

RECOMMENDATIONS

TO ACCELERATE PRIVATE INVESTMENT IN CLIMATE-SMART AGRICULTURE AND FORESTRY PRODUCTION IN VIETNAM

BACKGROUND

On March 29, 2017, the USAID-funded Climate Economic Analysis for Development, Investment, and Resilience (CEADIR) activity organized a regional workshop in Bangkok, Thailand on “Convening Private Sector Investment in Climate-Smart Commodity Production in Southeast Asia.” Private sector leaders and government officials discussed regional needs, opportunities, challenges, and priority actions to accelerate investment in climate-smart, low-emission agriculture and forestry production.

Based on the regional recommendations from the March workshop and on additional discussions, CEADIR developed country-specific recommendations for improving communication and collaboration to scale up private investment in climate-smart agriculture and forestry in Cambodia, Indonesia, the Philippines, and Vietnam. CEADIR administered a survey and conducted interviews to gather stakeholder input for the recommendations, which are intended to support and guide country governments, USAID missions and implementing partners, and other donors and development partners.



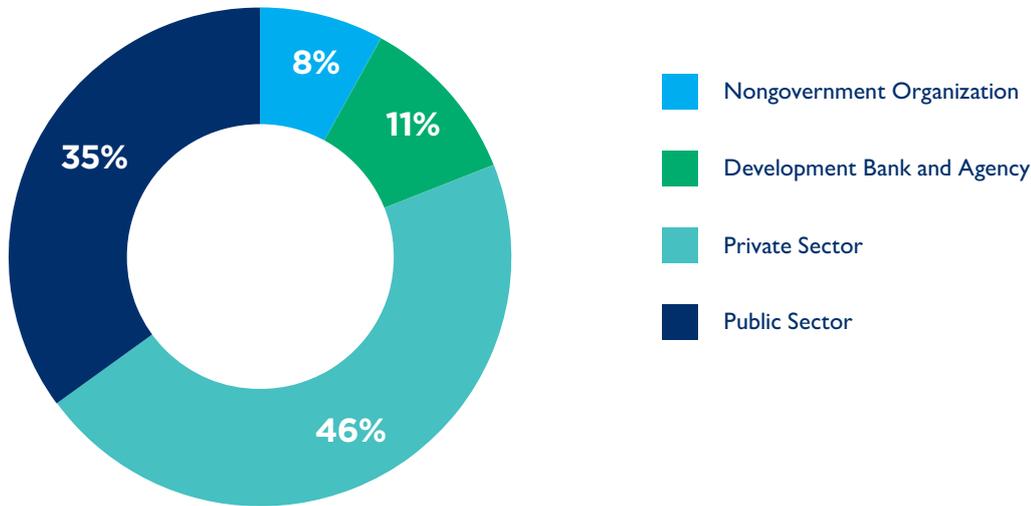
INTRODUCTION

This brief provides an overview of key challenges and recommendations for improving public-private sector communication and collaboration to facilitate investment in climate-smart commodity production in Vietnam. It also gives profiles of respondents in Vietnam. The data in the figures below show that 46 percent of respondents were from the private sector. This includes 27 percent from small and medium enterprises (SMEs), 7 percent from financial institutions and banks, 4 percent from consulting firms, 4 percent from large domestic companies, and 4 percent from certification platforms. Thirty-five percent of respondents were from the public sector, including 31 percent from government agencies and 4 percent from state-owned banks. The remainder included 11 percent representing development banks and development agencies and 8 percent from nongovernmental organizations (NGOs).

