

# International Project Financing in Vietnam



A WORLD ELECTRIFIED BY  
RENEWABLE ENERGY

# Key Challenges for International Investors



## PPA Bankability Challenges



### Security Package

- Foreign lenders do not have the right to make a claim on immovable assets in the event of a default



### Termination

- Current PPA template is silent on potential resolutions in the event of PPA termination by EVN



### Force Majeure

- Current PPA template is silent on resolutions in force majeure circumstances, including political force majeure



### Curtailment Risk

- Current PPA template is silent on resolution for curtailment arising from dispatch priority, congestion, and/or system-related issues of the grid

## Financing Challenges



### Cliff Risk

- Missing FiT/PPA deadline would leave the asset stranded during construction (seen in some PDP7 projects)

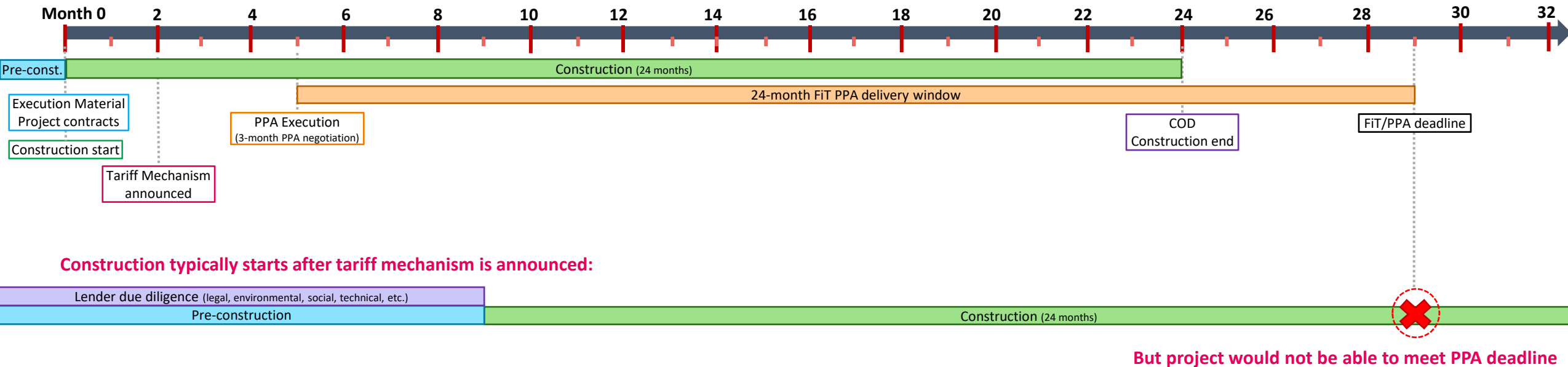


### Local Financing

- Local banks are uncomfortable to take on construction risk
- Local banks willing to provide credit guarantee during operation, when the project generates revenues

# Cliff Risk and the Costs of Mitigation

(Example – illustrative purposes)



Construction typically starts after tariff mechanism is announced:

But project would not be able to meet PPA deadline

## Costs of Mitigation

- To meet the FIT/PPA deadline, construction may need to start before the tariff mechanism is announced:
  - Pre-NTP\* works may need to be issued prior to clarity on key offtake terms
  - Sponsors would be exposed to balance sheet risk in order to start construction early to mitigate cliff risk

