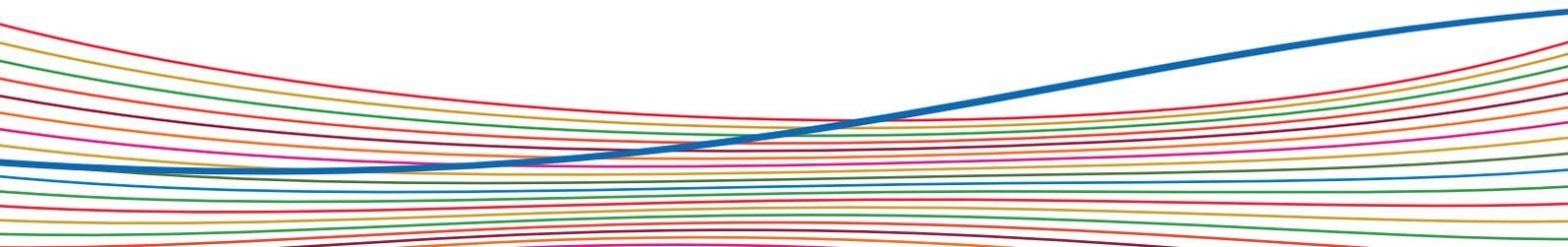




UNDP Insurance
and Risk Finance
Facility



Inclusive insurance and risk financing in Viet Nam Snapshot and way forward 2023



Why this report ?

This report summarizes the key findings of an inclusive insurance and disaster risk finance country diagnostic carried out by the UNDP's Insurance and Risk Finance Facility (IRFF) and UNDP Viet Nam. The objective of this summary report is to present a high-level overview of the following information:

1

Key risks,
especially
climate risks

2

The current
state of
**inclusive
insurance**

3

The current
state of
**disaster risk
finance**

4

**Recommendations
to advance** inclusive
insurance, disaster risk
finance and overall
development

This summary is intended to serve as a starting point for discussion and collaborative action planning on inclusive insurance and disaster risk finance between UNDP and key stakeholders, including insurance sector actors, government agencies and other development sector actors.

IRFF goals

Impacts: Reduced vulnerability, enhanced resilience of countries and communities and strengthened prospects for sustainable development.

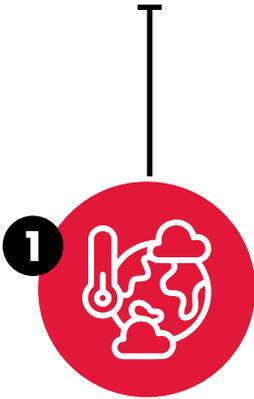
Outcomes: Country and community long-term resilience improved by development and delivery of integrated insurance, risk finance and investment solutions, from products, tools and services all the way leading to market transformation.

Contact IRFF for questions:

If you wish to discuss the findings and recommendations of this report, reach out to:

irff@undp.org

Key messages



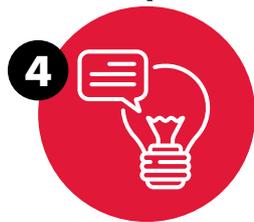
Risks: Viet Nam is among the most vulnerable countries to climate and disaster risks. The most prominent hazards are flooding (coastal, riverine and flash) and storms (typhoons). Droughts, saltwater intrusion and earthquakes also occur. Natural disasters are estimated to cause average annual losses of US\$2.7 billion in public and private assets.



Inclusive insurance: Outreach is limited: a few microinsurance schemes offer credit life via microfinance and civil society institutions, and government-subsidized agriculture insurance reaches a limited number of vulnerable farmers. In June 2022, the National Assembly of Viet Nam passed a new insurance law to develop the insurance industry, which includes microinsurance. In May 2023, Decree 21/2023/NĐ-CP.



Disaster risk finance: The Government has implemented several initiatives to support the development of disaster risk assessments to use in decision-making, although challenges remain regarding the functionality and proper integration of these systems. No financial protection strategy is in place to improve Viet Nam's resilience to natural disasters; post-disaster recovery efforts rely heavily on budget allocations, since risk transfer instruments are still in their infancy.



Key recommendations include:

- Support the enhancement of effective, scalable and sustainable agriculture insurance
- Develop effective distribution channels for inclusive insurance
- Support the development of disaster risk insurance schemes for public assets
- Incorporate insurance solutions in disaster planning and budgeting.

