

**Consultative Workshop on a Regional Strategy for
CDM/Carbon Financing**

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MAIN CDM ACTIVITIES IN VIETNAM

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CDM

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Contents

1. General Information
2. CDM Institutional Structure
3. Procedures for CDM Project Approval
4. CDM Project criteria
5. Viet Nam CDM projects
6. Potential fields for development and implementation of CDM projects in Viet Nam
7. Actual barriers and gaps in the implementation of the CDM activities in Viet Nam
8. Next CDM activities in Viet Nam
9. Conclusions

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1. General Information

- The UNFCCC and Kyoto Protocol (KP) were ratified by Viet Nam on 16 November 1994 and 25 September 2002 respectively;
- MONRE was assigned by the Viet Nam Government as a national authority for implementation of the UNFCCC & KP, and National Focal Agency for CDM;
- ICD of MONRE was the Designated National Authority for CDM (DNA) (Official document No. 502/BTN MT-HTQT dated 24 March 2003);
- CDM National Executive & Consultative Board (CNECB) was established in April 2003, chaired by Director General of ICD/MONRE (Decision No.553/QD-BTNMT dated 29 April 2003)

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1.1. DNA Functions and Responsibilities

- Building national assessment criteria, regulations and guidelines on CDM
- Assessing CDM projects at the national level
- Submitting potential CDM projects to CDM National Executive and Consultative Board (CNECB) for evaluating them
- Receiving, assessing and submitting CDM Project Idea Note (PIN) or Project Development Document (PDD) to the Minister of MONRE for issuing a formal letter of endorsement or letter of approval respectively
- Providing CDM information to interested investors, related organizations, consultants and public
- Managing and coordinating CDM activities and investment in Viet Nam.
- ✓ ICD of MONRE also plays functions as a National Agency for managing and coordinating the implementation of all climate change related activities under the UNFCCC and KP in Viet Nam

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1.2. CNECB functions and tasks

- **Members:**
 - MONRE (chairperson, permanent representative and secretary)
 - Ministry of Foreign Affairs (MOFA)
 - Ministry of Finance (MOF)
 - Ministry of Planning and Investment (MPI)
 - Ministry of Trade (MOT)
 - Ministry of Science and Technology (MOST)
 - Ministry of Agriculture and Rural Development (MARD)
 - Ministry of Industry (MOI)
 - Ministry of Education and Training (MOET)
 - Viet Nam Union of Science and Technology Associations (VUSTA)

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1.2. CNECB functions and tasks (con.t)

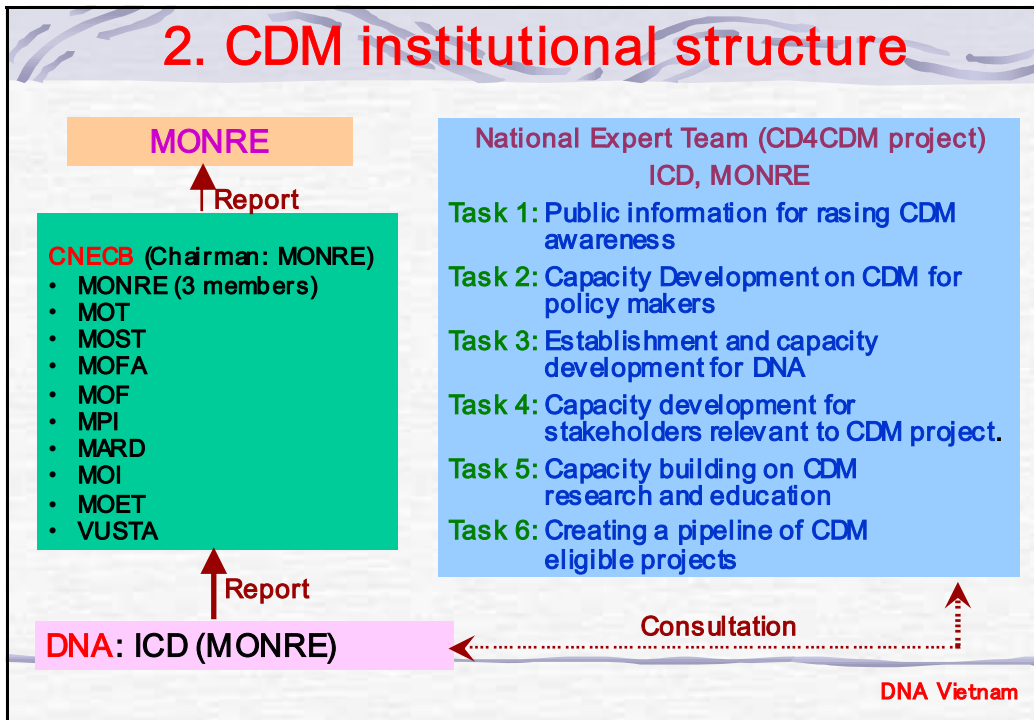
Functions and tasks:

