

**Support Vietnam EREA/MOIT to Conduct a Strategic Environmental Assessment (SEA) of the National Power Development Plan 8 in the Period 2021-2030 with Vision to 2050 (PDP8)**

**Assignment No GT#69/SEAoPDP8-VIE (Southeast Asia – Vietnam)**

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## **MODULE 1: SUPERVISING AND REVIEWING AN SEA AS PART OF A PDP: A MANUAL**

### **1. INTRODUCTION**

This manual has been prepared as an output of the assignment Support Vietnam EREA/MOIT to Conduct a Strategic Environmental Assessment (SEA) of the National Power Development Plan 8 in the Period 2021-2030 with Vision to 2045 (PDP8).

The manual is intended to give clear operational guidance to EREA/MoIT to fulfil their responsibilities as the agency that is mandated to execute the SEA of PDP 8, and indeed PDP 8 as a whole. The preparation, supervision and review of an SEA is a relatively new task for EREA/MoIT, and they have requested support to the development of their capacities in this regard. The Government of Vietnam has set out the obligations of the SEA ‘owner’ to ensure that the SEA meets the expected standard in the 2014 Law on Environmental Protection and Decree No. 18/2015/ND-CP: the approach and criteria set out in this manual are in accord with these statutory requirements.

The process of preparation and evaluation of the SEA should meet international good practice standards as well as reflecting Vietnamese regulations and legal requirements. The steps through which this can be achieved are set out in this manual.

#### **Box 1: Definitions of Evaluation**

**OECD/DAC:** A systematic and objective assessment of an ongoing or completed project, program or policy, its design, implementation and results.

**SIDA:** An evaluation is a careful and systematic retrospective assessment of the design, implementation, and results of development activities.

**UNDP:** a rigorous and independent assessment of either completed or ongoing activities to determine the extent to which they are achieving stated objectives and contributing to decision making.

**UNEP:** Evaluation has two primary purposes:

- To provide evidence of results to meet accountability requirements;
- To promote learning, feedback, and knowledge sharing through results and lessons learned.

A key basic concept to understand for the manual is that of evaluation. Box 1 gives some standard definitions of evaluation from international development agencies. These and other definitions all share some characteristics that should be replicated in the approach set out in this manual:

- An evaluation should be systematic and evidence-based and should give an objective assessment of the results of the activity being evaluated (the SEA of a PDP).
- The evaluation should give a clear understanding of the extent to which the objectives of the activity have been achieved and how they contribute to decision-making.
- The evaluation should be transparent and participatory and the results should be shared with relevant stakeholders.
- The evaluation should provide learning and feedback that can be used to improve the activity outputs under review: in this case the SEA of PDP 8.

It is important that the process of setting up, supervising and reviewing the SEA of a PDP meets these standards if it is to reflect international good practice. This manual provides the methodological and organizational basis for ensuring that this is the case. This includes organized sets of review criteria that are based on international good practice but that reflect the specific context of the review: an SEA of a PDP in Vietnam.

## 2. PREPARING AND COMMISSIONING AN SEA

One key issue for an SEA is that there must be clarity in the institutional responsibilities for the different aspects of an SEA and the strategic plan of which it is part. There are usually three key institutions involved in an SEA process, each of which has distinct responsibilities:

1. **The SEA Commissioning Agency:** the Institution that is responsible for preparing and submitting the strategic plan and the associated SEA to the government or other higher authorities. This agency is the plan and the SEA owner. They are responsible for supervising and approving the work of the executing agency. For PDPs in Vietnam, the commissioning agency is the Electricity and Renewable Energy Authority (EREA) of the Ministry of Industry and Trade (MoIT).
2. **The SEA Executing Agency:** the specialized technical agency that is contracted by the commissioning agency to undertake the technical analysis, including modelling, data acquisition and processing and the development of recommendations on the most effective planning options to the commissioning agency. For the SEAs of PDPs in Vietnam, this has to date been the Institute of Energy (IE).
3. **The SEA Review Agency:** the agency that is responsible for reviewing and approving the SEA once it has been submitted by the commissioning agency. For SEAs in Vietnam, this is the Ministry of Natural Resources and the Environment (MoNRE). In Vietnam, as in most countries where there are statutory requirements for an SEA, the approval of the SEA is a requirement for the approval of the whole strategic plan such as the PDP.

It is essential that this division of responsibilities is understood and respected by all parties. In addition, there will be a number of **external stakeholders**, such as other ministries, sub-national government agencies, academic and technical agencies, private sector bodies, non-government organizations and the general public, who have an interest in and are affected by the PDP and the SEA. The commissioning agency must define clearly how and when these external stakeholders will be informed about and consulted on the executing and outputs of the strategic plan and the SEA.



