



USAID VIETNAM CLEAN ENERGY PROGRAM

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Submitted by

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PURPOSE OF DOCUMENT

This document reports the accomplishments of the Vietnam Clean Energy Program on its first year of implementation, covering the period October 1, 2012 to September 30, 2013.

VCEP is being implemented under the United States for International Development-Winrock International Contract Agreement No. AID-486-C-12-00008.

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EXECUTIVE SUMMARY

Implementation of the Vietnam Clean Energy Program (the Program) started on October 1, 2012, with ambitious targets for the first year of implementation. Unfortunately, activities could not be implemented as planned given the lack of project approval by the Government of Vietnam (GVN) through Decree 38.

Study tours, workshops and out of town meetings and site visits were put on hold, and the Program was basically limited to undertaking assessments and other desk studies. While these help lay the foundation for interventions under the Program, the Program was designed with more substantive results in mind. As of the end of the reporting period, GVN approval has not yet been obtained, although clear progress has been made towards that objective. This is described in more detail in the Challenges Encountered and Lessons learned section

This annual program performance report outlines accomplishments vis-à-vis deliverables promised under the restart plan that was submitted in April 2012, which essentially took the place of year 1 deliverables as listed in the Year 1 work plan provisionally approved by USAID in January 2013.

1 PROGRAM DESCRIPTION

The USAID Vietnam Clean Energy Program (the Program) is the flagship USAID initiative to promote a cleaner energy environment in Vietnam. Implementation of this program started in October 2012, following award of a contract by Winrock International by USAID/Vietnam on September 12, 2012.

The Program's primary objective is to build capacity in Vietnam, strengthen the foundation for low emission energy systems, and contribute to the larger overall USAID goals of accelerating the Vietnam's climate resilience and achieve low emission sustainable development. The Program aims to build low emissions energy systems in Vietnam through three program implementation areas:

Sub-IR 2.1 (Task 1): Enhance capacity to acquire, manage, analyze, and use energy sector data in decision making

The objective of this Sub-IR is to strengthen capacity of GVN institutions in energy sector data collection, database development, analysis, modeling, and use of the results for energy planning and policymaking, as well as strengthen GVN understanding of the impact of various clean energy policies, programs, and initiatives. This enhanced capacity complements the high level national planning associated with USAID's EC-LEDS initiative, and builds the technical modeling and planning capacity of the government and USAID to make targeted interventions in the clean energy sector.

Sub-IR 2.2 (Task 2): Increase energy efficiency in high energy use sectors

The objective of this Sub-IR is to reduce energy use in high priority, high opportunity sectors. Assistance will include enhancing access to finance for energy efficiency projects; supporting creation of national and local enabling policies and programs that promote expanded use of energy efficiency practices; demonstrating demand-side management approaches; and enhancing capacity of professionals to develop and implement viable energy efficiency projects and improved management approaches.

Sub-IR 2.3 (Task 3): Increase public and private investment in and piloting of renewable energy technologies

The objective of this Sub-IR is to assist developers obtain financing for renewable energy projects; improve the national and local enabling environments that facilitate increased private sector investment in renewable energy; and implement renewable energy demonstration projects. This Sub-IR focuses on renewable resources that have received relatively less attention to date, including solar, biomass, and biogas.

2 MAJOR ACCOMPLISHMENTS FOR YEAR 1

The contract requires that the annual report describe progress made in achievement of expected results. It also specifies that the report should draw on the performance monitoring plan (PMP) and provide a clear presentation of progress over the course of the year and analysis of successes and challenges.

The table 1 below shows progress versus expected results, as listed in the provisionally approved performance monitoring plan.

Table 1. Targets vs. Accomplishments	
Ref 2.0.1	USG Indicator 4.8-7
Indicator: Quantity of greenhouse gas emissions, measured in metric tons of carbon dioxide equivalent (CO2e) reduced or sequestered as a result of USG Assistance Target year 1: Zero Actual year 1: Zero	
Ref 2.02	USG Indicator 4.8.2-6
Indicator: Person Hours of training completed in clean energy supported USG assistance Target year 1: 2,000 person hours Actual year 1: Zero	
Ref 2.1.1	USG Indicator N/A (custom)
Indicator: Number of stakeholders [policymakers] able to acquire, manage, analyze, and use energy-sector information in their decision-making as a result of USG assistance Target year 1: Zero Actual year 1: Zero	
Ref 2.3.1	USG Indicator 4.8.2-10
Indicator: Amount of investment leveraged, in US dollars, from private and public sources for renewable energy projects as a result of USG assistance Target year 1: \$250,000 Actual year 1: Zero	
Ref 2.2.1	Custom Indicator
Energy conserved through reduced energy demand and increased energy efficiency Target year 1: Zero Actual year 1: Zero	

As mentioned in the executive summary, the failure to meet the expected targets as laid out in the provisionally approved year 1 work plan and PMP was due primarily to the lack of project approval by the Government of Vietnam (GVN).

