

Impact Assessment of EU's Carbon Border Adjustment Mechanism

Carbon Tax Design for Vietnam



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1 BACKGROUND

1.1 Southeast Asian Energy Transition Partnership

1. The Southeast Asia Energy Transition Partnership (ETP) brings together governments and philanthropies to work with partner countries in the region. We support the transition towards modern energy systems that can simultaneously ensure economic growth, energy security, and environmental sustainability. Enabling the transition toward greener energy systems will greatly contribute to the achievement of the UN's Sustainable Development Goals (SDGs) and the Paris Climate Agreement objectives.
2. ETP is initially focusing on Indonesia, the Philippines and Vietnam, which are the countries in the region with the highest energy demand, a substantial pipeline for fossil fuel-based projects, and a significant and cost-effective potential for renewable energy and energy efficiency. ETP provides High Level Technical Advisory Support, Holistic Support to Governments on financing and technical needs, capacity and skill development and facilitation of dialogues in all related areas.

1.2 Project background

3. The European Commission recently presented its proposal for a regulation establishing a Carbon Border Adjustment Mechanism (CBAM) as part of initiatives to accelerate the reduction of greenhouse gas (GHG) emissions and achieve carbon neutrality by 2050. CBAM aims to address the risk of carbon leakage caused by asymmetrical climate policies of non-EU countries (where policies applied to fight climate change are less ambitious than those of the EU). The CBAM would be complementary to the EU's Emission Trading Scheme (ETS), involving CBAM certificates issued to importers based on the integrated emissions intensity of the products they import into the Union and purchased at a price equal to that of ETS certificates.
4. The Commission presented its proposal for a regulation establishing a CBAM on 14 July 2021 with the first industrial sectors targeted including iron and steel, refineries, cement, organic basic chemicals, and fertilizers and other products will be added later.
5. Vietnam's goods exports to the EU market are expected to reach 40.12 billion USD in 2021, up about 14 percent from 2020¹. Although it aims to combat climate change, the EU's proposed CBAM will affect and impose substantial costs on Vietnam exports, especially if it is extended to other sectors in the future. The EU and Vietnam entered into a Free Trade Agreement (FTA) in 2019.
6. In October 2021, the Government of Vietnam issued the National Green Growth Strategy for 2021-2030, vision toward 2050. Accordingly, by 2030, the primary energy consumption per unit of GDP reduces by 1.0 – 1.5% annually on average for the 2021-2030 period; the

¹ Vietnam Import-Export Report published by the Ministry of Industry and Trade (only in Vietnamese) <https://trungtamwto.vn/file/21599/baocaoxnk2021.pdf>

proportion of renewable energy in the total primary energy supply reaches 15 - 20%. By 2050, the primary energy consumption per unit of GDP reduces by 1.0% annually on average for each 10-year period; the proportion of renewable energy in the total primary energy supply reaches 25 – 30%.

7. The development orientation of the key sectors and industries is clearly defined in the National Green Growth Strategy² as “to raise the performance and the efficiency in energy usage; reduce the level of energy consumption in manufacturing, transportation, commercial and industrial activities; ensure national energy security with an orientation towards synchronously developing sources of energy, thriftily utilizing domestic sources of energy and changing the composition of energy sources with an orientation towards reducing the dependency on fossil energy; promote efficient utilization and raise the proportion of renewable energy sources/new energy forms in the country's production and consumption of energy.”
8. To implement the Paris Agreement under the United Nations Convention on Climate Change (UNFCCC) in Vietnam, the first Nationally Determined Contribution (NDC) of Vietnam was submitted in September 2015. In 2020, the Government of Vietnam updated its first NDC. In the updated version, the unconditional Greenhouse Gas (GHG) emission reduction targets by 2030 compared to its business as usual (BAU) scenario increased to 9% (previously 8%) and further 27% (previously 25%) with international support. The commitments, in equivalence, require efforts to unconditionally reduce 83.9 million tCO₂eq and 250.8 million tCO₂eq with international support.

