



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



Quarterly Report
Report No. 3
August – October 2014

Submitted to

Ministry of Construction

Department of Science, Technology and Environment (DSTE)



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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 third quarter of the project is from August to October 2014. During this period, the project team has been working on Institutional review of the Cement sector in Vietnam and Data relevance and availability.

2 MAIN ACHIEVEMENTS OF THE THIRD QUARTER

The main activities and products in the third quarter:

2.1 Establishment of the Project Steering Board

The Project Steering Board (PSB) was formally established by Decision 842/QD-BXD on 11 July 2014 with eight members. The Vice Minister of the Ministry of Construction, Mr. Nguyen Tran Nam, is the Head of the Board.

The list of PSB members was provided as Appendix 1.

2.2 The visit of MOC delegate to EU

In the period between 16 September to 25 September 2014 MOC has performed a mission to the Switzerland, Germany and Sweden. The following persons have participated in the mission:

Name	Position
Nguyen Trung Hoa	DG, Department of Science, Technology, Environment (DSTE)/MOC
Luu Linh Huong	PMU Secretary, DSTE/MOC
Hoang Huu Tan	DDG, Department of Building Materials/MOC
Hoang Hai Van	Expert General Department of MOC Office
Morten Pedersen	Team Leader (partly)
Ha Dang Son	Deputy Team Leader
Bruno Vanderborght	International Cement Expert (partly)
Nguyen Tuan Anh	National Cement Expert (partly)

The mission was structured to give an overview of CSI and EU-ETS on technical, administrative and legal issues, as well as emission control policies relevant for the cement sector. Furthermore the mission had a balance between private and public sector experiences, where the delegation learnt about the system from the different perspectives: the policy maker (SEPA), the enterprise (Holcim), and the negotiator (IETA). After the meetings the power point presentations were shared and also clarification of different issues was done through e-mail.

MOC considered it exited to learn about the : 1) EU-ETS exemplified through the Swedish example and with the focus on the daily administration, including disputes, 2) The voluntary approach of the cement industries through the CSI, 3) the very concrete actions to reduce CO2 emission at the cement plant, Holcim Dottenhausen, and the practical experience by a company to fulfil the EU-ETS and German administrative requirement.

Below are pictures of each of the 5 key meetings. 1) WBCSD/CSI represented by Mr. Roland Hunziker; 2) IETA represented by Mr. Dirk Forrister; 3) Holcim Dottenhausen, Germany; 4) Swedish Cement and Concrete Institute represented by Prof. Katarina Malaga; and 5) Swedish Environmental Protection Agency represented by Mr. Johan Bogren, Ms. Sara Almqvist and Ms. Ulla Jennische. The detailed agenda of the mission is provided as Appendix 2.



Figure 1: Meeting with Mr. Roland Hunziker of WBCSD/CSI on 18 September, 2014



Figure 2: Meeting with Mr. Dirk Forrister, President and CEO of IETA on 18 September, 2014



Figure 3: Visit Holcim Dottenhausen for low carbon measures in a cement facility on 19 September, 2014



Figure 4: Visit Swedish Cement and Concrete Institute on 22 September, 2014



Figure 5: Meeting with Swedish EPA on ETS and follow up activities within NPI, on 23 September, 2014.

2.3 Report on Low Carbon Initiatives in cement companies in Vietnam (P-0.7)

The report has reviewed on-going low carbon projects in the cement sector in Vietnam through a survey at Ha Tien 1 and Holcim cement plants in Kien Giang province. The main purpose of the report is to get experiences from already on-going low carbon projects in two cement companies Vietnam, analyzing business drivers and lessons learnt from implementation of the options, for example: business incentives, managerial aspects, public awareness, MRV.

The report has been submitted to MOC for review.

2.4 Completion of Task I.1 – Overview of relevant policies, processes, initiatives and stakeholders (P-I.1.1 – P-I.1.3)

This task is the first step of the Phase 1- *Designing stage of the project*. The consultant team has conducted desk study and dialogue with key stakeholders to gather and review all related information on policies, laws, regulations, industry road maps, targets, forecasts, performance benchmarks, incentive mechanisms for the cement industry in Vietnam.

Under this task, the Consultant has delivered the report: *Assessment of Legal and Institutional Framework of Cement Sector*, covering an overview of cement industry in Vietnam, the chronological overview of cement sector legislations and strategies. The report also provides an analysis of Institution and Governance for cement Sector; Current national plans, policies and strategies related to cement sector; Some international examples of legal and institutional setup in mitigation and MRV in cement industry.

