

Political Declaration on establishing the Just Energy Transition Partnership with Viet Nam

1. The Governments of the Socialist Republic of Viet Nam, together with the International Partners Group, 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;
2. Recognising the need to accelerate action towards the objectives and long-term goals of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, including through the implementation of the Glasgow Climate Pact, to minimise the worst adverse impacts of climate change for countries, people and the environment;
3. Noting that limiting global warming to 1.5°C to mitigate the worst adverse impacts of climate change requires rapid, deep and sustained reductions in global greenhouse gas emissions, including reducing global carbon dioxide emissions by 45 per cent by 2030 relative to the 2010 level and to net zero around mid-century as well as deep reductions in other greenhouse gas emissions, emphasising climate change adaptation and achieving net zero emissions as an opportunity for sustainable development;
4. Recognising that for Viet Nam, as an independent, sovereign and fast developing lower middle income country heavily affected by the impacts of climate change, it will be key to embrace the opportunities brought about by the fast decreasing cost of renewable energies as an opportunity for sustainable development and to tackle related challenges such as poverty, inequality and unemployment, which are exacerbated by the impact of the COVID-19 pandemic and climate change, and that vulnerable groups and some important economic sectors may be impacted by the energy transition, including thermal electricity generation, coal mining, heavy industry and transport;
5. Recognising the need for new, predictable, long-term and sustainable support from partner countries, multilateral organisations and investors in finance, technology and capacity building for Viet Nam to exploit fully the opportunities of the transition in accordance with the national framework of public debt and external debt management to contribute significantly to the implementation of the NDC of Viet Nam, its commitment to reach to net zero greenhouse gas emissions by 2050 and its development orientation to become a high-income developed country by 2045;

6. Noting that at COP26, Viet Nam committed to achieve net zero emissions by 2050 with its own domestic resources, along with the cooperation and support of the international community, including developed countries, both in terms of finance and technology transfer, including implementation of mechanisms under the Paris Agreement; Viet Nam also joined the Global Methane Pledge supporting a goal of reducing methane emissions by 30% in 2030 compared to 2020 levels; Viet Nam also supported 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;

7. Welcoming Viet Nam's swift and significant actions to implement its commitments made at COP26, including its legislation to reduce greenhouse gas emission and adapt to climate change, promulgation ahead of COP27 of the National Climate Change Strategy to 2050, the Methane Reduction Plan, and its second updated Nationally Determined Contribution - and expecting further updates in line with the Glasgow Climate Pact;

8. Welcoming Viet Nam's strong, quantifiable targets to peak emissions by 2035 and its intention to bring that date forward to 2030, enabled by meaningful and strong international support in terms of technology and finance and then rapidly reduce emissions to meet Viet Nam's net zero emissions target by 2050; emphasising the need of adopting low-carbon energy systems to reach this goal through promoting renewable energy development, improving energy efficiency and the importance of the transition away from unabated coal fired power, while ensuring national energy sovereignty, security and affordability;

9. Recognising the significant growth in energy demand in Viet Nam in the coming years to facilitate long-term economic development, acknowledging that the green transition will require significant investments for electricity generation and expansion and modernisation of transmission and distribution grids as well as improved energy storage solutions;

10. Acknowledging that Viet Nam may seek to make use of CCUS in hard to abate sectors to achieve these targets;

11. Recognising the opportunities presented by an ambitious energy transition to attract significant new foreign direct investment in support of Viet Nam's vision to become a major low carbon manufacturing hub;

12. Emphasising the economic and social opportunities of Viet Nam's low carbon transition, including the creation of quality jobs, local value chains, and attracting

large-scale domestic and international private investments; acknowledging the importance to guide investors to adapt early, redirecting finance and avoiding stranded assets;

13. Noting Viet Nam's intent to negotiate the decommissioning of coal-fired power stations; increase investment in renewable energy and storage; and improve the power generation technology and expansion and modernisation of the transmission and distribution grids, while ensuring a level playing field between market participants, using latest technology to increase energy efficiency;

14. Emphasising that for this transition to be just, equitable and inclusive for consumers, workers and affected communities efforts will be needed to ensure that all are adequately protected from the direct risks and can benefit from opportunities brought by this transition, so that no one is left behind: noting that the transition should be accompanied by programmes of training and retraining, upskilling, job creation and other forms of support for workers in the affected sectors and areas, so that they can benefit from the industrial innovation and the creation of quality green jobs; and that access to electricity must remain affordable and reliable for all, in particular for affected, vulnerable and low income groups;

15. Noting further that for the transition to be just and equitable, regular consultation is required, including with media, NGOs and other stakeholders so as to ensure a broad social consensus; and

16. Underlining that this partnership will support Viet Nam in terms of finance, technology, capacity building, including inter alia the improvement of its policy and regulations in line with its net zero and just energy transition road map to significantly scale up private investment into renewable energy.

Resolve:

17. To establish the Just Energy Transition Partnership as a long-term, ambitious partnership to support Viet Nam's low-emission and climate resilient development, as well as to support Viet Nam to accelerate the just transition and decarbonisation of the electricity system, and develop new economic opportunities to support Viet Nam's transition towards net zero future.

18. To mobilise an initial amount of at least \$15.5bn over the next three to five years through a combination of appropriate financial instruments, which should not divert critical development assistance away from existing development funding to support the needs of Viet Nam's just energy transition in accordance with the national

framework of public debt and external debt management. Working closely with the Viet Nam Government, IPG members will mobilise \$7.75bn of public sector finance which should be on more attractive terms than Viet Nam could secure in the capital markets. Working closely with the Vietnamese Government and the IPG, the GFANZ Working Group members¹ will work to mobilise and facilitate at least \$7.75bn in private finance, subject to mobilisation of the catalytic public sector finance by the IPG members.