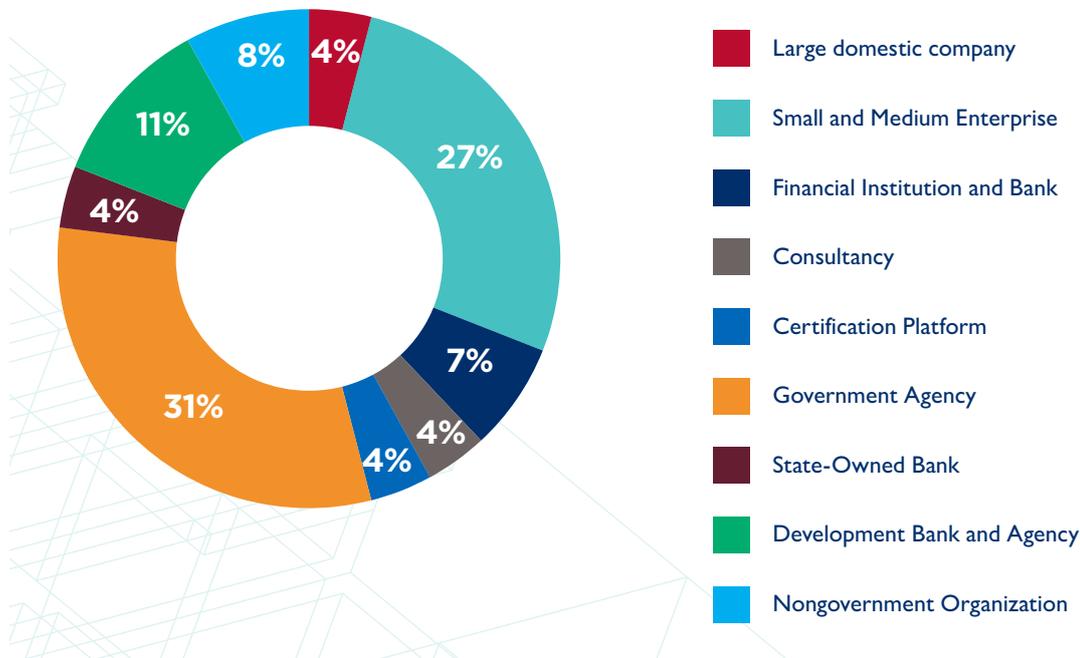
VIETNAM

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VIETNAM RESPONDENTS BY STAKEHOLDER GROUP



VIETNAM RESPONDENTS BY TYPE OF ORGANIZATION



Row 1 in the table below provides an overview of the key challenges and recommendations for improving public-private sector communication and coordination in Vietnam, as identified by respondents. Row 2 presents the recommended top-priority actions for improving dialogue (those identified by at least 20 percent of survey respondents), while row 3 shows the most often cited expectations for the outcome of regular dialogue. Finally, the table highlights the recommended methods and formats for communication (row 4) and role for the government (row 5).

SUMMARY OF CHALLENGES AND RECOMMENDATIONS TO IMPROVE PUBLIC-PRIVATE SECTOR COMMUNICATION AND COORDINATION FOR CLIMATE-SMART AGRICULTURE AND FORESTRY IN VIETNAM

TOPIC	DESCRIPTION
Challenges	<ul style="list-style-type: none"> Limited channels to share evidence on technical and financial viability of climate-smart technologies and practices; Lack of common understanding on climate-smart practices; Insufficient private sector inputs during policy preparation and review; and Limited channels to exchange views on policy.
Recommended top-priority actions	<ul style="list-style-type: none"> Facilitate regular dialogue on policy or regulatory environment; Facilitate regular dialogue to share information on technical and financial viability of climate-smart technologies and practices.
Expected outcome of regular dialogue	<ul style="list-style-type: none"> Development of policy incentives to promote climate-smart investment; Facilitation of access to finance for small-scale producers and SMEs; and Strengthened capacity of small-scale producers and SMEs to collect and report data on climate-smart practices.
Recommended communication methods and formats	<ul style="list-style-type: none"> Hold in-person meetings or workshops; and Select participants by geographical area.
Recommended role for government	<ul style="list-style-type: none"> Convene communication channels to build and maintain momentum in regular public-private sector dialogue.