Viet Nam's development and risk profile

Key macroeconomic and development indicators

98.2 million is the population of Viet Nam as of 2022, with **61%** living in rural areas.¹

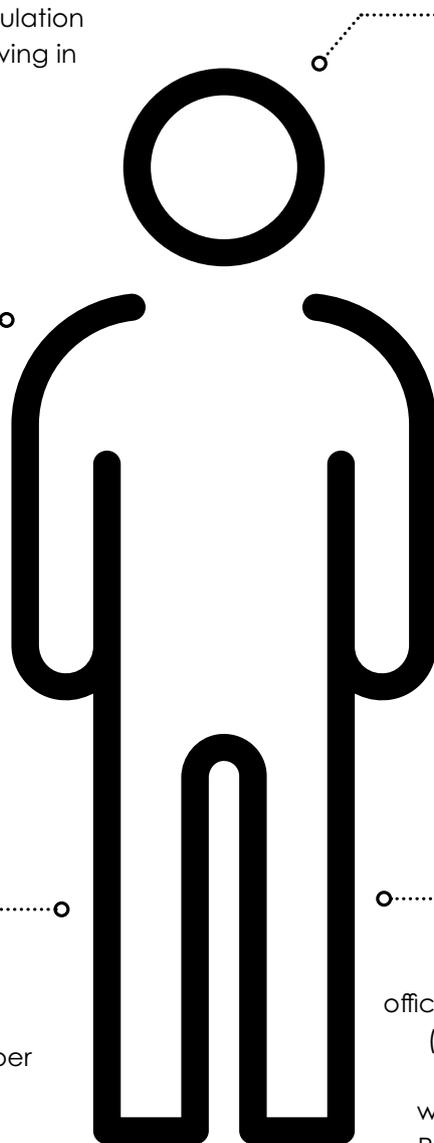


4.8%

of the population lived under the national poverty line in 2020.² Multi-dimensional poverty was estimated at **4.4%** of households in 2021, with higher rates for rural households at **6.5%** than for urban ones at **1%**.³ Average monthly income per capita in urban areas, at **5.4 million** Vietnamese dong (VND, \$230⁴), was over **50%** higher than in rural areas (VND **3.5 million**, \$150).⁵

\$408 billion

was the size of Viet Nam's GDP in 2022,⁶ 39th in the world, with GDP per capita of \$4,163.50.⁷ The country recorded modest economic growth in 2021 during the COVID-19 pandemic, at **2.6%**, but rebounded to achieve **8%** growth in 2022.⁸



11.88%

of GDP in 2022 came from the agro-forestry-fishery sector, which is especially important to livelihoods in rural areas; **27.5%** of the workforce is employed in agriculture, compared to **39%** in services and **33.4%** in industry.⁹

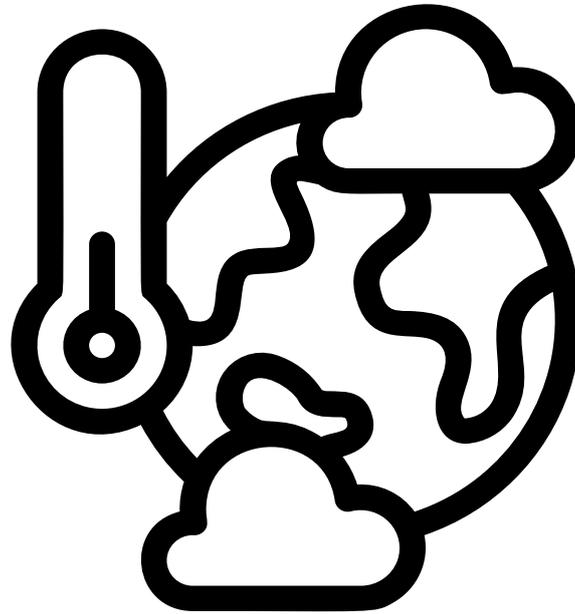
56%

of people aged 15 and over had an account at a financial institution in 2022, while **16%** had a mobile money account, meaning nearly half of the population is unbanked and without access to financial services.¹⁰ Most daily transactions are conducted in cash.

78

official targets on gender development (Set of National Statistical Indicators on Gender Development, SNSIGD) were issued in 2019 by the Minister of Planning and Investment, part of the progress that Viet Nam has made in strengthening the gender statistics system since the approval of the Law on Gender Equality in 2006.¹¹

Hazard context



- Viet Nam is ranked **12th most vulnerable** in the world to natural disasters out of 193 countries, with a WorldRiskIndex score of 25.85 (considered very high risk).¹² In the Global Climate Risk Index, the country ranks **15th** for highest average number of fatalities and **11th** for greatest losses in US\$ millions due to extreme weather events between 2000 and 2019.¹³
- It is among 10 countries located in a global risk hotspot, characterized by high-risk intensity of and exposure to natural disasters.¹⁴
- Its coastline stretches ~3,200 kilometres and is battered every year by numerous natural disasters that affect the lives of many people, especially the most vulnerable. Coastal areas in particular are characterized by an increasing risk of flooding, while in some places, the coastline has retreated as much as 300 metres, forcing widespread population displacement and disrupting livelihoods.¹⁵
- A 2017 World Bank report estimates that Viet Nam will incur \$1.4 billion in average annual direct losses to both public and private assets from floods, typhoons and earthquakes; of this, government contingent liability losses are estimated to be about \$278 million.

