>The baseline project focuses on 'secondary cities' – these are development hubs mostly outside of the major urban areas – and surrounded by rural areas. The baseline government strategy is to develop secondary cities as a way to create sustainable development for rural and semi-rural populations and to lessen the pressure on existing, stretched primary urban areas.</p>
<p>US - In addition, we expect that AsDB in the development of its full proposal will:</p> <ul style="list-style-type: none"> <li>- Provide more information on how beneficiaries, including women, have been involved in the development of the project proposal and will benefit from this project;</li> <li>- Engage local stakeholders, including</li> </ul>	n/a	<p>These issues have been dealt with comprehensively during the preparation of the baseline project and the GEF submission documents.</p> <p>See concerned sections in the CEO Endorsement Request: gender and women's involvement (A.4),</p>

community-based organizations, environmental non-governmental organizations and the private sector in both the development and implementation of the program; and, - Expand on how the implementing agency and its partners will ensure the sustainability of climate change adaptation education for decision-makers at the national and local level.		stakeholder engagement (A.3) and sustainability (A.1.6).
<b>STAP</b>		
STAP is satisfied with the scientific and technical quality of the proposal and encourages the proponent to develop it with same rigor. At any time during the development of the project, the proponent is invited to approach STAP to consult on the design.	n/a	n/a
<b>GEF SEC</b>		
Sustainability: Unclear -- please provide clarifications on how sustainability of this project will be ensured.	n/a	<p>Sustainability is addressed at the city level, at the level of each Component, and for the entire process:</p> <ul style="list-style-type: none"> <li>• For each city, the project will build local capacity to plan and to manage, it will also establish the Action Plans as a basis for sustained action, it will develop capacity to access available finance, and it will develop a monitor/indicator framework that both encourages lesson learning and provides incentives for sustained work. These elements all promote city level sustainability;</li> <li>• For each Component, the project will build the individual capacity and the institutional mechanisms to ensure that the process continues after the GEF support has finished. In particular, the monitor/indicator framework, the financial mechanisms and incentive structures and the institutional strengthening will all provide incentives for sustained work after GEF support;</li> <li>• The overall process has sustainability built in. The linkages between Components 1, 2 and 3 are designed to create momentum, and to create the capacity and incentives for sustained work after GEF support. Notably Component 3, which establishes a platform, and builds financing and institutional capacity, will build a solid basis of sustained work GEF for when support is complete. Component 3 focuses on sustainability and replication.</li> </ul>
Potential for scaling up: Unclear – please provide clarifications on how scaling up will be facilitated by the project.	n/a	The proposed project has vast potential for scaling up. The approach will support immediate scaling up of the GCAP approach to an additional six

		<p>cities under Outcome 2.1. In addition, the project will be fully and immediately replicable to the estimated 140 secondary cities in Viet Nam, a target population of at least an additional 17 million. Further, many of the successes will be replicable to smaller cities throughout Asia.</p> <p>For these reasons, the project design pays great attention to upscaling. The entire Component 3 focuses on upscaling – creating the national platform for replication across Viet Nam. Upscaling strategies include: demonstration in a diverse set of conditions; building national capacity; developing toolkits and guidelines; establishing a financing mechanism; establishing an inter-sectoral institutional mechanism; and issuing the necessary legislation. In addition, Component 1.2 sets the replication process in motion by developing GCAPs for 6 different cities.</p>
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## ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS<sup>49</sup>

A. Provide detailed funding amount of the PPG activities financing status in the table below:

PPG Grant Approved at PIF: <b>US\$136,986</b>			
<b><i>Project Preparation Activities Implemented</i></b>	<b><i>GEF/LDCF/SCCF Amount (\$)</i></b>		
	<b><i>Budgeted Amount</i></b>	<b><i>Amount Spent Todate</i></b>	<b><i>Amount Committed</i></b>
Urban Development Specialist (international): <ul style="list-style-type: none"> <li>• Reviewing information and data on urban development in Vietnam and undertaking a rapid policy and legal analysis of existing and draft laws and regulations and standards for urban infrastructure development.</li> <li>• Holding consultations with relevant project stakeholders in order to inform the design of the GEF/SCCF co-financed activities. This will include, but not be limited to the Provincial People's Committee of Hue, Provincial People's Committee of Vinh Yen, City People's committee Ha Giang, Ministry of Planning and Investment (MPI)</li> <li>• Coordinating inputs for GEF/SCCF project components from the ADB project preparatory technical assistance consultants' (PPTA)<sup>50</sup> team.</li> <li>• Working with the PPTA team to incorporate, where relevant, socio-economic benefits for affected stakeholders, particularly socially vulnerable populations, and gender issues into the design of selected sub-projects.</li> <li>• Preparing required Terms of Reference (TORs) for project consultants needed for implementation of project.</li> </ul>	53,500		53,500
Engineering specialist (international) <ul style="list-style-type: none"> <li>• Technical due diligence of suggested GEF/SCCF project components whilst ensuring synergies with the RBL.</li> <li>• Identifying entry points for integrating climate change adaptation elements within the design and construction of GEF/ SCCF sub-projects.</li> <li>• Supporting urban development specialist to integrate climate change adaptation solutions into proposed project components.</li> <li>• Preparing an additional cost rationale for the project, following standard GEF approaches</li> </ul>	31,500		31,500

<sup>49</sup> If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue to undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities. Agencies should also report closing of PPG to Trustee in its Quarterly Report.

<sup>50</sup> The GEF PPG is being administered through ADB's Project Preparatory Technical Assistance: TA 8671–VIE: Secondary Cities Development Program (Green Cities). The total value of the TA including the GEF is \$2.1m. In addition, ADB's GEF facilitation team has provided extra consultant support in the form of a Senior Climate Change Adaptation Specialist (66 days) and a Senior Environment and Urban Development Specialist (44 days) to prepare the GEF component of the program.



<b>Total</b>	85,000	0	85,000

**ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)**

Provide a calendar of expected reflows to the GEF/LDCF/SCCF Trust Funds or to your Agency (and/or revolving fund that will be set up)

No funding from the GEF grants will reflow to ADB or the GEF. Reflows from ADB associated with loan will be made according to the loan agreement. This will be subject to loan negotiations, which will be finalized in the last quarter of 2016