- Consultation to MONRE on policies related to development, implementation & management of CDM activities in the country;
- Recommendation on guidance and evaluation for CDM projects in Viet Nam under the KP and UNFCCC.
- **3 annual meetings of CNECB: in January, April and August**

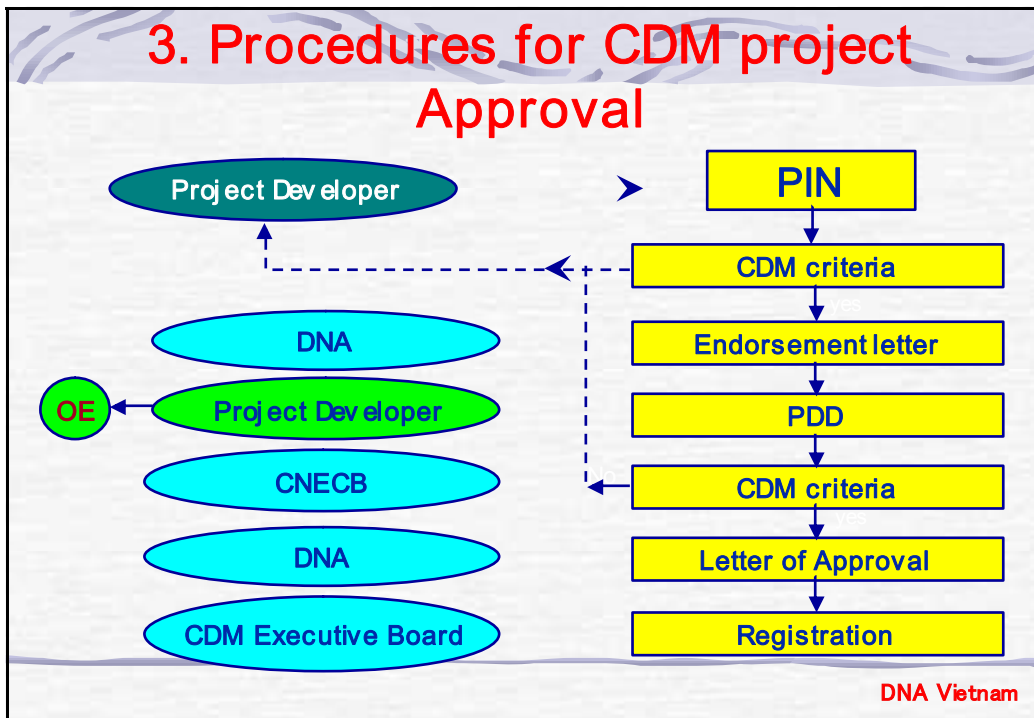


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2. CDM institutional structure



3. Procedures for CDM project Approval



4. CDM Project Criteria

- **Exclusive criteria:**
 - Sustainability: development target at the national, provincial level and the sector wide;
 - Additionality:
 - + environment impacts (GHG emission reduction); and
 - + finance (CDM project fund is not ODA)
 - Feasibility:
 - + Government support
 - + Real results, measurable, and long term benefits related to the mitigation of climate change

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4. CDM Project Criteria (cont.)

- **Priority criteria:**
 - Project results contribute sustainable development in VN;
 - Commercial Viability: score consist of two criteria reflecting demand for and supply of each project, respectively, namely:
 - + international demand; and
 - + attractive to investors

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4.1. Priority Criteria for CDM project in Viet Nam

Category		Criterion content	
A. Sustainability	Economic Sustainability	National Income Generation	- Growth national income - CER revenues
		Economic Externalities	- Technology transfer - Import Substitution
	Environmental Sustainability	Green House Effect	- GHG emission reduction
		Non GHG Air Pollution	- Non GHG Air Pollution emission - Non GHG water pollution
		Waste	- Waste generation rate
		Ecosystem	- % change in forest cover - Soil erosion - Likely effect on biodiversity
	Social and Institutional Sustainability	Poverty eradication	- Creation of rural employment - Reduction of poor household
		Quality of life	- People income - Improving of living conditions
	Readiness of Implementing Agencies	- Public sector - Private sector	

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4.2. Priority Criteria for CDM project in Viet Nam (cont.)