The report has been submitted to MOC for review.

2.5 Mission week to Vietnam under Task I.2 – Identification and collection of relevant data

The mission has been performed by the International Cement Sector Specialist, Mr. Bruni Vanderborgh and the International Designated MRV Expert, Mr. Axel Michaelowa from 25 to

29 August 2014 in Vietnam. The purpose of the mission is to collect facts and findings for the development of several subtasks under Task I.2: *Identification and collection of relevant data*.

During the mission, site visits to 04 selected cement plants have been conducted with the participation of the international experts, national experts and experts from MOC to get an overview of existing data and information systems of the Vietnam cement plants and collect comments/ opinions for the development of MRV system. Meetings with other relevant stakeholders such as MONRE, donors (WB, JICA) have been organized to discuss and exchange information on other relevant initiatives in Vietnam.

The mission program was provided as Appendix 3.

2.6 Report on Project and Emission Boundary (P-I.2.1)

This report is the output of subtask I.2.1 under the Design Stage: *Determination of justified emissions boundary for Pilot Programme*. This report presents and discusses different options for the delineation of the emission and project boundary based on the review of existing standards, protocols and methodologies related to the cement sector. Taking into account the relevance for the cement sector in Vietnam, recommendations for an appropriate emission and project boundary for a cement NAMA in Vietnam are provided.

The report has been submitted to MOC for review.

2.7 Report on Data set guidelines and calculation methodologies (P-I.2.2)

This report is the output of subtask I.2.1 under the Design Stage: *Assessment of availability and quality of the data required for determining sector-level emissions and mitigation potential*. This report provides an overview of energy and CO₂ MRV processes in the cement sector and defines necessary and ideal dataset and associated calculation methods and formulae for determining sector-level emissions and mitigation potential. The reports also include a number of examples with such reporting of production, utilisations of fuels and minerals, energy-efficiency and CO₂ emissions from different countries and regions worldwide illustrate how such systems can be used by the cement industry, the authorities and other stakeholders to foster progress and energy and CO₂ efficiency of the cement industry.

The report has been submitted to MOC for review.

2.8 Report on Assessment of availability and quality of the data and gap analysis (P-I.2.3-4)

This report is the output of subtask I.2.3: *Assessment of availability and quality of the data required for determining sector-level emissions and mitigation potential* and subtask I.2.4: *Identifying data gaps for necessary and ideal datasets and proposing solutions to fill the gap*. The report provides general assessment of availability and quality of the data in cement sector in Vietnam to serve as the necessary dataset for determining sector-level emissions and mitigation potential and also recommendations to improve the quality of data. This study figures out a number of barriers for data collection at a facility level ranging from technical issues, capacity and/or knowledge, commitment of the plants to the data accessibility that constituted such data gaps and proposes recommendations on the solutions to overcome such barriers.

3 SUMMARY OF THE MAIN OBSERVATIONS DURING THE THIRD QUARTER.

- a. Although all outputs planned during the third quarter period have been performed, there have been some delays of completion date. The main reason is that the work has been reorganised to perform a workshop in Vietnam, as described in point b, to secure the cement plants has a better opportunity to understanding the importance of the project.
- b. The cement plants still have a limited knowledge of the what is a NAMA and added value for them. The workshop on Introduction of Energy and CO2 reporting system for cement plants which is scheduled on 7 November 2014 should be a good opportunity for awareness raising among Vietnam Cement plants.
- c. The assessment of data available via desk review and site visits shows that the current monitoring system and recording practice at the cement plants allow them to gather data of different aspects including operational performance (e.g. capacity, clinker and cement output), energy consumption (e.g. fuel consumption, electricity consumption), and additive-related information. However, there are gaps existing between the dataset required for the project and the existing dataset at both levels - national and facility ones in terms of accuracy, completeness and consistency. These gaps are very likely to impose a high uncertainty on the outcomes calculated/aggregated based on the current dataset.

4 PRESENTATION OF THE THIRD QUARTER ADMINISTRATIVE ISSUES.

4.1 Replacement of project staff

As the Senior Legal and Regulatory Expert, Ms. Justine Sefton will not available for the assignment, the consortium proposes to make a replacement accordingly.

- Replacement of Ms. Justine Sefton by Mr. Chris Dodwell and Ms Anna-Liisa Kaar for the position of Senior Legal and Regulatory Expert.

