

GREEN BONDS ISSUANCE IN VIETNAM: BIDV AND EVN FINANCE

1. BIDV, 2023

1.1. General Information

References: [BIDV Press Release \(2023\)](#), [World Bank – BIDV Case Study](#), [BIDV Green Bond Framework](#), [Moody's SPO for BIDV](#)

Date of issuance:	25 October 2023
Amount:	VND 2,500 billion ~ USD 104 million
Tenor:	5 years
Use of proceeds:	In line with Green Bond Framework: green, energy saving, emission reduction, and environmental protection projects
Green Bond Framework:	BIDV Green Bond Framework in line with ICMA Green Bond Principles (GBP)
Technical Assistance:	World Bank, IFC (J-CAP program); GIZ, SBV
Guarantor:	None
External Review:	SPO by Moody's – SQS2 Sustainability Quality Score (Very Good)
Investors:	All investors are reputable insurance and funds management companies affiliated to leading global insurance groups, including: Eastspring Vietnam, Prudential Vietnam, etc.
Other Remarks:	1 st green bond issued by a bank in Vietnam 1 st senior, unsecured, unguaranteed domestic green bonds 1 st domestic bonds to received Moody's scoring for green bond framework

1.2. Timeline

2022	<ul style="list-style-type: none"> 1 of the 2 organizations selected to be trained and build Green Bond Framework with technical assistance from SBV and GIZ Drafted Green Bond Framework with reference to the CBI's Handbook
2023	<ul style="list-style-type: none"> Finalize & issue Green Bond Framework in line with ICMA'S GBP, with technical assistance from World Bank and IFC through J-CAP program 25/10/2023: Issue green bonds
Post-issuance	<ul style="list-style-type: none"> Post-issuance allocation and impact report with World Bank's support in capacity building (WB)

1.3. Green Bond Framework Summary

1. Use of Proceeds	Finance and refinance new and existing eligible projects in domestic and international regions, especially in Hanoi, HCMC, Mekong Delta, Central Highlands, Central VN, etc.
2. Process of Project Selection	<p>(1) Green Project Selection</p> <p>Green Projects should:</p> <ul style="list-style-type: none"> - Meet criteria in Appendix 1: 11 categories <ul style="list-style-type: none"> o Renewable, Clean Energy o Green Industry o Environment Protection & Energy Saving Services Provision o Sustainable Transport o Green Construction o Green Agriculture o Sustainable Forestry o Sustainable Water Management in Urban and Rural Areas o Waste Treatment and Pollution Prevention o Natural Environment Protection, Ecological Environment Restoration and Natural Disasters Prevention o Recycled and Renewable Resources - Not falling under categories of Appendix 2 – Exclusionary criteria (Retrieved from WB 2007 list) <p><i>E.g. Projects that involve: harmful and exploitative forms of forced labor and child labor; trading of illegal products; commercial logging; etc.</i></p> <p>(2) Credit Analysis and Approval</p> <ul style="list-style-type: none"> - Preparing and appraising credit proposal report - Risk appraisal report - Credit approval
3. Management of Proceeds	<ul style="list-style-type: none"> • Proceeds will be deposited in general accounts and earmarked to allocate for Eligible Projects • Flexible: <ul style="list-style-type: none"> o Existing projects: finance/refinance, must have been appraised & received 1st disbursement no longer than 36 months prior to the issuance date o Undisbursed projects: directly funded by proceeds under the framework • Use of proceeds shall occur during the 24 months after the bond issuance. • Unallocated proceeds will be held in temporary instruments that are cash, or cash equivalent instruments, or deposited at correspondent banks & credit institutions
4. Reporting	<p>Publish on BIDV's website reports (i) annually or (ii) when material events affecting use of proceeds occur</p> <ul style="list-style-type: none"> • The proceeds are allocated to Eligible Project portfolios. • The remaining balance which have not yet been allocated. • Breakdown of Eligible Assets by eligible category. • Breakdown of Eligible Assets by geography. • Share of new financing and refinancing. • Data provided is to be as of the end of the previous year.

1.4. Other green banking efforts

- Sustainable Loan Framework issued Feb 2023
- 30/09/2023: **71,000 billion VND** total outstanding loan (5% total outstanding loan, +11% against 2022) for **1,500** customers with **1,900** green projects/credit plans

2. EVN Finance, 2022

2.1. General Information

References: [GGGI Case Study](#), [GuarantCo News](#), [EVN Finance Green Bond Framework](#)

Date of issuance:	15 July 2022
Amount:	VND 1,725 billion ~ USD 75 million
Tenor:	10 years (maturity date by 2032)
Use of proceeds:	11 project categories contributing to Climate change mitigation & adaptation, Natural resources & Biodiversity conservation, Pollution prevention and control
Green Bond Framework:	EVN Finance Green Bond Framework verified to ICMA's Green Bond Principle 2021 & ASEAN's Green Bond Standards
Technical Advisor:	GGGI (Viet Nam Green Bond Readiness Program)
Underwriter:	Vietcombank Securities (VCBS)
Guarantor:	Partially guaranteed (USD 50 million) by Guarant Co.
External Review:	
Investors:	International insurance firms with presence in Vietnam Lead investors: AIA, Manulife, Deloitte
Other Remarks:	1 st onshore, local currency, verified green bond in Vietnam 1 st partially guaranteed Vietnamese corporate bond invested into by institutional investors Awards: Best of the Frontier Markets – FinanceAsia; Wrap of the Year – IJ Global 2022