Table 1. GHG Inventory in 2014 and BAU scenario to 2030 (in Millions tCO₂eq)

Year	Energy	Agriculture	Waste	LULUCF	IP	Total	Share of energy sector
2014	171.6	89.8	-37.5	21.5	38.6	284.0	60.4%
2020	347.5	104.5	-35.4	31.3	80.5	528.4	65.8%
2025	500.7	109.2	-37.9	38.1	116.1	726.2	68.9%
2030	678.4	112.1	-49.2	46.3	140.3	927.9	73.1%

Source: Vietnam's Updated First NDC, 2020.

9. In the updated NDC, the government estimates the total of GHG emissions are 528.4 million tons of CO₂ in 2020 and 726.2 million tons in 2030. Energy is considered as the biggest contributor to GHG emissions in Vietnam, accounting for about 65.8% of the total national GHG emissions in 2020 and 73.1% by 2030. Therefore, out of the 75 mitigation options for Vietnam to achieve the Updated First NDC's targets, 33 options are in the energy sector, 10 of which are related to the use of renewable energy in the national context. Thus, the development and deployment of renewable energy in Vietnam is crucially important for Vietnam to meet its NDC's targets.

² <https://en.baochinhphu.vn/national-green-growth-strategy-for-2021-2030-vision-towards-2050-11142515.htm>

10. In November 2021, at COP26, Prime Minister Pham Minh Chinh announced strong commitments to tackle climate change. He emphasized that with Vietnam's own resources, along with the co-operation and support from the international community, especially developed countries, both in terms of finance and technology transfer, including implementing mechanisms under the Paris Agreement, Vietnam will develop and implement strong emissions reduction measures to achieve net-zero emissions by 2050. Vietnam also agreed to support a number of important statements and initiatives on protecting forests, shifting to clean energy, supporting adaptation for local communities, and methane reduction. The commitment of net-zero emissions and joining the methane commitment sent a strong signal to the international community, opening the door for global finance for low-emission development, which is also an opportunity for Vietnam's development.
11. The Prime Minister established a National Steering Committee for implementation of the commitments at COP26 on 21 December 2021 which includes the Prime Minister as the chairman, a Deputy Prime Minister as a vice chairman, and members who are ministers of different line ministries. The Steering Committee functions to organize inter-sectoral coordination and to support the Prime Minister in dealing with curitial and inter-sectoral issues related to the implementation of Vietnam's commitments at COP 26.
12. In this direction, the National Climate Change Strategy upto 2050 was approved by the Prime Minister on 26 July 2022 with the overall objective to actively adapt to climate change and mitigate GHG emissions in order to achieve the net zero target. According to the Strategy, Vietnam will reduce the total GHG emissions by 43.5% compared to BAU by 2030 and reach the emission peak in 2035 and achieve net zero emission by 2050. The energy sector and the industrial processes are expected to reduce by 32.6% and 38.3% of the emissions respectively by 2030 and by 91.6% and 84.8% of the emissions respectively by 2050.
13. According to the 2020 Law on Environmental Protection, Vietnam plans for the establishment and development of the domestic carbon market which includes trading of emission allowances and carbon credits. Decree No. 06/2022/ND-CP of the Government provides the roadmap in which Vietnam will develop the regulatory framework and pilot the trading scheme from now to 2027 (pilot operation of the trading platform from 2025) and officially operate the emission trading scheme from 2028. The design of the emission trading scheme is under development with support from the World Bank through the Partnership for Market Implementation Project in Vietnam.
14. Together with the emission trading scheme, carbon tax is considered as an effective carbon pricing instrument for Vietnam to achieve the net-zero target. The application of carbon tax in Vietnam, however, requires a thorough study to develop an efficient design and to avoid duplication with the existing tax scheme and in line with trading agreements that Vietnam has signed.

