FUNDING AND ACCELERATING
CLIMATE TECH STARTUP IN VIETNAM

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Climate Tech Funding Ecosystem Report 2023: Executive Summary

February 2024

Chapter 1

Defining and Mapping Climate Tech Startup in Vietnam

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Climate tech taxonomy

Definition of climate tech

Climate tech encompasses technology solutions addressing **climate change** and **environmental impacts**.

Focus on reducing GHG emissions or adapting systems to environmental changes.

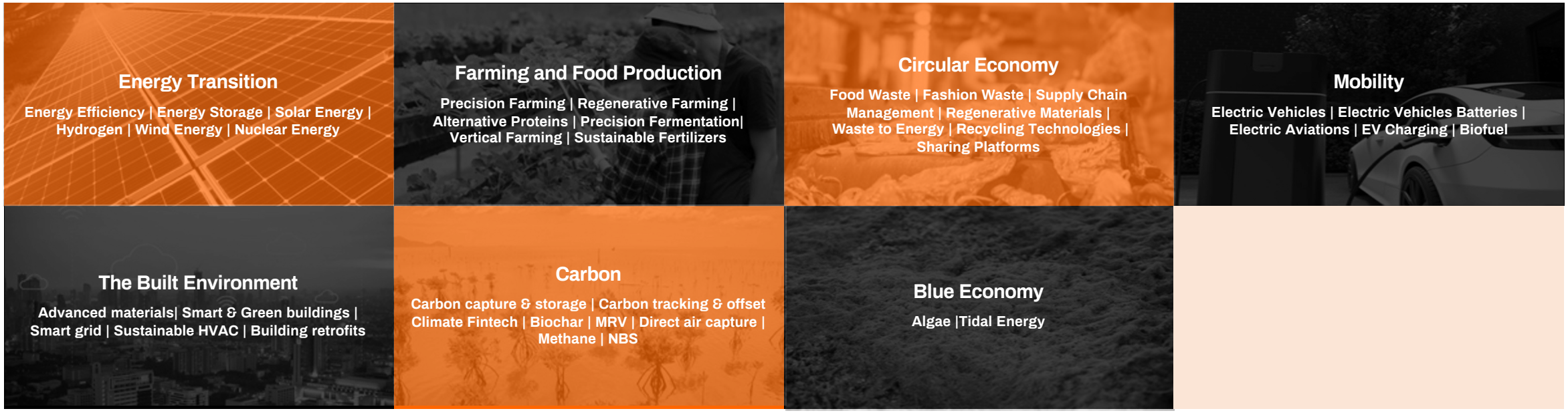
Technology Spectrum

Encompasses a broad range of technologies, not limited to software.

Includes deep tech: ***IoT, AI, biotech, nanotech, battery tech, and more.***

Dealroom's Categorization

Identifies **seven subcategories** within climate tech. Spans across diverse industries and sectors.



Climate tech startups in Vietnam

Circular Economy

AIRX, buyo, ECOFA, GALAXY BIOTECH, GRAPHENEL JSC, GreenPoints, VECCA, S., CLEANDYE, LARVA YUM

Farming & Food Production

CRICKETONE, FORTE BIOTECH, HACHI, KOINA, mimosa, Tepbac, RYNAN TECHNOLOGIES, Rhodi

Energy Transition

Alterno, CIRCULAR ENERGY FLOW, eGreen, solano, stride, BENKON, IOT.TEAM.VN, tMonitor, LC

Mobility

ABIVIN, ECO TRUCK, SELEX, DAT.BIKE, Wiibike ride our future

Underrepresented sectors

Limited presence in carbon, blue economy, and built environment sectors.

Two startups utilizing the spin-off model

Forte Biotech (National University of Singapore spin-off) - RAPID diagnostic tests for prawn diseases.

CEnergy (Hanoi University of Science and Technology spin-off) - Specializing in redox battery technology.

Definition of startup

Adopting Startup Genome's definition: Founded within the last 10 years, technology-driven, with technology and scalability at the core

Excluding: mature technology-enabled businesses and capital-intensive models requiring investment over US$20 million.

Evaluation criteria

Filtered based on "additionality": Direct contribution to GHG reduction and climate adaptability.

Focus on startups receiving external financial support (grants, equity, or debt) for recognized solutions.

Statistical summary

Founding Statistics: **33 climate tech startups** have been founded in Vietnam since 2011. The majority (67%) were founded post-2019.

Geographical Distribution: 60% located in Ho Chi Minh City, 32% in Hanoi.

Industry Focus: Circular economy and energy transition are dominant, constituting 60% of all startups.

Chapter 2

Drivers of Climate Tech Demands in Vietnam

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Climate tech's role in the sustainable growth of Vietnam

Vietnam's ambitious goals

Vietnam aims for high-income status by 2045, requiring **5.9% annual GDP** per capita growth.

Climate change constraints

Economic Threat: Natural disasters already cost billions annually, risking a **12%-14% GDP** decline by 2050 without mitigation.

Immediate Costs: In 2020, Vietnam lost **3.2% of GDP** (US$10 billion) due to sea level rise.

Escalating Impact: In 2022, natural disasters caused US$830 million in losses, triple that of 2021.

Vietnam's commitment

Decarbonization Commitment: Pledge of net-zero emissions by 2050, outlined in the 2022 updated NDC under the Paris Agreement.

Unconditional Contribution: Vietnam commits to a **15.8% GHG emission reduction** by 2030 in various sectors.

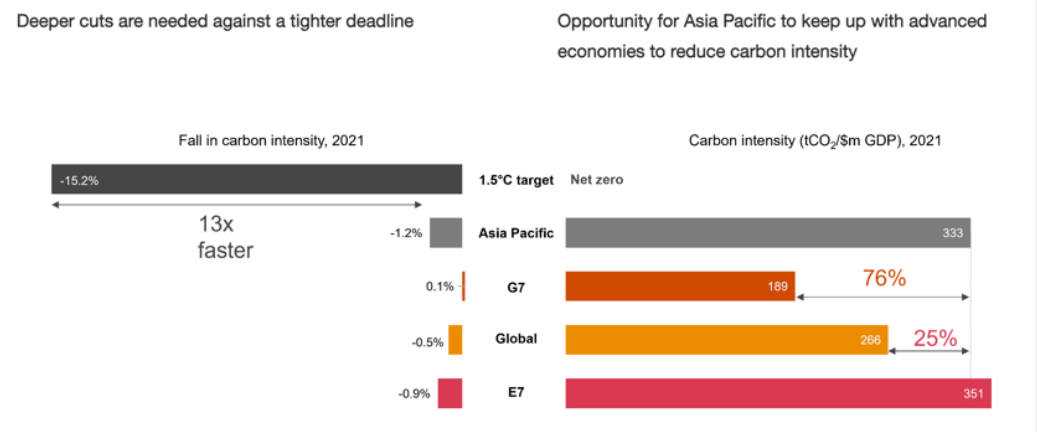
Tradeoff Challenge: Balancing growth and decarbonization without compromise is crucial.

