



**NORDIC PARTNERSHIP INITIATIVE PILOT PROGRAMME FOR
SUPPORTING UP- SCALED CLIMATE CHANGE MITIGATION ACTION
IN VIETNAM'S CEMENT SECTOR**



Quarterly Report

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Ministry of Construction

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1 INTRODUCTION

The 27th January 2014 a contract was signed between the Ministry of Construction (MOC) and the Consortium. The consortium consists of 5 companies – NIRAS, South Pole, Perspectives, VNEEC and NIRAS-Vietnam (RCEE-NIRAS). The contract period runs from primo 2014 to primo 2016.

The sixth quarter of the project covers April to June 2015. During this period, the consultant team has been working on a significant number of different tasks in parallel. Two tasks have been finalized and several new tasks have been initiated. It has been a productive quarter.

2 MAIN ACHIEVEMENTS OF THE SIXTH QUARTER

The main activities and products in the sixth quarter:

2.1 Task 1.3 “Energy and CO2 Emissions Analysis of the Viet Nam Cement Industry

Report I.3 was finalized and submitted to the client at the end of May 2015. There has not been a discussion on the main conclusions/findings of this report with MOC yet.

2.2 Task 1.4. “Setting up of sector-level MRV system of international standard”

According to the inception report, the Task 1.4 should include the following sub-tasks:

- Subtask 1.4.1 : Identification of current MRV systems and procedures in cement companies in Vietnam
- Subtask 1.4.2 : Recommendations for improvements in current MRV practices, including quality assurance and quality control
- Subtask 1.4.3 : Proposing appropriate institutional arrangements for MRV
- Subtask 1.4.4 : Establishment of an MRV system for regular measurement, reporting and verification of the relevant emissions

Considering that the deliverables under these subtasks are closely related and the output of one activity from one sub-task requires significant input from the other sub-tasks, the Consultant team has discussed and agreed to merge these sub-tasks in order to avoid repeating and overlapping. As result, the report will provide a whole picture of MRV elements for the NAMA cement.

The Task report will first identify existing MRV systems and procedures with variation based on technical issues and production facilities, following with the establishment of the MRV system of international standard for regular measurement, reporting, and verification of relevant indicators. Furthermore, the Consultant team will perform gap analysis and recommendation for improving MRV practices including QA/QC. Appropriate institutional arrangements for MRV and respective capacity building materials will be proposed to MOC.

However, the implementation of the Task has been delayed for various reasons and one of the main reason has been to clarify how to include co-benefits. The co-benefits are important, but probably it will require a significant effort to secure ownership to this among many stakeholders in Vietnam. Surprisingly, while co-benefits should be the key driver of Vietnamese input into the NAMA, for many stakeholders the concept seems to be difficult to grasp and thus they focus more on how to mobilize international financing for the NAMA and

have not realized fully the importance of substantial domestic support, i.e. via introducing domestic policy instruments / mobilizing domestic resources justified by the achieved co-benefits.

It has required an extra effort to contribute to this internal process in order to develop criteria and indicators for co-benefits that are fully understood and where a willingness to monitor them exists. The training material which will be developed under this task, can contribute to a better understanding of MRV and the importance of co-benefits. can contribute to this. It is expected that the submission of Task report will be made of 20 August 2015.

Conclusions/results in brief:

The four sub-tasks will be merged into one report. The MRV report will be finalised in August. The key challenge has been and will be to facilitate the in-depth understanding of MRV, especially co-benefits. We will have this in mind when we prepare training material and processing further. It is recommended that it shall be on the agenda for the International Advisory Group meeting in October.

2.3 Report I.5a “Current and planned Policies”

The task has been described in the fifth quarterly report

Based on the remarks from NDF and MOC the report has been updated. The ideas presentation in this report are already used as the basis and input to the following tasks.

2.4 Report I.5.b Policies in other Countries and the Applicability in Vietnam

The report has been finalised and it has been forward to both MOC and NDF for comments.

2.5 Various mitigation actions for the cement sector (P I.5.2/3/4)

The report has been developed under Task I.5 “Assessment of mitigation potential, costs barriers and policy options, as a combined deliverable covering the three below mentioned sub-tasks:

- Subtask 1.5.2 : Identification of various mitigation action from Vietnam’s cement sector
- Subtask 1.5.3 : Preparation of a marginal abatement cost (MAC) curve for identified actions
- Subtask 1.5.4 : Identification of relevant barriers to up-scaled mitigation action in the cement sector
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Considering that the deliverables under these subtasks are also closely related and the output of one activity from one sub-task requires significant input from the other sub-tasks, the Consultant team has proposed to merge these sub-tasks in order to avoid repeating and overlapping.