Key risks and hazards



Flood

- Viet Nam is at high risk from floods, including coastal, riverine and flash floods. From October to late December, the central region is the most affected by floods.
- Those living in coastal provinces and low deltas (nearly **70% of the population**) are extremely vulnerable to floods.¹⁶ Essential public services are regularly compromised, impacting their ability to provide critical services when most needed; in coastal provinces, **26% of health care facilities** and **22% of schools** are exposed to intense flooding. Typhoons and floods cause direct damages of an estimated **\$144 million** annually to public transport infrastructure and **\$330 million** to energy infrastructure.¹⁷
- Flood events in 2022: **71 people** were reported killed or missing, **2,804 houses** were affected, **148 schools** and health facilities were flooded or damaged, 68,856 ha of cultivated areas (rice, seedling, vegetable, forest, etc.). (Sources: VNDMA)



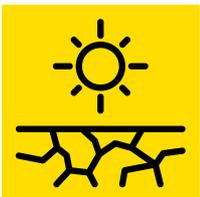
Storms and typhoons

- Typhoons, which occur around **8 to 10 times annually**, are typically accompanied by tidal waves, high winds, storm surges and devastating disaster damages. The coastal and central areas are most vulnerable.¹⁸
- In September 2022, Typhoon Noru hit Viet Nam, impacting the livelihoods of 146,000 vulnerable people, and 2.28 million people in total, living in the most affected areas. The estimated cost of recovery was **\$5.07 billion**.¹⁹



Earthquakes

- In 2022, Vietnam has **286** earthquake events, mostly in Central Highland of Vietnam. Only in KonPlong district, Kon Tum province has **250** events from 2.5 - 4.7. (Source: Vietnam Disaster Management Authority)



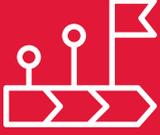
Drought

- Drought most often occurs in the Mekong Delta and results in saline intrusion that causes significant damage to agriculture production. In 2016, a severe drought caused saline intrusion that rendered **22%** of the region's rice paddies nonviable and directly affected the livelihoods of around **3 million** rice farmers.²⁰

Inclusive insurance²¹: Status

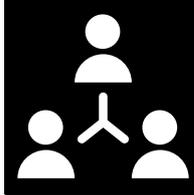
Enabling environment²²

Highlights from the enabling environment for inclusive insurance in Indonesia

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Regulations</p>	<p>2022 Law on Insurance Business</p> <p>The insurance sector is governed by the 2022 Law on Insurance Business, which was enacted on 1 January 2023 and supersedes the 2000 law that included revisions made in 2010, 2014 and 2019.²³</p>		<p>Inclusive insurance related regulations</p> <ul style="list-style-type: none"> • MOF issued Decree No. 21/2023/ND-CP on microinsurance in May 2023 to encourage insurers in Viet Nam to provide microinsurance products and to create favourable conditions for people to participate in insurance.²⁵ Elements of the decree relate to premium levels, payouts and policy duration.²⁶ • MOF issued Decision No. 1981/VPCP-KTTH in 2014, which allowed socio-political entities to provide their members with microinsurance as underwriters and distributors. Guidelines for implementing microinsurance were issued through Instruction No. 10418/BTC-QLBH, which enabled life and personal accident microinsurance products.²⁷
	<p>Other relevant regulations</p> <p>There is no single comprehensive or specific law on fintech/ insurtech, but activities may be governed by existing laws depending on area of operation.²⁴ No regulatory framework exists for parametric (index-based) insurance.</p>		
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Policies / Plans</p>	<p>National Strategy for Financial Inclusion 2025</p> <p>In 2020, Prime Minister Nguyen Xuan Phuc approved the National Strategy for Financial Inclusion, scheduled to last until 2025 and aimed at ensuring all citizens and enterprises have convenient and affordable access to financial products and services (payments, money transfers, saving, credit and insurance), particularly low-income and vulnerable people and small and micro-sized enterprises. Targets to be achieved by 2025 include at least 80% of adults having bank accounts, 50% or more having access to financial services, and insurance premiums reaching 3.5% of GDP.²⁸</p>		

Ministry of Finance Insurance Supervisory Authority (ISA)

- ISA is the insurance industry regulator, directly governed under Ministry of Finance, which comes under the responsibility of the Ministry of Finance (MOF) and was established in 2009 following the MOF's Decree No. 288/QD-TTg. The ISA's main objective is to supervise the life and non-life insurance market, which includes granting and withdrawing licences and issuing regulations, frameworks, decrees, circulars and decisions to help guide all operations within the insurance market.²⁹
- Insurance Market Development Division is in charge of micro insurance. Non - life Insurance Division is tasked with disaster risk insurance and agriculture insurance. The Non-life Insurance Division oversees the implementation of agriculture insurance in cooperation with the Ministry of Agriculture and Rural Development.



