

Pilot Programme for supporting up-
scaled climate change mitigation action
in Vietnam's cement sector under the
Nordic Partnership Initiative

Msc. Luu Linh Huong
Department of Science Technology and Environment
Ministry of Construction

CONTENT:

- 1. Background for developing initiatives:**
- 2. Objectives**
- 3. Implementation Arrangements**
- 4. Scope of service**
- 5. Key activities**
- 6. Time Schedule**
- 7. Challenges**

1. Background for developing initiatives:

- Bali Action Plan and its agreed outcome: developing countries should consider the implementation of Nationally Appropriate Mitigation Actions (NAMAs) in the context of sustainable development, supported and enabled by technology, financing and capacity building, in a measurable, reportable and verifiable (MRV) manner.
- The Cancun Agreements in 2010 stating that NAMAs should aim to achieve a deviation from business-as-usual (BAU) emissions in 2020, and NAMAs seeking international support shall be recorded in a registry and subject to international MRV.
- Conference in Durban in 2011, relevant decisions were also made on issues, such as reporting of emissions in developing countries, functioning of the registry, international consultation and analysis of developing countries' reports, and market approaches to climate change mitigation.

1. Background (cont')

- NAMAs are expected to be financed through a variety of domestic and international, public and private, conventional and innovative sources. New market mechanisms – at global, regional and domestic levels – are envisaged to mobilise financing for ambitious and up-scaled mitigation action.

1. Background (cont')

- In autumn 2010, the Nordic Group on Climate Change (NOAK) and the Nordic Environment Finance Corporation (NEFCO) launched the NOAK-NEFCO Partnership Initiative to explore and demonstrate how international climate finance can be matched with up-scaled mitigation plans in developing countries.
- In a bottom-up approach, the Initiative seeks to establish concrete Pilot Programmes to illustrate how developing countries can prepare and propose NAMAs in a particular economic segment, how these actions could be supported and enabled by technology, financing and capacity building, and how action could be measured, structured and matched with international climate finance as well as with existing and possible new market mechanisms.

1. Background (cont')

- + The first step of the NOAK-NEFCO Partnership Initiative was a Feasibility Study to examine the potential and options for designing and implementing a Pilot Programme for NAMAs.
- + The Feasibility Study covers two potential partner countries, Peru and Vietnam, and the study ended up focusing on the solid waste or energy sectors in Peru and *on the cement sector in Vietnam*.
- + the Initiative was renamed "Nordic Partnership Initiative", and the Nordic stakeholders of the Nordic Partnership Initiative now include NDF, NOAK, and NEFCO.
- + NDF co-financed the project Support to the National Target Program (NTP) on Climate Change for Vietnam (NDF Grant Agreement No C34).

1. Background (cont')

- The National Strategy for Climate Change of Vietnam has been issued by the Prime Minister in Decision No.2139/QD –TTg on 10th of May 2011, is the evidence of commitment and efforts of Vietnam to adapt to climate change.

- The National Strategy for Climate Change of Vietnam:

+ Specific goals: low-carbon and green growing economy is the main stream of sustainable development and reduction of green house gas emission and increase of the capacity to absorb green house gas are obligatory indicators of socio-economic development.

+ Viewpoints: “The adaptation to climate change in Vietnam must be incorporated in sustainable development towards a low-carbon economy, utilizing opportunities for changing the idea of development, enhancing the national competitiveness and strength” and “Adapting and mitigating measures to reduce green house gas must be implemented in parallel to effectively adapt to climate change.

1. Background (cont')

Master Plan for Cement Development period 2011 – 2020, orientation to 2030 has been approved by the Prime Minister in Decision No.1448/QD –TTg on 29 August 2011 calls for promotion of technology that can combine the cement production with industrial and domestic waste treatment to save energy and the environment, applying Waste Heat Recovery (WHR) for power generation.

