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To cdm-info@unfccc.int
From hn@carbonresource.com
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Subject **Call for public inputs: draft “revision to the guidelines on the assessment of investment analysis”**

Dear Mr. Mahlung and Honourable Members of the CDM Executive Board,

We welcomes the opportunity to comment on the draft revision to the guidelines on the assessment of investment analysis.

The Appendix A provides default values for the expected return on equity for difference types and houst countries. The figure is relevant to the determination of WACC that is used to be the benchmark to demonstrate the additionality in the most of CDM project.

The expected return on equity is composed of four elements: (a) a risk free rate of return; (b) an equity risk premium; (c) a risk premium for the host country; and (d) an adjustment factor to reflect the risk of projects in different sectoral scopes.

However, in case of Viet Nam, we have the following comments:

- In during last two years to date, the saving interest in the finance market is around 14%/year. The figure is documented by the current saving interest of four biggest banks,as below:

1. TECHNOLOGY AND COMMERCIAL JOINT STOCK BANK (TECHCOMBANK)
The current saving interest is 14%/year;
link for reference:
https://www.techcombank.com.vn/Desktop.aspx/LSTK/TK_thuong/Tiet_kiem_thuong/
2. VIETNAM COMMERCIAL JOINT STOCK BANK (VIETCOMBANK)
The current saving interest is 14%/year;
link for reference:
<http://www.vietcombank.com.vn/InterestRates/>
3. VIETNAM BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (AGRIBANK)
The current saving interest is 14%/year;

link for reference:

<http://www.vbard.com/english.aspx>

4. VIETNAM JOINT STOCK COMMERCIAL BANK FOR INDUSTRY AND TRADE
(VIETINBANK)

The current saving interest is 14%/year;

link for reference:

<http://www.vietinbank.vn/web/home/en/index.html>

The saving interest is defined by these banks is significant higher than the default values in the document.

In the investment decision, it is sure that the investors will select a safe way with highest interest rate. So in this case, investors will put their money in bank account to benefit with a rate of 14% but without any risks instead of investment to a project to take over risks but interest rate is lower than that.

The above analysis is to show that the default values are provided here is not appropriate in Viet Nam's case. They do not truthfully reflect the current situation of the finance market, expected interest rate of investor and as well as risks in the investment activities. So they should be reconsidered in the next version of the guidelines.

- In during 2009 and 2010, the inflation is more than 10%/year in Vietnam. It means that for example, the saving interest is 14% in 2010 then it will be around 15% in 2011, it will also be the same for the expected return on equity. So that, our suggestion is these default values should be updated by year.

Kind regards,

NGUYEN Ba hai.