Call for Action

Innovation Need: Large-scale deployment of climate tech is essential for twin goals.

Energy Efficiency (EE): EE solutions offer up to 20% energy reduction and carbon emissions curtailment

Government Encouragement: Vietnam supports EE in industrial sectors, creating opportunities for startups.



State of decarbonization across different economic groups in 2021 (Source: PWC)

Global trends

Global EE investments reached **US$560 billion** in 2022, a 16% increase.

Vietnam's Decarbonization Agenda and innovation opportunities

Six Key Pillars for decarbonization

Energy Production	Building and Infra-structure	Agriculture and Land use
Transportation	Industry and Manu-facturing	Waste Management

Energy Production

Power Development Plan VIII (PDP8) guides energy transition until 2050.

Focus on renewables, with 30.9%-39.2% electricity from renewables by 2030.

Opportunities for innovation in energy storage and small-scale renewables.

PDP8 targets 8-10% electricity reduction by 2030 and 15% by 2050.

Focus on small-scale solar, Direct Purchase Power Agreement (DPPA), and energy efficiency solutions.

Building and Infrastructure

Buildings contribute nearly 40% of global CO2 emissions.

Vietnam Energy Efficiency Program (VNEEP 3) aims for a 10% reduction in national energy consumption by 2030.

Opportunities for climate tech startups in energy-efficient solutions.

Agriculture and Land use

Agriculture contributes 30% of Vietnam's GHG emissions.

Tech solutions for sustainable agriculture, forest carbon credit projects, and MRV present opportunities.

Transportation

Action Program for Transition to Green Energy to 2030 emphasizes green fuels, EVs, and infrastructure.

Demand for innovative e-mobility and alternative fuel solutions.

Industry and manufacturing

Exports account for 19% of GDP, exposing Vietnam to global sustainability regulations.

EU's CBAM and ban on unsold clothing drive demand for carbon tracking and eco-friendly products.

Waste Management

Insufficient waste management infrastructure leads to harmful practices.

Extended Producer Responsibility (EPR) mandates producers for product lifecycle, driving circular economy innovations.

The Evolution of Carbon Market

Compliance Carbon Market

Under development, guided by the 2020 Environment Law

Two-stage plan for a domestic carbon market:

- 2023-2027: Development of regulations and a pilot trading platform
- From 2028: Official operation and plans to link with global markets

Voluntary Carbon Market

Prices vary widely: **US$5-25/ton**, dependent on project type and offset quality

Global demand driven by net-zero commitments

Vietnam's forest reserves contribute substantial carbon offsets

Opportunities for innovation among climate tech startups

In 2023, there is a **51% decrease** in global trading volumes due to challenges

Average credit prices rose significantly, focusing on high-integrity credits

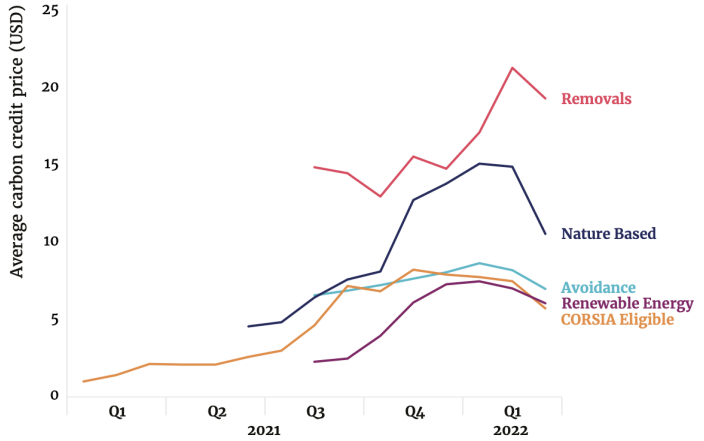
Uncertainty for businesses but consensus on the continued importance of carbon market instruments

Challenges in Accessing Carbon Markets

High costs: for GHG accounting and MRV processes

Rapidly changing: climate regulations and industry standards

Scrutiny: over greenwashing, double counting, and overstatements



State and Trends of Carbon Pricing 2022 (Source: Workbank)

Noteworthy initiatives

Mekong Capital's Mekong Earth and Forest Fund (MEFF): Potential US$200 million climate fund

VinaCapital's VinaCarbon Climate Impact Fund

CT Group's ASEAN Carbon Credit Exchange

Chapter 3
Investment Ecosystem

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Emerging stage

Current ecosystem stage

Aligned with the **'Activation-phase ecosystem'** on the Startup Genome scale.

Characterized by limited startup experience, with a focus on addressing local issues and adapting global innovations to fit the local context.

