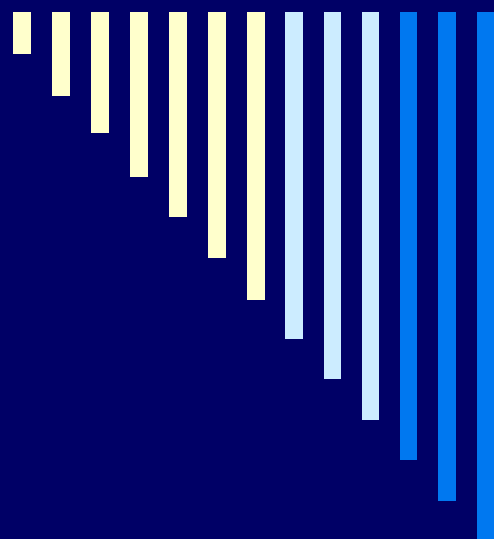


Fourteenth Asia- Pacific Seminar on Climate Change
Sydney, Australia, 21-24 September 2004



Main CDM Activities in Viet Nam

Hoang Manh Hoa

Secretary of the CDM National Executive and Consultative Board
International Cooperation Department
Ministry of Natural Resources & Environment of Viet Nam



Background Information

- Viet Nam signed United Nations Framework Convention on Climate Change (UNFCCC) on 11 June 1992, ratified it on 16 November 1994 and signed Kyoto Protocol (KP) on 03 December 1998, ratified it on 25 September 2002.
- Ministry of Natural Resources and Environment of Viet Nam (MONRE) was assigned by the Government of Viet Nam as a National Authority for implementing UNFCCC and KP as well as a National Focal Point Agency for Clean Development Mechanism (CDM) in Viet Nam.



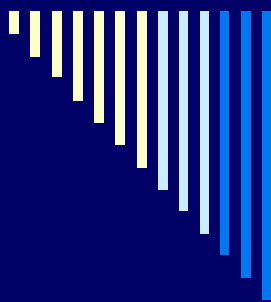
Background Information (Cont.)

- The Climate Change Country Team and National Technical Expert Team to manage and implement climate change projects were established
- Viet Nam has carried out a number of studies and other activities relevant to the national response to climate change issues such as :
 - “CC: Train(Phase1)” supported by UNDP / UNITAR / GEF
 - “ Asia Least Cost GHG Abatement Strategy” (ALGAS) Project supported by UNDP / GEF / ADB
 - “Economics of GHG Limitation” (Phase 1) supported by UNEP
 - “Enabling Activities for the Preparation of Initial National Communication to UNFCCC” supported by UNEP / GEF
 - Initial National Communication was completed and sent to UNFCCC Secretariat in November 2003
 - Completed National GHG Inventories for 1990, 1993, 1994 and 1998



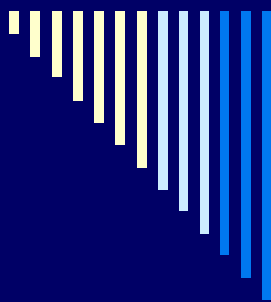
The National Strategy Study (NSS) Project

- Viet Nam National Strategy Study on Clean Development Mechanism " (NSS) supported by Government of Australia through WB. The main objective of NSS is to develop a strategy of action to exploit opportunities presented by CDM/AIJ.
- Duration of project: 2000 - 2001
- Cost of project: 220,000 USD
- National Steering Committee and Technical Expert Team of NSS have been established.
- Country GHG emission reduction potential and costs are assessed.
- Several climate change potential projects are identified and developed.



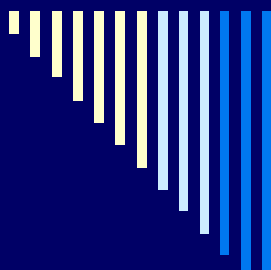
The National Strategy Study (NSS) Project (Cont.)

