



BACKGROUND

Since 1995, a significant formal program to improve energy conservation and energy efficiency (EC&EE) has been underway as part of the Vietnam Energy Conservation Program (VECP) - as one of the nine projects undertaken following the establishment of the Vietnam National Program for Sustainable Energy Development Policy. SMEs are a key and growing sector in Vietnam, their energy efficiency is generally poor, and existing SME EC&EE improvement activities lack resources and capacity to make the necessary tangible gains. Some practical SME EC&EE implementation efforts to date have been achieved, in particular through energy auditor training, but a much broader and integrated approach is required to make a tangible and sustainable impact and unlock the significant EC&EE and hence CO₂ reduction potentials.

A particularly important milestone in the realization of EC&EE in Vietnam has been the 3rd September 2003 signing by the Prime Minister of the Decree on Energy Efficiency and Conservation (EC&EE Decree) - which now provides a timely and necessary overarching framework for the realization of EC&EE activities in all sectors of Vietnam's economy. The challenge now is to effectively implement, through appropriate programs and capacity building, the policy provisions of the decree. The PECSME project will build on the signing of the EC&EE Decree to achieve tangible EC&EE impacts for the SME sector, as well as providing training and training capacity development, financial mobilization, and technology development and deployment elements. PECSME will be a key capacity building component in the practical implementation of the EC&EE Decree in Vietnam.

THE PECSME PROJECT : PRIVATE SECTOR DEVELOPMENT & PRIVATE SECTOR PARTNERSHIP

The goal of the project is the reduction in the annual growth rate of Green House Gas emissions from the five selected SME sectors. The project purpose is the removal of barriers to the uptake of energy conservation technologies, improved management focus on reducing energy costs, enhanced technician training in energy conservation practices and improved operation of energy using equipment by SMEs. The five SME sectors being addressed in the project are **brick, ceramics, textiles, paper and food processing** - and they were chosen on the basis of their magnitude of energy use, their identified energy conservation potential, and their use of common industrial technologies. PECSME is made up of six (6) integrated and synergistic components that work together to address the barriers to the widespread adoption of SME EC&EE. Each component consists of specific activities designed to address these barriers. The six project components are as follows, with later elements in each component learning from early experience as the component is realized:

FINANCING PLAN (IN US\$):

GEF Project/Component	
Project	5,469,000
PDF B	330,000
Sub-Total GEF:	5,799,000
Co-financing	
Government Ministries	1,100,000
Ministry Of Science Technology	1,000,000
Ministry of Industry	50,000
Ministry of Planning & investment	50,000
Local Govt. Agencies	2,600,000
Energy Conservation Companies	600,000
Ho Chi Minh City	1,000,000
Pollution Mitigation Fund	1,000,000
Private	19,100,000
INCOMBANK	14,100,000
VINACEGLASS	5,000,000
Others	500,000
Sub-Total Co-financing:	23,300,000
PDF-B Co-financing	128,250
TOTAL Project Co-financing	23,428,250
TOTAL Project Financing:	29,227,250
Financing for assoc. activities: N/A	

Component 1: EC&EE Policy and Institutional Support Development Program. This involves capacity building for government policymakers to develop appropriate policies, circulars, standards and enforcement mechanisms

Component 2: EC&EE Communications and Awareness Program. This involves capacity building and support for the design of an overarching communications program

Component 3: EC&EE Technical Capacity Development Program. This involves capacity building in the training of managers, technical staff, workers and trainers in EC&EE;

Component 4: Energy Efficiency Services Industry Support Program. This involves capacity building and support for a credible high quality energy-efficiency services provision industry:

Component 5: EC&EE Financing Program. This is based on the experience that the mobilization of financial mechanisms requires technical assistance and involves capacity building and support for enhanced EC&EE project investment through a risk-sharing loan guarantee funding mechanism for existing environmental, donor and commercial bank funds.

Component 6: EC&EE Demonstration Program. This involves technical support for the demonstration of the cost effectiveness, technical performance and project financing of new EC&EE technologies and their replication in 500 SME EC&EE investment projects.

**AGENDA FOR FIELD VISITS
TO BAT TRANG, HUNG YEN & HAI DUONG
17 June 2004
(Prepared by PECSME Project)**

Time	Destination	Presentation	Speaker/ Organization	Note
8.00-8.30am	Starting from Sofitel Plaza			
8.30 –9.00am	Haproximex Company's Meeting Hall	- Introduction on Bat Trang Ceramics Village - Introduction on gas-fired kiln technology	- President of Bat Trang Ceramics Association; Chairman of Bat Trang Ceramics Club - Bat Trang Ceramics Design and Production Joint Stock Company	
9.00 –10.30am	Visiting ceramics producers using traditional kilns and gas-fired kilns; Visiting Bat Trang ceramics shops			
10.30 – 12.00pm	Visiting HAMICO Ceramics Company			
12.00 – 1.00pm	Going to Hai Duong City. Visiting Incera Company on the way			
1.00 –2.00pm	Lunch in Hai Duong City			
2.00 – 4.00 pm	Visiting private brick makers	Introduction on the Development Plan on Vertical Brick Kilns		
4.00-5.00pm	Going back to Hanoi			