2 PROJECT DETAILS

2.1 Rationale

15. The Ministry of Natural Resources and Environment (MONRE) is the National Focal Point implementing the UNFCCC, the Kyoto Protocol and the Paris Agreement and other relevant international treaties on climate change. In the third meeting of the National Steering Committee for implementation of COP26's commitments in Viet Nam, MONRE is assigned by the Prime Minister to study and propose the carbon tax system for Viet Nam.
16. The Department of Climate Change (DCC) is an organization directly under the MONRE, with the function of advising and assisting the Minister in state management of climate change. The DCC is coordinating with relevant government line ministries, agencies and stakeholders in a joint effort to reduce GHG reduction, promoting the development of the carbon market and the low carbon economy through developing and enforcing appropriate policies and regulations.
17. Export of goods to the EU accounts for about 12% of total turnover from export of Vietnam. The CBAM, if adopted, will affect Vietnam. Thus, it is necessary to understand how the CBAM works, assess its impacts on Vietnam industries and economy and discuss how the national policies on trade negotiations, decarbonisation and energy transition should respond. The assessment of CBAM on energy intensive export products of Vietnam shall provide the government of Vietnam a clear view and quantification of the CBAM's impacts on the key industries and the whole economy, which enables the Government of Vietnam to formulate effective legal framework and policies to accelerate its own decarbonization efforts and energy transition from fossil fuel to renewable energy.
18. The ETP's support shall provide the key beneficiaries, including MONRE, MOIT, MOF and MPI a clear vision of the CBAM's impacts on different energy-intensive industries, recommending legal framework and institutional mechanism for the development of decarbonization strategy and the introduction of carbon tax in Vietnam. A better understanding of CBAM and its impacts shall also encourage industries to apply energy efficiency measures in their processes and gradually reduce their dependence on fossil fuel.

2.2 Objectives

19. The study shall assess and quantify the impacts of CBAM on export products, energy transition, national economy and implementation of NDC of Vietnam, and analyze the implications on the establishment of the domestic carbon market and the design of carbon tax system in Vietnam in order to provide recommendations to minimize the negative impacts, assess the suitability and develop roadmap and the design to apply carbon tax system in Vietnam.

2.3 Expected outputs and outcomes

Table 2. Expected Outputs and Outcomes

	Outputs/project	Outcomes ³
1	A comprehensive study assessing and quantifying the impacts of CBAM on export products (especially energy-intensive industries), energy transition, national economy and implementation of NDC of Vietnam; and providing recommendations to minimize the negative impacts and contribute to the development of the sectoral mitigation plan and carbon market (Deliverable 1).	The activity shall support the Government of Vietnam to develop appropriate policies and regulations which push the country's transition towards clean energy consumption that simultaneously ensures economic growth, energy security and environmental sustainability and minimizes the potential negative impacts of CBAM on the Vietnamese economy; increasing the competitiveness of exports of Vietnamese low-carbon goods. On the other hand, the policies recommended by the study, when realized, shall increase the deployment of renewable energy and energy efficiency in key industries of Vietnam.
2	An in-depth study analyzing the implications and providing recommendations on the roadmap and the design of the carbon tax system in Vietnam (Deliverable 2).	
3	Stakeholder consultations and workshops to introduce and consult the findings/recommendations with relevant ministries, local government, public and private enterprises, associations and NGOs.	

2.4 Scope

20. The ETP's technical assistance will provide an assessment and a quantification of the CBAM's impacts on energy-intensive export products, implementation of NDC of Vietnam and the economy of Vietnam, its legal and institutional implications on the design of decarbonization policies, domestic carbon market and carbon tax. In-depth consultations with relevant ministries, public and private enterprises, associations and NGOs shall be conducted to ensure a multi-view approach in analysis and policy recommendations.

21. The Project, to be delivered within a 15-month timeframe. The first deliverable (CBAM Assessment) will be developed by end of December 2022, which will help the country ready for the transition period (2023-2026) of the CBAM implementation. The second deliverable, which is built based on the stocktake info. and data collected during the CBAM assessment,

³ The expected outcomes are in line with the ETP's Result-Based Management Framework and its short-term outcomes 1.1, 1.2, 1.3 and 4.1

will be developed by September 2023 for the government and national assembly's review and decision.

