

# Finnish Concessional Credit Scheme

Utilisation of the Finnish Technology and Knowhow to  
Support the Development of Vietnam

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# Concessional Credit

## – Part of the Development Cooperation

- The concessional credit instrument is one the many development cooperation instruments which Finland uses to support Vietnam
- The concessional credit project's objectives have to be line with the Development Cooperation Policy of Finland and the development objectives of the Government of Vietnam - poverty reduction, environment, climate change etc.



# Concessional Credit – Key Information

- The concessional credit projects are financed through the 0% -interest loan to the Government of Vietnam (the interest of the loan is paid by the Government of Finland)
- The grant element is 17-17,5 % of the project budget
- The loan maturity is 10 years
- The loan can be provided in Eur or USD by EU – registered commercial bank
- The project has to have at least 50% Finnish content
- The main contractor has to be a Finnish company



# Focus for the New Concessional Credit Projects

## Focus:

- Agreed areas: environment, climate change, energy, ICT, technology
- Clear benefits to poverty reduction, environment, climate change adaptation/ mitigation
- The use of the best of Finnish technology and know how
- Maximum limit for civil construction 10%
- Overall Suitability for the CC instrument



# Concessional Credit Scheme in Vietnam

- Started in 2003, 23 projects in total, of which 10 completed and 13 are currently in different stages.
- Example of projects:
  - Firefighting equipment project, 8 million euros (240 billion dong)
  - Electrical Supply Network upgrading (Miniscada), 11 million Eur (330 billion dong)
  - Technology Transfer and Bridge Repair project 2million Eur (60 billion dong)



# Project Cycle -From the Identification to the Implementation in 2-3 years

1. Fast Track Note , 2-3 pages, from the Project Owner to the Ministry of Planning and Investment and to the Embassy of Finland
2. Feasibility Study by the Project Owner, support from the Embassy of Finland can be requested.
3. The PO has a full responsibility in the project procurement, from the preparation of bidding document to the bids evaluation.
4. Commercial contract: Project Owner and the Finnish company, Loan agreement: Bank and MOF.
5. Implementation, Monitoring, Evaluation



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**THANK YOU!**