Possible mitigation actions include:

- Change from inefficient vertical to more efficient rotary kiln (dry process most modern)
- Waste heat recovery (WHR) and utilisation in electricity production
- Fuel switch from coal/electricity to gas, biomass (such as rice husk, straw) or waste (such as tyres)
- Energy-efficient machinery for cement grinding
- Substitution of limestone with alternative raw material in clinker production
- Use of additives (e.g. fly ash) to reduce clinker content of cement

1. Background (cont')

- Emission reduction potential of Vietnam's cement sector has been estimated to be around 3.5 MtCO₂e annually by 2020, including electricity, coal and fuel oil savings. Inclusion of a wider range of mitigation activities would increase the mitigation potential further. Data collected under the Pilot Programme would enable more reliable, up-to-date estimations of emission reduction potentials.
- The power of WHR in Cement Manufactures in Vietnam:

No	Name of Cement Manufacture	Electricity capacity
1	Hai Phong	4MW
2	Hoang Thach	9MW
3	But Son	6MW
4	Bim Son	6MW
5	Tam Diep	5MW
6	Hoang Mai	4,5MW
	Total:	34,5MW

2. Objectives

Development objective: aim to conceptualise, test and learn how a future international climate regime, including possible new market-based mechanisms, could be designed to support up-scaled NAMAs in developing countries.

Specific objective:

- To strengthen Vietnam's ability to prepare, propose and implement a full-scale scheme of clearly specified NAMAs in the cement sector which could attract international climate finance through the carbon market and other support mechanisms, and through that, support up-scaled mitigation action.
- To extent possible, such NAMAs should be designed in accordance with the Cancun Agreements and the latest guidance by the Conference of the Parties to the UNFCCC.
- To identify the shortages in term of quantity and quality of the database and the institutional capacity as well as to identify technical and financial constrains in order to encourage the mitigating measures to reduce green house gas emission in cement production activities in Vietnam.

3. Implementation Arrangements

- MOC (the Implementing Agency) in consultation with MPI, MOF, MONRE, MOIT, and MOST to develop readiness to benefit from international climate finance and/or the carbon market for supporting up-scaled mitigation action in the cement sector.
- International Advisory Group chaired by NDF, with representatives from the Vietnamese government, NDF, the Nordic working group for global climate negotiations (NOAK), and NEFCO will take guidance during programme implementation to ensure sufficient exchange of views between all the key stakeholders. Advisory Group will tentatively convene twice during the course of the project to discuss key deliverables such as the Preliminary Readiness Plan and the Final Implementation Plan.
- Corporate with IFC, Danish International Development Assistance, Swiss Development Cooperation, European Union, JICA, UNDP, UNIDO and UNEP.
- Vietnam recently joined the Partnership for Market Readiness (PMR) of the World Bank. Efforts will be made to coordinate the efforts in the Pilot Programme with the PMR activities.

3. Implementation Arrangements (cont')

- Pilot Programme will be implemented in line with related on-going and planned work contributing to the Government's Green Growth Strategy such as NDF-ADB's Support for the National Target Program with a Focus on Energy and Transport; ADB's Strengthening Planning Capacity Low-Carbon Growth in Developing Asia; and the World Bank's Vietnam Low Carbon Options Assessment. Efforts will be made during the implementation period to involve other actors that are supporting mitigation to climate change in Vietnam (e.g.

3. Implementation Arrangements (cont')

- National Steering Committee will be established with representatives from MPI, MOF, MONRE, MOIT, and MOST.
- Department of Science Technology and Environment – MOC will be the focal point.
- Project Management Unit has been established with representatives from relevant Departments within MOC to approve and monitor the project implementation plan; monitor the utilized resources, completion deadline, quality goal and indicators for acceptance of project outputs according to the agreement with the donor; Organizing consultant selection according to relevant regulations of the donor; Providing assistance to the consultant team to implement project activities; Arranging and organizing meetings with relevant organizations during the project implementation process; Arranging and organizing workshops, training events and awareness raising activities.

4. Scope of the Services

The Pilot Programme shall consist of three stages:

- Design Stage: resulting in a Baseline and Options Study;
- Consultation Stage: resulting in a Readiness Plan of the targeted mitigation actions;
- and Readiness Stage, resulting in – as appropriate – training, capacity building, support scheme design and a set of Final Reports.