During the task, the Consultant team has screened the market for the overview of potential mitigation options in the Cement industry as well as the national policies and strategies and experience in implementation of the different mitigation options. The report will help assessing mitigation potential of the cement sector of Vietnam and identify most appropriate options for NAMA. Supplementary to the MAC other parameters will be presented and evaluated for instance CO₂ emission potential, the co-benefits and also whether it is in line with Vietnamese strategies, mainly Vietnam Green Growth Strategies, the policies and the legislation. The implementation of the Task has been delayed as it more complex than original expected. The schedule for the submission of Task report has been revised of 31 July 2015

Conclusions/results in brief:

The three sub-tasks will be merged into one report. The MAC excel tool has been developed and the main part of the data has been gathered so it realistic that the report can be finalized ultimo July.

The Conclusions and recommendation is under preparation

2.6 NAMA Design Options & Supporting Regulatory Framework (P-I.6.1/2)

The report presents the outcomes of the Consultant's work on two subtasks I.6.1 'Types and requirements of the NAMA' and I.6.2 'NAMA framework'.

The main objective of subtask I.6.1 is to introduce the concept of a NAMA, define NAMA types, NAMA elements and requirements to these elements under various NAMA types and to present the NAMA Outline. The NAMA Outline is a summary sheet that briefly describes all the main NAMA design elements and building blocks, i.e. NAMA scope, objectives, actions and activities; NAMA targets; NAMA baseline, BAU and mitigation scenario; NAMA MRV+M&E System; NAMA institutional & regulatory framework; NAMA financial architecture. The NAMA Outline can be used as an Executive Summary of the NAMA Concept and can be easily adapted to a NAMA business case brochure that can be the basis for awareness raising, private sector engagement, and NAMA fundraising activities.

Subtask I.6.2 aims to design the policy/regulatory framework to support the cement sector NAMA in Vietnam. It has been decided to merge these two tasks.

The main outcomes of the report will include the design of options for a cement sector NAMA in Vietnam (NAMA framework) presented in a NAMA Outline format, understandable for policymakers in Vietnam, international NAMA financiers, as well as the main implementers of NAMA activities – the cement companies. Furthermore, a detailed NAMA policy/regulatory framework will be designed with a summary of the best options and instruments identified as a result of the carried out assessment and stakeholder consultations.

As this combined report should incorporate the findings of the preceding subtasks I.3.1-I.3.3, I.4, I.5.1-I.5.4, which have been behind the schedule, the submission date of the report has been revised to 27 July 2015 (subject to timely submission of the preceding tasks).

Conclusions/results in brief:

The 2 sub-tasks have been merged into one report. The sub-tasks are progressing well as it has been initiated at an early stage and the intention is to finalize the task ultimo July. The finalization of the tasks is dependent on the progress of other tasks.

The main part of the sub-product will be developed in parallel with interaction with the different stakeholders during the mission by international consultant to Vietnam, primo July. Conclusions and recommendation are under preparation.

2.7 P-I.6.3: Institutional requirements for the possible NAMA

The report will describe the institutional requirements for coordinating policy options under the possible NAMA cement. Based on the assessment made in previous products of the project and references with other countries' NAMAs, two important outcomes will be proposed (i) NAMA institutional framework, (ii) NAMA operational arrangements.

The draft report has been prepared and the report has been forwarded for internal review. The sub-report will be delivered ultimo July/primo August. The report is the basis for finalization of task 1.8.1.

Conclusions/results in brief:

The report has been forwarded for internal review. The -report will be delivered ultimo July/primo August.

2.8 Report I.7.2, I.7.3 and I.7.5. 'Setting up financial plan for a NAMA'

The three sub-tasks will be combined into one report to ensure higher work efficiency and also we secure better overview when reporting: The three sub-projects described in the Inception Report are:

I.7.2: Estimation of financing needs of the NAMA and definition of NAMA financing structure

I.7.3: Design of a concept to introduce market mechanisms/results-based approaches in the NAMA including the interaction between CDM and NAMA and the possibilities of NAMA crediting or trading activities

I.7.5: Setting up financial plans for a NAMA in cooperation with the relevant stakeholders

The main effort will be in July and August and an international mission will be performed in week 28 to Vietnam by the two international experts. A significant number of stakeholder meetings have been planned and this will contribute to further development of the report.

