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CDM Perspective from Viet Nam

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1. General information

- ❖ Viet Nam ratified the United Nations Framework Convention on Climate Change (UNFCCC) on 16 November 1994 and ratified the Kyoto Protocol (KP) of UNFCCC on 25 September 2002
- ❖ The Ministry of Natural Resources and Environment (MONRE) was assigned by the Government of Viet Nam as National Focal Agency for taking part in and implementing UNFCCC, KP and Clean Development Mechanism (CDM).
 - Designated National Authority (DNA):
International Cooperation Department (ICD), MONRE



1. General information



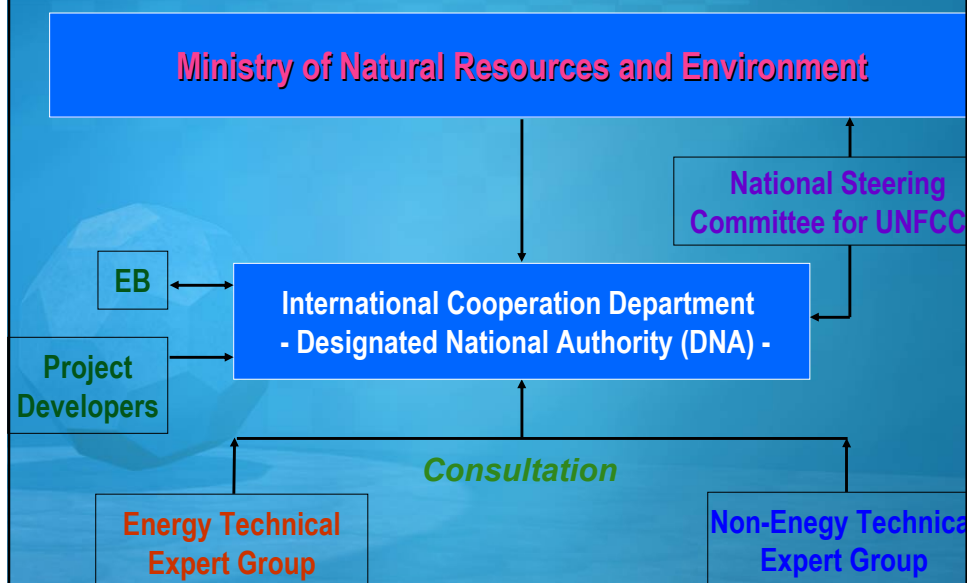
❖ **National Steering Committee for UNFCCC, KP (NSC)** established based on VNECB chaired by MONRE's Vice Minister with 16 members.

Foundation:

- Decision No. 1016/QĐ -BTNMT by the MONRE Minister dated 04 July 2007
- Based on and supersedes the CNECB

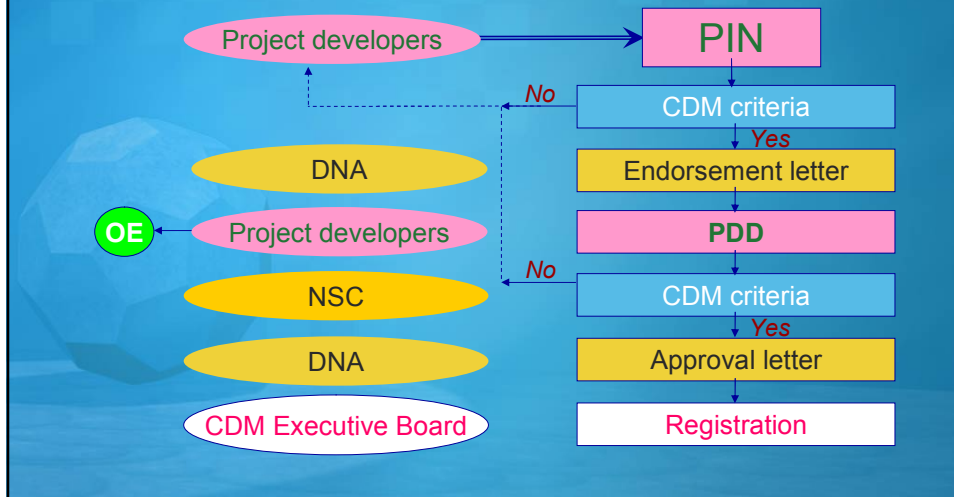
NSC	
1. MONRE	8. MPI
2. MOIT	9. MARD
3. MOST	10. MOET
4. MOFA	11. MOJ
5. MOF	12. MOCI
6. MLWISW	13. MOC
7. MOT	14. VUSTA