2.2. Green Bond Framework Summary

1. Use of Proceeds	<p>(1) Objectives of Projects: (i) Climate change mitigation, (ii) Climate change adaptation, (iii) Natural resources conservation, (iv) Biodiversity conservation, (v) Pollution prevention and control</p> <p>(2) Eligible Categories: 10</p> <ul style="list-style-type: none"> ○ Renewable Energy ○ Low-carbon Buildings ○ Energy Efficiency ○ Pollution, Prevention, and Control ○ Environmentally Sustainable Management of Living Natural Resources and Land Use
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- Terrestrial and Aquatic Biodiversity
 - Clean Transportation
 - Sustainable Water and Wastewater Management
 - Climate Change Adaptation
 - Circular Economy Adapted Products, Production Technologies and Processes and Certified Eco-Efficient Products

(3) Exclusionary Criteria:

- High E&S Risk (Category A), IFC Risk Classification

- *E.g. Projects that involve: harmful and exploitative forms of forced labor and child labor; trading of illegal products; commercial logging; etc.*

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- 2. Process of Project Selection & Evaluation**
- › Based on Internal Environmental and Social Management System (ESMS)
 - › Ensure compliance with (i) local laws and regulations on a best effort basis (ii) EVN Finance's Environment and Social Policy
 - › A list of potential projects/borrowers will be identified by the Credit Department and Business Units at branches
 - › Evaluation as per normal loan approval cases
 - › Appraised as per EVN Finance's Credit Policy, ESMS, E&S Policy

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- 3. Management of Proceeds**
- Portfolio approach
 - Proceeds will be deposited in separated accounts and an amount equal to net proceeds will be earmarked to allocate for Eligible Green Projects
 - Maintain a Register
 - Unallocated proceeds will be held and/or invested in treasury liquidity portfolio, in cash or other short-term instruments.

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- 4. Reporting**
- Report annually until fully allocation
- **Allocation Reporting**
 - Total amount of proceeds allocated
 - Proportion of financing vs. re-financing
 - Allocation to each eligible category
 - Balance of unallocated proceeds
 - **Impact Reporting**
 - Annual Impact Report on environmental impacts of Eligible Green projects
 - Focus on GHG emissions and certain metrics specified in the Framework
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2.3. Other green finance efforts

- 2022 MoU with ResponsAbility Investments AG (Switzerland) for cooperation on Promoting Green Finance, with a focus on financing Renewable Energy Projects ([EVN Finance, 2022](#))
- Established partnerships with international organizations, including Global Climate Partnership Fund (GCPF), ResponsAbility, GuarantCo, Symbiotics, Proparco, etc. ([EVN Finance, 2022](#))

References

BIDV

[World Bank Case Study BIDV](#)

[BIDV SPO Moody's](#)

[BIDV Press Release](#)

[BIDV Green Bond Framework](#)

EVN Finance

[GGGI Case Study EVN Finance](#)

[EVN Finance Green Bond Framework](#)

[EVN Finance – ResponsAbility 2022](#)

[FinanceAsia Awards – Best of Frontier Markets](#)

Green Bond Issuance Process

[CBI – How to Issue GSS Bonds Guide](#)

[Circular No. 101/2021/TT-BTC of MoF – with article specifying 50% reduction of issuance service fees for green bond issuers](#)

[For Reference] Brief of Green Bond Issuance Process

Retrieved from [CBI's Guidebook "How to Issue Green Bonds, Social Bonds, and Sustainability Bonds"](#)

No.	Activity	Details
1	Develop a Green Bond Framework	<ul style="list-style-type: none"> • Define eligibility criteria for projects/assets • Create selection process • Set up tracking & reporting <p><i>Available guidelines & standards:</i></p> <ul style="list-style-type: none"> - <i>International:</i> Green Bond Principles (GBP), Social Bonds Principles (SBP), Sustainability Bonds Guidelines (SBG), Climate Bonds Taxonomy and Climate Bonds Standards - <i>Country/Region-specific:</i> Vietnam, ASEAN
2	Best Practice: External Review	<ul style="list-style-type: none"> • <i>Assurance report:</i> external confirmation of compliance with GBP/SBP/SBG • <i>SPO:</i> external assessment of GSS bonds framework, confirm compliance with GBP/SBP/SBG and analyze eligible assets • <i>Rating:</i> valuation of the labelled bond framework against a third-party rating methodology • <i>Verification report for Certified Climate Bonds:</i> 3rd party verification, pre- and post-issuance, confirming that use of proceeds adheres to the Climate Bonds Standards, sector criteria, and Paris Agreement
3	Check for Support Mechanism	e.g. fees reduction, support in roadshow organization <i>[additional] Vietnam: Green bond issuers and investors are entitled to a reduction of 50% of certain service fees for public issuance (Article 3.6, Circular No. 101/2021/TT-BTC)</i>
4	Issue the Bond	
5	Post-Issuance Reporting	<ul style="list-style-type: none"> • Allocate proceeds to the projects & Management of Unallocated Proceeds • Monitor the projects and track allocation over time • Publish applicable Report(s) • Post-Issuance Audit (best practice)