

# Context

- Viet Nam commitment to achieve **Net Zero emissions by 2050** in COP26;
- Viet Nam adhered to the **Global Coal to Clean Power Transition Statement**, and committed to ceasing issuance of new permits and construction of “*new unabated*” coal-fired power generation projects;
- The **energy** sector represents 60% of emissions in Vietnam (a priority);
- Yet, there is no clear path for decarbonisation at this stage i.e.:
- **Nationally Determined Contribution (NDC)** updated in November 2022: 43.5% **conditional** target relative to 2014 BAU baseline, deemed “**critically insufficient**” by Climate Action Tracker as will not “drive further emission reductions” and can be “easily overachieved with current policies and action;
- Desire to become **high income country by 2045** by sustaining a yearly 6-7.5% GDP rate (increase of power by around 10%) p.a. exacerbates the challenge.

# Viet Nam's JETP establishment

- **JETP Political Declaration (PD)** signed on 14 December 2022 (Brussels EU-ASEAN Summit) by Viet Nam and the International Partners Group (IPG);
- **IPG** consisting of the European Union, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Japan, the Federal Republic of Germany, the Republic of France, the Italian Republic, Canada, the Kingdom of Denmark and the Kingdom of Norway;
- The JETP will support Viet Nam to deliver on its ambitious NZ2050 goal, accelerate the peaking of its greenhouse gas emissions and **transition away from fossil fuels to clean energy**;
- The JETP will mobilise an initial **USD\$15.5 billion of public and private finance** over the next three to five years.

# Viet Nam's JETP targets

- Bringing forward the **projected peaking date** for all greenhouse gas emissions in Viet Nam from **2035 to 2030**.
- Reducing peak annual power sector emissions by up to 30 percent, **from 240 megatons to 170 megatons**, and bringing forward the peaking date by five years to 2030.
- Limiting Viet Nam's **peak coal** capacity to **30.2 gigawatts** down from a current planning figure of **37.0 gigawatts**.
- Accelerating the adoption of renewables so that **renewable energy accounts for at least 47 percent of electricity generation by 2030**, up from the current planned generation share of 36 per cent.

# Viet Nam's JETP financial package

- Initial contributions of **USD\$ 7.75 billion** in pledges from the **IPG** together with the Asian Development Bank and the International Finance Corporation;
- **TABLE WITH CONTRIBUTIONS NOT YET OFFICIALLY AVAILABLE;**
- A commitment to work to mobilise and facilitate a matching **USD\$ 7.75 billion in private investment** from an initial set of private financial institutions coordinated by the **Glasgow Financial Alliance for Net Zero** (GFANZ), including Bank of America, Citi, Deutsche Bank, HSBC, Macquarie Group, Mizuho Financial Group, MUFG, Prudential PLC, Shinhan Financial Group, SMBC Group, Standard Chartered.

# Viet Nam's JETP steps - Secretariat

- **Secretariat established by April 2023.** Currently finalizing the ToRs for the Secretariat and identifying the leading support agency;
- The Secretariat will “**provide support for the management** of the long-term partnership to support Viet Nam's just energy transition and to **facilitate and coordinate technical work according to the instructions of Viet Nam and the IPG**;
- In addition to the support provided in the drafting of the **Resource Mobilization Plan (RMP)**, the Secretariat will help **facilitate support** for Viet Nam's just energy transition efforts **from the IPG and key stakeholders, including multilateral and bilateral development financial institutions, private sector and others.**” (from PD).

# Viet Nam's JETP steps - RMP

- **Resource Mobilisation Plan (RMP)** to be published by November 2023;
- Viet Nam Government needs the draft outline RMP (for the approval) by **June 2023**, in order to have time for the system to approve it by November 2023;
- Approved outline RMP a way to **engage and instruct all Government** (#Ministries, #Agencies);
- RMP's purpose is of **mobilising investment** for different projects (renewables, storage, grid,...);
- The **RMP should reflect Viet Nam's reform agenda and investment needs** (projects) in relation to its energy transition goals as expressed in the Political Declaration.

# Challenges: Viet Nam JETP - draft PDP8

- Power Development Plan 8 (PDP8) is two years and ten drafts in the making and it is not yet finalised;
- JETP PD targets more ambitious than the latest (December 2022) draft PDP8, which outlines the installed power capacity between 2023-2030 “with a vision to 2045”;
- JETP PD has no moratorium on coal and PDP 8 still includes 11 new coal power plants under construction or being prepared for investment. These may not go ahead due to:
  - China, South Korea and Japan main funders of coal, all pledged to end overseas coal financing;
  - Previous PDP 8 drafts with up to 18 new coal plants, final PDP 8 may eliminate more plants.
- Timeline for PDP 8’s finalisation still unclear: draft needs updating to match JETP’s ambition, new Deputy PM will need to get up to speed ahead of signing off before PM. Weeks/months? Maybe approved as currently stands and then modified in the future?