- 21 GHG mitigation options have been developed:
 - 15 energy mitigation options (CO₂ abated)
 - 3 agriculture mitigation options (CH₄ abated)
 - 3 forestry mitigation options (enhance carbon sinks)
 - Outcomes of NSS will be fruitful for CDM activities in Viet Nam in the next period.
-



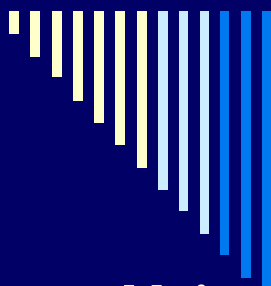
The Project “Capacity Development for the CDM in Viet Nam” (CD4CDM)

- ❑ Project “Capacity Development for CDM in Viet Nam” launched by UNEP with the financial support from Netherlands Government
 - ❑ Duration of project: 2003 - 2005
 - ❑ Cost of project: 305,000 USD
 - ❑ Establishment of 6 working groups under the Project to carry out 6 main tasks.
-



The Project “Capacity Development for the CDM in Viet Nam” (CD4CDM) (Cont.)

- 6 main tasks of CD4CDM Project
 - Task 1: Public information for raising CDM awareness
 - Task 2: Capacity development on CDM for policy makers
 - Task 3: Establishment and capacity development for CDM National Authority
 - Task 4: Capacity development for stakeholders relevant to CDM projects
 - Task 5: Capacity development on CDM research and education
 - Task 6: Creating a pipeline of CDM eligible projects that are attractive for potential foreign investors
-



The Project “Capacity Development for the CDM in Viet Nam” (CD4CDM) (Cont.)

□ Main activities of CD4CDM Project

- Organize conferences, meetings, workshops, forums, training course, training workshop on CDM
- Work with international experts.
- Collect information, compile and publish material regarding the CDM for raising public awareness through mass media and education programme
- Investigate, analyse, study GHG emission sources, method of baseline formulation and criteria to assess the CDM projects
- Develop potential CDM projects
- Establish CDM National Authority (CNA) and develop capacity for CNA
- ~~Formulate legal framework to facilitate CDM activities in Viet Nam~~



CNA in Viet Nam

1. Establishment

The International Cooperation Department of MONRE was designated as a Clean Development Mechanism National Authority (CNA) in Viet Nam in March 2003. It plays functions as the Designated National Authority (DNA) for CDM in Viet Nam (Official document No.502/BTNMT-HTQT dated 24 March 2003)



CNA in Viet Nam (Cont.)

2. Functions and tasks

- ❑ Building national assessment criteria, regulations and guidelines on Clean Development Mechanism (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 Project Idea Note (PIN) or Project Design Document (PDD) of CDM projects 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 co-ordinating CDM activities and investment in Viet Nam.



CNECB in Viet Nam

1. Establishment

CDM National Executive and Consultative Board (CNECB) was established in April 2003 and chaired by Director General of the International Cooperation Department, MONRE (Decision No.553/QD-BTNMT dated 29 April 2003)



CNECB in Viet Nam (Cont.)

2. Members of CNECB

- ❑ MONRE (one chairperson, one permanent representative and one 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)
-