**Renewable energy has huge potential for Vietnam but presents new impact assessment challenges for the SEA of PDP 8**

The success of an SEA depends on good preparation. The commissioning agency, EREA/MoIT, must have clear and agreed terms of reference (ToR) for the SEA that set out the following:

- The national and sectoral **policies and targets** that must be clearly reflected in the content and conclusions of the SEA. For Vietnam, the 2017 Law on Planning states that this should be shown in specific and quantified measures that show how the plan and the SEA are contributing to defined national development targets;
- The **links between the SEA and the strategic plan** (the PDP). The ToR should define at which stages of the planning process there is structured interaction so that the SEA contributes to and influences the overall plan preparation. For a PDP this can include, for example, the analysis of demand forecasts, the definition of plan scenarios and the assessment of costs for different plan options (through the valuation of externalities to be included in the economic analysis);
- The **outputs** to be produced by the SEA. This will include the SEA section of the overall plan and a separate SEA report that has to be submitted to the review agency. It will also include interim outputs that should be submitted during the execution of the SEA;
- The **time and resources** available to the SEA. The depth and scope of analysis in an SEA is completely contingent on the time available and the resources that can be provided for data acquisition and analysis, the use of specialized external expertise and, most importantly, the size and quality of the SEA team in the executing agency. A simple maxim to remember is that you get what you pay for;
- The **consultation mechanism**, including the identification of key stakeholders, that the commissioning agency requires to be included in the execution of the SEA. This should be clearly structured and linked to the key stages in the implementation of the SEA set out in the next section.



**Effective consultations are a central part of an SEA review process**

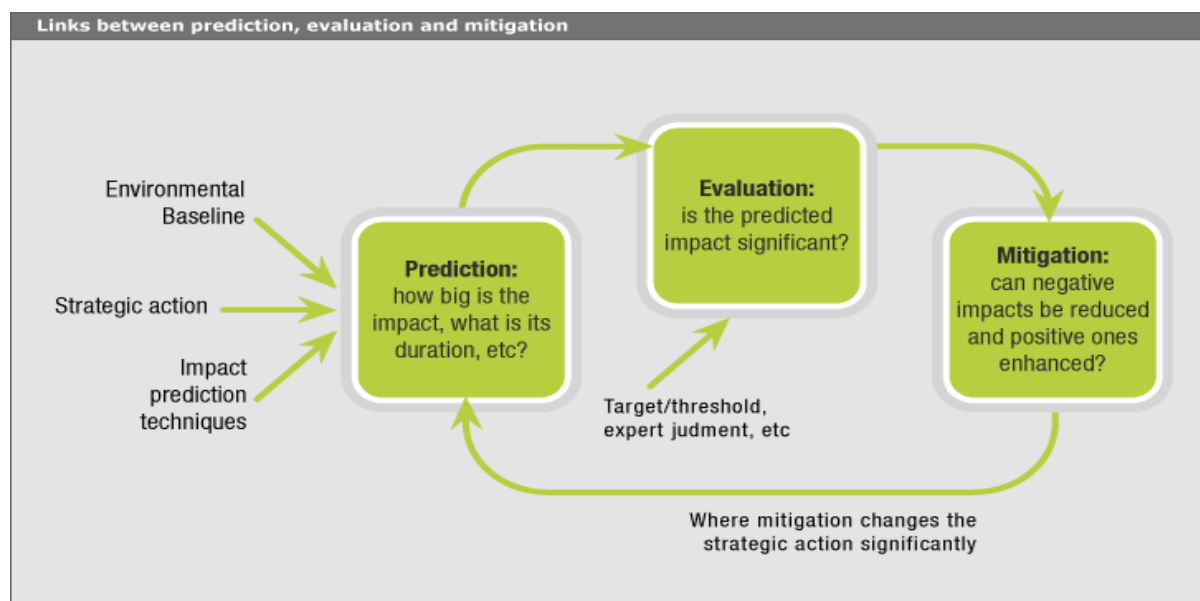
### **3. CONCEPTS AND PRINCIPLES FOR THE REVIEW OF AN SEA**

The review of an SEA should be based on clear concepts and principles that reflect international good practice. This section briefly outlines the ones that have been used as the basis for preparing the review procedure and criteria set out below.

An SEA is a procedure that is integrated into a strategic planning process. It is based on three basic principles. For a given strategic plan, the SEA should **predict** what the potential impacts,

positive and negative, of the different planning options will be, **evaluate** whether these impacts are significant enough to need actions to **mitigate** them, reducing negative ones and enhancing positive ones. The relationship between these elements is shown in Figure 1. The significance of these elements is that they lead to both an understanding of the wider implications of planning decisions and also help to identify where this leads to the need to change the choices made in the original plan. These three SEA principles are found in the review criteria set out in the next section of this manual.