Formal request for replacement has been forwarded to MOC for approval.

4.2 Budget management

The budget is in line with the agreed contract.

5 EMERGING IDEAS AND OPPORTUNITIES.

The visit of MOC delegation to WBCSD/CSI has brought in an opportunity for collaboration between CSI and cement companies/associations in Vietnam with regard to the contribution to the GNR as well as potential supports by CSI on building up MRV system at the company level. The project team will follow up with the respective awareness and capacity building activities.

6 CONCLUSIONS AND RECOMMENDATIONS

MOC is following the project closely. A common focus in the third quarter has been to prioritize to explain the business opportunities including the CSI in plain language. In parallel

an significant effort has been done to gather some data for some companies and therefore it should be realistic to forward the first version of the database mid-December.

The cement companies are showing significant interest in the project, but it is a challenge to secure sharing of data.

7 WORKS TO BE DONE IN THE NEXT QUARTER (NOVEMBER 2014 – JANUARY 2015)

No.	Sub-task	Description	Sub-product	Responsible	Expected date	Original date	Remark
Workshop on MRV and database for Vietnam's cement companies							
1		Energy and CO2 reporting system for Vietnam cement sector		Phan Minh Thao	6.11.2014	September 2015	The workshop, in connection with III.1.1, will promote a common MRV practice/system in cement companies of Vietnam
I.2: Identification and collection of relevant data							
2	I.2.5	Collection of the available data and of missing items of necessary dataset.	(P-I.2.5/6a) Report: "Data collection and management framework and database design"	Tran Minh Tuyen	19.12.2014	29.10.2014	Additional data will be collected in the 4 th /5 th quarters in connection with III.2.1
3	I.2.6	Setting up of a database system (incl. first version of database) to be used by the project	(P-I.2.5/6b) First version of database and note describing the actual content of the database (P-I.2.5/6c) Updated version of database and note describing the actual content of the database	Tran Minh Tuyen	20.1.2015	27.10.2014	Significant activities will be performed in the fourth quarter.
I.3: Development of baseline emission trends for the cement sector							

No.	Sub-task	Description	Sub-product	Responsible	Expected date	Original date	Remark
4	I.3.1	Identifying the historical trend of the emissions included in the scope of the Pilot Programme and determinants of these emissions	P-I.3.1: Trends of emissions	Stefan Wehner	15.01.2015	21.11.2014	The historical trend will be built based on the existing data available to the Consortium
5	I.3.2	Determining the range of baseline projections for cement sector emissions, based on production level and emission intensity scenarios	P-I.3.2: Baseline projection study	Bruno Vanderborght	20.01.2015	19.12.2014	The projection will be developed based on the existing data available to the Consortium, and in close collaboration with I.3.1
6	I.3.3	Identification and discussion on issues related to setting the reference level for receiving international support and/or carbon credits	P-I.3.3a: Different reference level P-I.3.3.3b: Comparison study	Bruno Vanderborght	26.01.2014	26.01.2014	The work is highly dependent on the outcome and progress of I.2.5 and in close collaboration with I.6.1
7	I.3.4	Recommending procedures and international requirements for management and revision of baseline database	P-I.3.4 – Report on Recommending procedures and international requirements for management and revision of baseline database	Stefan Wehner	26.01.2014	26.01.2014	Significant activities will be performed in the third quarter in connection with I.2.5 and I.2.6
I.4: Setting up of sector-level MRV system of international standard							

No.	Sub-task	Description	Sub-product	Responsible	Expected date	Original date	Remark
8	I.4.1	Identification of current MRV systems and procedures in cement companies in Vietnam consistent with actual data availability	P-I.4.1: Current MRV systems and procedures in cement companies in Vietnam	Axel Michaelowa	15.01.2015	26.09.2014	Significant activities will be performed in the fourth quarter
9	I.4.2	Assessment of availability and quality of the data required for determining sector-level emissions and mitigation potential	P-I.4.2: Recommendation for improving MRV practices.	Bruno Vanderborght	15.02.2015	25.11.2014	Mission to Vietnam for the MRV workshop during November 2014.
10	I.4.3	Proposing appropriate institutional arrangements for MRV	P-I.4.3: Appropriate institutional arrangements for MRV	Dang Hanh	10.02.2015	19.12.2014	The work is a follow-up of finding from I.2.5/6. Significant activities will be performed in the fourth quarter.
I.5: Assessment of mitigation potential, costs barriers and policy options							
11	I.5.1a	Assessment of current and planned policies relevant to Vietnam's cement sector.	P-I.5.1a: Comparative analysis on current and planned policies in Vietnam	Nguyen Tuan Anh	15.03.2015	28.06.2014	The work is a follow-up of subtasks I.1.1. Significant activities will be performed in the third quarter
12	I.5.1b	Assess the policies and regulations in other countries and evaluate whether it can be used in a	P-I.5.1b: Comparative analysis on policies and regulations in other countries and the applicability to the cement	Chris Dodwell/ Anna-Liisa Kaar (not decided yet)	30.03.2015	28.06.2014	Link to sub-task I.1.2 and outputs of I.5.1a. Progress dependent