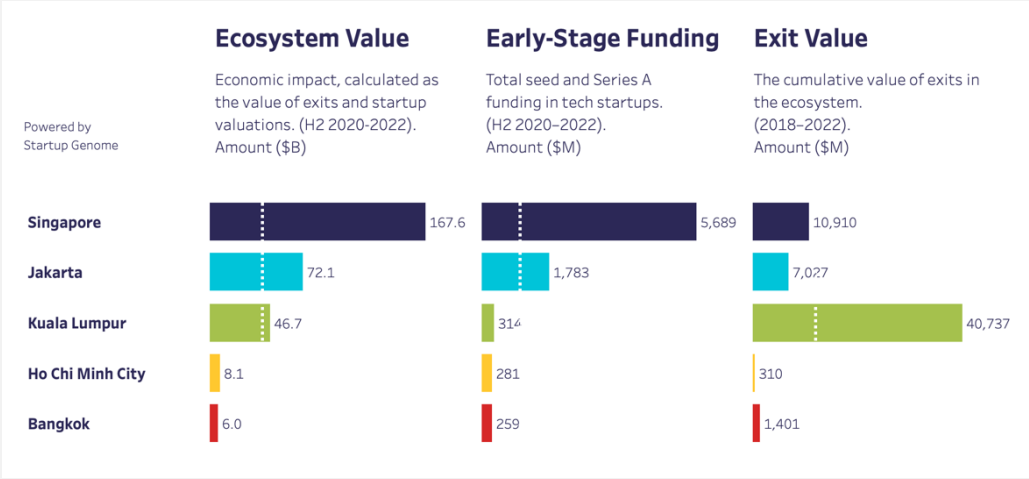
Startup Genome

	Characteristics	Objectives
Ecosystem Leadership	Extremely important but challenged by accelerating ecosystem growth.	To activate entrepreneurially minded people and grow a more connected local community that helps each other.
Community	The local system is the main focus at the early Activation phase. Quality of community is measured by startup experience and Local Connectedness, while performance is captured by startup output and output growth index.	Focus on growing and building a large and more connected community by activating local entrepreneurs, talent, and investors.
Local Size	<1,000 startups, usually fast-growing	Build on local economic strengths and develop focused programs to accelerate ecosystem growth and develop pockets of success that lead to sizable exits.
Global Relationship	The global system slowly becomes increasingly important in the late Activation phase. To thrive at this point, the community needs to increasingly connect with and learn from the global startup community, measured by Startup Genome as Global Connectedness.	Empower the community to tap into global sources of knowledge to better develop leading business models, achieve global market reach, and accelerate to exits. Exits help recycle resources in the ecosystem, furthering its growth.
Funding	Most and especially the best startups raise funding outside the ecosystem, or receive amounts that are too small to build success. The investor community is relatively inexperienced and often lacks well-structured angel groups and highly funded VC firms.	Support the formation and operations of angel groups to increase deal flow and expertise, and inject capital in a way that de-risks the asset class. Inject capital in VC firms to support the development of expertise and returns. Develop one or two dominant startup sub-sectors in the ecosystem, using them to emerge as a regional leader in a targeted area and lead to ecosystem growth.
Startup Support	Limited startup experience (experienced investors, advisors, mentors, and community behaviors that support startup success).	Continue to support founders so they know how to become investment ready.

A Flourish table

Prominent Startup Ecosystem – Ho Chi Minh City (HCMC)

Recognized among the top 100 Emerging Ecosystems by Startup Genome in 2023



HCMC Ecosystem Performance

Early-stage funding: **US$281 million**

Exit value: **US$310 million**

Ecosystem value: **around US$8.1 billion**

Vietnam’s ecosystem relies heavily on international investment

Startup's viewpoints

- Vietnamese startups seek funding beyond home country, especially in Singapore.
- Many startups establish holding company in Singapore and a twin entity in Vietnam.
- Process can be time-consuming, expensive (up to 5% of initial funding).
- Difficulty finding suitable consultancy for legal navigation.

Investors' viewpoints

- Bringing international venture capital into Vietnam is complex and costly.
- Investors encounter hurdles like opening local bank account, currency conversion to VND.
- Simplifying procedures could enhance Vietnam's attractiveness for investment.

“When investors want to invest in Vietnam, they need to open a local bank account and convert their currency to VND. The investment process here… could be more friendly to investors.”

- Son Nguyen,
Country Director of Impact Investment Exchange (IIX),

Climate tech startup funding is a small, fast-growing and resilient

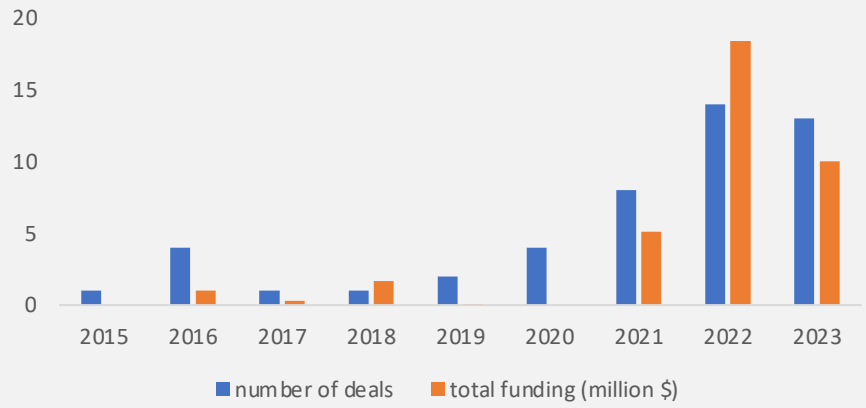
Funding timeline

Initiated in 2015, Vietnam's climate tech startup funding has witnessed substantial growth, particularly since 2021.

Average annual growth of 200%.

Cumulative funding (2015 – 2023)

US$35.7 million was secured through **48 deals** involving 33 startups and 31 VCs.



Funding landscape in 2023

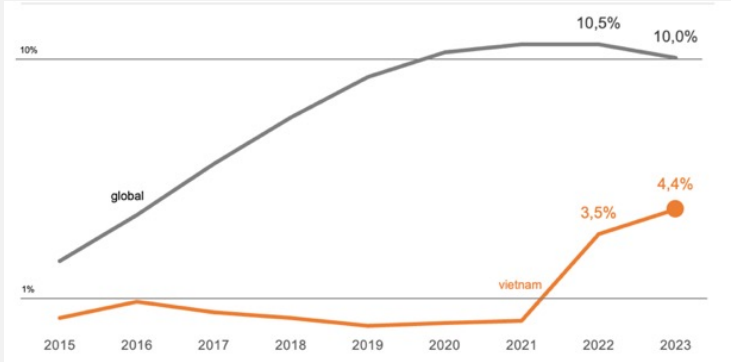
Climate tech funding constitutes **4% of total venture capital** in Vietnam, amounting to **US$6.5 million**.

Despite recent rapid growth, this share is considerably lower than the global climate tech funding share of 10% over the same period.

Opportunities for expansion

The 4% funding share in 2023 reflects a **ten-fold increase** since 2015.

There exists a significant opportunity for further investment expansion to align with the global average of 10%.