Viet Nam Bank for Agriculture and Rural Development (Agribank)

Agribank was established in 1988 and is one of the leading state-owned commercial banks in the country. Its purpose is to promote social security support, and to meet that aim, it carries out various projects and initiatives across the country, actively contributing to the National Target Programme on Sustainable Poverty Reduction. Currently, it is implementing several programmes relevant to the development and delivery of inclusive insurance, including loans under supportive policies to reduce losses in agriculture, loans to low-income households and agricultural businesses, and preferential credit for clean agriculture.

Insurance Association of Viet Nam (IAV)

The IAV's main responsibility is to safeguard the rights of Vietnamese insurers, reinsurers and brokerage firms. It also represents the insurance industry in processes for drafting laws and regulations on insurance and provides industry-related services such as education and training and mediation.

Viet Nam Insurance Development Institute (VIDI)

Formerly the Insurance Research Centre, VIDI was re-established in 2020 as a non-commercial unit under the ISA to support skills development for the insurance industry, particularly for market development. Its other functions include collecting, processing and providing data for ISA and the insurance industry; conducting scientific research; and providing training courses to insurers and their staff.

Community Finance Resource Centre (CFRC)

The CFRC supports financial inclusion and management of unregulated microfinance providers in Viet Nam. Part of the non-governmental organization (NGO) Viet Nam Association for Promoting and Supporting Educational Development, it advocates for the promotion of the microfinance sector within the NGO sector. Between 2013 and 2016, it offered microinsurance products through two social funds and two microfinance projects. Credit life insurance and health insurance products reached almost 8,000 policyholders.³⁰

Supply-side snapshot

Overall insurance coverage (traditional and inclusive): Fast facts

20%

annual average growth of total gross written premiums (GWP) was witnessed between 2002 and 2020.³¹

VND 217,388 billion

(US\$ 9.2 billion) was the total GWP in 2021, a 16.7% increase from 2020.³³ This represents a penetration rate (insurance premiums as a proportion of GDP) of approximately 2.5%.



75 insurance companies

are operating in Viet Nam, including both domestic and foreign invested enterprises:³²

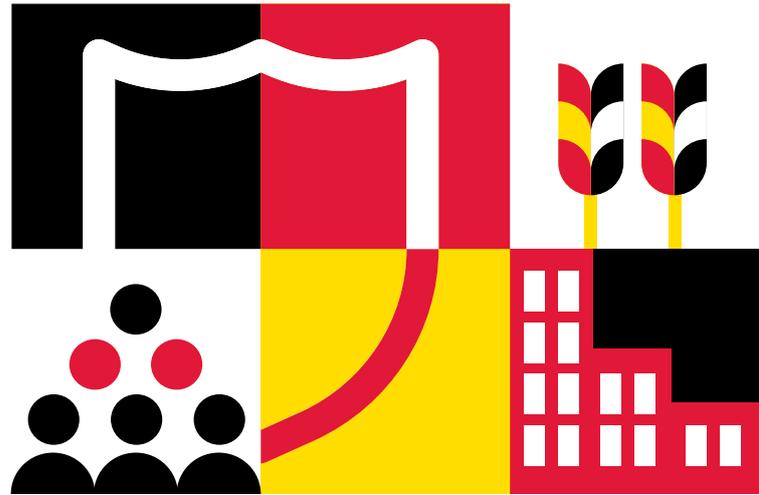
- 32 non-life insurers
- 19 life insurers
- 2 reinsurers
- 23 brokage companies