Further progress is dependent on the finalization of Report I.5.2-4.

Conclusions/results in brief:

The three sub-tasks have been merged into one report. The report has been forwarded for internal review, but further work is needed and is dependent on progress of other tasks.

2.9 Report: “Programs/projects relevant for the NAMA cement project” (P-I.7.4)

This sub-task belongs to Task I.7: Identification of potential national and international financial resources. The sub-task should use inputs from Subtask I.7.1 “Analysis of existing financing sources” and will serve as inputs for the subtask I.7.5 “Setting up financial plans for NAMA program in cooperation with the relevant Ministries”.

Conclusions/results in brief:

The report is available to the team for internal review. The methodology of the report has reviewed and mapped on-going and planned initiatives in Vietnam which related to the NAMA cement. The NAMA cement work should be leverage off and synchronize with such initiative. The consultant team will make recommendations to ensure coordination, maximize synergies and minimize potential overlaps and conflicts between the NAMA cement Pilot Programme and other initiatives.

2.10 Report: “Stakeholder Management Strategy to support the NAMA for the cement sector in Vietnam” (P.I.8.1)”

During March, 2015, the project team has developed the first draft of the report under the Task I.8.1: Preparation of Stakeholder Map and Plan. The report would define the Stakeholder Management Strategy in relation to the development and implementation of a cement sector NAMA in Vietnam. This will include: a Stakeholder Matrix (containing information on technical, institutional/regulatory and financial capacity of various stakeholders, describing their role, responsibilities and inter-relations, as well as contact details); a “current” and a “desired” Stakeholder Map (depicting relations between stakeholders, knowledge and data flow exchange); and a Stakeholder Engagement Plan (describing methods, topics for discussion and a proposed timeline and agenda for these consultations).

The report development has been on hold until I.6.3 has been finalized.

Conclusions/results in brief:

The report is available to the team for internal review. The draft final report can only be completed after finalization of other sub-products and it is expected to be completed in July/August 2015.

3 PRESENTATION OF THE SIXTH QUARTER ADMINISTRATIVE ISSUES.

3.1 Biweekly coordination meeting

The consortium has bi-weekly meetings within the team to secure a smooth coordination of the several parallel on-going tasks and delivery of results.

3.2 Budget management

The budget is in line with the agreed contract.

3.3 Second mission – probably the COP

It has been discussed with MOC that the 2nd study tour for MOC's staff should be the COP21 in Paris, 2015. The focus shall be at the UNFCCC venue, outreach regarding of the project through presentations. It will be also a good opportunity for MOC to arrange several meetings with potential sponsors of the follow-up phase as they are also all in Paris.

The planning of this mission, including accreditation of participants from the MOC and the need to be initiated in the next quarter under the Vietnamese Delegation procedure. The project team notes that NDF has already submitted a side event "NAMA Development for Sustainable Transformation; Nordic Experiences for NAMA Support" on Dec 3rd 2015.

3.4 International Advisory Group Meeting

International Advisory Group meeting has been planned for 14-15 October 2015 in Hanoi.

4 EMERGING IDEAS AND OPPORTUNITIES.

MOC has stressed the importance of having a pilot project as the continuation of the actual contract. The Consortium has stressed the importance of having matching domestic funding to the potential international funding as all international NAMA funding opportunities (NAMA Facility, GCF) require a significant mobilization of domestic funds, engagement in the development of policy instruments that incentivize mitigation and overall willingness to embark on a transformation of the sector. In case funds shall be attracted it will require a huge effort by MOC and other ministries over a longer period, as requirements of funders differ with regard to document templates and the criteria used for evaluation of submissions. Potential pilot projects and the issue or pursuing funding opportunities for NAMA implementation could be on the agenda for the International Advisory Group Meeting in October 2015.

During the preparation of the MRV the consortium noted that among Vietnamese stakeholders there seems to be a substantial gap in the understanding of MRV and especially the need for co-benefits to be an integrated part. During the upcoming International Advisory Group Meeting this should maybe also be discussed and clarified further.

5 CONCLUSIONS AND RECOMMENDATIONS

The project is complex and many sub-tasks are being developed in parallel. Many tasks are progressing well, but in general the overall original time-schedule for the project seems too optimistic and we have noted this before. But the consultant team is doing its utmost to keep progress and we insist to develop several reports in parallel.

Most products and sub-products are interlinked. The Consultant team has agreed to incorporate the outputs of some sub-tasks into one integrated report. This approach is effective and can speed up several tasks.