Share of CTS funding in Vietnam and globally by year (2015-2023)

While mobility startups dominates investment

Domination of mobility startups

Mobility startups have been dominant, capturing **77%** of total Climate Tech Startup (CTS) funding by value.

Electric Vehicles and Smart Logistics

Mobility startups focus on solutions related to EV and smart logistics.

Only mobility gets Series A

Reinforces the pivotal role of mobility in shaping the future of low-carbon transportation.

Series A funding highlights investor confidence and potential for sustainable growth in the sector.

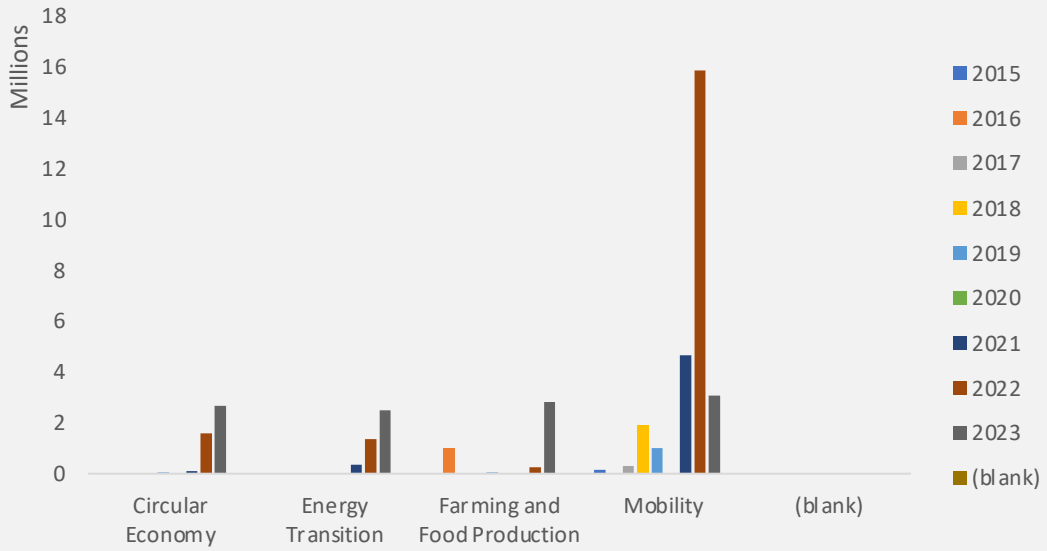
Mobility funding highlights

The mobility sector secured **US$15.3 million** in Series A funding.

Notable deals:

Ecotruck: US$2 million in Series A funding in 2021.

Dat Bike: Impressive US$13.3 million in 2022.



Lacking funding for ideation and growth stages

Lack of funding for the ideation stage

At the ideation stage, only $3.3 million has been secured, while funding skyrockets to $35.7 million at the early stage.

Lack of growth-stage funding

No startup has reached Series B.

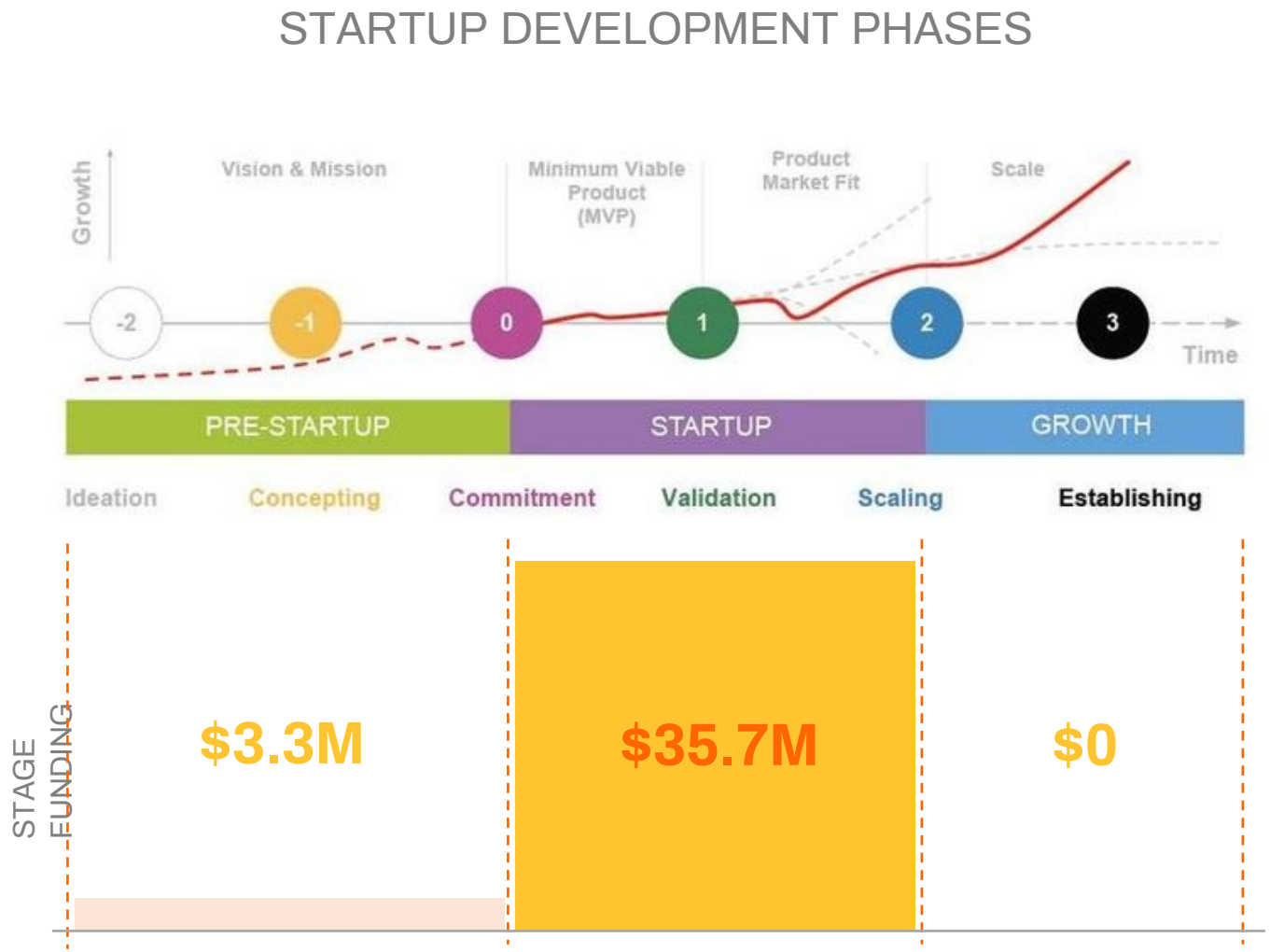
The absence of later-stage funding, private equity investors, and mature climate tech startups also contributes to the lack of growth stage funding.