In April 2013, Winrock submitted a [Restart Plan](#) which included a change in Program leadership and ‘quick-win’ activities designed to be responsive to the needs of the government to facilitate formal project approval. It included personnel changes and additions, i.e.

- Replacement of Chief of Party Horst Meinecke with Mark Tribble
- Hiring of senior adviser to help with program registration

- Bringing in of interim international component leads who will be able to credibly represent the project and each of the components at meetings with partners and government counterparts and be able to demonstrate to GVN officials, particularly at MOIT and MOC, the value that VCEP brings to meet the needs identified by GVN to meet Vietnam’s LEDS and clean energy objectives.

The restart plan also laid out a concrete plan and timeline for project approval by MOIT/GDE by September 2013.

Finally, the restart plan included several activities and corresponding deliverables under each of the 3 technical components, i.e.:

Components	Deliverables under Restart Plan
Task 1 Enhance capacity to acquire, manage, analyze, and use energy sector data in decision making	Data need assessment
	Modeling needs assessment
	Capacity building needs assessment for data management
	One day workshop on Database harmonization and data templates
	Database design on end-use energy consumption, energy intensity and benchmarking by sector with emphasis on building sector
	Energy intensity indicators
Task 2 Increase energy efficiency in high energy use sectors	Vietnam Energy Efficiency Policy and Program Review (Gap analysis and identification of opportunities for EE improvements particularly in building sector)
	Summary of current DSM programs in Vietnam and Roadmap for Demand-side Management and End-use Energy Efficiency; proposals on design for DSM pilot program linked to energy management systems and building energy use
	Evaluation of baseline and incremental costs and EE potential of code-compliant buildings (required for mobilizing financing)
	Assessment of status of ESCO’s in Vietnam
	Report on establishing financing mechanisms in Vietnam for building EE (including need for DCA guarantees)
	Report on potential incentive mechanisms for energy efficient buildings
	Select demonstration of end-use energy efficiency in public water utility
	Assessment of existing training courses related to building efficiency
	Selection of two building projects (one in/near Hanoi and one in/near HCM City) for EE demonstrations

Components	Deliverables under Restart Plan
	Stakeholder workshop on incentive mechanisms
	One day workshop with MOC, MOIT, VACEE, VGBC, WB, DANIDA, IFC, and KfW to discuss policy gaps and incremental cost analysis
Task 3 Increase public and private investment in and piloting of renewable energy technologies	Report on prospects for geothermal energy project investments in Vietnam
	Screening off-grid communities and evaluation of RE resources, technologies, and funding availability to electrify them
	Biomass resource assessments – Rice Husk, Sugar bagasse, wood chips; Pre-feasibility studies for investment projects
	Assessment of RE financing mechanisms for RE project investment opportunities, (including via DCA guarantees, OPIC)
	One day workshop on waste to energy technologies

The following sections describe accomplishments vis-à-vis the above deliverables.

Component 1: Data Collection, Modeling, and Analysis

A number of the Component 1 deliverables were not completed by September 30 either because they were put on hold or design/implementation is based on recipient needs.

The Component 1 team prepared a draft “Modeling Needs Assessment” report. The purpose of this task is to assess what energy modeling processes are currently being used or are in development; identify weaknesses and gaps; and recommend what types of improvements could be made. This report will play a key role in the work with MoC to lay the foundation for data and data modeling. The energy modeling needs assessment involved the following activities:

- Meet with energy sector stakeholders to review modeling processes being used, and the role these will play in decision-making;
- Assess the current energy modeling capabilities based on an inventory of current models used (e.g. supply side, demand, sector wide, policy oriented) and analysis techniques. Identify the desired changes to improve the system;

- Assess the capacity of the stakeholders conducting modeling and determine the need for training;
- Develop an action plan which will provide the platform for subsequent activities under Task 1.2;
 - Presentation of the results in a report format.

The Component 1 team also joined in Program meetings with MOC to provide technical guidance and discuss areas of assistance. The team contributed to the preparation of the DPO for relevant sections and participating in the review of the document. In this regard, the team reviewed on-line database on enterprises/facilities, with focus on Building sector and discussed with DCOP and Component 2 Manager on the review and orientation on the next steps for developing a data base for MOC.

An internal working paper on development of a Renewable Energy Project Pipeline database was prepared at the request of the Component 3 team to assist them in the implementation of such a database.