4. Scope of the Services (cont')

Design Stage: status survey, organisation, Baseline and Options Study and Preliminary Readiness Plan

- Contact and organisation with key stakeholders;
- Identification and maximal utilisation of on-going initiatives and existing data;
- Evaluation of available data to identify data gaps and mitigation options;
Compilation of key sector-level datasets and supporting information for calculating the sector's historic trends and current status, estimating a range of baseline scenarios for emission growth, and informing policy-makers, and recommendations for regular collection of sector-level data of international MRV standard;
- Listing of options for mitigation action and their mitigation potential, costs, relevant barriers, policy and support instrument options, and MRV needs;
- Estimation of sector-level mitigation potential and associated costs;
- Preparation of Preliminary Readiness Plan for NAMA readiness and design;
and
- Identification of relevant stakeholders for the Consultation Stage.

4. Scope of the Services (cont')

Consultation Stage: Stakeholder consultations and Final Readiness Plan

- In-depth consultations with relevant public officials, cement sector actors and other key stakeholders to select appropriate mitigation action package and policy tools, to identify further data needs, and to agree on a Final Readiness Plan.

Readiness Stage: Support for readiness activities, capacity building and training and support instrument design, and Final Readiness Report

- Launch and implementation of the Final Readiness Plan, including, as appropriate: training, capacity building, regulatory and institutional development, proposals to address relevant barriers and data needs etc. to support the design of the required data collection and MRV system and a coherent policy toolkit for promoting, modelling and measuring up-scaled mitigation action in the cement sector.

5. Key activities:

- Collection of up-to-date data on emission reduction potential;
- Capacity to develop baseline emission projections;
- Capacity to estimate (emission reduction) impact of mitigation actions;
- MRV system of international standard;
- Identification of barriers to mitigation action, and proposals for addressing them;
- Identification of appropriate support instruments for mitigation action, including identification of potential sources of financing for support, mechanism for funding, criteria for support, and MRV needs; and
- Relevant institutional arrangements, capacity building and training for all of the above.

6. Time Schedule

As the TOR, Pilot Programme will be implemented during 2 years (We are now recruiting the Consultant Firms for Pilot Programme. Tentatively from December 2013 to December 2015). A detailed work plan suggested in the proposal shall form the basis for contract negotiations.

The Consultant is expected to visit a Nordic capital once during the contract period. That visit and the missions to Vietnam during the contract period could be planned for example as follows:

6. Time Schedule (cont')

Mission 1: Kick-off

Mission 2: Progress Meeting: Presentation of Preliminary Readiness Plan; planning of stakeholder consultations

Mission 3: Stakeholder consultations on Pilot Programme; data-gathering mission

Mission 4: Presentation of Status Report, Baseline and Options Study and Final Implementation Plan

Mission 5: Workshops on MRV systems and baseline development, and matching financing with mitigation action and policies

Mission 6: Presentation of NAMA proposal

Mission 7: Workshops on NAMA proposal (final stakeholder consultations, if necessary)

Mission 8: Presentation of final NAMA proposal and Final Readiness Report

7. Challenges:

Although has been received the Support from Vietnamese Government and International Organizations for policies, finance, technical assistance, human resources... Pilot Programme has been faced with the challenges. Barriers to mitigation activities in the cement sector in Vietnam as follows:

- Data gaps and uneven, poor-quality data which may prevent reliable assessment of current status and monitoring of progress;
- Lack of Legal documents to encourage Enterprises involving green house gases mitigation activities.
- Financial, technical, capacity and institutional barriers which undermine investments in low-carbon activities:
 - + Lack of Investment Capitals for Technology innovations.
 - + NAMAs and MRV are new concept for Vietnamese people – Lack of knowledge and experiences on NAMAs and MRV
 - + Vietnam has not got any NAMAs- Needs the supports of both technical assistances and finances from International Organizations.

Thank you for your attention!