2.5 Existing Support and Programs

22. So far, no support has been provided to the Government of Vietnam in terms of CBAM and its impacts. The carbon tax scheme has been examined generally under the Partnership for Market Readiness funded by the World Bank from 2015 – 2020, which is implemented with MONRE; a short report on carbon tax namely "Opportunities for carbon pricing in Vietnam"⁴ was published in 2018 under the project "Growth and Sustainable Development in Vietnam" which is being implemented by the Ministry of Planning and Investment of Vietnam within the framework of partnership with the United National Development Programme (UNDP) and United States Agency for International Development (USAID). The study implemented by the UNDP and USAIDS is a good reference for the ETP's study on carbon tax design elements, including scope and coverage, point of taxation, tax administration and associated infrastructure and tax rate.
23. ADB has Article 6 Support Facility (A6SF) which provides technical, capacity building, and policy development support to developing member countries (DMCs) including Viet Nam to enhance their capacity and preparedness to participate in, and take advantage of, international carbon markets emerging under the Paris Agreement. The project focuses on the international carbon market instead of domestic carbon pricing instruments like ETS, carbon tax.

2.6 Description of Specific Activities and Deliverables

24. The project is planned for 15 months from July 2022 to September 2023 in line with the schedule in Para 21 and MONRE for CBAM analysis and the expectation on carbon tax study.
25. The following activities will be conducted during the project implementation:
 - a) Collect, survey and develop a database on import and export activities of goods and enterprises potentially being affected by CBAM;
 - b) Analyze and quantify CBAM impact scenarios on each group of export products, energy transition, implementation of Vietnam's NDC and the whole economy in terms of legal, financial and GHG emission aspects;
 - c) Review and analyze the existing policies and legal framework on trade agreements/negotiations, decarbonisation and development of domestic carbon market in relation with CBAM;

⁴ https://drive.google.com/file/d/1xrRYYW4fzaVVu8bFs8U7Kx0kCT2H_-3a/view?usp=sharing

- d) Provide recommendations for developing sectoral mitigation plan and trading negotiation policies and strategies to minimize the negative impacts;
- e) Analysis of the implications and provide the lessons learned and recommendations on developing implementation roadmap and designing a carbon tax system in Vietnam;
- f) Organize consultation with relevant stakeholders via interviews and workshops.
- g) Organize a study tour for governmental officials to exchange the experience in establishing carbon tax with a country having the carbon tax system in place;
- h) Prepare two technical reports with policy recommendations.

26. The expected deliverables of the project include:

- a) Consultation meetings and workshops with relevant ministries, financial institutions, associations, NGOs and enterprises
- b) Two comprehensive technical reports:
 - i. CBAM Assessment including a national database of export products impacted by CBAM (deliverable 1);
 - ii. Carbon tax design and recommended policies (Deliverable 2).

2.7 Beneficiaries & Impact

27. MONRE and DCC are direct beneficiaries of the Project. As the leading government agency of Vietnam in implementation of Paris Agreement and net-zero commitment implementation, MONRE/DCC shall receive a comprehensive analysis of the CBAM's impacts and policy recommendations for development of carbon tax.
28. **MOIT:** MOIT is the direct beneficiary of the ETP's support. As the MOIT is responsible for development of industries, import and export activities, a clear understanding of CBAM and its legal and institutional implications shall support the ministry to develop sectoral mitigation plan, appropriate policies for the industrial sectors to encourage enterprises to apply energy efficiency measures and to reduce their dependence on fossil fuels while maintaining the economy's competitiveness.
29. **Private sector:** Private sector is the direct beneficiary of the ETP's support. CBAM is encouraging the enterprises in Vietnam, particularly the exporters, to change their main sources of energy from fossil fuel to renewable energy and to apply energy efficiency exercises to their processes. CBAM, on one hand, promotes greener production and, on the other hand, eliminates the advantages of using cheap-but-polluting energy sources. As ETP's support provides the enterprises with comprehensive understanding of CBAM's impacts and implications as well as supports the government of Vietnam to develop appropriate legal

frameworks, the enterprises shall benefit from a quick and effective energy transition while maintaining their competitiveness.

30. **The Government of Vietnam:** Vietnam support to the ministries and private sector shall contribute to the Government’s efforts to achieve climate change targets in the Paris Agreement and to meet the net-zero emission commitment by 2050.