To accomplish the task above, the team also interviewed the following stakeholders:

- Meeting with GDE Energy Planning Department
- Meeting held with MONRE: Institute of Meteorology, Hydrology and Environment
- EVN, PetroVN Institute
- ERAV
- Donors: WB, ADB, JICA, GIZ, UNDP

In an effort to promote the project and learn from other projects in the energy sector as many workshops were attended as possible. Attending the three workshops below will add to the institutional development of the project and since the goal of the project is to assist Vietnam towards a path of lower emissions energy it was prudent to meet with all stake holders The Component 1 team attended two workshops as well:

- Workshop on "National GHG inventory 2005", sponsored by JICA,
- Workshop on "Biomass for power generation industries for Vietnam"
- Workshop on "Low carbon options" organized by the World Bank.

Component 2: Energy Efficiency in High-Use Energy Sectors

The Component 2 team prepared two memos on energy use in Vietnam—Focus on Buildings as High Energy Use Sector (Overview of Current Data on Energy Use in Vietnam’s Buildings) and Garment

Industry Sector in Vietnam—to help identify priority sectors for the program’s energy efficiency activities. The Component 2 lead, the Alliance to Save Energy, also worked with the COP and DCOP to revise the Component 2 Quick Win Activities, DPO, and technical plan for Quarter 3.

Several Component 2 deliverables were completed: The Component 2 team finalized and submitted the Vietnam Energy Efficiency Policy and Program Review, drafted by SRC Global. EnerTEAM’s draft Report on Assessment of Existing Training Courses Related to Building Efficiency was finalized and edited, and submitted to USAID; the Component 2 team helped prepare a presentation to summarize the main conclusions of the report. In addition, the team incorporated information from IFC, PNNL, and Vietnam Green Buildings Council (VGBC) into a draft scoping paper for Component 2 activities related to incremental costs and energy savings potential of code compliant buildings.

For the deliverable Needs Assessment of Financial Mechanisms for Energy Efficiency and Renewable Energy in Vietnam, the Component 2 team collaborated with Component 3 to develop an interview questionnaire and conducted interviews with local commercial banks and other financial institutions, including Agribank, Vietinbank, Vietnam Development Bank, Bank for Investment and Development of Vietnam, Vietnam Commercial Bank, and Techcombank. The team drafted a first draft of the report. The seminal findings are:

- High interest rates deter investment in EE and RE projects
- Lack of technical knowledge through the loan approval process deter potential project developer’s success to obtain loans
- Large Donor driven funds often are very complex and don’t come with technical assistance therefore stalling the progress of the loan facilities
- Project developers need training to understand the “Banker” mentality and overcome technology overload many bankers face when confronted with complex projects with uncertain revenue streams
- Lack of sufficient feed in tariffs undermine Wind and other renewable projects
- Banks cognizant of complex regulations from citing, to grid connection and firm PPAs from the electricity buyers

The Component 2 team continued to meet with stakeholders such as the World Bank, DANIDA, Asian Development Bank, PNNL, the International Copper Association, UNDP, JICA, MOIT, ERAV, the Department of Construction of Hanoi, VGBC, and the Vietnam Association of Civil Engineering and Environment (VACEE) to solicit input for the above deliverables, and to identify areas of collaboration.

Finally, the Component 2 team members participated in Green Week, the Annual Conference of Vietnam Green Building Council 2013, and the Green Biz Conference. Many equipment manufactures were present at the conference demonstrating their energy efficient equipment. The team took the opportunity to more clearly formulate ideas concerning the building industry. Certainly the lack of Variable speed (frequency) drives stood out as an opportunity in Vietnam. This technology is not

deployed very widely except in 5 star hotels and multi-story apartment buildings. Variable Speed Drives or Variable Frequency Drives represent a huge saving potential.

The conference was well attended by foreign green Building experts living and working in Vietnam and some professionals were identified to possible work in the building portion of the project

As in Component 1, a number of the quick-win activities under Component 2, in particular the workshops, were put on hold. The other reports are still being finalized.

How about the support of the Green Building and Energy Efficiency Workshop – explain involvement of Winrock and benefits to the project, on 16th Apr 2013 Green Building Workshop was co-organized between US Embassy and VN MOC. This offered a chance for Vietnamese and US managers, researchers, consultants and constructors to discuss standards and solutions for green building practices in Viet Nam. As a representative of USAID's ongoing projects in VN, VCEP's COP gave a presentation on the program's objectives, major activities and implementation plan. This is considered as a tool to support for the development of green buildings in Vietnam.

Component 3: Renewable Energy

For most of the fiscal year, the Component 3 team worked on data collection through desk research as well as in-person meetings with GVN, other donors, financiers, banks, local consultants, developers and equipment suppliers. The work done under each of the quick win activities is summarized below.