Anticipated funding needs

Given the complexity of climate change and the urgent need to act, additional funding for the ideation stage is crucial to spur innovation and remove financial barriers for entrepreneurs.

As pioneering startups scale operations, enter new markets, and invest in marketing and sales, growth-stage funding will be crucial.

Recognizes the imperative for continued financial support to facilitate scaling and market expansion.



Overall, Vietnam has a small number of both investable startups and VCs

As of 2023, only 31 investable climate tech startups were supported by 27 VCs in Vietnam.

"Most of the time, we are left with only one funding option and we usually have to accept it."

- A startup founder.

Scarcity of founders

Climate challenges require multidisciplinary expertise, which is lacking among Vietnamese founders who often come from software or traditional tech backgrounds.

There's also a notable absence of entrepreneurship and climate-related education at all levels in Vietnam.

"Vietnamese founders usually have a background in software or other traditional tech industries. There is a group of founders who have successfully launched businesses in Silicon Valley and returned to Vietnam with the requisite skills, but their transition into the climate tech space might not be immediate."

- Matt McGarvey from PRIM Vietnam

Weak demand signals

Misconceptions about climate tech being non-profit or CSR initiatives hinder demand for solutions, exacerbating the problem.

Big corporations in Vietnam are young, and their shareholders don't necessarily reward better practices in handling environmentally friendly business approaches over profitability.

"The is a misconception in Vietnam that climate tech is a pro-bono or CSR initiative, meaning a field that can't create profits. This is one of the most significant challenges in the climate space since it leads to a lack of strong signals on the demand side."

Abeywickrema, of IIX

Investment difficulties

Lack of professional angel investors and impact VCs, coupled with limited funding options, pose challenges for startup growth.

Absence of later-stage VCs specializing in deep tech or climate further hinders startup progression.

Difficulties to exit due to complex investment procedures.

"Impact VCs are often not the lead investor in a deal. Instead, they prefer to follow traditional VCs to mitigate risks, I suppose."

- **A startup founder.**

"When progressing beyond the initial stages, startups must approach deep tech or climate VCs to raise funding for their next round. However, there are few of these two groups in Southeast Asia. There have been many discussions about climate funding this year, so we hope that more late-stage funders add a climate dimension to their mandates – this would mean a growing number of these investors in the market."

- **Tu Ngo, General Partner of Touchstone Partners**

Chapter 4

Investor Preferences and Decision-Making

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Angel investors

Angel investors are vital in early-stage startup funding, stepping in when other sources are lacking.

Despite their significance, details of these investments are often undisclosed, including investor identities and amounts invested.

In-depth interviews reveal angel investments typically range from US$5,000 to US$250,000.

Angel investments often stem from personal relationships and trust in startup founders.

Example: Benkon secured around US$420,000 from angel investors, including engineers from major tech firms like VinFast, Google, and VNPay.

Development agencies & nonprofits

Development agencies and non-profits have been facilitating entrepreneurship in climate-related sectors since 2015.

- Total funding provided from 2015 to 2023: US$274,000 to 16 startups.
- Initiatives include incubator programs, innovation challenges, research grants.
- Focus areas: Circular economy and energy efficiency.
- Grants ranged from US$2,000 to US$125,000.
- Emphasis on selecting startups with proven environmental impact.

Water and Energy for Food Grand Challenge USAID	Categories: Circular economy, Energy Efficiency Grant amount: US$125,000 Climate tech portfolio: Egreen Technology	**Plastic Innovation Contest WWF & PRO Vietnam**	Category: Circular economy Grant amount: US$4,000 Climate tech portfolio: GreenPoints
SK Startup Fellowship SK2 Fund	Category: Open to all sectors Grant amounts: US$15,000 / US$25,000 / US$50,000 Other support: Capacity Building & Networking Climate tech portfolio: Benkon, BUYO Bioplastics, EcoTruck	**Green Tech Incubator GIZ**	Categories: Circular economy, Energy Efficiency Grant amount: US$2,500 Climate tech portfolio: Carbon Solution International, Ecofa, IOTeamVN, Mana.st, the MultiMeter Machine, and Solano Energy.
Ending Plastic Pollution Innovation Challenge (EPPIC) UNDP	Category: Circular economy Grant amount: US$18,000 Other support: nine months of impact acceleration Climate tech portfolio: Galaxy Biotech	**Mekong Business Initiative ADB**	Categories: Energy Efficiency, Mobility, Circular economy Grant amount: US$2,000 Other support: Access to venture capital, angel investment Climate tech portfolio: MimosaTEK

Government agencies

A few innovation support agencies offering prize money to startups.

