



[REPORT TASK I.5.1a] CURRENT AND PLANNED POLICIES

EXECUTIVE SUMMARY

The objective of this report is to assess the current and planned policies relevant to Vietnam's cement sector having connection to emissions of the cement sector in Vietnam and provide recommendations on whether the current regulatory system could facilitate the implementation of low carbon initiatives and standardized MRV system in the cement sector of Vietnam, or if new/ revised policies/legal documents would be required.

The methodology of the report is based on survey analysis, gaps analysis and comparative analysis. A significant number of meetings have been held with key stakeholders and policy makers such as: MOC, MOIT, MONRE, and MPI, research institute: VIBM and key cement producers. The minutes of these meetings are enclosed in the appendix 1 of this report.

The report consists of three main chapters:

- Chapter 1: Introduction of current and planned policies: In this chapter all policy and legal document related to energy and GHG emission issues are listed. It includes existing and also planned policies and documents.
- Chapter 2: Policy mapping and gaps analysis. In this chapter, the

Consultant analyze the policy, legal documents and institutional issues following the thematic:

- Clinker and cement capacity expansion scenarios and planning
- Energy including Energy efficiency, WHR, fuel mix
- Clinker, cement and concrete standards and applications
- Limits on energy consumption and CO2 emissions and MRV system
- Chapter 3: Conclusions and Recommendations for intervention. The consultant team provides some recommendation for the policy maker to influence the regulatory system to facilitate cement sector to implement low carbon option.

Key findings of the report are summarized below:

- The key document regulate cement industry including government decree on management of building materials and the Master Plan for development

of cement industry in Vietnam is developed when the law on energy saving and conservation, new Law on environment protection with climate changes issues, National program to respond to climate changes, Vietnam green growth strategy are not in place, so the development of the *cement sector was not planned with sustainable development issues.*

- The coordination of MOC with other ministries regarding reporting energy and GHG emission data should be reinforced. In particular the consultant team recommends to develop joint-circular regarding this issue. MOC as line ministry of cement industry should take the active role to collect data from cement plants, consolidate and report to MOIT and MONRE sectorally.
- The Consortium proposes to use the KPI calculated by CSI MRV tool as key targets for any future policy and regulation in cement industry. This target should be set clearly and consistently.
- There are many gaps in regulation document for cement industry. To fill the gaps, there will be need for allocation of fund and expertise to integrate the energy and GHG emission issues in relevant legal document gradually. DSTE of MOC need to take immediate action for ongoing revision/development of: Decree on management of building material sector, action plan for green growth for construction sector, Action Plan for Climate changes for construction sector. These documents are planned to be released in 2015.
- There is lack of incentives for cement plant to invest in energy efficiency solution, use alternative fuels, blend more slag and fly ash. In the scope of

this report, the consultant team has not done the deeper analysis on the financial and economic aspects of the recommended policies or regulation. Raising a fund to support investments of the low carbon option is an initiative in regards to this issue.

- The industries that produce industrial wastes as slag, ash, gypsum shall start to invest in solutions that improve the quality of these waste according to recently released decision No. 1696/QD-TTg so that cement industry could use them to reduce clinker content in cement.
- Some specific recommendations for intervention of the policy include:
 - Join ministerial circular on compulsory MRV system for cement industry
 - General targets with reference to CSI KPI are set and used in all related legal & regulation documents
 - Master plan for development of cement industry is updated with energy and emission issues
 - Decree on management building materials is revised with energy & emission, green products related issues
 - Climate changes action plan, GGAP for construction sector to include energy & clear emission target and implementation solution for cement industry
 - Join circular MOC-MOIT on SEC and EE roadmaps for cement industry
 - Contribute with MOIT in national planning for MSW-to-

energy power plan and biomass power plan

- Continuously seek for incentivized policy for cement company to use biomass, wastes as fuels
- Facilitate the establishment of waste handling company for supplying to cement company
- Implement strictly the policy and regulation solution decided recently by government on management slag, fly ash, gypsum
- Develop value sharing mechanism for waste-to-building materials chain, stabilization mechanism for industrial waste to be used as building materials
- Develop eco-friendly/green labeling system for building materials

- Voluntary agreement with cement industry for EE/CO2 reduction.

Within scope of the report, The Consultant team proposes overall recommendations including revision of existing legal documents and issuance of new ones. In the coming implementation phase of NAMA Cement, MOC in collaboration with other government agencies shall take consideration on synchronization of revision of related policies, frameworks. There are many adjustments required. Some require collaboration from other government agencies. Therefore, MOC shall make a clear roadmap for development and bringing the policies, frameworks into force. The specific technical targets, technologies measures to reach targets shall be referred from coming reports of the project. They will serve as technical background for the management when revising policies and frameworks for cement sector

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