MEMORANDUM OF UNDERSTANDING

REGARDING

COOPERATION ON LOW EMISSION DEVELOPMENT

BETWEEN

THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIET NAM

AND

THE GOVERNMENT OF THE UNITED STATES OF AMERICA

The Government of the United States of America (the "USG") and the Government of the Socialist Republic of Viet Nam (the "GVN"), hereinafter referred to as the "Participants,"

Having a long-standing cooperative relationship to foster economic development in Viet Nam,

Sharing the understanding that climate change represents a critical development challenge that requires actions toward a more sustainable development path,

Taking note of (i) the Agreement on Scientific and Technological Cooperation between the Participants dated November 17, 2000, (ii) the Agreement for Economic and Technical Cooperation between the Participants dated June 22, 2005, (iii) Diplomatic Note No. 1504/10 dated October 12, 2010, from the Embassy of the United States of America (the "Embassy") to the Ministry of Natural Resources and Environment of the Socialist Republic of Viet Nam ("MONRE"), by which the Embassy invited the GVN to participate in the USG Enhancing Capacity for Low Emission Development Strategies program ("EC-LEDS"), and (iv) the letter dated January 11, 2011, from MONRE to the Embassy expressing MONRE's interest in GVN participation in EC-LEDS,

Recognizing the significance of the Copenhagen Accord, which states that low emission development strategies are essential to sustainable development, and the United Nations Framework Convention on Climate Change (UNFCCC) Cancun agreement of 2010, which formalized the strategic imperative of low carbon development strategies,

Recognizing, as outlined in Annex I to this Memorandum of Understanding (this "MOU"), that the GVN has ongoing work related to low carbon development planning, and

Further recognizing, as outlined in Annex II to this MOU, that the USG has established a program, EC-LEDS, to partner with countries in building capacity for low emission development strategies,

Intend to cooperate under the framework set forth in this MOU as follows:

I. Purpose

The Participants intend to cooperate with each other through EC-LEDS to strengthen the capacity of the Socialist Republic of Viet Nam to plan and implement a low emission development strategy.

II. Areas of Cooperation

This MOU outlines a number of potential areas of cooperation regarding low emission development. Over the coming months, the Participants intend to consult and refine these areas into specific programs. This process of consultation may include expert visits from the United States to design targeted activities together with GVN counterparts. The consultations may identify GVN institutions to lead on specific activities, and may also identify partners in the academic, non-profit, or private sector that bring particular expertise or other resources. Furthermore, consultations may be conducted with other donors to identify areas for coordinated or joint activities.

Potential areas for cooperation under this MOU may include:

a. Enhanced coordination:

The United States and the European Union (EU) have established a high-level Transatlantic Dialogue on development cooperation. The USG, in cooperation with the GVN, intends to develop joint or coordinated assistance activities in Viet Nam with EU member states in support of low emission development. Partnerships with other donors not in the EU may also be pursued. To support enhanced partnerships, an ad-hoc low emission development strategy working group may be established to coordinate among donors and GVN agencies engaged in low emission development strategic processes. The group may promote opportunities to collaborate,

such as recent interactions of the USG to provide input into the "Study into the Economics of Low Carbon, Climate-Resilient Development in Vietnam - Scoping Phase" conducted by the Central Institute for Economic Management and Department of Science, Education, Natural Resources and Environment under the Ministry of Planning and Investment and supported by the United Kingdom Department for International Development and the World Bank. Potential outcomes of the donor dialogue process include creation and updating of a donor matrix on low-emission development assistance or a multi-donor work plan for low-emission development assistance.

b. National greenhouse gas (GHG) inventory system:

Under this MOU, the Participants intend to:

- Collaboratively review the existing national GHG inventory and inventory system to determine areas for strengthening,
- Improve the national GHG inventory and design a robust national inventory system that can remain in place over time, and
- Use the updated national GHG inventory to identify near-term priority opportunities for emissions reductions for inclusion in future revisions of the GVN's National Target Program to Respond to Climate Change.

c. Systems to collect, archive, and distribute economic and emissions data:

The Participants intend to:

- Complete an in-depth assessment on the current capacities, systems, and needs of the GVN regarding economic and emissions data collection, archiving, and distribution, and the capacities in the non-profit, business, and academic sectors to generate and use these data,
- Identify options for how to design a system or multiple systems to address data collection, data management, data integration, and data distribution needs, and
- Create a Terms of Reference with financing options, to create and maintain emissions and economic data system or systems, including support to targeted ministries and offices in survey design, execution, and/or service-based delivery of economic data.

d. **Agriculture, land use, land use planning, and forestry emissions modeling:**

Under this MOU, the Participants intend to jointly design and implement a program with the following components:

- Undertake a scoping process to identify local partners, data needs, and existing capacities. This may be done remotely, through a country trip, or by partners already in country,
- Create a country work plan,
- Implement analyses and collect data,
- Share preliminary results through stakeholder workshops with the GVN, industry, civil society, other donors, and international organizations, and
- Prepare a final report.

e. **Energy, industry, construction or transport modeling and policy analysis:**

Through the donor dialogue process, and the assessment of GVN needs, the Participants intend to jointly identify gaps in capacity of Vietnamese experts and policymakers related to topics like top-down and/or bottom-up models, analysis of sector-specific mitigation policies and activities, and capacity of the GVN for management and interpretation of models as prepared by outside institutions. The needs assessment may also propose activities to enhance those capacities, such as in-country workshops or longer-term training. The Participants may complete a work plan outlining specific capacity building activities and joint analyses to be completed.

III. Undertakings of the USG

The USG designates the U.S. Agency for International Development (USAID) as its implementing agency for this MOU. USAID intends to provide technical assistance, training, and support to local partners to assist the GVN in completion of the areas of work outlined above. USAID intends to consult with the GVN on appropriate activity work plans or scopes of work for each area of work outlined above until agreement is reached on deliverables, contributions, and responsibilities of the respective governments. At the same time, USAID intends

to mobilize staff and organizations that can participate in work-planning exercises and work that is preparatory to in-country capacity building on these topics.

IV. Undertakings of the GVN

The GVN designates MONRE as its coordinating agency for this MOU. The GVN intends to establish a cross-ministerial working group that can represent the GVN on issues related to EC-LEDS, and that can provide necessary coordination for the implementation of USG-GVN efforts that cut across various sectors or ministries of the GVN. This coordinating body may meet with the USG to mutually determine the process for developing detailed work plans for each of the issue areas identified in this MOU, and to identify and task responsible parties in the GVN for completing and implementing GVN responsibilities identified in the respective work plans. As appropriate, the GVN intends to facilitate creation of separate work plans with relevant line ministries.

The GVN also intends to provide necessary and relevant counterpart personnel and related facilities from the assistance recipient institutions to work with USG implementing partners. The GVN intends to install or use systems that enable regular collection of data and that monitor activities to ensure targeted goals are being achieved.

V. Effect of this MOU

This MOU does not constitute a legal obligation or binding agreement or effect an obligation of funds by the USG, and it does not contemplate a transfer of funds from the USG to any Participant or assumption of liability by the USG.

This MOU does not create any legal obligation or liability of reducing quantified GHG emissions for Vietnam, including in cases where it receives funding from any outside party.

VI. Third Party Instruments and the Availability of Funds

In order to act in a manner consistent with the GVN's legislation and the provisions of this MOU and to provide the assistance described in this MOU, the USG intends to use separate contracts, grants and other instruments with public and private parties as the USG deems appropriate. It is these instruments that will constitute legal obligations of the USG. Nothing in this MOU shall be construed to constitute an obligation or commitment of USG funds; any such obligations or

commitments will be effected through these separate instruments. All assistance and undertakings of the USG pursuant to this MOU are subject to the availability of funds and to further agreement between the USG and such public and private parties regarding the provision of such assistance. Because the USG's assistance and undertakings herein may be subject to other such binding instruments, in the event of any conflict between the terms of such instruments and the terms of this MOU, the terms of the other instruments are to prevail. No third party may claim rights under any such instrument as a third party beneficiary even though they may benefit from the assistance provided under such instruments.

VII. Amendments and Termination

This MOU may be amended or modified in writing by the Participants. Any Participant may terminate its participation in this MOU at any time, but is to endeavor to provide the other Participant thirty (30) days written notice.