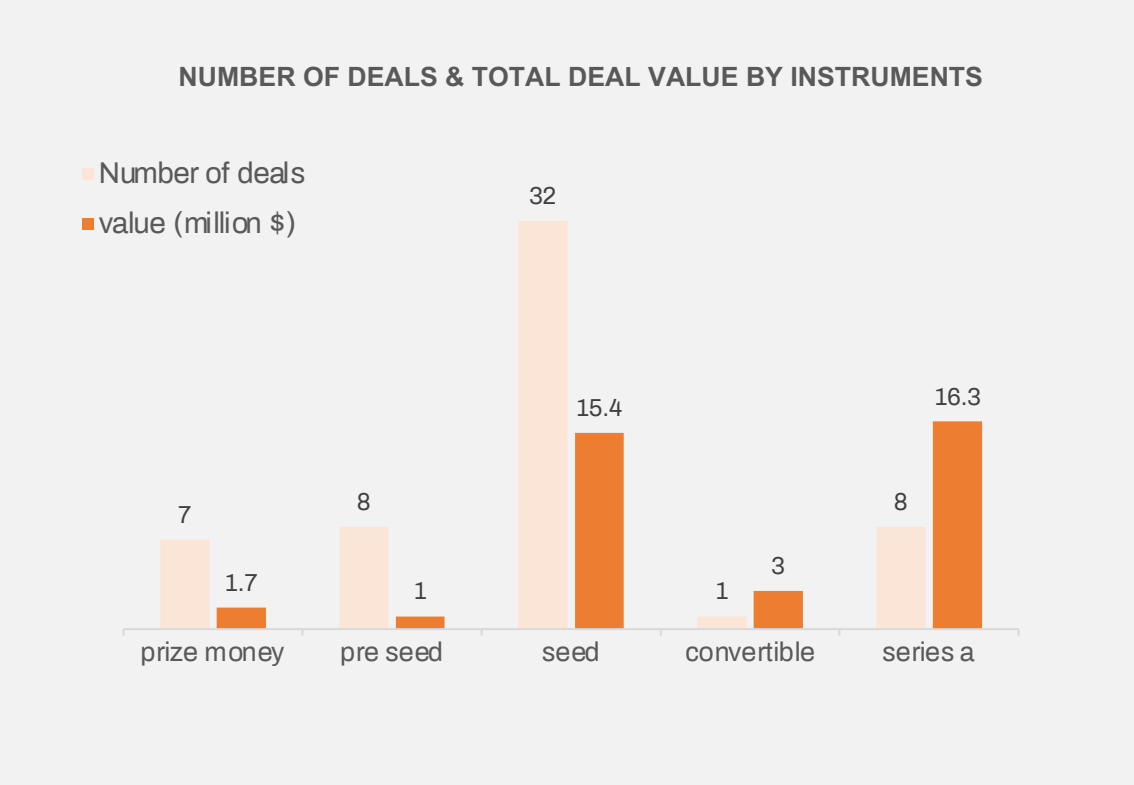
- Notable initiatives include Techfest by the Ministry of Science and Technology, Vietnam Innovation Challenge by the National Innovation Center, and StartupWheel by the Business Startup Support Centre.
- Prize money ranged from US$4,000 to US$16,000.
- Open to startups from all sectors nationwide.
- Climate tech startups have excelled in these competitions, with nine winning ventures collectively earning US$53,000 since 2018.

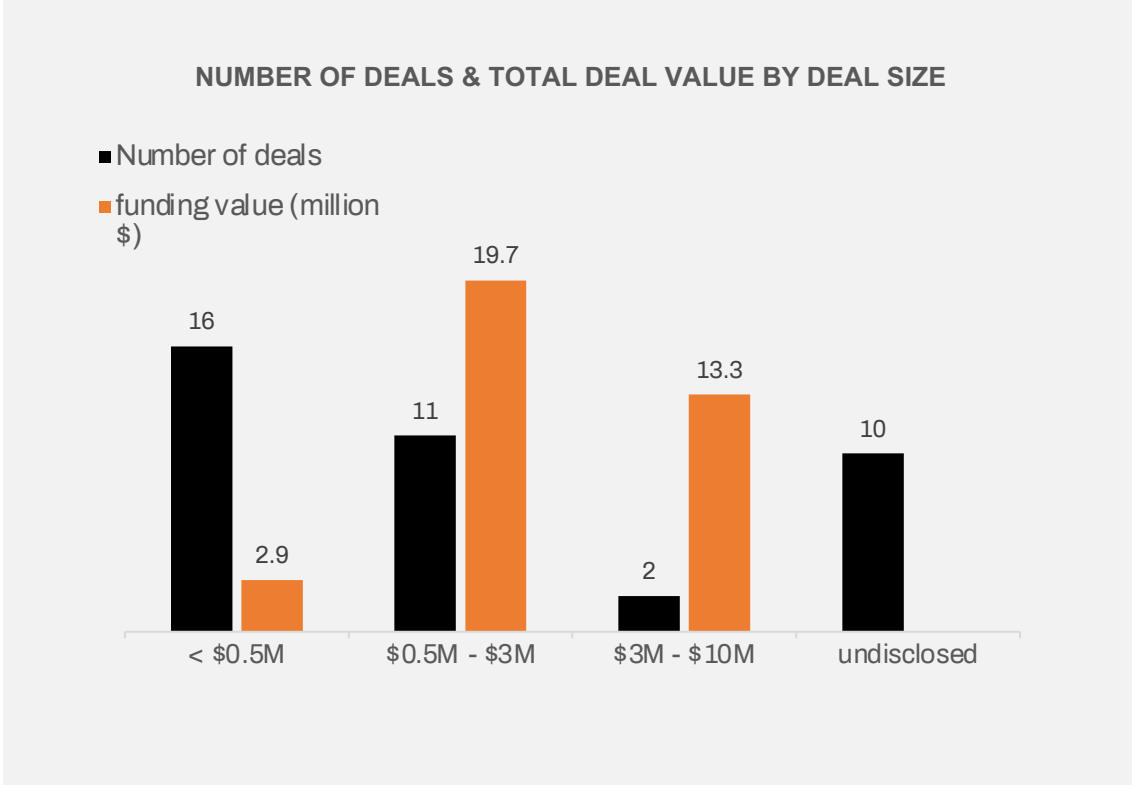
Techfest **MOST**	Category: Open to all sectors Grant amount: US$4,000 Climate tech portfolio: AirX, Cenergy, BUYO Bioplastics, Rhodi-Tech, Abivin
Vietnam Innovation Challenge **NIC**	Category: Open to all sectors Grant amount: US$10,000 Climate tech portfolio: Benkon
Startup Wheel **BSSC**	Category: Open to all sectors Grant amount: VND150M – VND400M Climate tech portfolio: WiiBike, Benkon, tMonitor

Venture Capital (VC)

Early-stage VCs are prominent investors in climate tech, offering various funding instruments such as non-equity grants, pre-seed, seed, convertible notes, and series A funding.

- Seed funding has accounted for most deals, with 32 investments reaching US$15.4 million in value. Seed deals have been small, below US$500,000. provided by Antler, Touchstone Partners, ThinkZone Ventures, and VSV Capital.
- The transition to Series A funding began in 2022 through companies including Cricket One Asia, Dat Bike, and EcoTruck. Just 2 public-announced deals fall in the US$3 million-$10 million bracket, both spearheaded by Jungle Ventures with participation from Wavemaker Partners and several other investors.





