

Accelerating sustainable infrastructure in Vietnam: Innovative credit enhancement wins and what's next

Post-event report

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Accelerating sustainable infrastructure in Vietnam – Event Recap & Reflections

Innovative credit enhancement wins and what's next

Vietnam's infrastructure financing is transforming, driven by innovative instruments, shifting investor dynamics, and policy reforms (Exhibits 1 & 2). With USD 245 billion needed by 2030 for expressways, rail, and power projects—and public funds covering only 70%—private capital is essential. On September 24, 2025, VIS Rating, together with the Private Infrastructure Development Group (PIDG) and Moody's Ratings, hosted the conference "Accelerating sustainable infrastructure in Vietnam", bringing market leaders together to explore new financing strategies.

This report captures key insights, spotlighting Vietnam's momentum in sustainable transactions and the critical role of multi-stakeholder collaboration.

Vietnamese companies are increasingly leveraging innovative financing solutions to lead sustainable infrastructure development. By diversifying funding and attracting long-term capital – including from foreign institutional investors, these firms are accelerating progress toward national sustainability goals (Exhibit 4).

A landmark example is EVN Finance's 2022 green bond, partially guaranteed by GuarantCo (a member of PIDG), which attracted global insurers to fund renewable energy projects and support Vietnam's net-zero targets. Similarly, Nam Long Group, one of Vietnam's leading real estate developers, issued a 7-year bond at a fixed 6.5% interest rate in 2018, backed by a full credit guarantee from GuarantCo. This allowed the company to finance affordable housing projects without relying on traditional bank loans—an approach that resonates strongly with investors seeking exposure to social impact assets.

Repeat issuances are proving critical for credibility. For instance, Gelex leveraged its 2019 guaranteed bond experience to secure new offshore loans for green initiatives in 2025, proving that consistent market engagement unlocks future funding opportunities.

A predictable, robust regulatory framework is equally vital to attract long-term capital—especially given heightened construction risk in infrastructure projects.

Domestic investors are gaining confidence in innovative bond structures, supported by stronger market infrastructure that enhances transparency and evaluation capabilities. With capital preservation still a top priority, credit guarantees remain critical—mitigating project bond risks, bolstering investor confidence, and fueling demand for fixed-income products (Exhibit 5).

However, execution challenges remain. High costs and extended timelines often outweigh yield benefits. Sustainable guaranteed bond transactions are particularly complex— they can stretch up to a year and involve coordination across multiple stakeholders, from issuers and guarantors to advisors and rating agencies. Engaging experienced bond advisors with sustainable finance expertise is key to streamlining execution and aligning interests.

Partial guarantees can broaden investor participation and deepen market sophistication, but they add another layer of complexity, creating pricing uncertainty for the unguaranteed tranche.

Bond markets are well-positioned to finance long-term infrastructure, leveraging global practices such as advanced risk assessment tools and credit enhancements to align risk with investor appetite. As bank capital and funding become increasingly limited (Exhibits 6 & 7), bond markets will play an increasingly important role in closing the infrastructure financing gap.

Early engagement with rating agencies is key to boosting investor confidence and clarifying deal structures, particularly when pricing unguaranteed tranches. Second Party Opinions (SPOs) further strengthen credibility by independently validating issuers' ESG commitments throughout the bond lifecycle.

CONTACTS

Phan Duy Hung, CFA, MBA
Director – Senior Analyst
hung.phan@visrating.com

Nguyen Ha My, CFA
Sector Lead Analyst
my.nguyen@visrating.com

Simon Chen, CFA
Head of Ratings and Research
simon.chen@visrating.com



Innovative bond structures can de-risk investments and unlock private capital for the operational phase of infrastructure projects—freeing banks to reinvest in new construction. In Vietnam, banks have historically financed both construction and operations, despite facing high leverage, long tenors (15–20 years), and single-revenue risks.

Shifting refinancing to institutional investors—such as insurers—once construction risks are mitigated, aligns with global practices and strengthens market confidence. Advanced tools like securitization, co-guarantees, and collateral structures further protect investors and expand banks' lending capacity.