1. One day workshop on waste to energy & geothermal technologies.

Two planned workshops, Waste-to-Energy & Geothermal, were discussed with stakeholders, MOIT & professionals, but these quick win activities will need to be implemented after the project approval comes from the GVN. However, the meetings were held with number of developers, project owners and equipment suppliers.

2. Report on prospects for geothermal energy project investments in Vietnam.

A report on the prospects was submitted to USAID in the last quarter. The work of collecting information and identifying potential projects was continued by meeting the Department of Geology & Minerals, GVN and potential developers.

To date, the applications of geothermal energy in Vietnam are mainly limited to the drying of agricultural products and some other uses in tourism and therapy. ORMAT– the world leading US group in geothermal energy – did some investigation researches in Vietnam and submitted proposals for investment in 5 geothermal power plants in Le Thuy (Quang Binh province), Mo Duc (Quang Ngai province), Nghia Thang (Quang Ngai province), Hoi Van (Binh Dinh province, and Tu Bong (Khanh Hoa

province). However, no drilling test has been carried out and all the proposed projects just stay on paper. A full site assessment can cost as much as 5 million dollars. In Vietnam the water temperature, depth flow rates are not very accurate so to complete a full study reliable enough to fully implement a geothermal plant to generate electricity is an expensive proposition. Most of the data being used has been taken from mining explorations not specifically for the purpose of developing an electricity generating station.

Some local investors have obtained investment licenses for geothermal energy projects (Quang Ngai 20MW project by Petrovietnam, Quang Tri 28MW by SVA Financial Group). These studies were only on paper and there was never any intention of carrying the project through to completion. From the interviews Winrock staff had with concerned individuals there is pressure to show effort, but since the geothermal potential is so low there is no real political will to complete the projects. No further activities for project development were carried out.

3. Biomass resource assessments

The Component 3 team has also been working on the resource assessment for rice-husk, biogas, and woody biomass. Proposals from qualified local consultants have been received based on the finalized SOW (Institute of Energy Science and Electric Power University for rice husk studies; Institute of Energy for bagasse study; SNV for woody biomass study). Under these studies, a general resource assessment for the whole country will be carried out, before selecting few (2-3) representative sites having high potential for power generation to carry out pre-FS. The award of contracts to consultants is pending for approval.

4. Assessment of RE financing mechanisms for RE project

As mentioned above (under component 2), the first draft of the combined report is under internal review as the quarter closed. The information has been collected through questionnaire and personnel interviews of banks and other financing institutions & donors.

Access to financing is the largest barrier to developing energy projects and Renewable energy projects are not different in that respect. The report was designed to reflect the current financing situation in Vietnam and to outline the obstacles for RE projects to obtain funds for project development. Another goal, of the report was to catalog the current Donor funding activities for RE and EE projects.

5. Screening off-grid communities and evaluation of RE resources, technologies and funding availability to electrify them.

Work under “Screening of Off-Grid Communities and Evaluating Renewable Energy Resources, Technologies, and funding for their Electrification” was led by Stichting Nederlandse Vrijwilligers (SNV) in close consultation with the Program. The screening report was finalized and submitted to USAID. As per the report, three provinces; namely Quang Tri, Thanh Hoa and Nghe An have been selected for the field level data collection and pre-feasibility study (FS). SNV has discussed these synergies with the VFD and the Program team. The field studies will be mainly focused on the RE resource assessment and

surveys with households in order to understand their current energy needs and their ability & willingness to pay for electricity.

In addition to the activities mentioned above, the following activities were also carried out:

RE Policy Review. Winrock reviewed the existing RE policy in Vietnam and its present status was summarized in report format. The report gives a brief presentation of the general picture of Vietnam's energy sector, the imbalance of energy consumption demand and supply capacity, and the environmental pollution caused by energy sector. Its main part focuses on the present status of energy policies in Vietnam, especially the existing legal documents related to RE development. The problems, challenges, opportunities and barriers for RE development in Vietnam are also pointed out.

Database of RE projects in Vietnam. A template for data/information of RE projects in Vietnam was finalized and data/information on RE projects was summarized in the form of report using the template. The database is being continuously updated as more information is available.

To date, the database contains 120 RE projects, categorized by sectors (biomass, waste, and others, excluding hydropower). Basic project information includes names, location, capacity, local investor and foreign partner if any.

RE training needs assessment. The outline of the assessment report and detailed questionnaire for the needs assessment survey was finalized. Target groups (about 200 people from Ministries & Authorities, Research Institutions, Universities, Utilities, Investors/Developers, NGOs, Donors) for training have also been identified. Surveys need to be carried out in order to assess the training needs and to formulate suitable training programs.