CHALLENGES

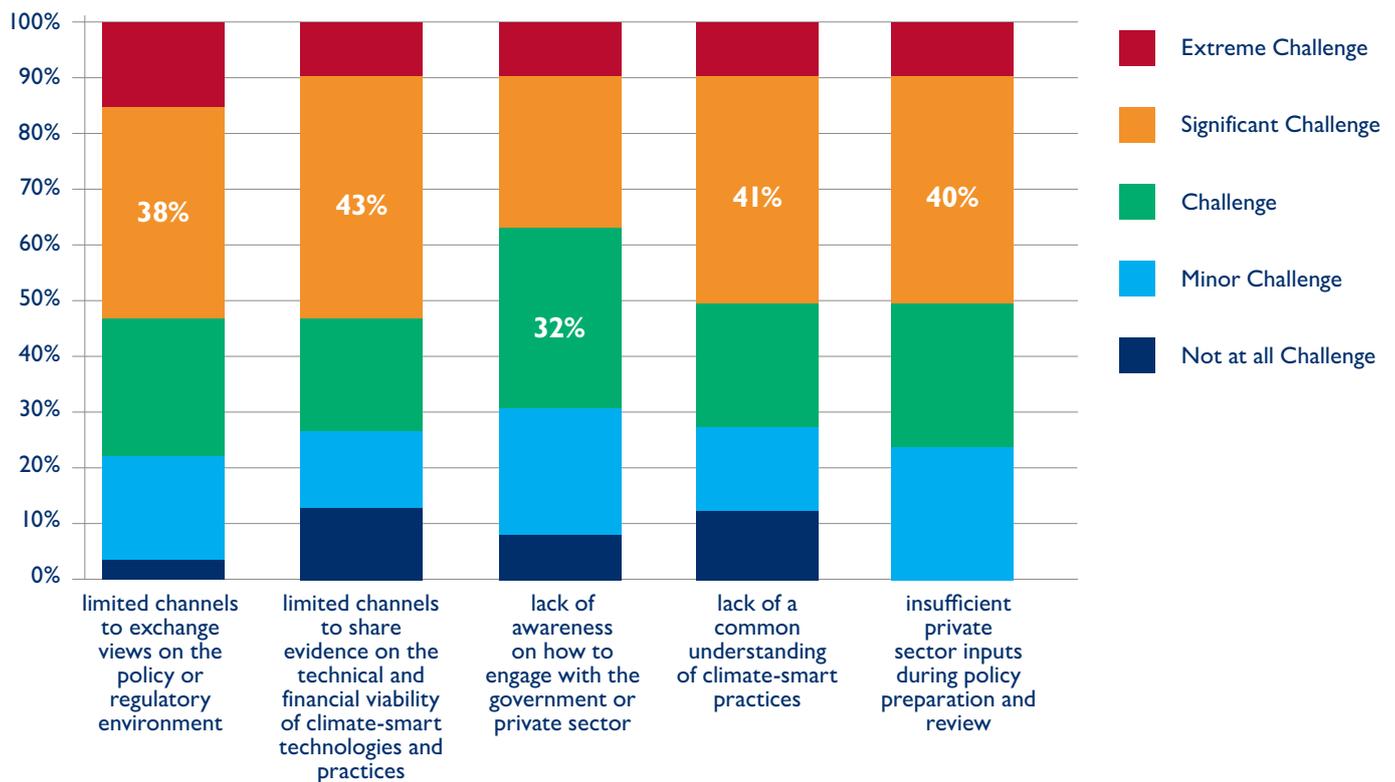
CEADIR asked respondents to identify the key challenges for public-private sector communication and collaboration related to climate-smart commodity production in Vietnam. They were asked to start from the regional challenges identified at the March 2017 workshop. CEADIR also invited respondents to identify additional challenges not addressed at the workshop. The questionnaire asked respondents to rank challenges on a scale ranging from “not at all a challenge” to “extreme challenge.”

The following figure shows that two categories stood out: “significant challenges” (shown in orange) and “challenges” (shown in green). Large portions of respondents in Vietnam ranked the following challenges as “significant”: limited channels to share evidence on the technical and financial viability of climate-smart technologies and practices (43 percent), lack of a common understanding of climate-smart practices (41 percent), insufficient private sector inputs during policy preparation and review (40 percent), and limited channels to exchange views on policy and regulatory environment (38 percent). In addition, 32 percent of respondents in Vietnam classified a lack of awareness on how to engage with the government or private sector as a challenge.

VIETNAM

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RANKING OF COMMUNICATION AND COORDINATION CHALLENGES IN VIETNAM



The table below expands on respondents' views about challenges to improving public-private sector communication and coordination to facilitate investment in climate-smart commodity production. For each of the four challenges most frequently named "significant" by respondents, the table provides a sampling of survey answers.