Inclusive insurance products

- A significant number of people are insured by **government insurance schemes**: in 2020, 16 million people were covered under social insurance (including a compulsory scheme for employees and employers and a voluntary pension scheme that receives premium assistance from the state); 88 million are covered by health insurance (state-run compulsory insurance); and 13 million are under unemployment insurance (a policy that provides compensation based on the participant's contributions to the Unemployment Insurance Fund).³⁴
- **Microinsurance** in Viet Nam is not mainstreamed. The first pilot programmes were approved in 2008, but only one insurer offers credit life. After Decision No. 1981/VPCP-KTTH in 2014 allowed socio-political entities to provide microinsurance to their members, the Viet Nam Women's Union established a Microinsurance Fund in partnership with Manulife, which had 150,000 policyholders in 2022. However, the programme was halted to await the passing of Decree No. 21/2023/ND-CP on microinsurance, which happened in May 2023.
- **Property insurance** does not reach inclusive insurance segments. There are no disaster-specific coverages for either individuals or enterprises; however, disaster risks are covered under property, construction or erection risk policies that include either all risks or named perils.
- Commercial **agriculture insurance** does not target low-income and vulnerable farmers. To reach more vulnerable groups, the government implemented an agriculture insurance pilot programme in 2011, followed by an enhanced agriculture insurance scheme in 2018.³⁵ The scheme covers seven crops, four livestock and three aquaculture products. Poor and near-poor households³⁶ receive a 90% premium subsidy, while other agricultural households receive a 20% premium subsidy.³⁷ Outreach has been modest to date and concentrated in three provinces, but the project aims to expand to 28 provinces by 2025. Challenges include lack of participating insurers due to complicated risks and perceived high losses, complicated administrative procedures, weak collaboration among stakeholders on distribution and claims, inability to reach remote rural areas, farmers' limited capacity and willingness to pay for agriculture insurance, and high dependence on subsidies.

Distribution

- Most insurance companies have a traditional-style network of offices or branches in all provinces and cities across the country.
- Agents and brokers are the most popular channels for insurance distribution, though emerging distribution channels, such as bancassurance and post offices, are now being used by insurers. The Vietnamese postal service has become a popular distribution channel due to its tremendous outreach and network across the country. Products distributed through Viet Nam Post include health and motor insurance.
- Digital distribution is growing. Online distribution channels are being used for insurance applications in urban areas for motor and travel insurance and insurance companies are now offering personal lines of insurance products on their websites. Online retail platforms, such as Lazada and Tiki, have started partnering with insurance companies to offer personal product lines.³⁸
- Most agriculture insurance products are distributed through banks and associated with credit programmes.³⁹



Microinsurance distribution channels:

Distribution channels for microinsurance temporarily expanded following the 2014 MOF decree that allowed socio-political entities to provide microinsurance to their members. For example, the Viet Nam Women's Union offered credit life microinsurance through its microfinance organization.

Demand assessment

Viet Nam is a rapidly developing country, in which most of the population is rural, low-income and exposed to various risks. No recent information is available on the demand for insurance among inclusive insurance target populations. Data from the Global Findex 2022 survey in Viet Nam provide an indication of the financial profile of the adult (15+) population:⁴⁰



Accounts and payments: **56%** of adults had an account at a financial institution, while **16%** had a mobile money account and **46%** had sent or received digital payments.



Savings: **52%** of the population were able to save money in 2022, including **35%** who saved for old age. Only **20%** of adults saved money at a financial institution. More adult women (**55%**) than men (**50%**) saved money.



Borrowing: **28%** of adults borrowed money; **10%** borrowed from a financial institution while **18%** borrowed from family or friends. **4%** of adults had to borrow money for health or medical purposes.



Emergencies: **3%** of adults reported that it was not possible to come up with emergency funds in 30 days.