Category	Criterion content
B. Commercial Viability	International demand
	Attractiveness to investors
C. Feasibility	Get strong support of the central and local authorities and be more attractive for investors
	Having adequate infrastructure and manpower

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5. Viet Nam CDM projects

➤ CDM PDD Projects approved by Viet Nam DNA:

- ✓ Rang Dong Oil Field Associated Gas Recovery and Utilization Project in Ba Ria-Vung Tau province. PDD was developed by Viet Nam Oil and Gas Corporation PETROVIETNAM, Japan-Viet Nam Petroleum Co., Ltd and CONOCOPHILLIPS GAMA Ltd of UK. PDD was approved by DNA, MONRE on 06 May 2004. This Project was registered by EB on 04 February 2006.
- ✓ The Model Project for Renovation to Increase the Efficiency Use of Energy in Brewery in Thanh Hoa Province. PDD was developed by Ha Noi Alcohol Beer and Beverage Corporation, Thanh Hoa Beer Joint Stock Company, NEDO and Mayekawa MFG, Co., Ltd of Japan. PDD was approved by DNA, MONRE on 30 December 2004.

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5. Viet Nam CDM projects (cont.)

- ✓ Song Con 2 Hydroelectricity Project in Quang Nam province. PDD was developed by Song Con Joint Stock Company, Asia Carbon Viet Nam and Research Center for Energy and Environment of Viet Nam. PDD was approved by DNA, MONRE on 31 October 2005.
- ✓ Ngoi Duong Hydroelectricity Project in Lai Cai province. PDD was developed by Lao Cai Minerals Company, Asia Carbon Viet Nam and Research Center for Energy and Environment of Viet Nam. PDD was approved by DNA, MONRE on 31 October 2005.
- ✓ Song Muc Mini Hydro Power Station Rehabilitation Project in Viet Nam. PDD was developed by Tohoku Electric Power Co., Ltd of Japan and AGRIMECO of Viet Nam. PDD was approved by DNA, MONRE on 10 March 2006

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5. Viet Nam CDM projects (cont.)

➤ CDM PDD Projects Submitted to Viet Nam DNA for approval:

- ✓ Anaerobic Wastewater Treatment and Energy Recovery Project at Xa Bang Rubber Factory under Ba Ria Rubber Company, Ba Ria-Vung Tau Province (PDD was developed by Nippon Mining Research & Technology Co., Ltd (Japan), Viet Nam General Rubber Corporation (Viet Nam).

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5. Viet Nam CDM projects (cont.)

➤ CDM PIN approved by Viet Nam DNA:

- ✓ Model Coconut Biodiesel Development.
- ✓ LPG application development for road means of transport.
- ✓ Nghi Yen waste treatment complex in Nghe An province.
- ✓ Nhon Chau wind farm in Binh Dinh province.
- ✓ Gas Collection and Power Generation at Khanh Son Landfill, Da Nang City.

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5. Viet Nam CDM projects (cont.)

➤ CDM Projects Submitted to Viet Nam DNA:

- ✓ Thu Duc power Plant Unit 3 - Fuel Switch Model Project in Ho Chi Minh City
- ✓ Landfill Closure and Gas Recovery and Utilisation in Hai Phong City
- ✓ Landfill Closure and Gas Recovery and Utilisation in Ho Chi Minh City
- ✓ Environmental Forestation in A Luei District, Thua Thien Hue Province
- ✓ Thanh Hoa Rice Husk Power Plant in Tien Giang Province.

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5. Viet Nam CDM projects (cont.)

➤ CDM Projects under Development:

- ✓ A Sap Hydroelectricity Project in Thua Thien Hue province
- ✓ Ea Krong Hnang Hydroelectricity Project in Phu Yen province
- ✓ Cha Nay Hydroelectricity Project in Da Nang City
- ✓ Thuong Nhat Hydroelectricity Project in Thua Thien Hien province
- ✓ Song Bo Hydroelectricity Project in Thua Thien Hue province
- ✓ Cu Mot Hydroelectricity Project in Dak Lak province
- ✓ Suoi Tan 1 Hydroelectricity Project in Son La province
- ✓ Dak Pone Hydroelectricity Project in Kon Tum province
- ✓ Wind Power of Industrial Scale, Phuong Mai site, Binh Dinh Province
- ✓ Advanced Vertical Shaft Brick-Kilns, project bundle in Hai Duong Province
- ✓ Cogeneration (CHP) Plant for Phong Khe Paper Village in Bac Ninh province

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5. Viet Nam CDM projects (cont.)

- ✓ Rice Husk for Power Generation in Long An Industrial Park in Long An province
- ✓ Energy Efficiency Project in Thai Binh Brewery Plant in Thai Binh province
- ✓ Waste Heat Recovery But Son Cement Plant in Ha Nam Province
- ✓ Methane Recovery from Coal Mine in Quang Ninh province
- ✓ Biogas Project Phase II in all (semi-) rural areas of Viet Nam
- ✓ Za Hung Hydropower Project in Quang nam province
- ✓ Nam Chim Hydropower Project in Son La province
- **CDM Project Ideas:**
- ✓ Promote Efficiency and Energy Saving of Uong Bi Power Plant
- ✓ Dissemination of Fluid Bed Cement Kiln
- ✓ Modernization of Cement Sector in Hanoi Area

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5. Viet Nam CDM projects (cont.)