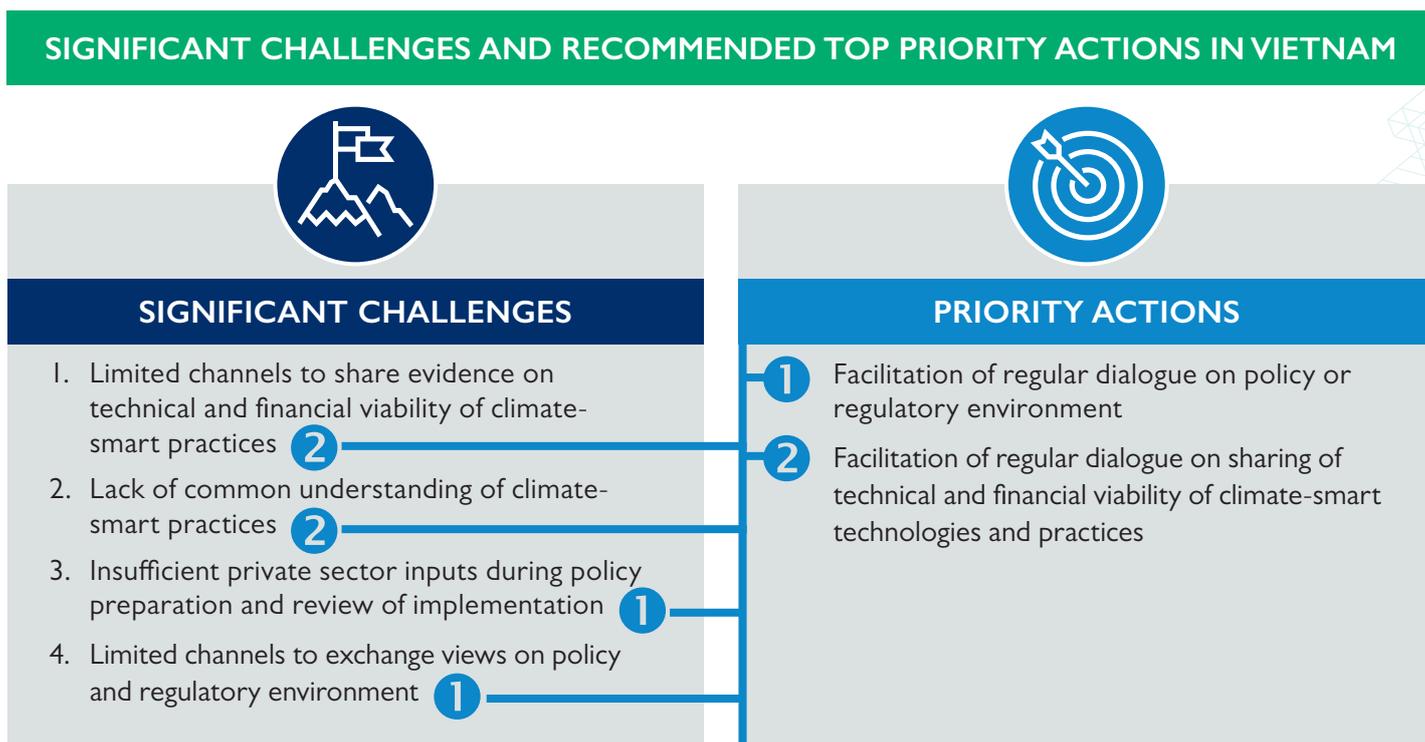
SAMPLE RESPONSES ON COMMUNICATION AND COORDINATION CHALLENGES IN VIETNAM

CHALLENGE	SAMPLE SURVEY AND INTERVIEW RESPONSES
Limited channels to share evidence on the technical and financial viability of climate-smart technologies and practices	<ul style="list-style-type: none"> Despite ad-hoc short-term assistance from donors and development partners, (e.g., workshops offered by the CGIAR Research Program on Climate Change, Agriculture and Food Security), there are no established national-level channels to systematically and comprehensively discuss or document the technical and financial viability of climate-smart technologies suitable for Vietnam. Even with support from research and development agencies, there is a lack of quality information on the technical and financial viability of climate-smart best practices. Existing information is not shared effectively. The private sector is reluctant to invest in pilot projects to demonstrate best practices, due to pilots' risks and significant resource requirements. There is an absence of incentives to share information on best practices. When the private sector conducts pilots and gains information on best practices, most information remains confidential to provide a competitive advantage.
Lack of common understanding of climate-smart practices	<ul style="list-style-type: none"> The financial constraints of climate-smart businesses (e.g., affordability and bankability) are not widely understood by the public sector. The Vietnamese government has invested significant effort to promote climate-smart concepts and create a common public-private sector understanding, particularly in forestry. However, the private sector has a low level of interest in pursuing climate-smart concepts and taking action.

CHALLENGE	SAMPLE SURVEY AND INTERVIEW RESPONSES
Insufficient private sector inputs during policy preparation and review	<ul style="list-style-type: none"> It is difficult to encourage or sustain private sector participation in policy dialogues, particularly by SMEs and small-scale producers. Without immediate results or outcomes, the private sector, especially SMEs and small-scale producers, often sees these dialogues as an opportunity cost when compared to focusing on day-to-day business operations. There is a requirement that draft regulations be published on public websites for 60-day comment periods and there are other existing channels for private sector entities to voice concerns. However, there is no efficient mechanism to ensure that private sector feedback is integrated or considered in a meaningful way during policy preparation and review of implementation.