Recent policy reforms removed key legal barriers and boosted investor confidence. Under the amended PPP Law, project companies can now issue bonds more flexibly—through private placements without historical financials—while infrastructure bonds can be listed immediately after public offerings.

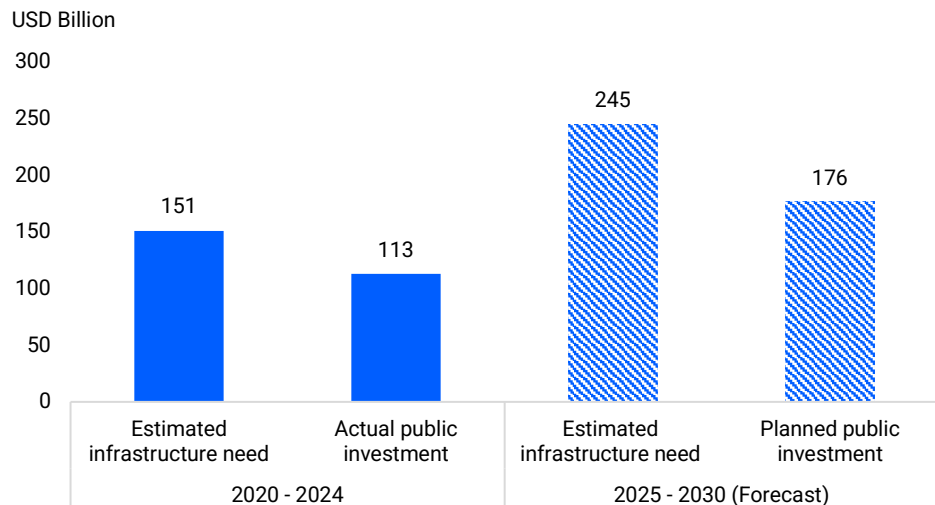
The introduction of the Vietnam Taxonomy adds further momentum, offering clear environmental criteria for eligible projects. This clarity strengthens issuer confidence, and standardization reassures domestic investors.

Further efforts are needed to strengthen project viability, embed global best practices, and broaden the institutional investor base. In the power sector, new offtake regulations—such as raising the regulated output guarantee for LNG power from 65% to 75%—will improve pricing certainty and enhance bankability. Clear guidance on government support measures, including a 2% interest subsidy, could further incentivize green financing.

Yet, market perception remains a challenge. Our recent surveys show that most corporates do not achieve a pricing advantage—or “greenium”—when issuing green bonds (Exhibit 8), highlighting the need for stronger incentives and targeted investor education.

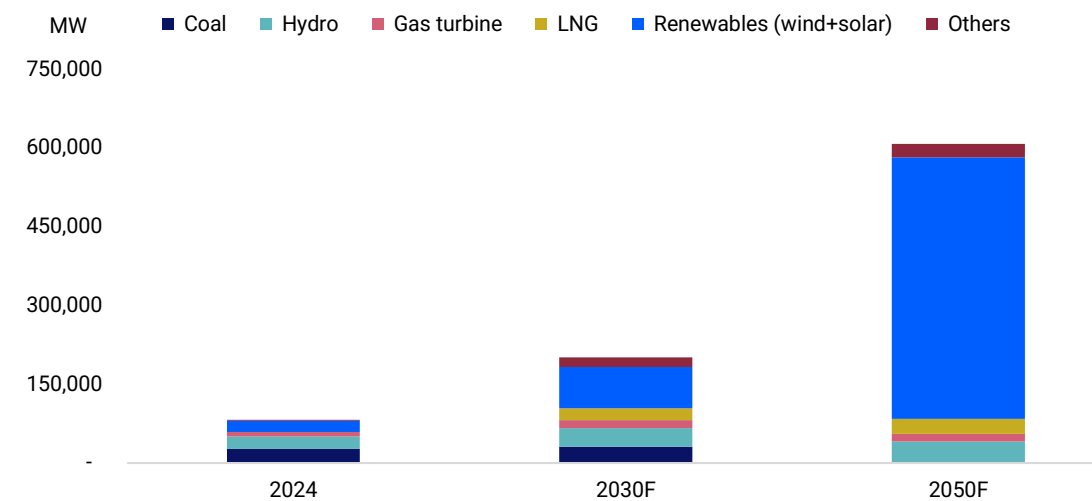
Vietnamese companies are increasingly leveraging innovative financing solutions to lead sustainable infrastructure development