# Challenges: Viet Nam's politics of coal

- Coal is a quasi-untouchable bastion of political power in Vietnam;
- Revolving door between relevant ministries, state-owned power company (EVN) and other state-owned companies/subsidiaries, preventing reform in the energy sector;
- Corruption and favouritism hamper investments in clean energy => also slowing down PDP 8's approval;
- Energy planning does not consider coal's public and environmental and health externalities, operation and maintenance costs and repair services => coal appears cheaper than renewables;
- Coal subsidies are on an increasing trend, most subsidies for electricity tariffs, regulated at a rate below cost recovery. Industry has the lowest tariff. 2017 subsidy: USD 3.5 billion as reported by EVN.



# Challenges: Lock-in GHGs emissions

- Fossil gas: PDP 8 ¼ of installed capacity (30 GW) in 2030, increasing to 44 GW by 2035 (base load); related fugitive methane emissions (methane pledge); price fluctuations...
- Biomass: intense CO2 emissions; LULUCF, deforestation issues;
- PDP 8 plan to prolong coal infrastructure by co-powering plants with biomass or ammonia (production still very carbon intensive and expensive);
- Loophole in JETP PD, “unabated” coal opens the door to carbon, capture, (utilisation) and storage (CCUS), still unproven climate solution;
- CCUS justify building of new fossil power plants and extends the lifetime of existing ones.

# Challenges: Financing

- JETP financial package a starting point – catalytic – for Vietnam’s net zero goals;
- WB study state that between 2022-2040, Vietnam may need **USD\$ 368 billion** in private, public & external funding;
- UNFCCC principles state that polluter pays;
- Carbon Brief 2021 analysis found that the United States, China and Russia are the three largest carbon emitters since 1850. Russia and China not part of JETPs; China is main coal funder;
- Viet Nam’s global cumulative share of global carbon emissions (excluding LULUCF) stands at **0.27%** (from 1750 baseline);
- Vietnam’s historical cumulative emissions are over a thousand times less than the United States;
- No (historical/main emitter) country is paying its fair share of climate finance;
- Finance support mostly loans, further indebting countries.

# Challenges: Policy and regulatory gaps

- Lack of integration and silo mentality between Ministries in charge of climate/energy – MONRE, MOIT, MPI, MOF, MOT, MARD,...;
- Policies supporting deployment of renewables and grid are lacking or developed too slowly;
- Solar: PDP 8 only foresees it for own power, not to sell on the grid; past years grid curtailed up to 30-40% in some places; yet solar saved USD 1.7 billion in fossil fuels costs in Vietnam between 2018-2021;
- Wind: PDP 8 foresees to increase to up to 28.5 GW by 2030; yet no marine spatial planning framework hindering offshore wind; rapid growth in the last years thanks to generous subsidies yet period where 3.5 GW built but not operational due to missed feed-in-tariff deadline;
- Grid: currently not appropriate; must absorb more renewable energy and become flexible, also supporting energy storage, automation tools, load dispatch capabilities, digitalisation and high-voltage direct current.

# Challenges: Civil society's inclusion

- A just and clean energy transition is only fair and legitimate if representative groups are part of the process;
- Yet, Vietnam is a repressive state:
  - 4<sup>th</sup> biggest jailer of journalists (Reporters without Borders, 2022);
  - At the near bottom of Press Freedom Index (174/180).
- 2022: four high profile environmental defenders jailed, including Goldman Prize winner **Nguy Thi Khanh**, Executive Director and founder of Green Innovation and Development Center (GreenID);
- The JETP PD makes no mention of human rights *specifically* (recital 15 refer to consultation to media, NGOs and other stakeholders....).

# JETP Viet Nam - Conclusions

- The JETP is key step in right direction;
- PDP 8 must be significantly changed to be consistent with JETP PD;
- [Viet Nam NDC and LTS must be significantly changed to be consistent with NZ2050 pledge and climate science; implementation tough remain a huge challenge];
- JETP's implementation poses many challenges: NDC, NCCS and PDP8 inconsistent with NZ2050 and JETP; Politics of coal; Locking-in emissions from gas, biomass & ammonia; CCUS “solution”; Finance; Policy and regulatory gaps; Civil society's inclusion....



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