

## Vietnam: Financial Consultation Workshop Held in Viet Nam

A consultation workshop for a wide range of stakeholders was held in Hanoi on 13 November 2013 to build upon a successful scoping mission and to present the expert teams draft for alternative options for a financial mechanism

The <u>Danish-Vietnamese programme</u> to improve energy efficiency (EE) in Small and Medium Enterprises (SMEs) in the food processing, bricks, and ceramics sectors includes the establishment of a financial mechanism to increase access to capital for energy efficiency measures in the selected SME sectors. 35M DKK have been allocated for such a mechanism.



The workshop was attended by almost 100 participants from relevant organizations, including Viet Nam's Ministry of Industry & Trade, energy conservation centers, financial institutions, industry organizations, international donors, consultants, ESCOs, and representatives from food processing, bricks, and ceramics SMEs. The purpose was to discuss and gather feedback on the shortlisted options from relevant stakeholders before finalizing the draft recommendations for the Danish-Vietnamese low carbon transition program.



The presentations included a background to the EE financing situation for SMEs in Viet Nam, information on existing financial mechanisms as well as a review of the four options for a mechanism.



In addition to clarification questions on the presented options, a number of key issues and concerns were raised by participants including;

If the two year period for the mechanism was sufficient time to achieve

the desired results?

- Were the estimated target investments for the chosen sectors based on up-to-date and realistic numbers?
- How the financial mechanism could be made most effective in a difficult overall business climate for the bricks industry in particular?
- If guarantees could reduce the collateral demands on SMEs?
- The relationship of the overall low carbon transition program and the financial mechanism, especially with regards to preparing high quality energy audits
- How banks could get technical advice on appraisal of EE loans and audits
- What plans were in place for remaining funds at the expiry of the mechanism?



There was broad agreement that the mechanism needs to be implementable and useful in the two year life span, but also be sustainable and provide a foundation for future development of the EE financing framework in Viet Nam.



Based on the valuable discussions and feedback from the workshop, the financial experts and the Low Carbon Transition Unit will develop the draft report to include further feedback from commercial banks, information on potential technology packages for the relevant sectors, and more information on lessons learnt from previous and existing EE financing mechanisms before finalizing the recommendations.



The Low Carbon Transition Unit and the Embassy of Denmark in Vietnam would like to thank Vietnams Ministry of Industry and Trade, all the presenters, and participants for their valuable contributions to the workshop.

The list of participants can be found <u>here</u>

- Agenda
- Investments by SMEs in EE in Vietnam and Main Barriers
- Presentation of Proposed Financial Mechanisms
- Pros and Cons of Proposed Options
- Sustainable Energy Financing for SMEs
- 🖟 Opening Speech by Ms. Ulla Blatt Bendtsen
- d Opening Speech by Mr. Cao Quoc Hung

- **☐** Comments on Alternative Options for SME financing
- ☑ IFC/GEF Example of Utility Based Energy Efficiency Program

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