Alternative implementation strategy. The Program drafted and proposed to USAID an alternative implementation strategy that focuses direction on cities/provinces/local government level was proposed to USAID. By carrying out a general resource assessment, the Program identified cities and provinces with strong potential for category of RE technology. Certainly, the Program can only be successful if approaches as well as its proposed program activities are in line with the development strategies of the cities and provinces. Therefore, besides assessing the cities' RE resource potentials, their strategies in terms of energy development were considered. The Program believes that targeting particular cities and provinces could be a very good approach for USAID Vietnam Clean Energy Program. The proposed provinces are given under each category of RE technology. In summary, they are:

- Hanoi, Hai Phong, Da Nang, Ho Chi Minh cities for waste-to-energy;
- Thai Binh, Nam Dinh, Thanh Hoa, Nghe An, Kien Giang, An Giang, Dong Thap, Long An, Tay Ninh and Soc Trang provinces for biomass-to-energy;
- Ninh Thuan & Binh Thuan provinces for wind power development;
- Da Nang & Ho Chi Minh cities for solar energy development;
- Cu Lao Cham island, Con Co island, Phu Quy island for off-grid solar/wind energy development

Winrock also met with GIZ to discuss areas of collaboration. GIZ is implementing a similar program, called “Support for the Development of Renewable Energy in Vietnam,” of which many components coincide with Program activities. Together with USAID representative, the Program held a meeting with GIZ and both parties agreed to coordinate on various subjects for synergy and to avoid overlaps of work. In particular, both parties shall coordinate in the organization of workshops, trainings and in various resource assessment studies.

Cross Cutting Activities

The following cross-cutting activities were part of the original work plan.

Communications and Outreach

During the fiscal year, the Communications Specialist mainly provided support to the COP, DCOP and program staff on translations and preparing presentations. She initiated design work on a monthly newsletter and laid out the specifications for a Program website to the point of contacting potential service providers before being advised by USAID to terminate all website and social media work. The Program will resume discussions with USAID on alternative communications avenues once GVN approval is obtained.

The communications staff member primarily supported technical staff and managers from VCEP to edit, translate and polish their presentations. She also worked with Administration team to make sure printed documents were in compliance with USAID branding requirements. Communication also was in charge of taking photos and make sure the slide shows were loaded on the laptop and working properly during the retreat. The VCEP communication specialist also supported the USAID communication officer Richard Nyberg to facilitate and develop a VCEP message. The message that was developed was, “The USAID Vietnam Clean Energy Program supports Vietnam’s Green Growth Strategy by attracting public and private investment in clean energy to achieve a healthier economy and greater energy security (Activities include consultation, demonstration and training).

Program Staff Retreat with USAID

At the request of USAID, Winrock organized a 2 day retreat in Hanoi for Program staff to discuss GVN program approvals and FY2013 implementation activities. USAID wanted the Winrock and USAID teams to arrive at a common vision of the program. The retreat was held in Hanoi on June 17-18, 2013 and included all Program staff, including the new international component leads, Winrock Clean Energy Director Bikash Pandey, and the USAID Clean Energy team. Please see photos in Appendix 4.

The retreat featured a series of presentations and discussions, most of which were led by Program staff. Agenda items included:

- Program organization chart and experience
- Organization chart of GVN institutional partners and stakeholders

- Decree 131 approval process background
- Discussions of DPO components 1, 2, and 3 – Background, current status, consultations, organizational charts, partners and stakeholders, gap analyses, and deliverables.
- Danang case study and the implications for components 1, 2, and 3
- Restart plan and quick win strategy to achieve approval

The retreat provided program staff an excellent opportunity to collaborate with USAID staff to refocus program activities on the GVN approval process, and reorganize program implementation activities for FY2013 to maximize long term program success. Feedback was provided for all three technical components, including:

- Component 1, Energy Sector Data Management:
 - USAID was initially concerned about the focus for this component. It was clarified that GDE and in particular the energy planning department is the focus for Component 1
 - USAID wanted additional information on the component 1 focus. It was clarified that the needs assessment report would identify specific areas for technical assistance. This includes
 - RE Database
 - Large end user database improvements
 - Development of pilot benchmarking database
 - Workshops for central and provincial level governments.
 - MOIT decision 2787 and its relevance to VCEP was also discussed
 - MOIT Decision 2787 Focus on Statistics gathering and management and attempts to be Robust and Cross Cutting to removes barriers to the acquisition and management of data. Once VCEP is implemented, decision 2787 will provide the enabling environment to build an Energy Information Legacy
 - Decision No 2787/QĐ-BCT dated May 3, 2012 issues the Action plan to implement the statistics strategy for the period of 2011-2020 and orientation to 2030 and aims to establish a smooth and efficient system of statistical information with sufficient and qualified information for strategic planning, policy making, development planning of industry and trade.
 - MOIT decision and for use by the leadership, direction and management of the Ministry, relevant agencies and statistical information demands of organizations and individuals in the country and in the world
 - There are 8 Key Components of decision No 2787 and they are as follows
 1. Improve institution, legal framework, and statistic activity coordination – 2012-2013
 2. Improve the quality of statistic activities of statistic data collection -2015 - 2020
 3. Improve, enhance quality of statistic data processing, combination and dissemination -2015-2020
 4. Enhance the capacity of analysis and statistical forecast- 2013 -2020

