

Renewable Energy Buyers Vietnam Working Group

Webinar #3

Banking and Finance for Commercial and Industrial Rooftop Solar in Vietnam

Key Takeaways and Summary

On May 28, the Renewable Energy Buyers Vietnam Working Group hosted its third webinar in a series of four occurring throughout May 2020.

Co-organized by the Clean Energy Investment Accelerator ([CEIA](#)) and the USAID Vietnam Low Emission Energy Program ([V-LEEP](#)), the Working Group brings together market stakeholders collectively seeking to increase corporate clean energy use and investment in Vietnam.

The webinar convened domestic and regional banks, development finance institutions, solar investors and developers, and corporate energy users interested in investing in, financing, and utilizing commercial and industrial (C&I) rooftop solar.

The discussion was held at a timely moment: Vietnam has seen more than 550 megawatts (MW) of new rooftop solar capacity installed in the last 16 months, with industry experts projecting that up to 1 gigawatt (GW) of rooftop solar could be operating by the end of 2020. As the industry matures, market players are increasingly seeking to finance projects with larger proportions of debt capital and to access traditional non-recourse project finance.

Key insights from Webinar #3 included:

- **Increased and improved debt products for rooftop solar are necessary in Vietnam:** As highlighted by a USAID V-LEEP market survey, corporate energy users as well as solar project developers operating in Vietnam underscored that debt financing with longer tenors and lower interest rates would improve the growth of the sector. Nearly 90% of survey respondents preferred third-party “solar-as-a-service” business models in which bank financing is critical for project developers.
- **Domestic and foreign banks are beginning to view Vietnam as an attractive market for rooftop solar lending:** Financing rooftop solar projects in Vietnam is attracting interest from both domestic and overseas lenders due to the expected market growth and the quality of project developers and solar customers. Speakers from Ho Chi Minh City Development Bank (HD Bank) and Singapore-based United Overseas Bank (UOB) both discussed why Vietnam’s rooftop solar market has promising prospects. Two key drivers included the country’s projected economic growth and increased manufacturing over the next decade, as well as Vietnam’s growing reputation as a rapidly-expanding renewable energy market.

- **New financiers and lending products are increasingly available for C&I rooftop solar in Vietnam, but challenges remain:** Speakers highlighted that familiarity of the C&I rooftop solar market varies widely among commercial banks. Commercial banks are interested in the segment, however, the relative immaturity of the market and the wide variety of potential lenders continue to pose barriers. Many solar developers are newly-formed small and medium-sized enterprises with a limited track record and few rooftop solar projects in Vietnam have operated for more than 1-2 years, leaving banks with limited understanding of installation and product quality, operation and maintenance (O&M) practices, and long-term system performance.
- **Quality assurance should be mandatory** to ensure the long-term scale-up and sustainability of rooftop solar in Vietnam. Participants emphasized that to further increase confidence among investors and lenders, Vietnam should adopt nationwide quality standards for rooftop solar products, installation practices, and solutions providers.

Presentation materials from Webinar #3 are available [here](#) and are accessible to all Working Group participants.

The CEIA and USAID V-LEEP teams are pleased to continue working alongside industry stakeholders to jointly increase and improve the pathways for corporate clean energy use in Vietnam. We look forward to supporting Vietnam's rooftop solar market toward 1 GW and beyond.

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