The mission the 14-15 October 2015 by the International Advisory Group is perfect timing and at the time the draft NAMA and draft readiness plan shall be in place and it is the good timing to clarify potential supplementary activities – (i.e. related to the preparation of proposals for NAMA implementation funding) and the required additional resources - compared to the actual contract.

6 WORKS TO BE DONE IN THE NEXT QUARTER (JULY 2015 – SEP 2015)

No.	Sub-task	Description	Sub-product	Responsible	Expected date	Original date	Remark
0.8: Missions to Europe							
1	0.8.2	Missions to Europe/COP	Accreditation of COP21 delegation and planning of COP event within context of NDF side event “NAMA development for sustainable transformation”	Morten Pedersen	03-09.12.2015		Needs to be organised in July/primo August
I.4: Setting up of sector-level MRV system of international standard							
1	I.4.1	Identification of current MRV systems and procedures in cement companies in Vietnam consistent with actual data availability	P-I.4. Setting up of sector-level MRV system of international standard	Dang Hanh	20.08.2015	30.04.2015	
2	I.4.2	Assessment of availability and quality of the data required for determining sector-level emissions and mitigation potential					

No.	Sub-task	Description	Sub-product	Responsible	Expected date	Original date	Remark
3	I.4.3	Proposing appropriate institutional arrangements for MRV					
4	I.4.4	Establishment of an MRV system for regular measurement, reporting and verification of the relevant emissions					Training material should only be prepared when MOC has agreed on the MRV set-up
I.5: Assessment of mitigation potential, costs barriers and policy options							
5	I.5.2	Identification of various mitigation action from Vietnam's cement sector	P-I.5.2-4: Various mitigation action for the cement sector	Ha Dang Son and Stefan Wehner	31.07.2015	20.04.2015	
6	I.5.3	Preparation of a marginal abatement cost (MAC) curve for identified actions					
7	I.5.4	Identification of relevant barriers to up-scaled mitigation action in the cement sector					
I.6: Options for matching policy toolkit with NAMA support							
8	I.6.1	Definition of the type and requirements of the NAMA to be established that takes into account the NAMA lessons in other countries and also ensure that the results from the baseline setting exercise as well as	P-I.6.1 and I.6.2.: NAMA Design Options & Supporting Regulatory Framework	Ingo Puhl	27.07.2015	31.05.2015	

No.	Sub-task	Description	Sub-product	Responsible	Expected date	Original date	Remark
		the political economy analysis (which policy instruments are actually available) will be reflected.					
9	I.6.2	Design of a conceptual framework for the design of a NAMA					
10	I.6.3	Institutional requirements for the possible NAMA	P-I.6.3: Institutional requirements for the possible NAMA	Nguyen Tuan Anh	30.07.2015	30.07.2015	
I.7: Identification of potential national and international financial resources							
11	I.7.2	Estimation of financing needs of the NAMA and definition of financing structure	I.7.2, I.7.3 and I.7.5. 'Setting up financial plan for a NAMA'	Ingo Puhl and Axel Michaelowa	27.08.2015	28.04.2015	Input from I.5.1-I.5.3 required to complete, holiday season
12	I.7.3	Design of a concept to introduce the carbon market in the NAMA including the interaction between CDM and NAMA and the possibilities of NAMA crediting or trading activities					
13	I.7.5	Setting up financial plans for NAMA programme in cooperation with the relevant Ministries					
	1.7.4.		I.7.4: Relationship with other	Nguyen Tuan	30.07.2015	20.03.2015	

No.	Sub-task	Description	Sub-product	Responsible	Expected date	Original date	Remark
			initiatives	Anh			
I.8 Preparation of Stakeholder Map and Plan							
	I.8.1.	Stakeholder Map and Consultation Plan	Stakeholder Management Strategy to support the NAMA for the cement sector in Vietnam	Manuel Cocco	07.08.2015	30.04.2015	
1.9: Preparation of Baseline and Options Study and Preliminary Readiness Plan							
11	I.9.1	Preparing a Baseline and Options Study	P-I.9.1: Baseline and options study	Ha Dang Son	04.09.2015	28.03.2015	Inputs from Task I.5 are required
12	I.9.2	Preparing a Preliminary Readiness Plan	P-I.9.2: Draft readiness plan	Morten Pedersen	30.09.2015	28.05.2015	Inputs from I.6.3/I.8.1 and I.7.2-I.7.5 are required