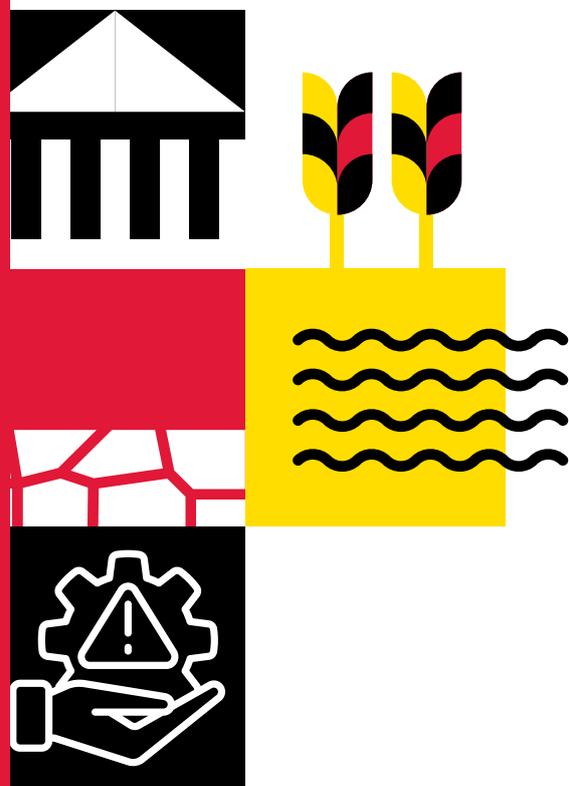
Disaster risk financing⁴¹: Status

Disaster risk data, information and assessments⁴²



- The Viet Nam Disaster Management Authority (VNDMA) has developed a disaster data management system, including demographic location, evacuation and emergency response networks, and an archive of historical data on natural disasters since 1998 ordered by location, frequency and intensity levels. VNDMA also runs a scoring and mapping of disasters and of highly vulnerable communities in order to better plan resources and efforts for disaster preparedness and response.⁴³
 - The Ministry of Natural Resources and Environment and the Ministry of Agriculture and Rural Development worked with UNDP to develop Viet Nam's **Climate Risk Index**. This online platform collates updated climate and hazard risk information from various sources to provide geospatial analysis, indexes and maps of climate risks for all 63 provinces in the country, with the aim of supporting national and provincial planning experts and policy development institutes in relevant ministries.⁴⁴
 - At the local level, risk assessment methodologies have been developed with reference to local climate change impacts. Community-based disaster and climate change risk assessment reports (CBDRA reports) provide a comprehensive village risk profile for locally-led disaster risk management (DRM) actions.⁴⁵
 - Viet Nam has made significant progress in improving existing early warning systems and setting up new technological solutions for hazard forecasting and monitoring. However, disseminating early warnings remains a challenge at local levels.⁴⁶
 - Advanced technical solutions for hydrometeorological modelling and risk assessments are used in many cities and river basins, though some of these remain as stand-alone interventions or are in pilot testing for potential future application.⁴⁷
- Although progress has been made towards the development of disaster risk assessments and systems, comprehensive hazard data and information is fragmented and underdeveloped. Challenges remain with regard to their functionality and integration, which limits capacity to properly collect, collate, analyse and disseminate disaster and climate change-related information to support decision-making processes.

Existing legal, institutional and policy frameworks



Existing institutional frameworks:⁴⁸

- The **National Steering Committee for Natural Disaster Prevention and Control (NSCNDPC)** is the lead body on disaster management policy and development and is chaired by the Deputy Prime Minister.
- The **Viet Nam Disaster Management Authority (VNDMA)**, under the Ministry of Agriculture and Rural Development (MARD), is the standing office of NSCNDPC. VNDMA is responsible for implementing the national strategy for disaster risk reduction and assisting MARD in managing and enforcing DRM strategy, and is the delegated authority for disaster preparedness, response, recovery, early warning systems and management of international cooperation on DRM. With the establishment of Natural Disaster Prevention and Control Funds (NDPCFs), VNDMA will be able to mobilize funds from domestic and international donors to support its disaster relief efforts.
- DRM implementation is coordinated at the national level through interministerial **Commanding Committees for Natural Disaster Prevention and Control, Search and Rescue (CCNDPC/SARs)**, which are replicated at the provincial, district and commune/ward levels.

Existing laws and legislation include:

- The **Law on Natural Disaster Prevention and Control** (Law No. 33/2013/QH13) in 2013, and its amendment by Law 60/2020/QH14 in 2021, systematized Viet Nam's disaster management structure, covering all natural hazards and setting out institutional arrangements, functions and mandates for DRM.⁴⁹ The Law acknowledges insurance as a useful tool for disaster preparedness, but the role of disaster risk financing is not yet fully defined and guidance remains vague on how solutions can be funded and used.
- **Decree No. 78/2021/ND-CP** (2021) establishes a central NDPCF, the Viet Nam Disaster Management Fund (VNDMF), as an off-budget financial fund managed by VNDMA. Provincial-level funds are also established and managed by People's Committees. The VNDMF is for natural disaster relief and response activities that are beyond local capacity.⁵⁰ The Decree does not include disaster risk finance and insurance solutions as eligible budget items.
- The **Law on Management and Use of Public Property** (Law No. 15/2017/QH14) mandates that public properties at high risk (e.g., due to disasters) shall be managed through insurance or other regulated instruments.⁵¹

Policies:

- The **National Strategy for Natural Disaster Prevention, Response and Mitigation 2021–2030** requires an increase in budgetary allocations for disaster prevention and management and the effective use of funding mechanisms such as the Natural Disaster Prevention and Control Fund and insurance for natural disaster risk.
- A comprehensive disaster risk financing strategy has not been completed to date.