Venture Capital (VC)

Traditional VCs dominate early-stage funding, with 23 out of 27 VCs focusing on profit-driven investments.

Some VCs transitioning to **thematic investment**, emphasizing impact on people and the environment. Investors increasingly incorporate environmental, social, and governance (ESG) factors into investment strategies.

Co-funding:

High-value investors contribute to co-funding rounds, representing 65% of all VC funding in climate tech.

Selection criteria:

VCs prioritize fundamental business factors during startup evaluations, with impact considered later.

- Traditional VCs prefer early entry, focusing on founders, market, and trust.
- Impact investors prioritize startup mission and financial viability before assessing social, environmental, and scalable impact.

Return expectations

Return expectations vary; traditional VCs seek returns in 5-10 years, while impact investors adopt longer timeframes.

Main risk factors

include market adaptation, founder capabilities, and regulatory changes.

Impact assessment

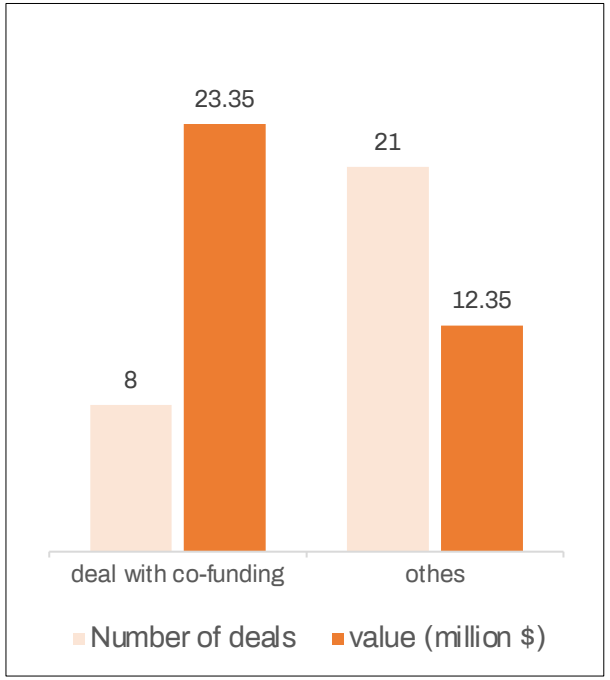
unfolds throughout the investment cycle, focusing on financial and environmental impacts.

Rising trends

include focus on CO2 emissions reduction, cleaner energy sources, energy efficiency, and food and farming industry.

Investors optimistic

about sustained growth in climate tech investments.



Cofunding contributed 65% of VC funding value in the climate tech space

Lenders

The involvement of lenders in financing climate tech startup appears to be notably constrained.

- More than US$300,000 was provided in loans to Wiibike and Egreen by SK2 Fund and Nexus for Development in 2022.
- These loans were in the form of uncollateralized financing, with loan amounts ranging from $30,000 to $300,000.

Wiibike x SK2 Fund:

- SK2 Fund, a family-run foundation, specializes in impact investments for sustainable development.
- Collaborated with Wiibike, supported by New Energy Nexus.
- Provided an uncollateralized loan at 3% interest per annum.

Egreen x Nexus for Development:

- Nexus for Development, a Singapore-based non-profit, provided an uncollateralized loan of US$300,000.
- Interest rate set at 10% per annum.
- Investment based on Egreen's clear profitability plan, positive social impact, and established traction.

Corporates

A few corporates actively foster sustainability and innovation in climate technology.
They provide funds from their inhouse impact fund, innovation challenges and M&A deals.

Schneider Electric Energy Access Asia (SEEAA)

Supports off-grid energy access companies in the Asia-Pacific region, investing in solar home systems and mini-grid activities.

SEEAA participated in Selex Motors' US$3 million seed round.

The Qualcomm Vietnam Innovation Challenge (QVIC)

QVIC was launched in 2019 as an annual single-cycle incubation program.

Offers funding and support to startups, with US$200,000 allocated to seven climate tech startups in 2022 and 2023, including WiiBike and Benkon.

Glife Technologies & Koina M&A

Glife Technologies invested in Koina and PanenID, connecting farms to dining tables in Southeast Asia.

Chapter 5
Startup Fundraising Experiences

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Climate Tech Funding Ecosystem - 2023

Funding options: Pros and Cons

Climate tech startups seeking funding have a range of options to consider, including angel investors, grants and prize money, equity financing at pre-seed and seed stages, convertible notes, and uncollateralized debt.

We have compiled a table summarizing feedback from startup interviews on the pros and cons of each option.

	Value	Pros	Cons
Angel Investor	$5K-$250K Mean: $10K	• Quick decision-making • Few restrictive terms • Often not adhering to strict valuations	• Small deal size • Give up a portion of ownership and decision-making control • Less credibility than VCs
Grant & Prize Money	$2K-$250K Mean: $50K	• Demonstrate the viability of a startup's business model • Builds a positive reputation that can open doors to investment opportunities	• Time-consuming and may divert a team's focus away from core business activities
Equity: Pre-seed	$8K-$0.5M Mean: $200K	• Initial capital to build prototype • Validate market potential • Expanded network and mentorship	• Dilution of the founders' ownership
Equity: Seed	$50K-$2.5M Mean: $1M	• Providing validation that can attract further investment and partnerships • Professional investors bring in expertise, networks, and guidance	• Dilution of the founders' ownership • Higher standards for reporting and investor relations management
Convertible Notes	$1M-$3M Mean: $1M	• Faster and more straightforward way to secure funding compared to equity financing • Fewer legal complexities • No immediate impact on the company's equity structure so founders can maintain control and ownership until a later stage	• Complexity in cap table management
Uncollateralized Debt	$30K-$300K 3%-10%/year*	• No asset valuation concerns • Reduces administrative burdens • Maintain control over assets	• Limited loan sizes • Affects cash flow • Adds stress during financial difficulties or unforeseen downturns.

Source: Startup interviews

Fundraising Challenges

Impact measurement

- Few startups have established systems and metrics to measure their environmental and social impact, primarily focusing on CO2 emissions.
- Some utilize impact measurement consulting services, costing up to US$20,000.