3 IMPLEMENTATION & TIMELINE

3.1 Implementation Modality & Arrangements

31. The TA will require the services of an experienced consultant team with a strong international experience in economic simulation, carbon market and national knowledge and expertise of economic simulation, survey and data collection on both national and enterprises levels, establishment of national database on enterprises, GHG emission and GHG emission reduction, carbon market, carbon trading, energy efficiency, energy transition matters combined with a strong research and advisory background on Vietnam’s trading agreements and policies, GHG accounting at both national and enterprises levels and a good network with enterprises and governmental authorities.
32. The consultant is expected to be able to expose relevant government agencies, enterprises and other stakeholders to international experience in GHG reduction in manufacturing industries and to recommend appropriate policy framework for the government of Vietnam to maintain the country’s advantages while enabling acceleration toward energy transition.
33. The procurement method of Request for Proposals (RFP) will be employed. This RFP will be published on the UN Global Marketplace website (UNGM) for a duration of 21 days, upon which an evaluation panel, including the required expertise, will review and select the related bids. After internal approval by the UNOPS contracts committee, the result of this process will be a contract for services to the selected bidder.

Table 3. Expected timeline for Phase 1 activities

Activities	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	M13	M14	M15
1. Mobilization and Inception Report															
2. Collect, survey and compile the national database system on import and export activities of goods to/from EU															

3. Analyze and quantify CBAM impact scenarios on each group of export products, energy transition, and the whole economy															
4. Stocktake, review and analyze the national/international policies and legal framework related to CBAM															
5. Draft technical report on the impacts of CBAM on each group of export products (especially energy-intensive industries), energy transition, national economy and low-carbon economy roadmap of Vietnam in terms of legal, financial and GHG emission aspects; Providing recommendations to minimize the negative impacts and on development of the decarbonization strategy and carbon market, directing finance for green productions, energy efficiency and renewable energy investments (CBAM Assessment - Deliverable 1).															
6. Review and comments of Deliverable 1															
7. Final report of Deliverable 1															
8. Stocktake, review and analyze the national/international policies and legal framework related to carbon tax design (deliverable 2)															
9. Draft report on analyses of implications and provide recommendations on the policy options and the design of carbon tax system in Vietnam (Deliverable 2).															
10. Review and comments of Deliverable 2															

11. Final report of Deliverable 2																		
12. Stakeholder consultation and capacity building on the findings and study's results with relevant ministries, public and private enterprises, associations and NGOs.																		
13. Grand final report (combining two deliverables)																		

3.2 Assumptions

- 34. The implementing organization will incorporate global best practices and latest technological inputs and concepts based on a highly developed, detailed and analytical assessment of the current data.
- 35. The Project assumes cost-free, easy and unobstructed access to existing data of energy-intensive export enterprises, energy consumption, availability of the pertinent staff for discussion on the data and analysis to the Project purposes, and where possible, availability of the Government and its agencies involved in GHG reduction and energy efficiency. Where this is not possible, the analysis aims to identify the underlying assumptions based on the publicly available results. The Project will make use of ETP's convening capacity and partnerships with its aligned programs and engage with the stakeholders economy-wide, particularly in the local context and based on the specific factors.
- 36. ETP Secretariat manages the selection of the experts and implementation of the Project. ETP Secretariat will help coordinate engagement with the Government parties and country authorities on the implementation of and process of this study.
- 37. The Project will capitalize on the latest information of the recent technological and energy related developments available globally and developments in fossil fuels abatement policy, as well as reflect their impact on prices and tariffs, among others efficiency improvements. The Project works in the context of Vietnam but will draw on global trends and examples
- 38. The Project will work under the overall guidance of ETP Steering Committee, its Secretariat and Advisory Committee. The implementing entity will prepare the reports with the relevant materials in publishable quality, through ETP Secretariat, Interim Report, and Final Reports. All reports will be reviewed and accepted by the ETP Secretariat upon the incorporation of its comments with the objective to improve the comprehensiveness and quality of the final Review. The Implementing organization will develop effective methods for collecting comments and suggestions in a speedy fashion and incorporate these into the proposal, as deemed quality improving.