**Figure 1: Key Elements of an SEA**



With regard to overall good practice in reviewing an SEA, international good practice in evaluation has identified six core characteristics of a project or programme that should be assessed when conducting a review. These core characteristics were first advanced in the OECD/DAC evaluation manual and have been adopted (or adapted) by most international development organizations. For this manual, they have been adapted to reflect the characteristics of an SEA as part of a PDP and a Vietnamese context. The six core evaluation characteristics that should form the basis for the final judgment in the review of the SEA are:

- **Implementation:** Were the SEA's activities implemented as originally intended? Were any adaptations to the terms of reference clearly justified?
- **Effectiveness:** Is the SEA achieving the goals and objectives it was intended to accomplish?
- **Relevance:** are the outputs and impacts relevant to the SEA's and the PDP's objectives and to overall national development priorities?
- **Efficiency:** were the SEAs activities and outputs produced with appropriate use of resources such as budget and staff time?
- **Sustainability:** are the findings and recommendations of the SEA sustainable within the context of the development of Vietnam's power sector?
- **Attribution:** Can progress on goals and objectives be shown to be related to the SEA, as opposed to other things that are going on at the same time?





**What will be the impacts of renewable energy development on Vietnams' agricultural lands? A new impact assessment challenge for the SEA**

#### **4. REVIEWING AN SEA AS PART OF A PDP**

The review of the SEA is a formal stage that is the responsibility of the SEA Review Agency (MoNRE in Vietnam) but that must also involve a wide range of stakeholders that have been consulted through the SEA consultation process. Before the formal review process starts, it is also necessary that the SEA Commissioning Agency (EREA/MoIT for the PDP) reviews the SEA as part of their overall review of the draft PDP once it is submitted. There is a distinction that should be made between the review of MoNRE and that of EREA/MoIT.

The MoNRE review is of the separate SEA document that is submitted in accordance with the provisions of the Law on Environmental Protection and Decree No. 18/2015/ND-CP. The Decree specifies the format and content of the separate SEA report and the MoNRE review is based on the provisions of this Decree.

The EREA/MoIT review is qualitatively different in that it needs to review the SEA as part of the overall PDP and focuses on the SEA chapter in the PDP report. Although it will also examine the formal SEA report but much of this is procedural, the EREA/MoIT review is focused on the substance, the analysis and conclusions, of the SEA. The EREA/MoIT review is to make sure that the SEA submitted to MoNRE meets their obligations as the SEA owner.

The EREA/MoIT review needs to be based on a clear procedure and review criteria. The following is a standardized example of such a procedure and set of criteria for use in the review by the Commissioning Agency (EREA/MoIT). It is a procedure that they should follow before they formally submit the SEA to MoNRE for their review and approval. It can be assessed and, where appropriate, adapted by an agency such as EREA/MoIT for their own use. The steps to be followed in the EREA/MoIT review of the draft SEA are as follows:

**Step 1** is to check that the SEA meets the requirements of the SEA ToR that were given to the Executing Agency (IE in the case of the PDP). This should be a preliminary check to make sure the scope of the SEA is in accordance with ToR requirements but is not an assessment of the

content in any detail. It is intended to check that the SEA is in an appropriate state for the consideration of external agencies.

**Step 2** is to send the SEA out to a consultation group of external stakeholders for their comments and, if possible, agreement on the analysis and the recommendations of the SEA. The stakeholders to whom the SEA is sent should be based on the SEA consultation process that has taken place during the implementation of the SEA. The stakeholders should be given a deadline for comments on the report. It is also customary to hold a stakeholder workshop during this consultation process so that the different stakeholders can share their perspectives with each other as well as with the Commissioning Agency.

**Step 3** is the internal review by the Commissioning Agency (EREA/MoIT) of the draft SEA. This is a formal process where the SEA is checked for quality and scope and any requirements for improvement and amendment of the SEA are sent to the Executing Agency (IE). This internal review should be based on clear criteria such as those set out in Table 1 and Table 2, below. This review should take into account the comments received from external stakeholders.

**Step 4** is a documented response to the draft SEA that is sent by the Commissioning Agency to the Executing Agency (EREA to IE) that spells out in detail their formal response to the draft SEA and gives specific details on any amendments/improvements that should be made to the draft SEA. It should include a section that provides information on the comments received from the consultation with external stakeholders. The documented response should give a specific (and justified) answer on whether the SEA is approved, approved with improvements or not approved.