Exhibit 1: Public capital, based on the 2021–2030 budget plan, can only meet 70% of infrastructure investment demand



Source: World Bank, Global Infrastructure Outlook, VIS Rating estimates

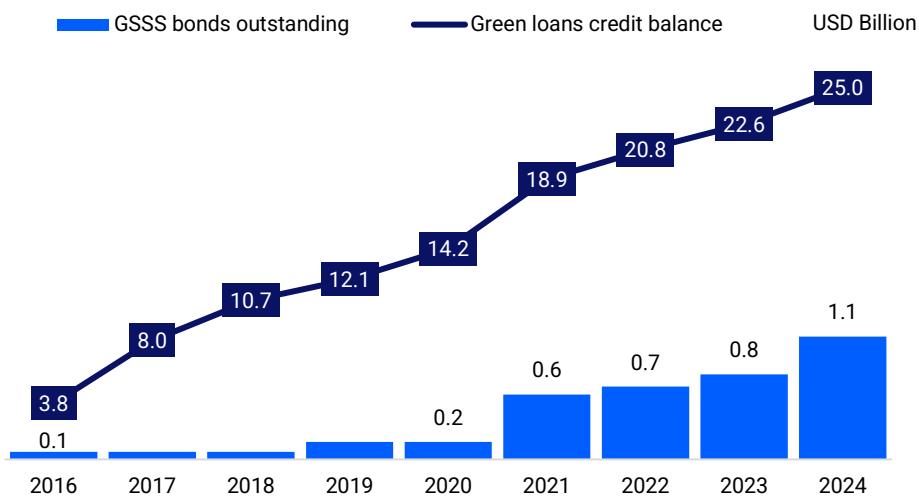
Exhibit 2: Vietnam's ambitious push to scale up renewable energy capacity by 2050



Note: Power Revised Power Development Plan VIII

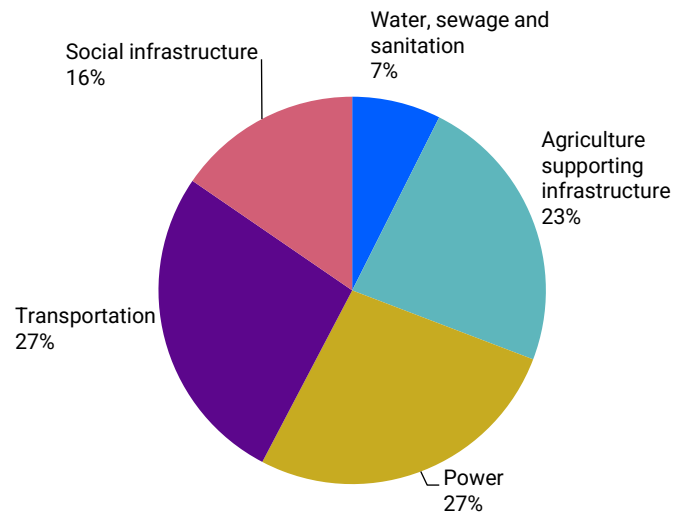
Source: VIS Rating

Exhibit 3: Growing domestic sustainable finance to support Vietnam's net zero target



Source: State Bank of Vietnam (SBV), VIS Rating

Exhibit 4: GuarantCo's diversified guaranteed portfolio unlock Vietnamese companies' sustainable infrastructure development