39. The Project will ensure that it accounts for environmental and social impacts in the context of the terms of reference and identifies environmental and social costs and benefits within the Project. Furthermore, the Project shall provide a response that demonstrates its commitment to support gender equality and women’s empowerment through its operations.

3.3 Risks and Mitigation

40. The ETP team and the DCC had discussions on the technical assistance activities and confirmed that there is no risk of overlapping with activities implemented by other donors in Vietnam. On the other hand, during the project design and development stage, ETP and DCC will work closely to ensure that the project addresses the needs of DCC and in line with the Government’s regulations. The two teams will jointly provide proper justifications to any questions coming from the relevant authorities, which secure the timely approval of the project.

3.4 Communication and Dissemination Plan

41. During the project implementation, DCC will take the lead in coordinating the government agencies and organizations relevant to the energy sector. The project findings and reports will be communicated and disseminated through the workshops, seminars and training with participants of the high-level government agencies and relevant public and private sector stakeholders and local news agencies. The report will also be publicly available on ETP and DCC’s websites.

42. The deliverables of the project will be published in DCC and ETP’s websites and other communication channels. The project will interact with the Government's coordination mechanisms as well as the Vietnam Energy Partners Group (VEPG) to ensure coordination and transparency.

Table 4. Deliverables

Task/Deliverables	Distribution	Delivery Dates
Inception Report	ETP, DCC	4 weeks after contract start date
Draft CBAM Impacts Assessment Report , including a National Database of export products impacted by CBAM (Deliverable 1)	ETP, DCC, MOIT	16 weeks after contract start date
Final CBAM Impacts Assessment Report	ETP, DCC, MOIT	24 weeks after contract start date

Draft in-depth study and policy recommendations for carbon tax design (Deliverable 2) for stakeholder consultation	ETP, DCC, MOIT	40 weeks after contract start date
Consultation workshops on draft deliverable 2	ETP, DCC, MOIT, MPI, MOF and private sector (VCCI, enterprises)	44 weeks after contract start date
Report on Stakeholder consultation results	ETP, DCC, MOIT, MPI, MOF and private sector (VCCI, enterprises)	One week after the events happened
Final In-depth Study and policy recommendations for carbon tax design report (Deliverable 2)	ETP, DCC, MOIT, MPI, MOF	52 weeks after contract start date
Grand final report	ETP, DCC, MOIT, MPI, MOF and private sector (VCCI, enterprises)	60 weeks after contract start date

43. The reports submitted as deliverables, once approved and accepted for payments, must be translated into Vietnamese for dissemination to local authorities and stakeholders. Each deliverable must also be supplemented with a catchy powerpoint presentation.

3.5 Sustainability & Gender Diversity

44. The Project will adopt sustainability measures and mechanisms to extend the Project's objectives beyond the present administration. These will require stakeholder support, budget allocation from the involved agencies, and adoption of policies to institutionalize the design of the reserve market. The involvement of DCC's officials from the start of the Project is essential to carry over the Project into the next administration. In addition, information and communication of the Project to constituents and beneficiaries shall also secure the commitment of the stakeholders.

45. The Project is committed to the promotion, enhancement and development of gender sensitivity of its implementation activities. The Project shall also ensure gender balance among the officials designated into the inter-departmental committee. Emphasis shall be

given to policy measures that shall not discriminate or marginalize any personalities and groups based on gender.

4 CONCLUSION

46. The collaboration between ETP and the DCC will contribute significantly to the net-zero target by 2050 of the government of Vietnam at a most reasonable cost to the whole economy. Vietnam and the EU share strong trading ties and have already signed the FTA, and the CBAM, if adopted, will affect Vietnam. Although it aims to address climate change, the EU's proposed CBAM will impose substantial costs on Vietnam exports and the economy, especially if it is extended to other sectors in the future.
47. This study will help to understand how the CBAM works, analyze and quantify its impacts on Vietnam industry and economy, evaluate whether the CBAM is a sound policy from a global and Vietnamese perspective, and discusses how Vietnam diplomacy and domestic policies should respond. The study also examines the policy implications on the design of carbon tax in Vietnam in order to assess the suitability and lessons learnt to design and apply carbon tax in Vietnam.
48. Overall, the study will provide insights and signals to accelerate Vietnam's own decarbonization and energy transition efforts toward net-zero emission direction.

