



Vietnam: Financing Mechanism to support Energy Efficiency in Vietnam

New financial mechanism will assist energy efficiency lending for small and medium enterprises in Vietnam.

A part of the [Danish-Vietnamese Energy Efficiency project](#) is establishing a financial mechanism with the aim of improving energy efficiency in Small and Medium Enterprises (SMEs) in the food processing, bricks, and ceramics sectors. The format of this financial mechanism has been discussed with stakeholders, consultants and representatives from the Vietnamese and Danish governments.

As a result of thorough analysis, a [joint decision note](#) has been formulated by representatives from the Vietnamese Ministry of Industry and Trade (MOIT), Danish Ministry of Climate, Energy and Building (MCEB) and the Embassy of Denmark in Vietnam (EDK). This was signed on 12 June by Ambassador of Denmark to Vietnam, John Nielsen and Vice Minister of Ministry of Industry and Trade in Vietnam, Le Duong Quang. Find the joint decision note here

The financial mechanism will include a guarantee facility with 50% coverage and a rebate system for achieved energy savings. These guarantees will be portable to allow for the SME's to get the guarantee issued to a bank of their choice. A fund holding bank will hold and invest funds for guarantees to SME loans and reimburse energy savings awards. This will be a reputable international bank with a branch office in Vietnam.

Coordination, awareness raising, monitoring and reporting of implementation of the financial mechanism will be managed by an administration and management unit in close technical coordination with the overall LCEE project. Emphasis has been placed on developing a model that overcomes current barriers, but also paves the way for sustainable energy efficiency financing for SMEs in Vietnam, whilst keeping transaction costs low in order to attract projects. The financing mechanism is planned to be in operation by the end of this year.

The financing mechanism is part of the [Danish-Vietnamese Energy Efficiency project](#). Read more about the project [here](#)



[Joint Decision Note on Financial Mechanism](#)

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