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

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<thead>
<tr>
<th>Project Name</th>
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</thead>
<tbody>
<tr>
<td>Project Number</td>
<td>46265-001</td>
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<tr>
<td>Country</td>
<td>Viet Nam</td>
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<tr>
<td>Project Status</td>
<td>Closed</td>
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<tr>
<td>Project Type / Modality of Assistance</td>
<td>Grant</td>
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<tr>
<td>Source of Funding / Amount</td>
<td>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</td>
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## 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

## Gender Equity and Mainstreaming
- Some gender elements

## Description
The project will help to improve energy efficiency and reduce the water and carbon footprint of the Saigon Water Corporation (SAWACO), which is in charge of the water supply in Ho Chi Minh City (HCMC). The project will lead to greenhouse gas abatement by reducing the amount of energy and water required to deliver a unit of water to end users. The project will finance consulting services and investment components for energy efficiency.

## 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.
Indicator: NRW reduced to 25% by 2020 for improved service delivery (2010 baseline: 40%)

## Project Outcome

### Description of Outcome
Energy efficiency in SAWACO operations improved.

### Progress Toward Outcome
The grant extension for 2 years was approved on 16 December 2016. All installation and report deliveries were completed before June 2018.

## Implementation Progress

### Description of Project Outputs
Capacity building of SAWACO in energy efficiency, 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, lifetime quotas, and subsidized tariffs will be principal features enforced for water supply 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.

Business Opportunities
Procurement activities are on hold pending extension of the grant by the Government, due in Q4 2016 for extension to end 2017

Responsible ADB Officer
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Responsible ADB Department
Southeast Asia Department

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86 Le Thanh Ton Street, Ben Nghe Ward, District 1, Ho Chi Minh City

Viet Nam
Saigon Water Corporation
#1 Cong YHung Quoc Te
District 3, Ho Chi Minh City

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 Sep 2018

Grant 0365-VIE

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<th>Effectivity Date</th>
<th>Closing Original</th>
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<td>Project Cost</td>
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<tr>
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