



Executive Summary

- ❖ GGGI, in partnership with the Clean Energy Investment Accelerator (CEIA) acts as financial arranger and accelerator to facilitate C&I Solar Finance Facility (SFF). The initial capitalization target of the SFF in 2020 is USD50-100mn.
- ❖ Energy is not the core business of the industrial parks or factories. The industrial park tenants rent premises and therefore are not interested in the upfront CAPEX investments with payback periods of 7-10 years. OPEX-oriented contracting models offer more flexible, cost-efficient rooftop solar procurement choices that, in turn, leads to a more sustainable market growth.
- ❖ The theory of change of the investment intervention is to support a fleet of proven EPC firms to scale up economically feasible solar-as-service business model targeting to the Commercial and Industrial (C&I) solar segment. These solar EPCs are relatively small firms and have high barriers to access non-recourse based commercial finance to implement industrial solar projects.

KEY FIGURES

- Total Investment**
USD 50 – 100 million (TBD)
- Economic Feasibility**
Equity IRR: 12.4%, in the selected C&I market segment
- Co-funding**
Donor/DFI and Local Bank(s)
- Structure**
Multi-layered Blended Debt Finance Facility
- SDG Impact**
 - Green jobs
 - Over >100,000tons CO2/year

Potential of Commercial and Industrial solar rooftop

2-5_{GW}

Potential for C&I solar rooftop

328

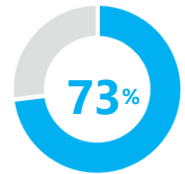
Industrial parks in Vietnam

> 50%

Total energy demand from C&I segment

96.3

thousand ha of industrial parks



Average industrial park occupancy rate

BENEFITS TO VIETNAM*



Reduce coal-fired power



Innovative & scalable blended finance mechanism



Tech/knowledge transfer & best practices applied



Scalable & standardized model for transformation to green growth



CO2 impact aligned with Vietnam's NDC targets

Factories and IPs

- OPEX model with limited up-front cost
- Cost saving from cheaper electricity
- Pathway to green certification e.g. LEED
- Greening the product/service, including upstream global value chain

Solar-as-a-service EPCs

- Access to the non-recourse based project finance at competitive rate
- Innovative and scalable mechanism
- Standardized agreements and shorter loan appraisal processes

Local banks (Senior)

- Economic feasibility
- Creation of a new loan product for the high credit quality C&I clients
- Technical capacity for solar rooftop investments
- Enable banks to scale up renewable energy lending

DFIs (Junior)

- High leverage/impact investment
- Limited risk through prudent portfolio allocation and management
- Functional under the current regulations
- Access to other DFIs in co-investments and risk sharing

* Please refer to the Extended Project Summary for the comprehensive list of benefits among the project stakeholder



Objectives

The objective of the C&I Solar Finance Facility is to provide a systematic and scalable lending solution to catalyze commercial and industrial rooftop solar projects and accelerate Viet Nam’s energy transformation from coal power towards renewable energy. The intervention mobilizes multi-layered blended financing, unlocks domestic capital to green investments and enables proven solar companies to get access to non-recourse project finance.

Portfolio Readiness and Potential Financiers

+17 Solar EPCs in Vietnam

Over 17 Solar EPCs have track record in Vietnam’s Commercial and Industrial solar segment*

* Comprehensive Portfolio Analysis available on request

5 Participating Finance Institutions

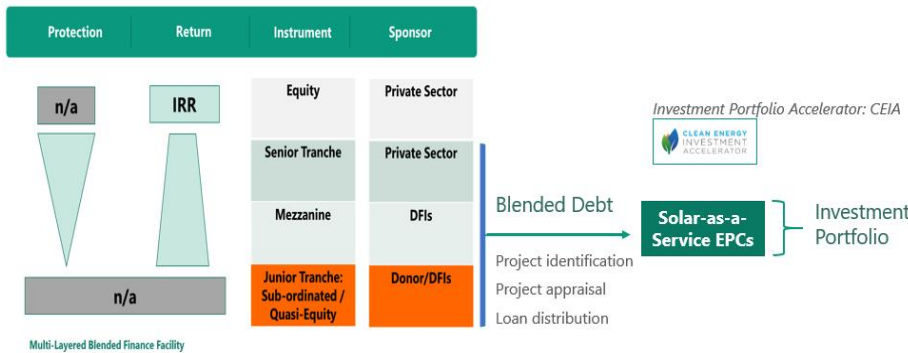
Two Development Finance Institutions (DFI) and three commercial Finance Institutions (FI) have shown interest in principle.

Implementation Arrangements

Junior Tranche Partnership with Developing Finance Institution

- GGGI facilitates and matches Junior Tranche with the domestic banking partners (Senior Tranche). The Junior Tranche has lower returns and no or limited protection, but thanks to its sub-ordination the solar finance facility is able to unlock domestic commercial equity and debt capital to C&I solar segment in Vietnam, that is lagging behind of its potential.
- SFF will enter non-recourse loan agreements with the selected solar-as-service EPCs that install solar systems and earn the service fees from the rooftop owners and to pay back to SFF.

Blended Finance Arranger: GGGI



ADDITIONALITY

Through the SFF, the Solar EPCs receive non-recourse debt financing at relatively low costs and get relatively quick access to working capital, removing the main barriers in C&I Solar in Viet Nam.

Participating Financial Institutions (PFIs) will benefit from creation of a new loan product for industrial clients, building technical capacity for solar rooftop investment appraisal and monitoring, which will enable them to scale up renewable energy lending to the industries.

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About GGGI

The Global Green Growth Institute (GGGI) is a treaty-based international, intergovernmental organization established in 2012, at the Rio+20 United Nations Conference on Sustainable Development.

Founded to support and promote the mainstreaming of green growth, GGGI programs and projects target economic growth that is environmentally sustainable and socially inclusive. GGGI works across four priority areas considered to be essential to transforming national economies, including sustainable energy, water and sanitation, sustainable landscapes, and green cities.

www.gggi.org

About CEIA

The Clean Energy Investment Accelerator (CEIA) is a multi-country program that brings together large commercial and industrial users to demonstrate innovative renewable energy purchasing models and strengthen policy frameworks.

The CEIA is jointly led by Allotrope Partners, World Resources Institute (WRI), and the National Renewable Energy Laboratory (NREL) with support from the U.S., Danish and German governments and other partners.

www.cleanenergyinvest.org

2019-2020 Timeline



Disclaimer

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