

FUNDING SOURCES TO SUPPORT INVESTMENTS IN ECO-INDUSTRIAL PARKS IN VIET NAM

ECO-INDUSTRIAL PARK INTERVENTION IN VIET NAM





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The report incorporates learnings from and further builds on the HANDBOOK ON HOW TO ACCESS GREEN FINANCING IN VIETNAM developed by UNIDO and MPI and published in 2018. Acknowledgements go to the authors of the Handbook.

Authors of this report:

- Ankit Kapasi (SOFIES Group)
- Grishma Jain (SOFIES Group)
- Salam Kaddouh (SOFIES Group)
- Nguyen Le Hang (VNCPC)
- Dang Nguyen Nhung (VNCPC)
- Dinh Manh Thang (VNCPC)
- Alessandro Flammini (UNIDO)

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- Nguyen Thi Bich Ngoc (MPI)



ACRONYMS AND ABBREVIATIONS

ABBANK	An Binh Commercial Joint Stock Bank
BIDV	Bank for Investment and Development of Vietnam
CIFs	Climate Investment Funds
EE	Energy Efficiency
EECP	Vietnam Energy Efficiency and Cleaner Production
EIB	European Investment Bank
EIP	Eco-Industrial Park
ESCO	Energy Service Companies
EU	European Union
GCF	Green Climate Fund
GCPF	Global Climate Partnership Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Green House Gas
GIBs	Green Investment Banks
HANIF	Hanoi Investment Fund for Development
HCM City	Ho Chi Minh City
IDA	International Development Association
IEs	Industrial Enterprises
IFC	International Finance Corporation
IS	Industrial Symbiosis
JICA	Japan International Cooperation Agency
MPI	Ministry of Planning and Investment
MONRE	Ministry of Natural Resources and Environment
NATIF	National Technology Innovation Fund
ODA	Official Development Assistance
PFIs	Participating Financial Institutions
POPs	Persistent Organic Pollutants
PPP	Public-Private Partnership
RECP	Resource Efficiency, Cleaner Production
RSF	Risk Sharing Facility
SBV	State bank of Vietnam
SEF	Sustainable Energy Finance
SMEs	Small and Medium Enterprises
UNEP FI	UN Environment Finance Initiative
UNIDO	United Nations Industrial Development Organization
VDB	Vietnam Development Bank
VEEIE	The Vietnam Energy Efficiency for Industrial Enterprises
VEPF	Vietnam Environmental Protection Fund
VNCPC	Vietnam National Cleaner Production Centre
VND	Vietnamese Dong
VSUEE	Vietnam Scaling up Energy Efficiency for Industrial Enterprises Project

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INTRODUCTION

Vietnam has attained remarkable economic achievements after nearly 30 years of innovation and opening policies. These achievements are greatly attributed to the nationwide establishment and development of economic and industrial zones, which were designed to create a favourable environment for manufacturers and entrepreneurs, both domestic and international. However, it is urgent that environmental issues and environmental management are addressed within the context of industry. Faced with these challenges, the Ministry of Planning and Investment (MPI) and the United Nations Industrial Development Organization (UNIDO), with support from the Government of Switzerland, have joined forces in the project “Eco-industrial Park Intervention in Vietnam - Perspective from Global Eco-Industrial Parks Programme” to demonstrate the viability and benefits of eco-industrial park approaches in scaling up resource productivity and improving economic, environmental and social performances of businesses and thereby contribute to an inclusive and sustainable industrial development in Vietnam.

Identifying and addressing financing needs is crucial for implementation of Industrial symbiosis projects^{1,2}. Own finance should be considered as a key source of finance for an IS development project to ensure financial independence. However, since own finance may not be sufficient to cover total capital expenditure of the IS project, external financing source may need to be considered and enterprises in eco-industrial parks (EIPs) are expected to be equipped with information about available green financial funds.

This report details the most relevant financial mechanisms which support the development and implementation of Industrial symbiosis projects and is intended to be used as a quick reference guide by enterprises looking to identify additional funding support for financing IS opportunities.

With regards to relevant funds available for supporting eco-industrial parks (EIPs), in May 2018, Decree No 82/2018/ND-CP was promulgated, regarding regulations on management of industrial zones and economic zones. This Decree includes a section on eco-industrial parks (Section 4, Chapter IV), and Article 43 is dedicated to incentives for developing EIP in Vietnam. It must be mentioned that while there is no fund or financial support mechanism having a specific mention to Industrial Symbiosis (IS) projects, it may be understood that an IS project is like any other project that which focuses on company's resource efficiency improvement - with more than one company coming together for it. Thus, Industrial Symbiosis (IS) projects may benefit from financial mechanisms that support various types of resource efficiency cleaner production technology and measures to reduce hazardous waste, greenhouse gas (GHG) emissions, water pollutants, and better manage chemicals in industrial parks in Vietnam, and those that support overall EIP development.

The report also incorporates learnings from and further builds on the *HANDBOOK ON HOW TO ACCESS GREEN FINANCING IN VIETNAM* developed by UNIDO and MPI and published in 2018³.

¹ Kechichian, Etienne and Mi Hoon Jeong (2016). Mainstreaming Eco-Industrial Parks: Conclusions from the Eco-Industrial Park 2015 event in Seoul. World Bank Group.

² Sakr, D., L. Baas, S. El-Haggar and D. Huisingh (2011). "Critical success and limiting factors for eco-industrial parks: global trends and Egyptian context." *Journal of Cleaner Production* 19(11): 1158-1169.

³ Weblink: https://www.unido.org/sites/default/files/files/2019-01/2018_Green_Financing_in_Viet_Nam.pdf



METHODOLOGY

First, an exhaustive long-list of existing and potentially relevant financial mechanisms was created through desk-research and the experience and expertise of the Sofies' and VNCPCs' networks.

The financial mechanisms were then grouped depending on the institutions (national, international, and private funding), and the most relevant opportunities were reviewed further. The selected opportunities are further detailed in the following chapters, including a listing of the main types of projects/target clients that could be covered by the funding opportunities.

Step 1: Desk-based Research:

An exhaustive long-list of existing and potentially relevant financial mechanisms was created through desk-research and the experience and expertise of the Sofies' and VNCPCs' networks

Longlist of ~ 48 financing mechanisms

Step 2: Grouping: The mechanisms were grouped based on type

National

International

Private funding

Step 3: Basic Information + Analysis

Gathering of general information on each of the mechanisms as well as an analysis of the potential for supporting EIP/IS

Type of support provided

Eligibility criteria

Type of EIP/IS opportunity that could be financed

Step 4: Detailing of the most relevant mechanisms

The most relevant funding mechanisms were selected, analysed and detailed in this report

16 most relevant financing mechanisms detailed

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