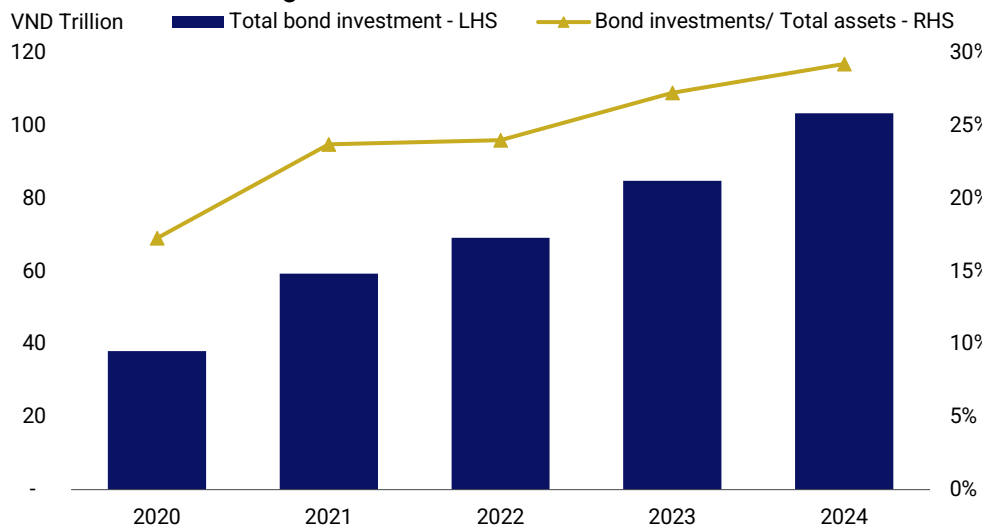


Note: Sector breakdowns based on GuarantCo's credit guaranteed portfolio in Vietnam

Source: GuarantCo, VIS Rating

Further efforts are needed to strengthen project viability, embed global best practices, and broaden the institutional investor base

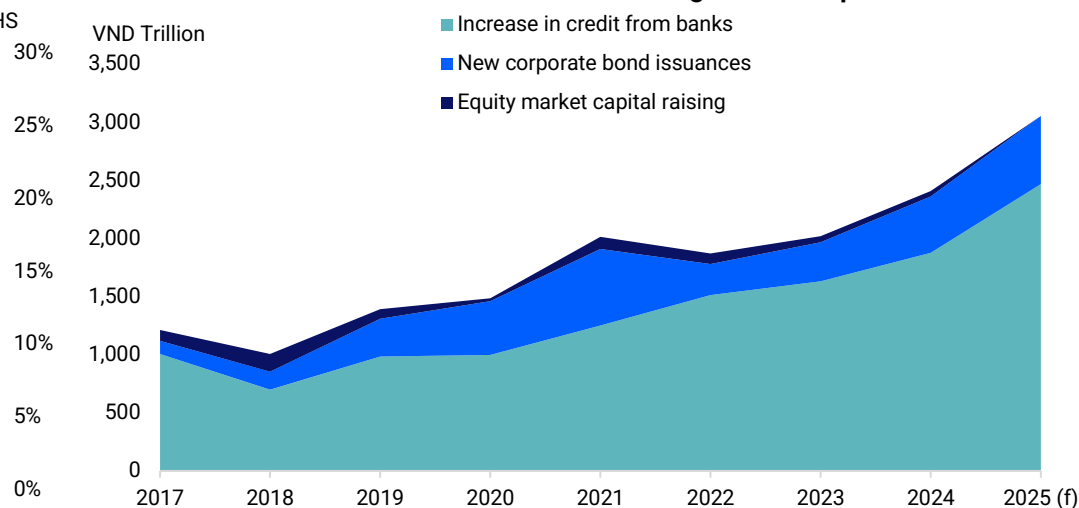
Exhibit 5: Insurers' rising demand for bond investments in Vietnam



