



# Vietnam: Boosting Energy Efficiency and Competitiveness among Vietnamese Enterprises

Strong economic growth and development combined with traditional production methods have made Vietnam one of the most carbon intensive economies in Asia. A new financial instrument, the Green Investment Facility (GIF), intends to assist small and medium sized enterprises (SMEs) reduce their energy consumption and supports Vietnam's low carbon transition. By combining cutting edge technical solutions and mobilizing local banks, GIF ensures that Vietnamese businesses become both competitive and climate friendly.

Lower energy consumption and costs can make Vietnamese SMEs competitive in the domestic and global markets. At the same time the world is looking for solutions to avoid global warming. An obvious answer for both these issues is energy efficiency; producing more while consuming less energy. The government of Vietnam has set ambitious targets for improving energy efficiency through the Vietnam Energy Efficiency Programme (VNEEP). Through a cooperation with the Kingdom of Denmark, the Vietnamese government is accelerating this development by using some of Denmark's long-term energy efficiency experiences. Since 1990 Denmark has grown its economy by nearly 40% in real terms but reduced the total energy consumption by 7% making Danish industry and businesses more cost competitive.

The two main obstacles for Vietnamese SMEs to utilize the benefits of energy efficiency are technical knowhow and financing. In a joint Vietnamese-Danish effort, the Green Investment Facility (GIF) was established early this year to address energy efficiency among Vietnamese SMEs in three sectors: Bricks, ceramics and food industry. Energy efficiency projects by SMEs in Vietnam are benefitting from the technical assistance provided by the energy experts in the [Ministry of Industry and Trade \(MOIT\)](#), Vietnam and colleagues from the

Danish Energy Agency, and the financial support from GIF.

Optimizing both operational and financial energy efficiency solutions simply makes good business sense. To financially support energy efficiency investments, GIF offers an innovative financial package consisting of a portable bank guarantee and a performance based financial award that secures funding from local Vietnamese banks. In addition to securing funding for sound energy efficiency projects by SMEs, GIF support enables Vietnamese banks to get first hand experiences of the economic benefits of energy efficiency, opening lending opportunities in a new area.

Since the launch in January 2015, GIF has been in contact with a large numbers of SMEs in the three sectors and is currently discussing the technical and financial benefits of energy efficiency projects with 12 enterprises. The Danish Ambassador to Vietnam, Mr. John Nielsen, states that the interest from Vietnamese businesses has been overwhelming and that there has been a very fruitful initial dialog with both companies and their banks. By the end of the year GIF expects 30-40 projects to be in execution mode.

An example of an energy efficiency project in GIF's pipeline is the ceramic producer Son Ha Ceramic Facility in Gia Lam district. By replacing an old coal fired ceramic kiln with a modern LPG one, the company is able to reduce energy consumption by 75% and CO2 emissions by almost 85%. At the same time, both product quality, style and productivity is improved, due to a cleaner and more efficient heating source. Also, the local environment will benefit through significant lower levels of air pollution from the factory.

All GIF supported energy efficient projects are expected to reduce energy consumption and costs by more than 20%. As highlighted by the example from the ceramic sector, profit typically is further enhanced by improved product quality and productivity gains. On an overall level, improved energy efficiency will not only make Vietnamese business more competitive but also reduce Vietnam's dependency on imported energy, and reduce negative environmental effects locally as well as globally. Energy efficiency is both good for business and environment.

[About GIF](#), [About the bilateral cooperation with Vietnam](#), [Materials om the Danish-Vietnamese cooperation](#)

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