5. Improved use of IT for statistical works- 2013 -2020
 6. Develop human resource for statistical works- 2013 -2020
 7. Expanding and improving the efficiency of international cooperation activities in statistical works -2013 -2020
 8. Monitor, evaluate and review the implementation of the Strategy -2013-2020
- Component 2, Energy Efficiency:
 - USAID expressed concern that Component 2 was proposing too many activities in FY2013 that would take up too large of a share of the budget. USAID suggested that we review activities and streamline implementation in the first year
 - USAID cautioned against agreeing to all requests of GVN. Stressed that we focus on USAID VCEP program objectives and structure in line with GVN requests.
 - Component 3, Renewable Energy
 - USAID reiterated that Winrock should not agree to all GVN requests unless they are specifically in line with VCEP program activities
 - It was mentioned to USAID that specific requests from the Director of RE with MOIT/GDE were not included in list of immediate activities, such as “feasibility studies for biogas projects at animal farms and off-shore wind energy ”
 - Danang City Case Study:
 - Danang is an excellent position to receive help from the Vietnam Clean Energy program. Mr. Sam is an engaged leader and understands the important of technical assistance to fulfill Danang’s social commitment and goals. Danang is also in a position to accept TA from USAID without central government approvals. The World Bank work demonstrates the commitment of the city to incorporate a green strategy in their city planning to fulfill their vision for their city through sustainable planning. See Appendix 3a for brief on the WB project. Winrock through VCEP can support them in areas not addressed in other TA efforts. All three components of VCEP could provide something to their effort.
 - **Vision Statement**
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 - Thanks to the facilitation and input to Richard Nyberg, USAID’s Development Outreach and Communications Advisor a vision statement was developed. The Vision statement for VCEP reads as follows

The USAID Vietnam Clean Energy Program supports Vietnam’s Green Growth Strategy by attracting public and private investment in clean energy to achieve a healthier economy and greater energy security

Also during the retreat three high level Objectives were developed for each component:

- *Component 1: Objective and strategic policy support related to clean energy based on improved energy data system and better modeling consistent with Decree 2787.*
- *Component 2: Support GDE to meet VNEEP 2011-2015 targets in building sector.*
- *Component 3: Support GDE to meet RE targets - especially biomass & off grid community – consistent with Power Development Masterplan 7.*

The Vietnam Clean Energy program developed a list of achievements that VCEP aims to achieve by the end of the program. These are listed by component below.

Component 1

- a) Renewable energy projects database in place.*
- b) Buildings energy efficiency benchmarking in place.*
- c) Improved quality of energy statistics including energy GHG emissions.*
- d) Enhanced capacity for energy modeling within MOIT.*
- e) GDE /Energy Information Center supported once established.*
- f) Improved energy data management and dissemination by MOIT.*

Component 2

- a) Vietnam Energy Efficiency Building Code (VEEBC) implementation demonstrations supported.*
- b) Energy Management Systems (EMS) in buildings piloted.*
- c) Energy Efficiency Building Code guidelines supported.*
- d) Financing mechanism in place for Energy Efficiency.*
- e) Market incentive program for building demonstrated.*
- f) Water/energy (Watergy) efficiency demonstration and implementation supported.*
- g) Public lighting ESCOs pilots supported.*

Component 3

- a) Biomass and waste to energy project developers supported – early stage through financial closure.*
- b) Renewable Energy – Independent Power Producers (RE-IPP) investment framework improved; including support on power banking, power wheeling, fiscal and financial incentives.*
- c) Financing mechanisms in place for RE - \$25 Million leveraged from public & private credit institutions.*
- d) Off-grid electrification demonstrations supported, using RE/ hybrid technologies; commercially viable projects as well as those partially funded by provincial govt.*

Gender Equality and Women Empowerment

Gender Baseline Assessment

During the fiscal year, a Vietnamese gender expert was not hired because of the pending project approval. In consultation with USAID as the project gets closer to approval Winrock will fill this position *on a part time basis*. This position will work with Program activities such as trainings and assistance (e.g. accessing finance for adoption of energy efficient technologies and equipment and for energy enterprise finance) that will be targeted specifically at women. Below is a gender policy statement provided to USAID during the reporting quarter.

