Third is the weak international commitments of the Vietnamese banking system to global standards of governance and environmental and social responsibility. Therefore, local banks certainly cannot lend more to the coal sector in the context of increasing international pressure on banks. Thus, capital for large-scale coal-fired power projects such as Nhon Trach 2 in the central province of Quang Binh, which amounts to VND48 trillion ($2.81B), will be complex. "Policy risks in Vietnam are also high and have shown to be unstable, and the commitment to foreign investors could be better," Hoe said. "For example, in the solar sector, Vietnam only offered a feed-in tariff for more than a year, and then switched to bidding processes again. Therefore, many investors are reviewing the risks in laid out policies. Unstable commitments certainly cannot mobilise capital." Next, the medium- and long-term capital supply of the Vietnamese banking system remains very low, at just over 20 per cent with high interest rates and minimum loans above 10 per cent per year. Furthermore, Vietnam's green bond market is almost empty. In order to develop a renewable energy market, such as wind or solar power, a green bond market must be developed. This concept was discussed by the government, but so far green public investment and expenditures are still "very fuzzy" in the fiscal balance of the Ministry of Finance (MoF), argued Hoe. Finally, Vietnam has no national agency to access international sources of green growth, especially for renewable energy.

Resolution 55 not concretised

The new plan is being promoted for early submission to the government. Hoe said that the plan "has been calculated very carefully". If capital is mobilised from state corporations, it will amount to only about $3 billion per year, because all these groups have debt ratios of over 2 per cent. Currently, the debt ratio of Electricity of Vietnam (EVN) has reached 2.25 per cent. Another $4 billion will be mobilised from the population and $4 billion from the domestic businesses. If there are good policies, Vietnam can also mobilise $6-7 billion per year from foreign direct investment.

Two important directions of Resolution 55 that cover green public expenditures and the green fiscal year have not been specified in Chapter 14 of the PDP8. "Winning green public investment for renewable energies, especially in transmission, should be clearly stated in Chapter 14 of the PDP8," added Hoe. Vietnam's green finance policy, he said, is so far "at an incentive level". In the 5-year plan, "the MoF has never balanced a single source of capital for green public investment." Resolution 55 states that green credit policies must be concretised to support investments in renewable energies. But when EVN stopped receiving connection requests and signed a power purchase agreement for rooftop solar systems developed after December 31, banks, despite their very good retail sales, immediately stopped providing loans.

According to Hoe, such a plan should be stated in Chapter 14, with the SBV directing the banking system to promote retail credits for renewable energy, using lower refinancing interest rates for credit loan records, and reducing the required reserve ratio for loans.

(Source: VRI)