Institutional arrangement for the CDM in Viet Nam



1. General information

❖ CDM project approval in Viet Nam



National Criteria for CDM projects in Viet Nam

• A. Exclusive criteria:

- + Sustainability:
 - To be suitable for national sustainable development targets;
 - To be suitable for development strategy targets of sectors and provinces/cities;
- + Additionality:
 - Additionality to environment impacts: GHG emission reductions must be additional to any that would occur in the absence of the certified project activity;
 - Additionality to finance: Public funding for CDM projects is not to result in the diversion of Official Development Assistance (ODA).
- + Feasibility:
 - Ensure the Government support
 - Result in real, measurable and long term benefits related to the mitigation of climate change

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

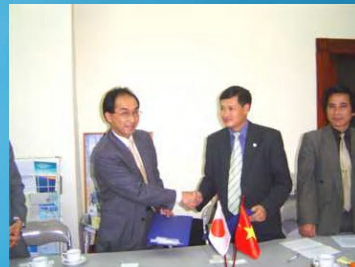
Category	Criterion content
B. Commercial Viability	International demand
	Attractiveness to investors
C. Feasibility	Get strong support of the central and local authorities and be more attractive for investors
	Having adequate infrastructure and manpower

1. General information

- ❖ Signing the Cooperation Agreement and the Memorandum of Understanding on CDM with International Organizations:



Signing the Memorandum of Understanding on CDM between MONRE and the Ministry of Agriculture, Forestry and Water management of Austria, 2005



Signing the Cooperation Agreement on CDM between MONRE and JBIC, 2005



2. Opportunities for investment in CDM

❖ Potential:

According to the result of the project “NSS”, one of the interest for Viet Nam when applying CDM is the profit up to USD 250 millions for the period 2008 – 2012 by selling CERs.

In comparison to other countries in the region, Viet Nam has favourable condition for CDM. First legal framework for CDM has been set up.

There are opportunities to carry out CDM projects in Viet Nam. Those opportunities are fast growing when uncertainties of CDM are clarified and the need of CERs in the world highly increases.

2. Opportunities for investment in CDM

- ❖ Among legal documents on UNFCCC and KP implementation in Viet Nam, the most relating to CDM are:
 - ✓ Directive No. 35/2005/CT-TTg dated 17 October 2005 by the Prime Minister on UNFCCC, KP and CDM implementation
 - ✓ Decision No. 47/2007/QĐ-TTg dated 6 April 2007 by the Prime Minister on approval of the Plan of the implementation of KP to UNFCCC for the period 2007 – 2010
 - ✓ Circular No.10/2006/TT-BTNMT dated 12 December 2006 on guiding the development of CDM projects to the KP issued by Minister of MONRE

2. Opportunities for investment in CDM

- ✓ The Decision No.130/2007/QĐ-TTg dated 2 August 2007 by the Prime Minister on a number of financial mechanisms and policies for CDM projects stipulates special treatment in: tax, land use charge, land hiring charge, fixed asset depreciation; state investment credit and other preferences for CDM project investors and developers.

2. Opportunities for investment in CDM

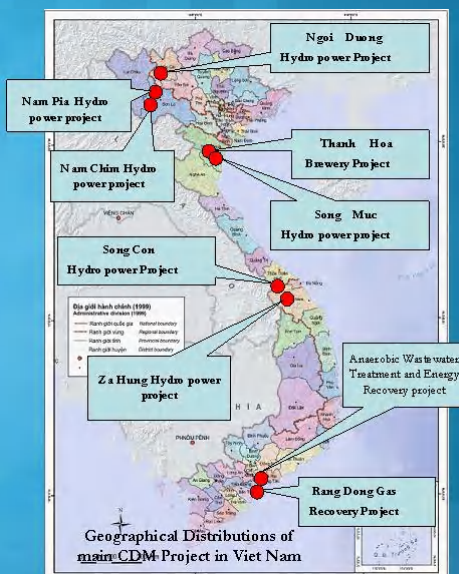
Potential fields for development and implementation of CDM projects in Viet Nam

- ✓ 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.