Limited channels to exchange views on policy	<ul style="list-style-type: none"> Despite ongoing government attempts to create national-level exchanges to discuss climate-smart policies and regulations (e.g., climate-smart agriculture workshops conducted by the Ministry of Agriculture and Rural Development), significant misperceptions remain about policy and regulatory impacts on businesses and on the costs of doing business. There are very limited country-level public-private sector channels to discuss climate-smart policies, particularly on topics such as financial inclusion, climate risk management, and engagement of financial institutions. Policy incentives for the private sector to adopt or share climate-smart best practices are also lacking.

RECOMMENDATIONS

The figure below shows the highest priority actions to address communication and collaboration challenges in climate-smart agriculture and forestry in Vietnam and illustrates how they stem from the key challenges named by respondents. Twenty-six percent of respondents recommended regular dialogues on the policy or regulatory environments, while 22 percent wanted to see information shared on the technical and financial viability of climate-smart technologies and practices.



Note: Priority actions were those identified by at least 20 percent of respondents.

EXPECTED OUTCOMES OF PUBLIC-PRIVATE SECTOR DIALOGUE

CEADIR asked respondents what they considered to be the key objectives or expected outcomes of more effective communication channels between the government and private sector for climate-smart agriculture and forestry. About 27 percent of respondents identified improved policies or regulations as the primary expected outcome, with a specific focus on the development of policy incentives to promote climate-smart investment. In addition, 26 percent named improved access to finance, 25 percent wanted to see capacity development in the public or private sectors, and 22 percent recommended improved access to data or data-sharing.

