ADB ASIAN DEVELOPMENT BANK

Viet Nam: Energy Efficiency for Ho Chi Minh City Water Supply

Project Name	Energy Efficiency for Ho Chi Minh City Water Supply
Project Number	46265-001
Country	Viet Nam
Project Status	Active
Project Type / Modality of Assistance	Grant
Source of Funding / Amount	**Grant 0365-VIE: Energy Efficiency for Ho Chi Minh City Water Supply** Asian Clean Energy Fund under the Clean Energy Financing Partnership Facility — US$ 2.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Partnerships
Sector / Subsector	**Water and other urban infrastructure and services** - Water supply and sanitation
Gender Equity and Mainstreaming	Some gender elements
Description	
Project Rationale and Linkage to Country/Regional Strategy	During the project preparation technical assistance of HCMC Water Supply Project, SAWACO conducted an energy audit of its operations. The audit report showed that investment of about $5 million would result in energy savings of 25,000 megawatt-hours per year, translating to about $1.3 million per year, and an annual carbon dioxide (CO2) reduction of about 18,889 tons. The grant financing of $2 million towards energy savings investment would directly result in about 10,000 megawatt-hours, or $500,000 per year, of energy savings and about 7,500 tons of annual CO2 reduction. The grant project directly contributes to the achievement of outcome of PFR1 by improving efficiency of SAWACO through energy savings. Following the results of the audit, SAWACO invested in some energy efficient components, identified in the energy audit as having a short payback period, especially to equip the treated water pumps with variable frequency drives. SAWACO requested ADB assistance for additional investments for overall improvement of the water pumping scheme, including reduction of technical water losses and grid electricity consumption, through a $2 million grant from the ACEF under the Clean Energy Financing Partnership Facility. Under the project and following the baseline methodology for water pumping efficiency improvements, SAWACO will also apply for additional funding to the Clean Development Mechanism. ADB's sector program in the Viet Nam country partnership strategy, 2012 2015 is consistent with government policies for energy efficiency and infrastructure provision. There is a need for better protection and efficient use of water, as recognized in the ADB Water Operational Plan. The grant, used as seed money to leverage additional capital expenditure in energy efficiency, will be recovered through savings in operating expenses. This type of investment will be streamlined and up-scaled with other water companies that seek financing under subsequent tranches of the MFF
Impact	Improved operational performance of SAWACO.

Project Outcome

Description of Outcome	Energy efficiency in SAWACO in SAWACO operations improved.
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	1. Capacity building of SAWACO in energy efficiency. 2. Investment in energy savings
Status of Implementation Progress (Outputs, Activities, and Issues)	

Geographical Location	

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	N/A
Involuntary Resettlement	N/A
Indigenous Peoples	N/A
Stakeholder Communication, Participation, and Consultation	
During Project Design	While water supply coverage averages 82% in HCMC, some areas have only 60% coverage. Many households without access to the SAWACO supply pay far in excess of the official block tariff, which ranges between D4,000 and D10,000 m3. Tanker supply costs almost double the official tariff. HCMC's overall poverty rate of almost 12% disguises poverty incidence of more than 50% in some wards and districts. The poor are both long-term residents and migrants to the city. While the project will provide affordable and clean water to all prospective users, such as households, industries, commercial enterprises, and institutions (e.g., public buildings), it will contain specific features that will enable the poor's access to improved water supply from SAWACO. Following national decree 117/2007 and decree 124/2011, free connections, lifeline quotas, and subsidized tariffs will be principal features enforced for water suppky to 100% of poor households and households headed by women within the project area. Several public consultation meetings were held during project preparation, including four workshops and a town hall meeting on resettlement; willingness to pay and affordability surveys; and a public consultation on water tariffs. Additionally, the Social Assessment entailed seven focus group discussions and a survey of 600 households to obtain detailed information on household water supply, including the types and coverage of sources, problems experienced, household coping strategies, beliefs and attitudes towards water, and willingness to pay for improved services
During Project Implementation	Consultation and participation will be one component of a ward-level, community-based approach to water supply that will include (i) a pro-poor policy, (ii) participatory water services, and (iii) information and communication with consumers. Consultation and participation elements will include consultation with the poor and nongovernment organizations in water services planning and implementation; establishment of community supervision boards with community representation; meetings and consultation events; interactions between SAWACO and community supervision boards; community feedback incorporated into plans, designs, and construction activities; ongoing provision of information and communication that will facilitate long-term consultation and participation; development of a citizen's report card to gauge company performance, safeguarding consumer rights.

Responsible Staff

Responsible ADB Officer	Hubert Jenny
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Urban Development and Water Division, SERD
Executing Agencies	*Ho Chi Minh City People's Committee* *29 Le Quy Don Street, 07th Ward* *03rd District, Ho Chi Minh City* *Viet Nam*

Timetable

Concept Clearance	13 Jun 2012
Fact Finding	24 Apr 2012 to 27 Apr 2012
MRM	25 Jul 2012
Approval	17 Oct 2013
Last Review Mission	-
Last PDS Update	28 Oct 2015

Grant 0365-VIE

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
17 Oct 2013	26 May 2014	26 Sep 2014	30 Jun 2016	-	-

Financing Plan		Grant Utilization			
	Total (Amount in US$ million)	Date	ADB	Others	Net Percentage
Project Cost	3.80	Cumulative Contract Awards			
ADB	0.00	17 Oct 2013	0.00	0.25	13%
Counterpart	1.80	Cumulative Disbursements			
Cofinancing	2.00	17 Oct 2013	0.00	0.20	10%

Project Page	http://www.adb.org/projects/46265-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=46265-001
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