**Air pollution from thermal power generation is one of the key impacts identified in past SEAs**

**Step 5** is the improvements made to the draft SEA by the Executing Agency, IE, in response to the requirements as set out in the formal documented response of the Commissioning Agency, EREA/MoIT. The Executing Agency will then re-submit the SEA to EREA/MoIT for approval.

**Step 6** is the review of the amended SEA report. If the required changes were not major, then this can be a limited process that focuses on the areas where changes were needed and can be conducted internally in the Commissioning Agency. If the required changes were major and require a fundamental reworking of the SEA, then the review process should revert to Step 2 and send the amended report for external consultations.

**Step 7:** if and when the Commissioning Agency is satisfied that the SEA report meets its requirements it can send a formal approval to the Executing Agency. It is at this stage, and not before, that the formal SEA report (that is the legal responsibility of the Commissioning Agency) can be sent to the Review Agency (MoNRE) for their review process.

A document that sets out this or a similar review process should be sent by the Commissioning Agency to the Executing Agency to make sure that all parties are clear on the review procedures and requirements. This submission to MoNRE should be done in accordance with the formal requirements of Vietnam's SEA legislation and regulations.

The following tables contain SEA review criteria that can be used to make an assessment of the different characteristics of the SEA. Table 1 includes criteria that are about the SEA procedure and content. Table 2 provides an overall assessment of the SEA based on the five core evaluation characteristics discussed above.

The completion of these two tables will give a specific and detailed basis for the review of the SEA, including the identification of issues that need to be addressed in a re-submission of the SEA should the overall assessment decide this is necessary. The criteria give form and direction to the judgments that EREA/MoIT need to make in the review of the SEA but they do not replace these judgments. The final decision on the review must be made by the responsible officers in EREA/MoIT. The purpose of the review process set out in this manual is to provide clear and objective evidence to inform this decision.



**Ensuring the sustainable development of the power sector is critical for their future**

**Table 1: SEA Review Criteria**

		Decisions on Compliance with Review Criteria			
	Review Criteria	Approved	Conditional Approval (specify concerns and improvements required)	Not Approved	Reasons for Rejection and Required Changes
	<b>Overall Assessment of the SEA</b>				
	Does the SEA contain credible <b>predictions</b> of impacts?				
	Is there an <b>evaluation</b> of the implications of these impacts for the effectiveness of the plan?				
	Does the SEA contain <b>mitigation</b> measures where they are needed to ameliorate the impacts?				
	<b>Specific Review Criteria</b>				
1	Meet ToR Requirements				
2	Meet Government Legal Requirements for an SEA				
3	Accordance with Government Policies Specified				
4	Quantified Impacts on Government Targets Provided				
5	Links between the SEA and the PDP specified				
6	Stakeholder Consultations Undertaken				



7	Clear and Appropriate SEA Methodology Used				
8	Scenarios Defined and Reflect Policy Priorities				
9	Balanced Coverage of Alternative Plan Options Included				
10	Key Social and Environmental Impacts (Externalities) Identified for each Plan Option				
11	Key Social and Environmental Impacts Quantified				
12	Key Social and Environmental Impacts Given an Economic Value				
13	Externality Valuations Integrated into Plan Economic Calculations to Give a Full Economic Cost Analysis of the overall PDP				
14	Mitigation Measures for Key Impacts Identified				
15	Limitations of SEA Identified and Explained (e.g. data limitations)				

**Table 2: Overall Review Criteria for the Final Decision on the SEA**

Review Criteria	Score 1-6 (see below)	Comments (including statement on where improvements are needed)
Implementation		
Effectiveness		
Relevance		
Efficiency		
Sustainability		
Attribution		
Overall Assessment		

**Note:** this table should only be prepared after Table 1 has been prepared and discussed internally amongst EREA/MoIT experts

The standard scoring levels for the assessment of the review criteria are:

1. **Highly Satisfactory:** The SEA had no shortcomings in the achievement of its objectives.
2. **Satisfactory:** The SEA had minor shortcomings in the achievement of its objectives.
3. **Moderately Satisfactory:** The SEA had moderate shortcomings in the achievement of its objectives.
4. **Moderately Unsatisfactory:** The SEA had significant shortcomings in the achievement of its objectives
5. **Unsatisfactory:** The SEA t had major shortcomings in the achievement of its objectives.
6. **Highly Unsatisfactory:** The SEA had severe shortcomings in the achievement of its objectives.

Relevance and effectiveness will be considered as critical criteria. The overall rating of the project for achievement of objectives and results may not be higher than the lowest rating on either of these two criteria. Thus, to have an overall satisfactory rating for outcomes a project must have at least satisfactory ratings on both relevance and effectiveness.



**Offshore Wind Power: a key to the future?**