VIII. Effective Date and Term

This MOU is intended to take effect as of the date of the last signature below and to remain in effect until September 30, 2013, or until terminated, whichever is earlier, unless extended in writing by the Participants.

IX. Settlement of Disputes

Any dispute between the Participants arising from this MOU should be resolved through consultation and negotiation.

IN WITNESS WHEREOF, the Socialist Republic of Viet Nam and the United States of America, each acting through its duly authorized representative, have caused this MOU to be signed in their names and delivered as of the 21 day of March in the year 2011.

Socialist Republic of Viet Nam

Tran Hong Ha
Vice Minister
Ministry of Natural Resources and Environment

Date: March 21, 2012

United States of America

Robert D. Hormats
Under Secretary of State
Economic Growth, Energy, and the Environment

Date: March 21, 2012

Witnessed by:

Nguyen Hoanh Nam
Deputy Director General
America Department
Ministry of Foreign Affairs

Francis A. Donovan
Vietnam Mission Director
United States Agency for International Development

Annex I
Existing GVN Activities

This Annex provides background information related to the activities of the GVN on low carbon development as they existed at the time the MOU was signed:

- In 2008, the GVN launched the National Target Plan to Respond to Climate Change (NTPRCC). While focused mostly on adaptation, one of the stated objectives is to take advantage of opportunities to develop toward a low-carbon economy, especially in terms of encouraging technology transfer and investment in environmentally friendly technology. The NTPRCC also includes targets to increase renewable energy use, increase energy efficiency, enhance forest carbon storage, reduce agricultural emissions, capture and use methane from waste, and develop additional CDM projects.

- The GVN has issued a number of other legal documents related to GHG emission mitigation in the field of environmental protection, with special emphasis on forests and energy conservation and efficiency. The GVN has also issued strategies on national energy development, integrated solid waste management, and cleaner industrial production, and has created a national target program on economical and efficient use of energy.

- In 2010, the GVN completed its second national communication for the UNFCCC, developing and assessing options for mitigating GHG emissions in the fields of energy, agriculture, land use, land use change, and forestry. Through Clean Development Mechanisms (CDMs), as defined in article 12 of the Kyoto protocol, the GVN has adopted new technologies to mitigate GHG emissions, and, as of July 2011, the GVN had 63 registered GHG mitigating projects (ranked seventh in the world).

- The Central Institute for Economic Management, a technical institute under the Ministry of Planning and Investment (MPI), is leading a multi-ministry study on low-carbon, climate-resilient development. The study will conduct economic analyses of options for low-carbon development in Vietnam. In March 2011, the Prime Minister directed MPI to develop a national strategy on green growth, emphasizing low-carbon economic development.

- Three departments under MONRE are also addressing low-emission development. The Department of Hydro-Meteorology and Climate Change promotes the development of National Appropriate Mitigation Actions and analyzes current and potential GHG emissions, mitigation options, and the macro-economic implications of low-carbon development policies. The Vietnam Institute of Hydro-Meteorology and Environment analyzes the risks of climate change and possible policy responses to mitigate those risks through a project called "Strengthening National Capacity to Respond to Climate change and Control Greenhouse Gas Emissions.'' In addition, the Institute of Strategy and Policy on Natural Resources and Environment is studying low-carbon society models.

- The Ministry of Construction has issued construction standards promoting energy conservation and low-carbon development.

Annex II
Description of USG EC-LEDS Program

This Annex provides background information related to the USG EC-LEDS program as it existed at the time the MOU was signed:

- The United States' Enhancing Capacity for Low Emission Development Strategies (EC-LEDS) program partners with other nations in forging a global solution to the climate change challenge by helping selected developing countries strengthen their capacity to create and implement low emissions development strategies. EC-LEDS helps developing countries increase their capacity to focus their development investments strategically through low emission planning to advance sustainable development objectives. EC-LEDS also helps improve capacity building on national GHG inventories and systems to effectively measure, report, and verify emissions reductions that result from implementation of strategies across sectors of the economy. EC-LEDS also provides assistance to implement low emissions actions that are articulated in low emission development strategies.