Women occupy many important roles in Vietnam's economy. They are active in commerce and trade, but are under-represented in the energy sector. For instance, of the 1,300 enterprises in the domestic biogas program, only 1% of the masons and company managers are women. Specific trainings and assistance will include or directly benefit women. Gender considerations will inform program activities related to accessing finance for adoption of energy efficient technologies and equipment and for energy enterprise finance. The Program will promote and implement gender mainstreaming in all of its activities across three tasks.

The VCEP project in year two will hire a national staff to lead the Gender equality and female empowerment effort. This person will work across all three components during the implementation phase to insure The Vietnam Clean Energy Program is addressing all the major key items laid out in USAID's own policy issued in March 2012. The Vietnam Clean Energy Programs gender specialist will be responsible for focusing on a gender analysis in the energy sector and all The Vietnam Clean Energy Program's related activities.

In Component 1 Data collection, Modeling and Analysis. The Vietnam Clean Energy Program will support the development of capacity and systems to monitor emission reductions and their impacts on poverty, youth employment and gender equality. Emissions disproportionately affects people in poverty due to their close living proximity to high emitting industries, including power production. The Vietnam Clean Energy Program Gender specialist will ascertain the impact of lower emissions on the quality of women's lives. This work will be a combination of utilizing existing work undertaken by donors or the GVN combined with some original work including household surveys and working with GVN data to extrapolate findings from previous data collection efforts.

Component 2 Energy Efficiency in High Use sectors. The Vietnam Clean Energy Program will make certain the invitations to workshops and study tours are gender balanced. Before the trainings The Vietnam Clean Energy Program will vet the proposed names and then work with the participating agency to insure women have not been overlooked. The Vietnam Clean Energy Program gender specialist will be responsible for working with the Vietnam Clean Energy Program training coordinator to insure participation by women in a traditionally male dominated industry, energy.

Component 3 Renewable Energy. The Vietnam Clean Energy Program will work with communities that are off the grid to find renewable energy solutions for their specific community. The gender specialist will work with the community to understand and report the changes in women's lives due to the new energy source. Since providing energy sources such as firewood fall disproportionately on women in rural areas all projects will also disproportionately help women. The Vietnam Clean Energy Program genders specialist will identify ways to measure and quantify the benefits women will receive as a part of receiving energy from a renewable clean source such as sun or wind.

Gender will be considered when collecting data and modeling the data. Overall consideration will also be given when specific projects are designed to support enhanced participation for women. This will include activities as insuring women are trained in all aspects of the clean energy business from obtaining credit to invest in clean energy technology to performing data collection for modeling new technologies.

The Program was unable to carry out gender-related activities due to the focus on getting Program approval from GVN and completing the quick-win activities. Gender-related activities will commence in Year 2.

No Gender equality reports were specifically written during the first year due to lack of approvals. However, Winrock examined how the project will support the development of capacity and systems to monitor greenhouse gas emission reductions and their impacts on poverty, youth employment and gender equality. It is an accepted fact that emissions disproportionately affects people in poverty due to their close living proximity to high emitting industries, including power production. Winrock also explored, in small working groups, within the project staff various strategies to insure invitations to workshops and study tours are gender balanced. Different ideas were proposed like vetting the proposed names and then work with the participating agency to insure women have not been overlooked. Many of the gender based discussions centered around component three since renewable off grid activities have a greater chance to disproportionately affect women's live than other activities, since providing energy sources such as firewood is primarily a women's responsibility in rural areas. The strategic thread that ran through most of the planning sessions was to support enhanced participation for women when designing project.

2.5 Administrative Activities

Mobilization/Program Start-up

On September 19, 2013, USAID/Vietnam and Winrock International Institute for Agricultural Development fully executed Contract AID 486-C012-00008-00 for Winrock and partners to implement the USAID Vietnam Clean Energy Program, with the official program start date of Oct 1, 2012.

Winrock's mobilization team traveled to Hanoi, Vietnam to meet with USAID, participate in a Program kick-off meeting, set up the project office, and identify and initiate the hiring process of local staff in October 2012.

During the kick-off meeting with USAID it was decided that the approved Deputy Chief of Party, Dr. Tran Thanh Lien, who was only available on a part-time and remote basis till July 2013, needed to be replaced by someone on the ground who would be available on the ground immediately. Ms. Vu Thi Kim Thoa was proposed as the replacement, and was approved by USAID on November 30, 2012. Ms. Thoa officially joined the Program on December 1, 2012.

The Chief of Party, Mr. Horst U. Meinecke joined the Program on October 22, 2012, and traveled to Hanoi, Vietnam on November 8, 2012 after home office orientation and meetings with USAID staff in Washington and meetings with the US-based subcontractors Alliance to Save Energy, Nexant, SRC Global and DMP Resources.