- ✓ Energy Saving Feasibility Study of Viet Nam Steel Corporation
- ✓ Cogeneration Plan of Heat and Electricity in Bien Hoa Industrial Zone
- ✓ Energy Saving
- ✓ Infrastructure Improvement Plan of Nhon Trach Industrial Park
- ✓ Effective Utilization of Associated Gas as Compressed Natural Gas
- ✓ Prevention of Gasoline Vapor Emissions in Petroleum Terminals etc.
- ✓ Tree Planting Project
- ✓ Project of Compact Lamps, T8 Triphosphor Fluorescent Lamps and Electronic Control Gears at Rang Dong Electric Lamps and Vacuum Flasks Company

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6. Potential fields for development and implementation of CDM projects in Viet Nam

- ✓ Application of renewable energy sources;
- ✓ Energy efficiency, conservation and saving;
- ✓ Small and medium Hydro power
- ✓ Fuel switching;
- ✓ CH₄ recovery and utilization from waste disposal sites, coal mining and wastewater treatment;
- ✓ Associated gas recovery and utilization by oil production activities;
- ✓ Afforestation and reforestation.

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7. Actual barriers and gaps in the implementation of the CDM activities in Viet Nam

- ✓ The awareness and knowledge of CDM issues among managers, policy makers, experts, enterprises, general public, private sector, NGOs are still limited;
- ✓ Lack of a national education strategy and programme on CDM issues;
- ✓ Lack of skilled experts;
- ✓ Lack of experiences;
- ✓ Lack of financial resources for CDM activities;
- ✓ Lack of an appropriate institutional and legal framework for promoting CDM activities;
- ✓ CDM issues are not still integrated into development strategy, programme and plan of concerned Ministries, Agencies and local Authorities;
- ✓ The knowledge, skills and professional capacity of DNA staff need to be more improved;
- ✓ The cooperation between MONRE, DNA and other related Ministries, Agencies, organizations and private groups needs to be more consolidated and developed.

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8. Next CDM activities in Viet Nam

The Viet Nam Prime Minister issued a Directive No. 35/2005/TTg dated 17 October 2005 on the implementation of Kyoto Protocol to the UNFCCC.

The next CDM activities in Viet Nam are as follows:

- ✓ Developing the plan on KP implementation for the period of 2006 - 2010, with specified priority fields in accordance with national socio-economic plan of Viet Nam for the period of 2006 - 2010;
- ✓ Carrying out studies and forecasting the trade markets for "Certified Emission Reductions (CERs)";
- ✓ Giving guidance to Agencies, organizations and enterprises, companies on developing CDM projects in Viet Nam;
- ✓ Integrating CDM issues into activities to implement other environmental international conventions and commitments to which Viet Nam is a signatory or party;
- ✓ Carrying out propaganda and public awareness raising on responsibilities and opportunities of the implementation of the KP and CDM projects;
- ✓ Reviewing related legal documents and submitting to the competent authorities for supplementation modification with a view to promoting and facilitating the implementation of CDM activities in Viet Nam;

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8. Next CDM activities in Viet Nam (cont.)

- ✓ Developing project on "financial mechanism for CDM projects" stipulating incentives on tax, interest rate, government's credit subsidy for domestic and foreign organizations, investors, private enterprises who invest into CDM projects in Viet Nam;
- ✓ Developing a plan on attracting domestic and foreign investment capital into CDM projects in the field of energy, industry, transportation, agriculture, forestry and waste management;
- ✓ Integrating CDM implementing activities into national, sectoral, local development strategies and plans;
- ✓ Considering and issuing the amendments, supplementation of policy to encourage the active participation of project developers, investors in the CDM activities;
- ✓ Creating favorable conditions for Agencies, organizations, CDM project developers, investor, enterprises including private sector, NGOs to develop CDM projects in Viet Nam;
- ✓ Improving capacity for DNA staff, CNECB members and several Departments of MARD, MOI, etc;
- ✓ Strengthening cooperation between MONRE, DNA and concerned Ministries, Agencies, organizations, institutes, research centers;
- ✓ Developing international cooperation.

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9. Conclusions

- ✓ CDM projects in Viet Nam plays an important role in the sustainable socio-economic development, hunger eradication, poverty reduction as well as the environmental protection;
- ✓ Viet Nam facilitates participation of foreign investors and welcomes them to Viet Nam;
- ✓ A CDM fund supporting for in-country CDM activities need establishing;
- ✓ Viet Nam has potential to joint the international CDM Market.

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Thank you for your attention