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Viet Nam Energy Partnership Group
Energy Efficiency Technical Working Group
Session 6

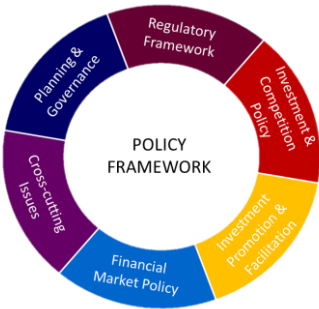
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Clean Energy Finance Policy Review



The aim of the review is to go beyond a narrow energy policy lens to analyse how broad policy areas interact to restrict or facilitate finance and investment in the pursuit of clean energy goals.



- A holistic analysis delivered by the OECD and selected experts.
- A policy questionnaire was completed covering 6 policy areas.
- A Virtual Review Mission from 1-12 March with 11 meetings with key ministries and agencies as well as consultations with developers, financial institutions and development partners.
- Draft of the report will be shared with government for review in May 2021 and to development partners and other experts in June 2021 with release expected in Q4 2021.

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Review team



Matthew Wittenstein
Section Chief, Energy Connectivity,
United Nations ESCAP



Aisma Vitina
Special Advisor at Danish Energy Agency



Cecilia Tam
Team Leader, CEFIM programme



Brendan Coleman
Policy Analyst, CEFIM programme



Lylah Davies
Junior Policy Analyst, CEFIM
programme



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Initial Recommendations



- MEPS and labelling thresholds can be revised upwards where applicable, regular market reviews and regulatory revisions should be timetabled
- Establish tax incentives for investment in EE equipment to stimulate demand side
- Dedicated ESCO regulation would support market confidence in energy performance contracting business models
- Public sector as first adopter for energy efficiency retrofitting
- A central agency to act as intermediary in the ESCO market between project hosts, ESCOs, and sources of finance (some variant on super ESCO model)
- Continue move to market-based pricing of electricity tariffs and cross-subsidies
- Prioritise the establishment of an EE fund based on blended finance principles



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Initial Recommendations



- Establish regulations that set a clearly defined green bond framework including definitions for eligibility, reporting and verification protocols. Support the development of green bond issuances for sovereign, sub-sovereign and corporate issuers
- Enable improved access to long-term capital for domestic banks by facilitating on-lending schemes, securitization, or other financial mechanisms (particularly as macro prudential regulations tighten)
- Improve clean energy finance and investment data through development of monitoring and evaluation tools
- Develop a clean energy financing roadmap to coordinate steps to identify & overcome financing barriers



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Clean Energy Financing Roadmap



A strategic plan bringing key government and private sector stakeholders together to agree clear steps to identify and overcome investment and financing bottlenecks that may constrain clean energy sector development (renewable energy & energy efficiency)

Objectives

- Support implementation of PDP VIII & VNEEP III
- Support achievement of NDC & SDGs
- Strengthen policy alignment
- Address information gaps
- Improve access to finance
- Diversify sources of financing
- Attract institutional investment
- Drive cost of capital reduction

Key steps

- Embed process within VEPG framework?
- Establish cross-ministerial steering committee
- Engage local & international stakeholders and experts
- Coordinate consultative workshop series
- Fill data gaps
- Agree plan of action



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