The Program moved into a temporary office space at the Institute of Energy in Hanoi on November 12, 2012 and into permanent office space on December 17, 2013 at 20/52 To Ngoc Van, Tay Ho, Hanoi.

By the end of the first quarter, all essential staff had been hired. Additional administrative staff were hired in the second quarter, and a new Component 3 Manager was hired in the fourth quarter, when the individual originally occupying the position shifted to an advisory role. The Program is currently staffed by 1 expat COP and 11 local staff, hired under Winrock, as follows:

- COP: Mark Tribble
- DCOP: Vu Thi Kim Thoa
- Component 3 (Renewable Energy) Manager: Han The Phong
- Renewable Energy Adviser: Dang Dinh Thong
- M&E Specialist: Dang Vu Tung
- Communications Specialist: Pham Hong Hanh
- Office Manager: Nguyen Minh Hang
- Finance and Accounting Manager: Tran Thi Anh Mai
- Training Coordinator/Translator: Ha Thu Huong
- Operations Specialist: Bui Thu Trang
- Administrative Assistant: Phan Hoai Lien
- Driver/Messenger: Dang Hong Duc

In addition, there are two component managers employed by sub-contractors Nexant and Alliance to Save Energy:

- Component 1 (Data Collection, Modeling, and Analysis) Manager: Dr. Tuan A. Nguyen (Nexant)
- Component 2 (Energy Efficiency) Manager: Tran Minh Khoa (Alliance to Save Energy)

Mobilization of Sub-contractors

All subcontractors, with the exception of Full Advantage and SNV, were approved by USAID by the 2nd quarter of the fiscal year. SNV was issued 1 small fixed price contracts below the \$150,000 threshold before the end of the fiscal year, so USAID approval was not required. No significant role was seen for Full Advantage in Year 1.

Winrock monitored the performance of all sub-contractors throughout the fiscal year vis-à-vis the evolving needs of the project and will make adjustments in LOE and allocation of tasks in Year 2 as appropriate.

CHALLENGES ENCOUNTERED & LESSONS LEARNED

The main challenge of the Program has been securing government approval from a counterpart ministry. Much of the year's efforts were spent on securing approvals from MOIT/GDE utilizing the Decree 131/38 application process. Program staff, in consultation with USAID, spent considerable time consulting with relevant government counterparts to identify gap areas for program implementation that maximize program success and meet GVN needs and goals. Engagement with GVN officials at the five departments at GDE has resulted in multiple revisions to the DPO application, proposed modifications in scope, and changes to the budget.

The DPO application to MOIT/GDE was submitted June 12, 2013 after review and approval by USAID. Winrock and USAID had a meeting with MOIT/GDE met on June 20, 2013 to discuss the DPO application. That meeting provided useful feedback for the program, but also highlighted significant rift between USAID/ Winrock and MOIT/GDE in terms of implementation mode. In this case the USAID modality does not allow for budget support and the GVN is used to this type of program.

In July 2013, due to a lack of traction with MOIT, the Program team provided alternative plans to pursue program approval at the Mission's request. The alternative plan included working with the Ministry of Construction (MOC) as a direct counterpart for implementation. Winrock consulted with USAID regarding working with MOC, and the week of August 23 provided USAID with a list of indicative activities that the Program and MOC could accomplish. These activities include:

- Build a database complete with climate zone information for benchmarking energy use in buildings.
- Determine largest energy consumers by utilizing buildings database
- Train Energy Efficiency center personnel
- Assist with Green Buildings and green growth strategy and action plan.

Winrock met directly with MOC on August 30 to discuss areas of collaboration and interest in working together. MOC showed strong interest and requested a budget and DPO, which was submitted to MOC shortly after the end of the quarter on October 9, 2013.

The program staff will continue to consult with MOC and MOIT/GDE to identify programmatic areas for implementation and will adjust plans accordingly. This will be accomplished in part through the formal comments on the DPO, as well as continued meetings and engagement with relevant government counterparts. Continued contributions and interventions of USAID and the USG to assist with GVN acceptance of the USAID direct implementation modality for technical assistance will be very critical to this effort.

The current situation underscores the importance of government buy-in in the success of any donor-funded project in Vietnam. The Program seeks to and is in a position to address many of the current

gaps in the Vietnamese energy sector, but the absence of an official 'partner ministry' has significantly hampered any kind of progress towards accomplishing that. The project approval issues are systemic with the GVN and not just specific to this project.

1. FINANCIAL STATUS

Ongoing

2. PROJECTED EXPENDITURE AND LOE USE IN DIFFERENT CATEGORIES

This is still under discussion with USAID/Vietnam.

3. PLANNED ACTIVITIES FOR YEAR 2

These are still under discussion with USAID/Vietnam.