SAMPLE RESPONSES RELATED TO EXPECTED OUTCOMES OF PUBLIC-PRIVATE SECTOR DIALOGUE IN VIETNAM

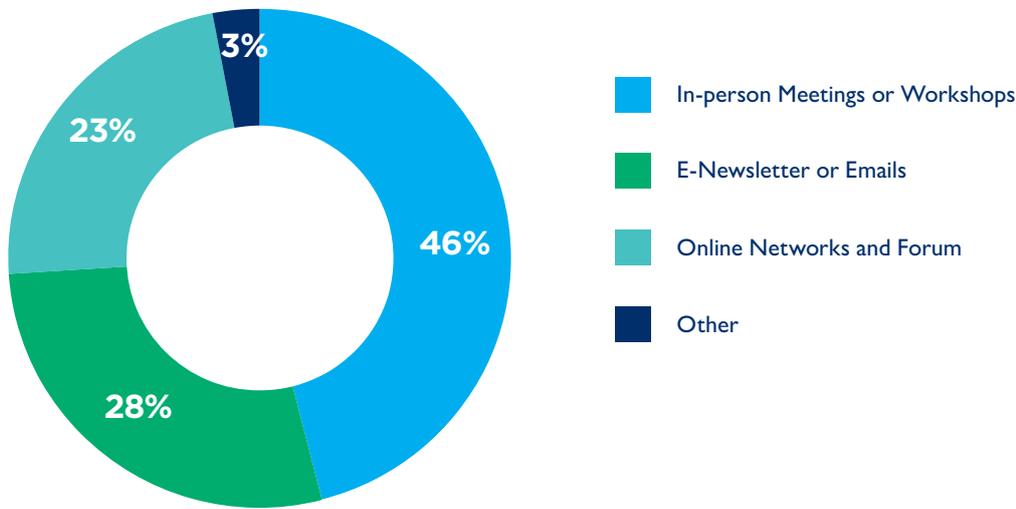
EXPECTED OUTCOMES	SAMPLE SURVEY AND INTERVIEW RESPONSES
Policy: Policy incentives developed to promote climate-smart investments	<ul style="list-style-type: none"> • Policy incentives should be established to open up opportunities, capitalize on stakeholder willingness to accelerate climate-smart investments, and motivate replication • Government capacities for monitoring and enforcement of regulations should be strengthened.
Finance: Access to finance facilitated for small-scale producers and SMEs	<ul style="list-style-type: none"> • Financing should be scaled up for smallholder farmers to implement climate-smart and other environmentally beneficial practices. • Procedures for obtaining loans and financial products for climate-smart investment should be refined and streamlined, particularly for small-scale producers. • Additional support for financial institutions to de-risk lending to small-scale producers and processors, specifically for timber production, is detrimental to long-term lending products on affordable terms.
Capacity: Strengthened capacity of small-scale producers and SMEs to adopt sustainability certification systems for agriculture or forestry	<ul style="list-style-type: none"> • Infrastructure improvements may be needed to make sustainability certifications viable. • Donors can play an important supportive role in capacity development.
Data: Improved access to data	<ul style="list-style-type: none"> • Although some data has been collected, much of it has not been shared in an accessible form. Relevant climate-smart data should be more available in the public domain, such as through an information clearinghouse. The quality of the data should be improved. • Increased sharing and linkages between public and private sector databases can support enforcement of government regulations and requirements and reduce work redundancies in both sectors.

COMMUNICATION METHODS

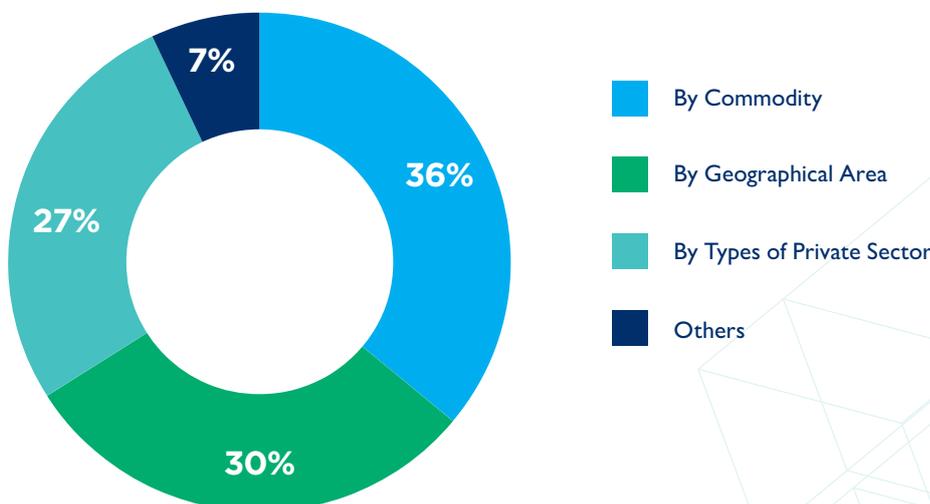
Respondents identified their preferred methods for improving public and private sector communication on climate-smart agriculture and forestry. Forty-six percent of respondents preferred in-person meetings or workshops, while 28 percent wanted e-newsletters or emails and 23 percent preferred online networks and forums. One respondent explained that in-person meetings, such as workshops, networking events, or field trips, can provide opportunities to create and strengthen relationships between public and private sector stakeholders, fostering trust to enable greater public-private sector collaboration on key issues.

