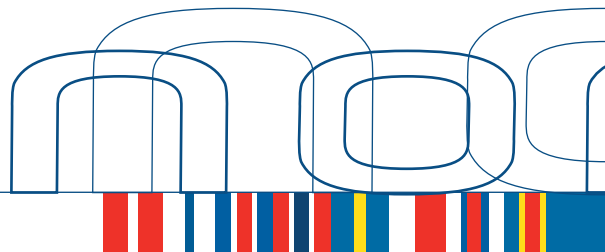




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Nordic Partnership Initiative: Cement Sector NAMA Readiness Programme in Vietnam

Photo: Ulla Jennische / Swedish Environmental Protection Agency



Financial sustainability of the actions, including plans for phase-out of international support in the long term, is taken into account in the development process.

The NPI will provide lessons learned from early activities to the international climate negotiations and serve as a model to encourage other Parties to take similar actions. The principles of matching NAMAs with developed country support are in a nascent stage and the Nordic sponsors of the Initiative are confident that the NPI will enhance the tool box of options available to developing countries to address climate change.

The Nordic Partnership Initiative on Up-Scaled Mitigation Action (NPI) has been established in December 2011 to support climate change mitigation efforts in developing countries. The NPI is funded by Denmark, Finland, Iceland, Norway and Sweden and implemented in co-operation with Peru and Vietnam.

The aim of the Initiative is to demonstrate how innovative international climate finance solutions can achieve sector wide greenhouse gas emission reductions in developing countries. Using a bottom-up methodology that draws heavily on the input of local stakeholders, NAMA Readiness Programmes have been established in Peru and Vietnam. During the Programmes

concrete financeable proposals of Nationally Appropriate Mitigation Actions (NAMAs) are developed as proof-of-concept activities that will drive the development and implementation of further NAMAs¹.

Key to the success of these NAMA Readiness Programmes is the fact that the NAMAs are embedded in the countries' development plans and strategies by the local regulatory authorities. To ensure sustainability and transformational change, the NAMA proposals will include different types of actions that will take place in the short, medium and long term perspective: pilot projects, targeted policy instruments and policy reform, supported by financial schemes.

Cement sector Pilot Programme in Vietnam

The specific sector selected for the implementation of the NAMA Readiness Programme in Vietnam was the cement sector, with a focus on its energy efficiency. Vietnam is one of the top cement producers and consumers in the world, with a total of 75 production lines in operation and more than 61 million tonnes of clinker and cement produced in 2013². The cement sector is one of the most energy intensive industries in the country.

Technologies used in Vietnam's cement sector are relatively advanced. However, actual operational practices are often sub-optimal, leading to

¹NAMAs are large-scale host country driven emission reduction actions that are supported and enabled by international and domestic financing, technology, and capacity building

²Source: Department of Building Materials, Ministry of Construction of Vietnam



higher than necessary energy consumption. In addition, greenhouse gas emission control is not a core focus of the country's cement enterprises. The NAMA Readiness Programme will bring the goal of climate change mitigation into the heart of cement production processes. In addition, the Programme will enable Vietnam to set up a monitoring, reporting and verification (MRV) system for the sector's emissions.

The Ministry of Construction of Vietnam (MOC) is in charge of planning, managing and regulating the cement market in Vietnam, and therefore the Ministry is the implementing partner in this NAMA Readiness Programme. The primary environmental issues in the sector currently are carbon dioxide and dust emissions from cement production, and ineffective use of resources in production processes.

The budget of the NPI Programme in Vietnam is €1.6 million, and it is financed by the Nordic Development Fund (NDF) and Vietnam. The Vietnam cement sector NAMA Readiness Programme has started in March 2014 and will continue until March 2016.

Targets of the NAMA Readiness Programme

The overall objective of the NAMA Readiness Programme is to strengthen Vietnam's ability to prepare, propose and implement a full-scale scheme of a clearly specified NAMA in the cement sector. The Programme will identify and propose suitable NAMA options to mitigate greenhouse gas emissions in the cement sector and enable Vietnam to benefit from international climate finance.

The readiness activities consist of the following:

- Collection of up-to-date data on emission reduction potential
- Development of baseline emission projections
- Estimation of emission reduction impact of mitigation actions
- Developing a measurement, reporting and verification (MRV) system for emissions
- Identification of barriers to mitigation actions and proposals to overcome them
- Identification of appropriate support instruments for mitigation actions
- Relevant institutional arrangements, capacity building and training.

At the end of the NAMA Readiness Programme, it is expected that the MRV system of the cement sector is in place and the programme is ready to receive international funding e.g. through the carbon market or other climate finance instruments for the implementation stage of the NAMA.

Challenges and opportunities in the cement sector NAMA development

One of the main challenges in the NAMA development in Vietnam cement sector has been how to involve and incentivize the cement companies in Vietnam to take part in the MRV system and report their emissions. Some of the companies are wary of sharing information on their emissions, especially if they do not benefit from such system directly. Also in Vietnam there exists a distrust of verifiers in general, which needs to be alleviated by the NAMA developers.

Another challenge is that the Ministry of Construction has all building materials under its jurisdiction and the cement development planning is also regulated under a master plan for the building materials. Therefore a low carbon development

plan for the cement industry of Vietnam in this NAMA Readiness Programme should be supported by a low carbon master plan for building materials, but the MOC has worked well to overcome this challenge.

Opportunities of the NAMA Readiness Programme include increasing the knowledge and capabilities of the cement sector actors to take energy efficiency and emission control into account in their processes, which can generate financial benefits through smaller energy consumption and health benefits through smaller dust emissions.

Partners involved in the Programme

- The Nordic Council of Ministers
- The Nordic working group for global climate negotiations (NOAK)
- Ministry of Construction of Vietnam (MOC)
- Nordic Development Fund (NDF)



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