3. Energy and power CDM projects

CDM projects approved and under verification to be approved in Viet Nam

Total:	97
▪ Hydro power:	28
▪ Power generation using biomass:	28
▪ Power generation using landfill CH ₄ :	14
▪ Landfill CH ₄ combustion:	08
▪ Biogas utilization:	04
▪ Windpower utilization:	04
▪ HFCs emission reduction:	02
▪ Geothermal:	02
▪ Industrial energy efficiency:	02
▪ Waste management:	01
▪ Fossil fuel switching:	01
▪ Energy distribution:	01
▪ Household energy efficiency:	01
▪ Agriculture:	01



3. Energy and power CDM projects

- ❖ Energy and power account for about 80% CDM projects, including 23 PDDs and 12 PINs approved by DNA



3. Energy and power CDM projects Case study

- ❖ Song Muc small hydro power station rehabilitation in Thanh Hoa province
 - Project participants:
 - Tohoku Electric power Co. of Japan
 - Agricultural Irrigation Mechanization Electrification Construction Corp. (AGRIMECO) of Viet Nam
 - Yearly electricity production of approximately 7,200 MWk
 - Estimated total emission reduction for 10 years: 42,980 tCO₂
 - Approved by Viet Nam DNA on 10 March 2006
 - Registered by EB on 26 June 2006

3. Energy and power CDM projects Case study

❖ Dak Pi Hao 2 hydro power in Gia Lai province

- Project participants:
 - Energy and Environment Joint Stock Co. of Viet Nam
 - Gia Lai Electricity Joint Stock Co. of Viet Nam
- Estimated total emission reduction for 10 years: 213,089 tCO₂
- Endorsed by Viet Nam DNA on 5 June 2007
- This projects involves the construction of a 9 MW power plant. Estimated annual gross power generation is about 37045 million KWh and will be fed to the national grid with 36.701 million KWh.

3. Energy and power CDM projects Case study

❖ Ha Long municipal solid waste treatment plant in Quang Ninh province

- This projects involves the construction and operation of a solid waste treatment plant applying the aerobic biological fermenting technology to treat solid waste discharged from households to reduce waste-originated GHG emissions, contributing to the destruction of CH₄ that would have been emitted from the landfill site in the absence of the project.

Solid waste treating capacity:

Stage 1: 150 – 300 tons/ day of 54,000 – 108,000 tons/ year

Stage 2 (extension): 500 tons/ day

3. Energy and power CDM projects Case study

Anaerobic Wastewater Treatment and Energy Recovery project at Xa Bang Rubber Factory, Ba Ria Rubber Company, Ba Ria - Vung Tau province

❖ Project participants:

- Nippon Mining Research & Technology Co., Ltd;
- Viet Nam General Rubber Corporation (GERUCO);
- Ba Ria Rubber Company;
- Pan Pacific Environment Corporation (COCOMO).

❖ Purpose of this project is to recover methane gas, which is a GHG, as a renewable energy, and electricity generation.

❖ **Estimated total emission reduction for 10 years: 94,000 tCO₂**

Surveys for CDM project development in Viet Nam



Thai Nguyen



Ba Ria, VungTau



Go Cat Landfill in Ho Chi Minh city



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 including European investors and welcomes them to Viet Nam;
- ✓ Viet Nam needs the assistance and cooperation from other International agencies, countries in developing capacity for CDM.
- ✓ Viet Nam Environmental Protection Fund can be used to support for in-country CDM activities;
- ✓ Consideration and discussion on ODA utilisation for CDM projects?
- ✓ Viet Nam has potential to joint the international CDM Market.

For more information, please contact:

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