



## Integrated Safeguards Data Sheet (Initial)

Date ISDS Prepared/Updated: 10/09/2002

# 24963

### Section I - Basic Information

October 09, 2002

#### A. Basic Project Data

Country: VIETNAM	Project ID: P071019
Project: Demand-Side Management & Energy Efficiency Project	Task Team Leader: Jas Singh
Authorized to Appraise Date: October 3, 2002	IBRD Amount (\$m):
Bank Approval: January 21, 2003	IDA Amount (\$m):
Managing Unit: EASEG	Sector: District heating and energy efficiency services (70%); Power (30%)
Lending Instrument: Specific Investment Loan (SIL)	
Status: Lending	Theme: Infrastructure services for private sector develop (P); Climate change (P)

#### I.A.2. Project Objectives:

The objectives of this project are to: (a) develop and expand demand-side management (DSM) business programs and test new market transformation efforts within the national electric utility, Electricity of Vietnam (EVN); and (b) develop sustainable business models and mechanisms to support energy efficiency (EE) retrofit investments in commercial and industrial facilities. This Project represents the second phase of a longer, 12-year (1998-2010) proposed IDA/GEF-supported DSM and EE program designed to achieve significant and sustainable reductions in energy consumption and peak power demand in Vietnam. The program would, in the course of 3-4 phases, test, develop and scale-up successful and sustainable business models to promote DSM/EE and facilitate investments. The first phase (Phase 1) of this DSM/EE program is now under implementation under the ongoing IDA/Swedish Sida-supported DSM program under the IDA-supported Transmission, Distribution and Disaster Reconstruction Project (Credit 3034-VN).

#### I.A.3. Project Description:

The project consists of two components: (i) a second phase DSM component under EVN; and (ii) a pilot commercial EE program under MoI. For the EVN component, a total investment of US\$8.22 million would be sought to support the continuation of EVN's DSM activities initiated under the IDA/Sida project and, specifically, implement four large DSM programs and supporting activities to achieve major reductions in peak load, improve system load factors, transform select lighting markets, and assist customers with ongoing tariff reforms. A US\$5.20 million credit has already been approved under the SEIER Project and additional support would be provided through a US\$2.25 million GEF grant and US\$0.77 million from EVN's internal funds. The MoI component would seek to test and develop business models and mechanisms to support commercial EE services and investments in industrial and commercial facilities, which would require an estimated \$11.02 million in total project financing (\$3.25

million GEF, \$7.32 million private sector, \$0.45 million MoI). Project performance indices will be monitored during implementation of Phase 2 which will then be used as a basis for developing appropriate intervention strategies for future phases and the need for further GEF support.

The full second phase DSM/EE program will consist of the following elements:

**Component 1. EVN's DSM Program (US\$8.22 million).** The main focus of this component would be to implement EVN's DSM business plan which was developed as part of the Phase 1 efforts. This component has been designed to achieve over 120 MW in system peak reduction and electricity savings of about 500 GWh through the implementation of several DSM measures. The program would be managed by EVN and implemented with support from its PCs and would include:

a) Expanded TOU Metering EVN and its PCs would procure and install 5,600 TOU meters in about 4,000 large- and medium-sized customer premises to help rationalize electricity consumption during peak periods. This would be combined with a marketing and customer consultation component to assist end-users to better understand the TOU rates and identify options to shift load to off-peak or low-load hours. The associated IDA SEIER credit would support procurement and installation these meters as well as support project marketing and administration.

b) Pilot DLC Program EVN, in collaboration with PC HCMC and PC Hanoi, would introduce a pilot direct load control (DLC) program using ripple control systems to curtail demand of about 2,000 customer end-use loads on a voluntary basis. The equipment (central stations, receivers, communication systems) would be purchased with the associated IDA credit and EVN would use its counterpart funds to pay for program administration and incentives for participating customers.