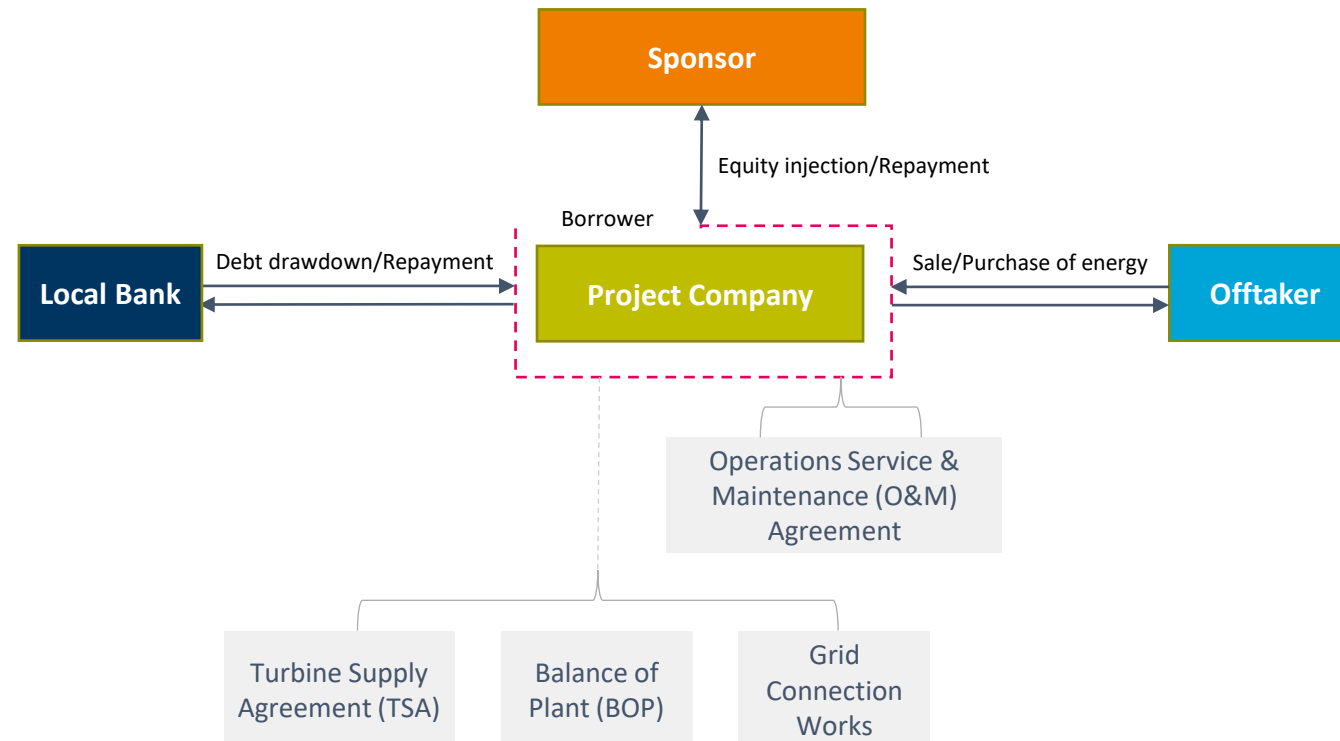
\*Notice To Proceed

# Financing Structure (1)

## Local Financing Structure

(Example – illustrative purposes)

- Local banks in Vietnam are less comfortable to take on construction risk for offshore wind

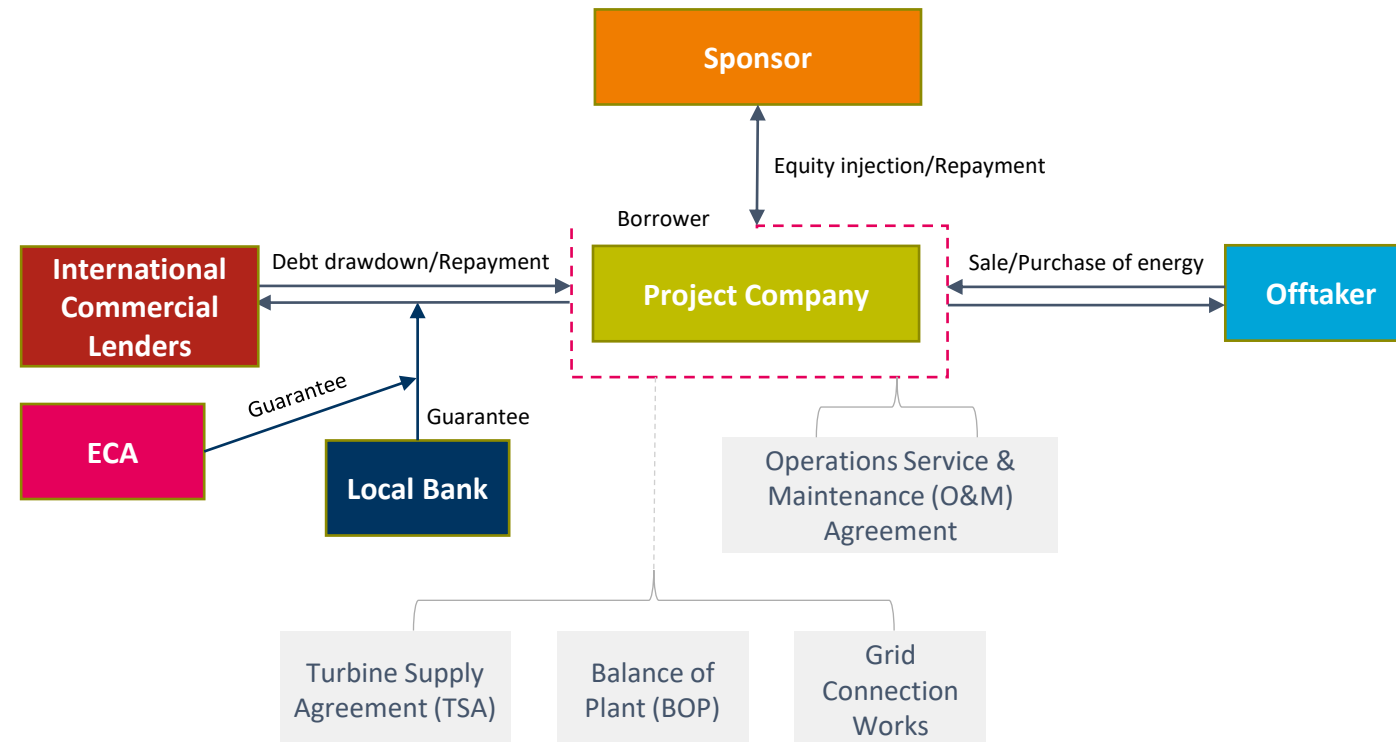


# Financing Structure (2)

## Export Credit Agency (ECA) Guarantee Structure

(Example – illustrative purposes)