PREFERRED COMMUNICATION METHODS

FOR INCREASING PUBLIC AND PRIVATE SECTOR COORDINATION FOR CLIMATE-SMART AGRICULTURE AND FORESTRY IN VIETNAM



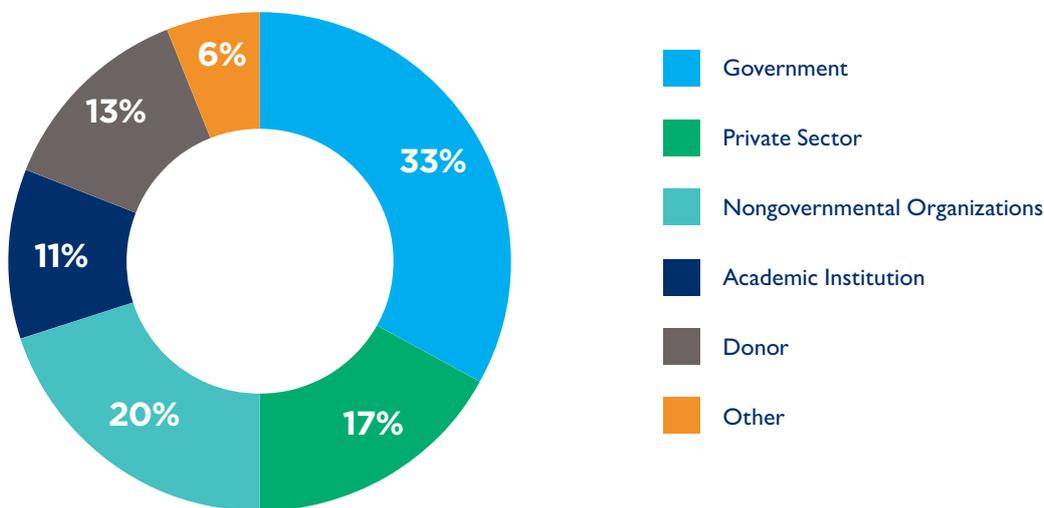
The figure below shows that 36 percent of respondents stated that communication methods should be selected based on commodity (since some issues pertain specifically to one commodity), and 30 percent thought they should be based on geographic area (as other issues may be best addressed by location). Three respondents suggested using a combined commodity-geographic focus, as some topics might be relevant across commodities and locations.



CONVENERS OF COMMUNICATION CHANNELS

CEADIR asked respondents to identify and explain their views on the most appropriate conveners of these communications. Thirty-three percent of respondents identified the government as the most appropriate convener, while 20 percent listed NGOs, 17 percent suggested private sector entities, 13 percent listed donors, and 11 percent recommended academic institutions (see figure below). Two respondents felt that the government has the capacity to ensure buy-in and participation from both public and private sector stakeholders, and one respondent noted the authority of government in policy-making and national climate change commitments. Two respondents emphasized the importance of support from donors and development agencies to provide a neutral forum, help overcome distrust between the public and private sectors, build and sustain momentum for public-private sector dialogue, and ensure transparency.

PREFERRED CONVENERS OF COMMUNICATION



PRIORITIES IDENTIFIED BY GOVERNMENT REPRESENTATIVES TO IMPROVE PUBLIC-PRIVATE SECTOR COMMUNICATION

At the regional workshop on Climate Action for Agriculture in Asia, organized in Bangkok, Thailand on October 10-12, 2017, government participants from Vietnam discussed these issues and developed private sector engagement strategies with priority actions to improve public-private sector communication and coordination. Government participants highlighted a lack of understanding and trust between the public and private sectors related to climate-smart agriculture as a key challenge, particularly in rice, aquaculture, and fruits production. To address this challenge, government participants identified priority near-term actions to accelerate private sector investment in climate-smart agriculture, including organizing regular public-private sector dialogues on policy developments, establishing a measurement, reporting and verifying system for the agricultural sector, promoting certification of climate-smart commodities, and strengthening capacities and awareness among farmers, companies, banks and financial institutions to encourage climate-smart investments.