c) CFL Promotion: EVN would promote sales of 1 million CFLs to Vietnamese households located in areas of high loads and network congestion. EVN would procure CFLs in bulk and distribute them through their PC branch offices, lighting retailers and/or community-based NGOs. Over the three-year program period, EVN would use declining discounts, combined with marketing efforts, to promote the use of the more efficient lamps. GEF funds would be used to test the program in the first year and test alternative delivery/financing mechanisms for the lamps, and associated IDA funds would be used in the second and third years.

d) FTL Market Transformation EVN also plans to promote high-efficiency 18/36 W T-8 fluorescent tube lamps (FTLs), by supporting marketing efforts in conjunction with participating manufacturers to actively market the more efficient lamps. EVN would also launch a parallel campaign to educate consumers about efficient FTLs as well as low-loss electronic ballasts. GEF funds would support the marketing efforts to both the manufacturers and EVN, and EVN's internal funds would support project management and administration.

e) Supporting Programs and Technical Assistance In addition to the four DSM programs noted above, EVN will initiate complementary activities to support these efforts. Such activities will include load research (both facility and end-use levels) to determine customer class and end-use profiles and energy savings potential/impacts, DSM program planning and policy support, development and implementation of new pilot DSM programs, DSM business opportunities studies, DSM program monitoring and evaluation, and support to the DSM Center (equipment, staffing, institutional development).

**Component 2. Pilot Commercial EE Program (US\$11.02 million).** The project will also include a pilot commercial EE program, which would seek to test appropriate business models and mechanisms to catalyze a small and sustainable service market to support EE investments in Vietnam. This would be achieved by supporting a small group of commercial service providers or "project agents" in all phases of EE project identification, development and implementation. Given the existing poor financial conditions

among many industrial enterprises, the pilot program will initially focus on private commercial buildings, hotels, other office buildings and selected creditworthy industrial sub-sectors capable of accessing financing on their own. Specific activities under this component would include:

a) Comprehensive Project Agent Training Program The program would support a major training program to provide basic technical, financial and business knowledge to project agents to facilitate the development and implementation of project proposals as well as some customized technical assistance to develop their marketing and business plans. Technical training would be provided for energy auditing, technical system analyses and recommended efficiency improvements in the four end-use systems targeted, financial analyses of EE investments and technology options, various contractual options for EE services, project management, energy savings verification, marketing and sales, etc.

b) Subproject Audit and Investment Grants The program would provide subproject grants, to be administered by a local commercial bank or Administrative Unit (AU), for energy audits and investments to project agents and their customers. For the audit grants, the program would offer grant reimbursements for energy audits. As agent capabilities improve and awareness and confidence in EE measures increases, the percentage of audit costs eligible for grant reimbursement will be reduced during the program period. The GEF grant would also provide investment grants (up to 20 percent of project investment) for customers and agents that have fully implemented the EE investments from the audit report. Initial subprojects would be eligible for the full 20 percent grant if they allow MoI to use the project as a case study for other project agents and end-users. As with the audit grants, these investment grants would be used to reduce barriers to customer skepticism of EE project performance and gradually be reduced as agent reputations and technical expertise improve.

c) Program Marketing, Monitoring and Administration The program would also offer support for: (i) program marketing (e.g., identification and recruitment of project agents, raising awareness of potential customers of EE services, case study development and dissemination to project agents and end-users, etc.); (ii) program administration and monitoring (e.g., AU management fees, technical support, program database development and monitoring, post-installation inspections, evaluation and reporting); (iii) technical assistance to MoI and the AU; and (iv) feasibility studies for expanding successful business models, developing more complex models, establishing various financial mechanisms and instruments (e.g., credit lines, dedicated funds, guarantees, supplier credit/leasing arrangements, etc.) and support policy reviews to support project pipelines, and further market expansion in future IDA/GEF operations.

I.A.4. Project Location: (Geographic location, information about the key environmental and social characteristics of the area and population likely to be affected, and proximity to any protected areas, or sites or critical natural habitats, or any other culturally or socially sensitive areas.)