No.	Sub-task	Description	Sub-product	Responsible	Expected date	Original date	Remark
		Vietnamese context of the cement sector emissions in Vietnam	sector of Vietnam				on approval of staff
13	I.5.2	Identification of various mitigation action from Vietnam's cement sector	P-I.5.2: Various mitigation action for the cement sector	Ha Dang Son	15.03.2014	19.12.2014	The work is a follow-up of subtasks 0.7 and findings from I.2.5/6.
I.6: Options for matching policy toolkit with NAMA support							
14	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 the political economy analysis (which policy instruments are actually available) will be reflected.	P-I.6.1: Type and requirements of the NAMA	Ingo Puhl	28.01.2015 (will be changed)	28.01.2015	TOR will be prepared in December and activities started in January.
I.7: Identification of potential national and international financial resources							
15	I.7.1	Analysis of existing financing sources	P-I.7.1: Existing financing sources	Ingo Puhl	10.01.2015 (will be changed)	28.06.2014	TOR will be prepared in December and activities started in January.

No.	Sub-task	Description	Sub-product	Responsible	Expected date	Original date	Remark
16	I.8.1	Preparing stakeholder map and plan identifying relevant stakeholders for the Consultation Stage and issues to be discussed	P-I.8.1: Stakeholder Mapping and Consultation Plan	Manuel Coco	30.01.2015 (will be changed)	30.04.2015	The work is a follow-up of subtasks I.1.3.

APPENDIX 1. THE PROJECT STEERING BOARD

No.	Name	Title	Organization
1	Mr. Nguyen Tran Nam	Vice Minister of MOC, as Head of Project Steering Board	MOC
2	Mr. Le Viet Anh	Deputy Director of the Department of Foreign Economic Relations of MPI, as member of the Board	MPI
3	Mr. Nguyen Khac Hieu	Deputy Director of the Department of Meteorology, Hydrology and Climate Change of MONRE, as member of the Board	MONRE
4	Mr. Nguyen Van Thanh	Deputy Director of the Industrial Safety Techniques and Environment Agency of MOIT, as member of the Board	MOIT
5	Mr. Nguyen Dinh Hau	Deputy Director of the Department of Science and Technology for Economic and Technical Sectors of MOST, as member of the Board	MOST
6	Mr. Nguyen Hoang Lam	Head of Bilateral Relation Division I, the Department of Debt and Foreign Finance Management of MOF, as member of the Board	MOF
7	Mr. Nguyen Trung Hoa	Director General of the Department of Science, Technology and Environment, of MOC as Project Director	MOC
8	Mrs. Luu Linh Huong	Expert of the Department of Science, Technology and Environment of MOC, as the Board's Secretary	MOC

APPENDIX 2. SUMMARY OF THE EU VISIT BY MOC DELEGATE

1. List of MOC delegation

No.	Name	Position	Department/Agency/Ministry
1	Nguyen Trung Hoa	Director General	Dept. of Science, Technology, Environment
2	Luu Linh Huong	PMU Secretary	Dept. of Science, Technology, Environment
3	Hoang Huu Tan	Deputy Dir. Gen.	Dept. of Building Materials
4	Hoang Hai Van	Expert	General Department of MOC Office