Need for Community and Government Support:

Breakthrough climate technology startups face regulatory barriers hindering market entry and debt financing access, exacerbating fundraising challenges.

Optimism Amid Challenges:

- Despite economic challenges like inflation and high interest rates, startups maintain a positive outlook.
- Many plan to raise funds in seed and Series A rounds, seeking investors with market understanding, connections, awareness of startup challenges, and a collaborative working style.

Challenges in Accessing Loans:

- Startups struggle to access favorable loan packages and green loans domestically.
- Reasons include insufficient collateral, small order contracts, and banks' inability to assess residual value, affecting interest rates and repayment evaluations.
- Inaccessible green loans not only affect startups but also their B2B clients, creating uncertainty in revenue streams and growth plans.

Proposed Solutions:

- Establishment of proper regulations and policy testing mechanisms like sandbox approaches for new technologies, especially in Carbon, Circular Economy, and Green Finance.
- Enhanced support during ideation stage, including access to necessary equipment, machinery, and lab facilities for prototype development.
- Reduction of barriers to market entry, such as tax reduction policies for products with a biological origin, to encourage domestic demand and revenue generation.

Case #1: Seed funding - Stride and Clime Capital

The Startup

Introduction to Stride:

- Founded in 2021 and headquartered in Ho Chi Minh City, Stride aims to democratize access to solar energy efficiency products across Vietnam.
- Partners with EPC companies to facilitate affordable monthly payments for solar energy installations.

Motivation and Genesis:

- Andrew Fairthorne, former HSBC employee, identified a market gap in supporting small businesses and households with rooftop solar financing.
- Recognized the untapped potential of solar energy in the region and aimed to address the upfront cost barrier.

Contribution to Climate Challenges:

- Stride's financing solution enables customers to self-consume solar energy, reducing reliance on the grid.
- Offers financing options with a 20% deposit and flexible repayment plans, leading to substantial long-term savings on electricity bills.

The Deal

Meeting Clime Capital:

- Initially self-funded, Stride focused on showcasing operational success and customer traction before seeking external investment.
- Identified Clime Capital through industry conferences and maintained regular communication to demonstrate progress and potential.

Overcoming Challenges:

- Sustained communication and updates to Clime Capital led to mutual confidence in the partnership.
- Clime Capital's focus on renewables and valuable feedback contributed to the evolution of Stride's business model.

Investor's Viewpoint:

"We had several reasons to invest in Stride. Firstly, the founders have strong backgrounds and complementary skills, which translates into clear communication, a well-structured business model, and a scalable business. Secondly, the solution offers a high level of additionality. Thirdly, the data and financial statements are clear and transparent. Finally, the attitude of the team along the journey has been proactive and creative, quick to adapt, and innovative in market approach."

- Clime Capital

Case #2: the $3M Convertible Note - Selex Motors & Touchstone Partners

The Startup

Introduction to Selex Motors:

- Established in 2018, Selex aims to build an electric vehicle (EV) ecosystem for the logistics sector in Vietnam.
- Offers two electric scooter models priced at approximately $1,000 each, featuring EV batteries with three times the capacity and adherence to international safety standards.
- Operates a network of 70 battery-swapping stations in Hanoi and Ho Chi Minh City, complemented by an IoT-based management platform for driver convenience.
- Focuses on reducing emissions in Vietnam's transportation sector through innovative EV solutions.

Significances:

- Owns 10 patents, five industrial designs, and four registered trademarks.

Contribution to Climate Challenges:

- Conducted a pilot project with ride-hailing giant Grab, demonstrating a reduction of over 3.4 tons of CO2 for every 30,000 kilometers driven compared to internal combustion engine (ICE) motorbikes.

The Deal

Seed Rounds:

- Received $2.1 million in a seed round led by Touchstone Partners in January 2022.
- Followed by an additional seed round of $350,000 led by Sopoong Ventures in November 2022.

Convertible Notes:

- Raised $3 million through convertible bonds in April 2023.
- Supported by Touchstone Partners, ADB Ventures, Schneider Electric Energy Access Asia, and Sopoong Ventures.

Investor's Viewpoint:

"Selex, in the realm of mobility, serves as a crucial pillar for the green transition in transportation. Given the current low penetration of electric vehicles compared to gasoline ones, there is significant growth potential. Vietnam is a major market for motorcycles, so this is promising. Secondly, the visionary founder has devised a comprehensive plan encompassing motorcycle assembly and innovations in battery technology, charging stations, and vehicle manufacturing. Operating without fees, they strive for utmost efficiency while focusing on B2B logistics. This method may result in higher acquisition costs than B2C, but its environmental impact will be faster since delivery personnel cover more distance than regular drivers."

- Tu Ngo,
- General Partner, Touchstone Partners.

Case #3: Uncollateralized loan - Egreen & Nexus for Development

The Startup

Introduction to Egreen:

- Hanoi-based Egreen aims to lead the biogas generator market in Southeast Asia.
- Egreen offers bio-generators for rent and sale, small-scale biogas and wastewater treatment plants, biogas purification systems, and diesel generator conversions.
- Products are 30% cheaper and of higher quality compared to competitors, offering significant cost savings.

Motivation and Genesis:

- Its founder and CEO, Duc-Tho Pham, developed a strong bond with farmers while installing biogas tanks on livestock farms.
- Noticed challenges in excess biogas emissions and diesel generator consumption on farms, leading to the inception of Egreen in 2017.

Contribution to Climate Challenges:

- Installed 300 biogas-to-electricity systems across nine provinces, resulting in an annual reduction of 300,000 tons of CO_2 emissions and producing 63 GWh of clean

The Deal

Details:

- Received grants including AU$400,000 from the Australian Department of Foreign Affairs and Trade and US$125,000 from Water and Energy for Food.
- Secured a US$300,000 uncollateralized loan from Nexus For Development in April 2022, facilitating further growth and development.

Investor's Viewpoint:

"We believe that Egreen's ability to raise funds can be attributed to their excellent products, well-defined profitability plan, positive social impact, and established traction. Startups who do not wish to sell equity at an early stage for a low price can consider debt financing as a viable option."

- ***Nexus for Development.***

FUNDING AND ACCELERATING CLIMATE TECH STARTUP IN VIETNAM

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