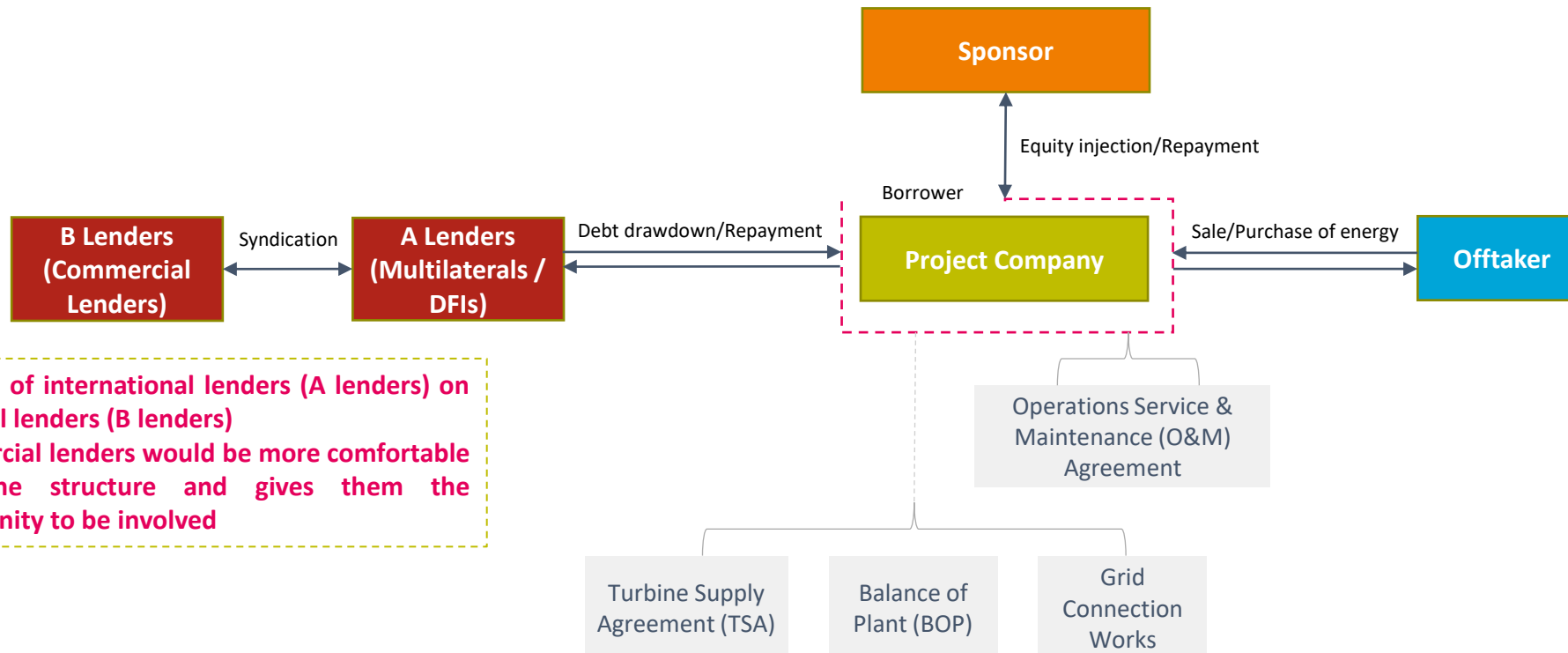
- International lenders have expressed concerns over PPA risks in Vietnam



# Financing Structure (3)

## Multilateral Development Financing Institutions A/B Loan Structure

(Example – illustrative purposes)



**Halo effect of international lenders (A lenders) on commercial lenders (B lenders)**

- Commercial lenders would be more comfortable with the structure and gives them the opportunity to be involved



# Mainstream's Project Financing Track-record



Project Financing Track-record				
FC	MW	Projects	Country	€m
2021	148	Copihue Portfolio (1 wind)	Chile	153
2020	630	Huemul Portfolio (3 wind, 2 solar)	Chile	600
2019	574	Condor Portfolio (3 wind, 1 solar)	Chile	527
2019	252	West Bakr (wind)	Egypt	251
2018	250	Perdekraal East and Kangnas (wind)	South Africa	303
2018	158	Taiba N'Diaye (wind)	Senegal	222
2017	299	Sarco and Aurora (wind)	Chile	373
2015	360	Noupoort, Loeriesfontein and Khobab (wind) (Round 3 REIPPPP)	South Africa	384
2013	46	Oldman 2 (wind)	Canada	50
2013	33	Negrete (wind)	Chile	47
2012	9	Knockaneden (wind)	Ireland	12
2012	100	DeAar and Droogfontein (solar)	South Africa	112
2012	138	Jeffreys Bay (wind)	South Africa	154
			<b>Total</b>	<b>3,188</b>

Project Finance Raised to Date

**Total: €3.19bn**

Project Finance Partners

CaixaBank

DNB KFW SMBC

KDB Bank

OPIC MIGA

MUFG IDB

## Contact Information

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