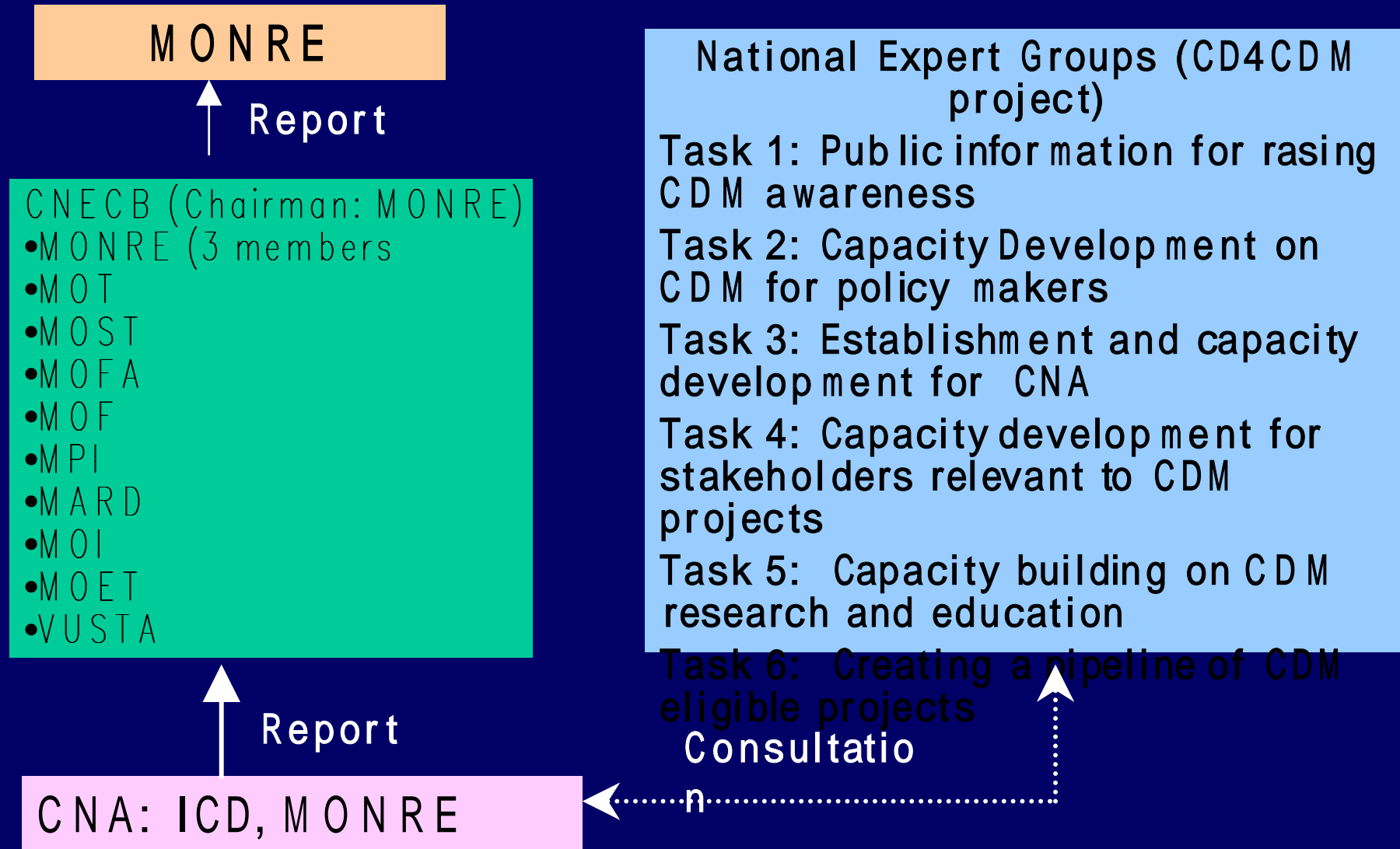
CNECB in Viet Nam (Cont.)

3. Functions and tasks

- Providing consultation to MONRE on policies related to development, implementation, management of CDM activities in the country.
- Providing consultation on guidance and assessment for CDM projects in Viet Nam under the Kyoto Protocol and UNFCCC.

Annual meetings of CNECB: 2 times, one in April and the other in September.

CDM structure



List of potential CDM projects

No	Name of project	Project site	Emission reduction potential for 10 years (Gg CO ₂)
1	RangDong oil field associated gas recovery and utilization (PDD of the project was approved by Viet Nam in May 2004)	Vung Tau City	6,740
2	Thuong Ly landfill closure and gas recovery and utilization	Hai Phong City	640
3	Increasing the efficient use of energy in brewery	Thanh Hoa Province	100
4	Wind+ Diesel hybrid electricity supply system	Phuquy Island, Binh Thuan City	106
5	Ho Chi Minh City Landfill gas for electricity generation	Ho Chi Minh City	3,130
6	200,000 ha Environment Forestation in Viet Nam	10 selected provinces	?