2. Working Program in EU

Day	Time	Venue	Activity	Received by
18-Sep	9:30	WBCSD/ Geneve, Switzerland	Meeting CSI - Cement Sustainable Protocols and MRV - The Get the Right Number (GNR) database.	Mr. Roland Hunziker - Deputy Program Director
	14:30	WBCSD/ Geneve, Switzerland	Meeting IETA - Carbon Trading and ETS - Future of carbon markets.	Mr. Dirk Forrister - President and CEO
19-Sep	10:30	Holcim Süddeutschland/ Dotternhausen, Germany	Visit Holcim Dotternhausen plant (Cement Production and Technology) - CO2 management, AFR, Burnt Oil Shale, low CO2 cement - Sustainable Development and nature conservation - Plant tour.	Mr. Markus Knobelspies - Director Energy and CO2 Mrs. Sabine Schädel - Director Kommunikation
22-Sep	9:30	CBI/ Stockholm, Sweden	Meeting Swedish Cement and Concrete Institute - Presentation of the Swedish Cement and Concrete Research Institute - Discussion on potential collaboration within NPI project - Visit to the laboratory.	Prof. Katarina Malaga - CEO and President Mr. Richard McCarthy, Sales Manager
	15:00	NIRAS SE/ Stockholm, Sweden	Meeting NIRAS Sweden - Welcome by NIRAS as the lead firm of NAMA Cement - General introduction about NIRAS and its activities.	Mr. Tor Lundström, Head of International Consulting

23-Sep	9:00	SEPA/ Stockholm, Sweden	Meeting Swedish Environmental Protection Agency (Policy Development Department) - Presentation of the Swedish EPA and the Swedish implementation of EU ETS - Presentation/discussion on two NPI projects in Peru and in Vietnam	Mr. Johan Bogren, Head of the Policy Instruments for Climate and Air Unit Mrs. Sara Almqvist Mrs. Ulla Jennische
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APPENDIX 3. MISSION PROGRAM FROM 25-29 AUGUST 2014

Day	Time	Venue	Activity	Received by
25-Aug	9:00	Project Office	Team Internal Meeting - Mission Program - Technical discussion for different project tasks	
	14:00	Project Office	Coutersy Meeting with MOC	Mr. Nguyen Trung Hoa - Director , DSTE, MOC
	15:00	Project Office	Discussion on Additional Survey report	
26-Aug	10:00	Bim Son, Thanh Hoa Province	Meeting with Bim Son CP (Stated-owned) - Introduction situation, - Data access - Comments on Monitoring / Reporting system	Mr. Nguyen Van Chau, Deputy Director General Mr. Vu Van Hue, Chief of Technical Safety Department Mr. Do Tien Trinh, Chief of Production Technique Department Mr. Pham Van Khanh, Chief of Planning and Economic Department
	14:00	Thanh Hoa, Province	Meeting with Nghi Son CP (JV) - Introduction situation, - Data access - Comments on Monitoring / Reporting system	Mr. Mizuma Seiichi, Plant Director Mr. Nguyen The Hai, Deputy Director of Plant Mr. Tran Van Hung, Chief of Technology Department Mr. Susumu Nojima, Chief of Production Department Mr. Yoshinori Yokote, Vice-Chief of Production Department
27- Aug	8:30	Ninh Binh Province	Meeting with Duyen Ha Cement (Private) - Introduction situation, - Data access - Comments on Monitoring / Reporting system	Mr. Tran Van Tuyen, Deputy Director General Mr. Ngo The Phuc, Production Deputy Director Mr. Do Quoc Cuong, Chief of Center Technology Department Mr. Bui Quoc Dat, Vice Chief of Planning Material Department

	14:00	Ninh Binh Province	Meeting with But Son CP (JV) - Introduction situation, - Data access - Comments on Monitoring / Reporting system	Mr. Duong Dinh Hoi, General Director Mr. Le Van Ha, Vice-Director of Project Management Board Mr. Tran Van Duc, Chief of Production Technique Department Mr. Pham Ba Anh, Chief of Development Study Department Mr. Nguyen Thai Sinh, Vice-Chief of Environmental Safety Department
28-Aug	9:00	MONRE office 10 Ton That Thuyet, Hanoi	Meeting with MONRE; - Introduction of Pilot Programme - Discussion about on-going activities by MONRE related to low carbon	Mr. Nguyen Khac Hieu, Director of Department of Meteorology, Hydrology and Climate Change (DMHCC), MONRE
	14:00	WB office, 63 Ly Thai To, Hanoi	Meeting with WB: - Introduction of Pilot Programme - Discussion about on-going activities by WB related to low carbon	Ms. Laura Laltinger
29-Aug	10:00	Project Office	Debriefing with MOC: - Brief note on meetings and discussions during the mission	Mr. Nguyen Trung Hoa - Director , DSTE, MOC
	14:00	Project Office	Project Internal Meeting - Technical discussion for different project tasks	