Note: Data includes 12 listed insurance companies

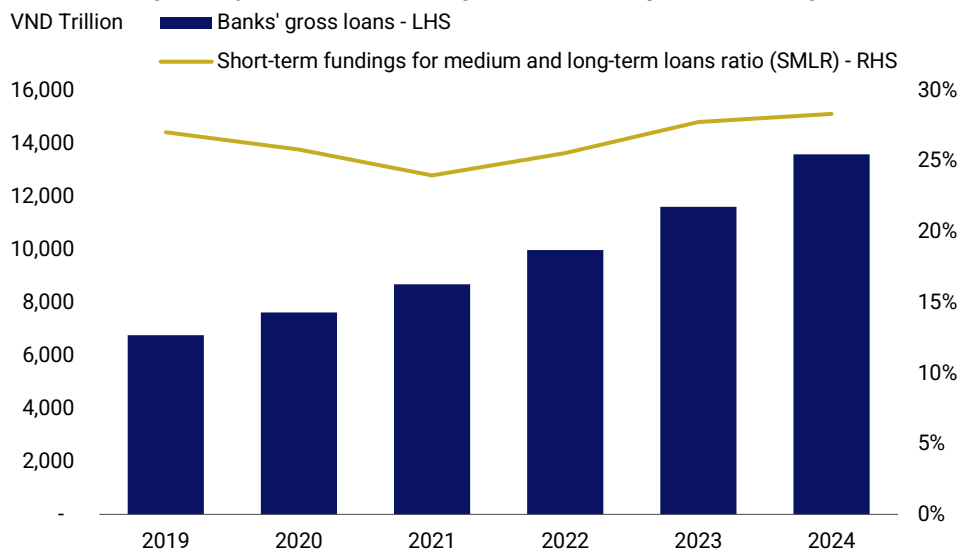
Source: Company data, VIS Rating

Exhibit 6: Bank credit remains the dominant funding source for private sector



Source: SBV, State Securities Commission (SSC), VIS Rating

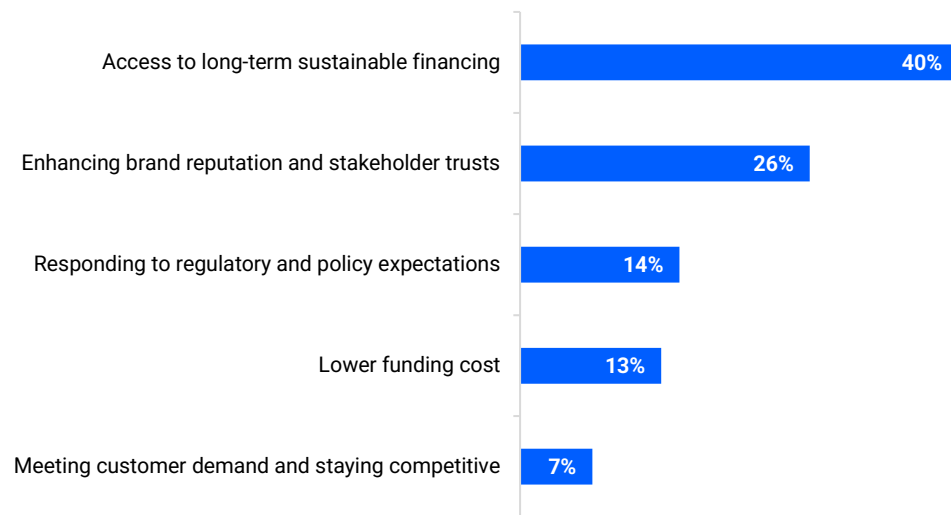
Exhibit 7: Regulatory limits banks using short-term deposits for long-term loans



Note: Current SMLR cap is 30% (effective Oct 2023)

Source: SBV, Bank data, VIS Rating

Exhibit 8: Pricing advantage is not a key driver for issuing green bonds in Vietnam



Note: Survey results are derived from audiences of "Accelerating sustainable infrastructure in Vietnam: Innovative credit enhancement wins and what's next" conference

Source: VIS Rating

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