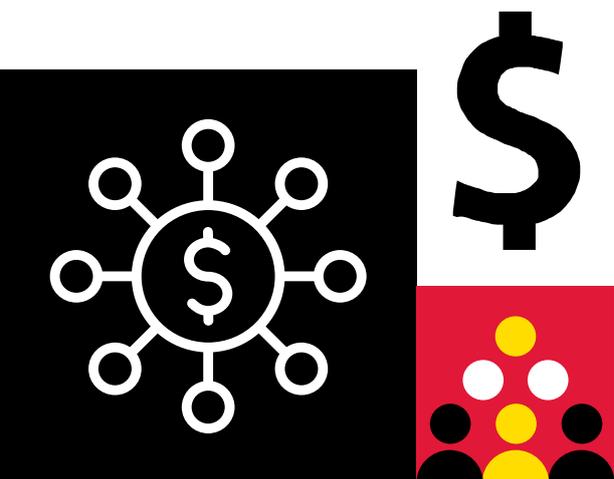
Existing disaster risk finance mechanisms and instruments

Government budgets are the primary source of disaster funding in Viet Nam.

- **Central and local contingency budgets**, which range from 2% to 4% of total budgets for capital and recurrent expenditures, are used to cover financial losses and recovery costs from disaster events, as well as important security or military costs and other unplanned costs.⁵² No specific rule prohibits the use of contingency funds to pay for insurance premiums, but neither is there explicit authority to do so.
- Additional funding is available from **financial reserve funds** that can be mobilized if contingency budgets and allocations from disaster management funds are depleted, though funding is not guaranteed.⁵³

Funds from sources outside the government budget but established by laws include:

- A **Central Natural Disaster Prevention and Control Fund** (Viet Nam Disaster Management Fund) was established in 2021, to be funded primarily by support, sponsorship, donations and promised assistance from domestic and foreign organizations and individuals.⁵⁴
- **Provincial Natural Disaster Prevention and Control Funds** were established in 2014. Vietnamese citizens and businesses are required to contribute to these funds, which provide for prevention, relief and response activities.⁵⁵

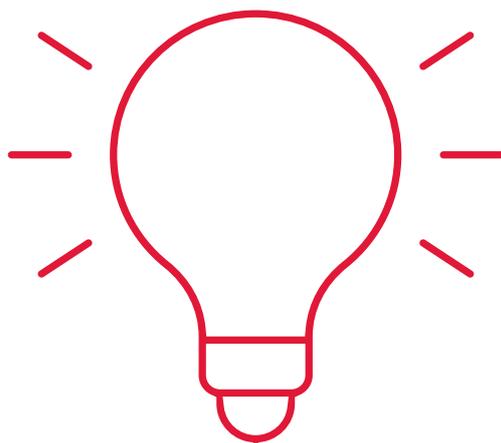


No other ex-ante instruments such as insurance, contingent credit or catastrophe bonds were in place as of 2020.⁵⁶ In 2015, the Asian Development Bank carried out a technical assistance project to develop **sub-sovereign insurance schemes** for disasters for two cities, Can Tho and Hue. Support was provided for developing disaster risk models, assessing the financing gap for post-disaster response and recommending appropriate parametric insurance products. However, whether these products were actually placed within the market is unclear.⁵⁷

Ex-post financing arrangements such as budget re-allocations, external debt and international assistance are used in cases of more severe events.⁵⁸

Sovereign insurance is under development. In 2022, the government of Viet Nam became the eighth member of the Southeast Asia Disaster Risk Insurance Facility (SEADRIF). The facility is a regional platform to work together to strengthen financial resilience against climate and disaster risks within the Association of Southeast Asian Nations. By joining SEADRIF, Viet Nam will have access to regional and international technical and financial solutions, including parametric insurance, to increase the country's financial protection against disaster and climate shocks.⁵⁹

Way forward for inclusive insurance and disaster risk financing



The following recommendations are provided for supporting the development of inclusive insurance sovereign disaster risk finance in Viet Nam.

1

Recommendations for the development of inclusive insurance

1.1

Distribution and high delivery costs are key challenges to the expansion of microinsurance and other inclusive insurance.

Conduct a feasibility study on existing tech platforms and/or community-based organizations as potential insurance distribution channels.

- A feasibility report should be completed on ways to leverage technology platforms to diversify and promote new insurance sales channels (e.g., online, mobile or social media platforms).
- To help overcome barriers to distribution and high delivery costs, bundling models that combine insurance with other products and services should be explored.
- Collaboration with membership organizations such as the Viet Nam Women's Union, the Viet Nam Cooperative Alliance and the Viet Nam Farmer's Union should be deepened to expand insurance outreach in rural areas and to target more Vietnamese women.

1.2

Agriculture insurance is still in its infancy, in spite of some progress, and barriers remain, especially for insurers and reinsurers. These include profitability, limited risk assessments, premium inadequacy, high loss ratios and dependence on subsidies.

Develop effective and sustainable agriculture insurance solutions.

