The Vietnam Energy Efficiency and Cleaner Production (EECP) Financing Program is an integral part of IFC’s global Sustainable Energy Finance (SEF) Program. EECP promotes greater energy efficiency, renewable energy, and cleaner production methods and awareness. It aims to reduce emissions and improve the use of natural resources by increasing available financing for sustainable energy investments.

The project works with selected banks to build their sustainable energy portfolios and tailored financing products. EECP targets enterprises that are looking to upgrade inefficient production systems and introduce new and clean technologies that will help them reduce their costs and raise their productivity and environmental performance through increased energy efficiencies.

The project also seeks to establish and expand Vietnam’s current network of technical service providers able to deliver training and services to banks and enterprises nationwide. All EECP activities are supported through awareness raising activities that increase business recognition and understanding of the economic and environmental benefits of investing in energy efficiency and cleaner production.

Sustainable Energy for Enterprises

Rising energy and material prices are leading to higher production and distribution costs that are eroding enterprise competitiveness and profitability. Reducing energy and material waste and/or using alternative, renewable sources of energy can lower enterprise spending.

IFC supports enterprises with knowledge, tools, financing, and training to unlock sustainable energy’s cost saving potential. Local finance institutions can play a significant role in helping enterprises finance investment projects that can pay for themselves and even offer significant returns over a relatively short period of time. These projects generally focus on replacement of equipment/technology in order to modernize and improve the production process, the generation of renewable energy, and the use of energy in industrial and commercial buildings. Typical project priorities include one or more of the following:

- Generic energy equipment (lighting, HVAC, pumps, motors, boilers, compressors, etc.)
- Industry-specific process equipment and technology
- Co-generation or tri-generation systems, waste heat recovery for heat or electricity generation
- Waste minimization and captive renewable energy applications

IFC’s enterprise support stems from a needs-based analysis of proposed modernization, upgrade, or expansion projects. IFC identifies energy and materials savings opportunities and alternative energy sourcing possibilities and offers links to local financial institutions. In addition, to increase market awareness and build capacity, technology and service providers may be provided to deliver resource efficiency solutions, equipment, systems, and training services.
The Business Case for Sustainable Energy

Vietnam’s energy supply constraints, rising energy costs, new Energy Efficiency and Conservation Law, and stricter environmental regulations all point to a rapidly expanding Sustainable Energy Financing market. Participating financial institutions will, therefore, have the opportunity to position their products towards developing long-term client partnerships, and make use of “first mover” market advantages and reputational benefits from policy makers. At the same time, by incorporating Sustainable Energy Financing products into lending practices, banks and financial institutions can help their clients improve their competitiveness and profitability – which can then lead to new clients and expanded market reach.

Enterprises that efficiently manage their energy and input resources are more likely to thrive over the long term by keeping production costs competitive while improving profitability through enhanced productivity and environmental performance. Cash flow generated from energy and material savings can increase client credit quality and enable enterprises to access new debt to finance further growth. By introducing medium- and long-term tailored Sustainable Energy Financing loans, banks can match their products to client cash flows and therefore enable the investment to pay for itself over time.

IFC provides its financial institution clients assistance in developing their own Sustainable Energy Finance expertise through trainings and advisory services on transactions. Building in-house capacities to evaluate projects and investments helps to mitigate the financial sector’s risk perception of Sustainable Energy projects. Our support includes identification of market opportunities, development of partnerships with technology and service providers, and project technical, financial, and risk evaluation.

In 2010, with a $25 million loan and technical support from IFC, Techcombank became the first bank to launch EECP lending in Vietnam, aiming to build a portfolio of $50 million in EECP loans over a two-year period. IFC is also advising Vietinbank and Sacombank to develop EECP financing products for local SMEs.

In Vietnam, our advisory services are delivered in partnership with:

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