CDM Project Criteria

1. Exclusive criteria

First criteria for screening, selecting possible CDM were developed including sustainability, additionality and feasibility.

a/ Sustainability

- +To be suitable for national targets of SD.

- +To be suitable for development strategy targets of sectors and provinces.



CDM Project Criteria (Cont.)

b/ Additionality

- Additionality to environment impacts: Reductions in emissions must be additional to any that would occur in the absence of the certified project activity
- Additionality to finance: financial source should be additional to current obligation such as ODA, GEF...

c/ Feasibility

- Ensure the government support
 - Monitoring methodology and verification shall be clearly described.
-



CDM Project Criteria (Cont.)

2. Priority criteria

a/ The project contributes into sustainable development (SD) in Viet Nam

b/ Commercial Viability (CV)

The CV score consists of two criteria reflecting demand for and supply of each project, respectively, namely:

- International demand; and
 - Attractiveness to investors.
-

Priority Criteria for CDM projects 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
		Poverty eradication	-Creation of rural employment -Reduction of poor household
	Social and Institutional Sustainability	Quality of life	-People income -Improving of living conditions
		Readiness of Implementing Agencies	- Public sector - Private sector

Priority Criteria for CDM projects in Viet Nam

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.



Potential sub-sectors for development and implementation of CDM projects in Viet Nam

- Energy efficiency, conservation and saving
 - Fuel switching
 - Methane (CH₄) recovery and utilization from waste disposal sites and coal mining
 - Application of renewable energy
 - Associated gas recovery and utilization
 - Afforestation and reforestation
-



Actual situation in Viet Nam

A. Favourable conditions:

- ❑ With the industrialization-modernization and renewal policies, the Government of Viet Nam supports CDM and allows its implementation in Viet Nam
 - ❑ Viet Nam ratified Kyoto Protocol and established CNA (DNA) and CNECB
 - ❑ Viet Nam has many conditions to receive financial support from relevant international organizations and developed countries.
 - ❑ Energy and LULUCF sectors are assessed as potential sectors to develop possible CDM projects in Viet Nam
-



Actual situation in Viet Nam (Cont.)

B. Barriers:

- ❑ The awareness and knowledge of CDM among managers, policy makers, environment experts, enterprises, private sector, general public are still limited
 - ❑ CDM issues are not integrated into development strategy, policy, master plan of Ministries, Branches, Agencies, Localities.
 - ❑ Lack of an appropriate institutional framework for promoting CDM activities.
 - ❑ Lack of experiences on CDM
 - ❑ National budget is limited
-



Next CDM activities in Viet Nam

- ❑ Review existing laws and regulations
- ❑ Formulate an appropriate institutional framework for CDM according to the Kyoto Protocol regulations and CDM requirement.
- ❑ Facilitate foreign investment by upgrading existing laws and amending laws to support the implementation of CDM activities
- ❑ Encourage participation of foreign investors in CDM projects.
- ❑ Consolidate and develop cooperation among CNA (DNA), CNECB and related institutions.
- ❑ Provide more information on CDM through national workshops, training courses, education programmes, TV forums, newspapers in order to encourage their active participation in CDM activities in the country.
- ❑ Develop a CDM Action Plan for Viet Nam
- ❑ Make approval system efficient and transparent



Next CDM activities in Viet Nam (Cont.)

- ❑ Establish MoU with possible buyers of CERs
- ❑ Enhance CDM project development skills (project design, documentation, negotiation) for project developers, stakeholders.
- ❑ Improve capacity and skills for CNA (DNA) staffs and CNECB members.
- ❑ Develop and implement CDM projects.
- ❑ Integrate CDM issues into local and national development strategies, plans.
- ❑ Participate in the international and regional conferences, workshops to learn and share experiences from other countries.



Conclusions

- The implementation of CDM projects in Viet Nam plays an important role in the sustainable socio-economic development, hunger eradication and poverty protection together with environmental protection
 - Legal framework for CDM activities are being developed
 - 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 CDM Market