- The outreach of delivery channels that directly engage with farmers and farming households (such as the Viet Nam Farmers Union, the Viet Nam Cooperative Alliance and AgriBank) should be leveraged.
- Tools should be developed to build insurer and reinsurer capacity to calculate appropriate premiums and design suitable products.
- "Smart subsidies" should be promoted as a long-term sustainable solution with reduced transaction costs and improved product delivery. Support from development partners will remain critical in this area.
- A unified agriculture risk database should be developed including clear criteria on risks and losses.
- A feasibility report should be conducted investigating the potential for setting up an agriculture insurance pool in Viet Nam, as well as other innovative risk sharing schemes.

1.3

The ISA recently issued a decree on microinsurance.

Support the ISA to build its capacity to create an effective regulatory environment for inclusive insurance.

- The ISA should be supported to implement the recently issued Decree on Microinsurance, which includes a multi-stakeholder approach (e.g. involving the insurance industry, distribution channels, etc.).
- The ISA should be assisted to develop capacity-building tools, such as manuals and modules, to guide its supervision activities.
- The enabling environment for index-based insurance should be improved.

Recommendations for the development of sovereign disaster risk finance

2

2.1

Risk transfer solutions covering post-disaster recovery costs, specifically insurance, have not been implemented. No rules or guidelines exist on how to include insurance premium payments in government budgets.

Conduct a feasibility study on how to include insurance solutions in government planning and budgeting.

- The study should examine ways in which proceeds from insurance payouts can potentially complement regular and contingency funds for post-disaster response and recovery.
- International examples of best practices should be reviewed and recommendations should be generated on how lessons learned can be used in Viet Nam.
- The payment of insurance premiums should be included as an eligible cost item in existing funding mechanisms (such as the National and Provincial Disaster Management Funds).
- Technical requirements needed for managing an insurance component should be included within the Funds and in the initial capitalization of the insurance resources for the Funds.
- The appointment of an insurance administrator, with skills and experience in managing funding mechanisms, should be considered.

2.2

Currently, there is no single comprehensive strategy for national financial protection against disaster risks.

Support the development of a comprehensive national disaster risk financing strategy.

- MOF and VNDMA should be supported to co-create a broader risk financing strategy in consultation with key government and development stakeholders, via round tables, consultations and endorsements.
- The strategy should include a clear approach to enhancing the use of insurance and other financial instruments in an appropriate mix, based on cost-benefit analyses.

2.3

Law No. 15/2017/QH14 on managing public property calls for insuring public assets, but a supporting Decree outlining the process and procedures allowing cities to allocate budgets for insurance purchase is still under deliberation.

Develop the enabling environment for insurance schemes for public assets.

- The ISA should be assisted in learning international experience in order to clarify issues to refine the list of Eligible public assets for disaster risk insurance and draft the decree for the insurance for public assets.
- Decree consultations should be carried out with relevant stakeholders, including national, international and reinsurance companies and development organizations active in the country.
- Policies should be developed mandating the insurance coverage of public assets against climate and disaster risks, with particular focus on policies to protect critical assets including public buildings, hospitals, roads and bridges.

2.4

Though progress has been made on developing Viet Nam's risk data assessments and systems, more needs to be done to enhance the use of these systems in decision-making, especially for the design of public assets insurance.

Enhance the public assets data management system.

- The system's alignment with existing VNDMA disaster data should be assessed.
- Financial values of assets should be included to aid decision-makers to determine exposure, premium rate and insurability of assets (building on ongoing MOF work to develop a list of public assets to be insured).
- A database should be developed taking stock of insurance policies currently in force (if any).
- Data on public assets and disasters should be made accessible to private insurers so that data can be used for premium calculations.

2.5

Public assets remain largely uninsured.

Assist with developing a disaster risk insurance product for public assets.

- The system's alignment with existing VNDMA disaster data should be assessed.
- Financial values of assets should be included to aid decision-makers to determine exposure, premium rate and insurability of assets (building on ongoing MOF work to develop a list of public assets to be insured).
- A database should be developed taking stock of insurance policies currently in force (if any).
- Data on public assets and disasters should be made accessible to private insurers so that data can be used for premium calculations.

Endnotes

- 1 World Bank, "Population total – Vietnam", Databank. Available at <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=VN>; World Bank, "Urban population (% of total population) – Vietnam", Databank. Available at <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?view=chart&locations=VN>.
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- 3 Viet Nam, General Statistics Office, *Statistical Yearbook of Viet Nam 2021* (Hanoi, 2021). Available at <https://www.gso.gov.vn/wp-content/uploads/2022/08/Sach-Nien-giam-TK-2021.pdf>.
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Acknowledgements

Author

MicroInsurance Centre at Milliman (Katie Biese, Queenie Chow, Jemma Maclear, Michael J. McCord, Merideth Randles and Mariah Mateo Sarpong) based on the full diagnostic report written by Faraz Amid and Dr. Nguyen Thi Hai Duong

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