

## *Climate Smart Investment Frameworks: Integrating Climate Change Concerns into IFAD's Country Strategy for Viet Nam*

**Overview** Due to high population concentrations in the Mekong and Red River Deltas, the IPCC 4th Assessment characterized Vietnam as a “hotspot of key future climate impacts and vulnerabilities in Asia”. Agriculture has made a central contribution to Viet Nam’s economic transformation into an emerging market economy of lower middle-income country status, with rising productivity contributing to improved rural incomes, labour release to the non-agriculture sector and export growth. Despite these economic shifts, however, 70% of the population continue to live in rural areas and derive their livelihood from agriculture, which remains an important source of job creation for the large rural labour force. Climate change threatens these hard fought gains and in particular the chances of the poorest to escape and remain out of poverty. Adaptation to CC is a relatively new area for the International Fund for Agricultural Development (IFAD) in Viet Nam, and as such a concerted effort was needed to make IFAD’s US\$100 million Country Strategic Opportunities Program (COSOP) 2012 – 2017 for Viet Nam “climate smart”.

**Methods** Over the course of 2011 an in-depth analysis of CC impacts on the ARD sector was undertaken and areas of intervention were identified. This was done in partnership with the Ministry of Agriculture and Rural Development (MARD), the CC Adaptation and Disaster Management Unit of Kyoto University, key national research institutes working on CC and environment related issues, NGOs, Ministry of Natural Resources and Environment (MONRE) and bilateral and multilateral donors and through field visits and work with communities.

**Results** An important innovation in the COSOP is the inclusion of CC risks in the implementation of the IFAD-supported country programme. The following 3 Strategic Objectives were defined:

- SO1: Enable poor rural provinces to carry out market-led, pro-poor rural development;
- SO2: Improve access of poor rural people – particularly women – to commodity and labour markets; and
- SO3: Enhance the capacity of poor rural households to adapt to climate change.

A pipeline of 4 projects was developed worth approximately US\$100 million with 3 of them pursuing different aspects of adaptation and 1 of them specifically addressing adaptation issues in the Mekong Delta (to be financed from IFAD’s Adaptation Programme for Smallholder Farmers – ASAP). Of importance also is the strengthening of MARD’s Office for Climate Change Adaptation and Mitigation (OCCA) for undertaking the following:

- (i) Foster an effective policy dialogue mechanism on climate change in agriculture and rural development among technical departments within MARD and MARD’s Leaders; provincial authorities and MARD technical departments/Leaders (policy making bodies); NGOs and research institutes and MARD’s technical departments (policy-making bodies); and MARD and international community (development partners); and
- (ii) Review MARD’s key climate change documents, particularly, the Ministry’s Action Plan for Climate Change and the key policy options, strategies, its financing mechanisms for implementation, including public and external financial support and identify focus areas of action as well as prioritized projects.

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