5 ANNEXES

Results Framework Template for Project Implementation

Impact Level: Provide a narrative summary based on RBMF indicators					
Long-Term Outcome: Provide a narrative summary based on RBMF indicators					
Intermediate Strategic Outcomes	Project Indicator	Baseline	Target	Actual/Accomplishment	Data Source and Means of Verification
Strategic Outcome 1. Strengthened Enabling Policy Environment					
Select Outcomes applicable to your project and indicate your project-specific output.	Indicate the project-specific indicator for the selected outcome	Indicate the baseline for your specific output	Set target (quantitative preferably)	Provide the actual as part of the progress report	Specify means to verify the target
Short-Term Outcome 1.1 National RE and EE policies, regulations, standards, and energy plans reflect a clear commitment to Energy Transition agenda and integrated into sectoral plans to contribute to the achievement of Paris Agreement	Understanding about impacts of Carbon Border Adjustment Mechanism (CBAM) among national authorities and stakeholders in export industries, contribute to the implementation of energy transition in export industries and the implementation of the green growth strategy and Paris Agreement in the industrial sector	Limited understanding of CBAM among national authorities and stakeholders in export industries. Energy-related emissions from the industrial sector accounts for 18.6% of total GHG emission in the energy sector. Total GHG emission in the industrial sectors accounts for 14.6% of the total GHG emissions of Viet Nam.	Representatives of the relevant ministries and of the key stakeholders in export industries are consulted and communicated of the Carbon Border Adjustment Mechanism (CBAM) and carbon tax elements		CBAM assessment report with recommended actions is submitted by the DCC to relevant ministries and stakeholders.
	Decree 06/ND-CP on Mitigation of Greenhouse Gas (GHG) Emission and Protection of Ozone Layer	Contribute to the country's target of GHG reduction by 2030: 268,5 million tons of CO ₂ in energy and industrial sectors and 74.3 million tons of CO ₂ in cements and industrial processes	The country and export industries are informed about their GHG emission volume and be prepared for the transition to low energy path from January 2023. Energy efficiency solutions are widely applied and the dependence on		Decree 06/2022/ND-CP implementation annual review reports and workshops.
	Decision 888/QĐ-TTg on Approval of	Contribute to the country's 2030 target of			Annual review of Decision

	Schemes for Implementation of COP 26 outcomes	reducing 32.6% GHG in energy and 38.3% in industrial processes compared to the BAU scenario	fossil fuels is reduced.		888/QD-TTg implementation
Short-Term Outcome 1.2 National Fiscal policies, regulations, and Investment policies have undergone reforms to create an Investment Climate that is conducive to investment flow into RE/EE and improves its energy transition readiness for capital and investments	Carbon Tax Framework	Carbon tax options for Vietnam were studied by UNDP and USAID but specific carbon tax elements for Vietnam have not been studied yet	Creation of Carbon Tax Framework		Carbon tax elements are studied, compiled and recommended to the government of Vietnam for further development of the legal framework on carbon pricing instruments (decree/circular)
Short-Term Outcome 1.3 Energy transition agenda is centrally led and coordinated effectively at a National-level agency/institution that is tasked to champion the cause with right level of authority	Ownership of Carbon Tax by MONRE DCC	Carbon tax options were available through UNDP and USAID's earlier study.	Carbon tax development team established and ETP's recommendations of carbon tax elements are well perceived by the DCC and relevant stakeholders		Carbon tax elements are perceived and considered for development of legal framework on carbon pricing instruments.
Strategic Outcome 4. Knowledge and Awareness Building					
Short-Term Outcome 4.1 Stakeholders (relevant Government entities, Public sector companies, Financial institutions, Private entities, Academia, and Consumers) involved in the RE/EE value chain, are knowledgeable and better informed to advance the energy transition agenda	Number of government participants in the stakeholder consultations and national workshops for CBAM and carbon tax.	Zero	Minimum 50 participants per event		Stakeholder consultation and national workshop Reports