***B. Check Environmental Classification: C (Not Required)***

*Comments:* Since this project will only involve the installation of meters, DLC receivers and retrofit of existing equipment (e.g., lighting, motors and pumps, air conditioners and chillers, capacitors, etc.) and no new construction or greenfield development, no adverse environmental impacts are expected. This project will result in major positive impacts on the environment, in terms of improved EE, reduced air pollution, and reduced greenhouse gas emissions. The greenhouse gas and other pollutant emissions as well as reductions in energy use will be quantified for each project activity. Since the Project would support a number of subprojects that have yet to be identified, MoI will prepare an Operation Manual, which would include a basic environmental screening section, to further ensure that there would not be any negative environmental impacts from supported subprojects. MoI will develop and submit an outline of this Manual by Project

Appraisal.

**C. Safeguard Policies Triggered**

Policy	Applicability
Environmental Assessment (OP/BP/GP 4.01)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
Forestry (OP/GP 4.36)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
Natural Habitats (OP/BP 4.04)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
Safety of Dams (OP/BP 4.37)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
Pest Management (OP 4.09)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
Involuntary Resettlement (OP/BP 4.12)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
Indigenous Peoples (OD 4.20)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
Cultural Property (OP 4.11)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
Projects in Disputed Territories (OP/BP/GP 7.60)*	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD
Projects in International Waterways (OP/BP/GP 7.50)	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> TBD

\*By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

**Section II - Key Safeguard Issues and Their Management**

**D. Summary of Key Safeguard Issues.** Please fill in all relevant questions. If information is not available, describe steps to be taken to obtain necessary data.

II.D.1a. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts.

II.D.1b. Describe any potential cumulative impacts due to application of more than one safeguard policy or due to multiple project component.

II.D.1c Describe any potential long term impacts due to anticipated future activities in the project area.

II.D.2. In light of 1, describe the proposed treatment of alternatives (if required)

II.D.3. Describe arrangement for the borrower to address safeguard issues

II.D.4. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

**E. Safeguards Classification.** Category is determined by the highest impact in any policy. Or on basis of cumulative impacts from multiple safeguards. Whenever an individual safeguard policy is triggered the provisions of that policy apply.

- S1. – Significant, cumulative and/or irreversible impacts; or significant technical and institutional risks in management of one or more safeguard areas
- S2. – One or more safeguard policies are triggered, but effects are limited in their impact and are technically and institutionally manageable
- S3. – No safeguard issues

[ ] SF. – Financial intermediary projects, social development funds, community driven development or similar projects which require a safeguard framework or programmatic approach to address safeguard issues.

**F. Disclosure Requirements**

<i>Environmental Assessment/Analysis/Management Plan:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank Date of “in-country” disclosure Date of submission to InfoShop Date of distributing the Exec. Summary of the EA to the ED (For category A projects)		
<i>Resettlement Action Plan/Framework:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank Date of “in-country” disclosure Date of submission to InfoShop		
<i>Indigenous Peoples Development Plan/Framework:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank Date of “in-country” disclosure Date of submission to InfoShop		
<i>Pest Management Plan:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank Date of “in-country” disclosure Date of submission to InfoShop		
<i>Dam Safety Management Plan:</i>	<u>Expected</u>	<u>Actual</u>
Date of receipt by the Bank Date of “in-country” disclosure Date of submission to InfoShop		

If in-country disclosure of any of the above documents is not expected, please explain why.

<u>Signed and submitted by</u>	<u>Name</u>	<u>Date</u>
Task Team Leader:	Jas Singh	10/03/02
Project Safeguards Specialists 1:	Bekir A. Onursal/Person/World Bank	10/03/02
Project Safeguards Specialists 2:		
Project Safeguards Specialists 3:		

<u>Approved by:</u>	<u>Name</u>	<u>Date</u>
Regional Safeguards Coordinator:	Glenn S. Morgan	10/03/02
Sector Manager/Director:	Mohammad Farhandi	10/03/02

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