19. That the mobilisation of this finance will be enabled by the adoption of the Viet Nam JETP Resource Mobilisation Plan (JETP - RMP) and subject to and in line with all relevant budgetary procedures and consensus on the use of funds and terms on which finance may be provided and a pipeline of opportunities consistent with the Government of Viet Nam's ambition. This mobilised finance will represent a part of the much larger investment needs for Viet Nam as will be outlined in the Viet Nam JETP Resource Mobilisation Plan.

20. To mobilise support for Viet Nam under the JETP through which Viet Nam will continue its work to improve regulatory frameworks to expand both public and private investment into Viet Nam. This work should focus on renewable energy and the just energy transition, including measures to improve energy efficiency and strengthen the electricity grid in Viet Nam, contributing to the achievement of the targets stated in the National Strategy on Climate Change to 2050 and Viet Nam's NDC.

21. To develop and publish as soon as possible a JETP-RMP by November 2023 to identify the new investment requirements and opportunities – for the development and implementation of wind, solar, transmission, energy efficiency, storage, electric vehicles, training, retraining and vocational support for employment among others - and measures to facilitate the deployment of support and overcome barriers to investment, to deliver Viet Nam's just energy transition.

22. That this plan will be fully led by the Government of Viet Nam and presented for endorsement by the International Partner Group, with administrative and technical support provided by the Secretariat as defined in paragraph 23 below, with additional assistance from the IPG where necessary and if required.

23. To establish by April 2023 a secretariat with external financial and administrative support under the direction of both Viet Nam and the IPG to provide support for the

¹ Glasgow Financial Alliance for Net Zero. The Working Group includes an initial set of financial institutions including Bank of America, Citi, Deutsche Bank, HSBC, Macquarie Group, Mizuho, MUFG, Prudential PLC, Shinhan, SMBC, Standard Chartered.

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 JETP-RMP outlined above, 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;

24. That the JETP RMP will support Viet Nam to:

- a) develop an ambitious and reliable long-term legal framework for the green transition of its economy, including through the use of pricing and regulatory instruments; which will include but is not limited to: making improvements to the regulatory framework to facilitate investment into renewable energy and energy efficiency and to strengthen the electricity grid in Viet Nam;
- b) accelerate the decarbonisation of its electricity system from the current net-zero planning peak of 240 MtCO₂e by 2035 with international support (down from 280 MtCO₂e before COP26) towards reaching a peak of no more than 170 MtCO₂e emissions from electricity generation by 2030 enabled by meaningful and strong support from IPG partners in terms of finance as outlined under paragraph 18 and all technologies to scale up the deployment of renewable energy and the management of clean power systems.
- c) Work with Viet Nam and investors to reduce Viet Nam's project pipeline for coal-fired generation, currently standing at a planned capacity peak of 37GW, towards a peak of 30.2 GW, as well as providing a credible and ambitious emission reduction pathway to phasing out unabated coal-fired power generation after those dates.
- d) accelerate the deployment of renewable energy and to develop the technical expertise to support and manage a grid increasingly powered by variable renewable energy, with the aim of enabling Viet Nam to sustain a reliable grid and move beyond the current planned figure of 36% towards at least 47% of electricity generation coming from renewables including wind, solar and hydroelectricity power by 2030, enabled by international support.
- e) lead a just transition, in line with, inter alia, the ILO Declaration on Fundamental Principles and Rights at Work, to ensure all of society can benefit from a green transition to increase access to affordable energy and engage with relevant organisations and stakeholders to help meet the needs of those most

affected by the green transition, such as workers and communities in sectors and areas affected by the transition;

- f) develop and implement educational, vocational training and re-skilling programmes to develop necessary skills and competencies and support job creation for labour in sectors and regions affected by the transition, as well as other forms of support to ensure better living conditions for workers after the transition;
- g) define the role of the private sector and create an enabling environment for businesses to proactively participate in the transformation process, such as de-risking credit, facilitating equity and bank finance, auctioning of permits, speeding up licensing, enhancing competition;
- h) create opportunities for technological innovation and private investment to drive the creation of green and decent jobs as part of a prosperous low emission economy; and to design mechanisms to assist ensuring affordable electricity for affected, vulnerable and low-income groups;
- i) negotiate - with the support of partners - the halting of investment in coal-fired power plants to deliver these goals, where appropriate;
- j) negotiate the closure of old, inefficient unabated coal-fired power plants to facilitate access to clean energy;
- k) develop the renewable energy industry including but not limited to developing renewable energy hubs, storage battery and renewable energy equipment manufacturing, and green hydrogen production, developing planning of offshore wind platforms combining with marine aquaculture and fishing logistics;
- l) work towards the establishment of a centre of excellence for renewable energy in Viet Nam to share expertise, support the development of skills, technological and regulatory understanding and facilitate voluntary cooperation between Viet Nam and the private sector on technology transfer in order to accelerate and scale up the deployment of renewable energy and management of clean power systems in Viet Nam and the region;
- m) realise multi-purpose land use for renewable energy production, agriculture, aquaculture to improve production and processing of agricultural products through improved accessibility to energy and create jobs for rural workers.

25. That a biennial review process will be developed to assess adherence to the top-

line targets and the IPG support included in the Political Declaration, including to adjust those targets when necessary, and to the respective policy reforms aimed at facilitating greater levels of investment; they will ensure that the RMP under development supports the delivery of the highest levels of ambition and consider whether, with more finance from international partners, additional to that described in paragraph 18, Viet Nam could go further to align with a 1.5°C compatible trajectory.

26. This Political Declaration constitutes political commitments of the Government of Viet Nam and the members of the International Partners Group to be implemented in conformity with applicable regulations and laws. It is not a binding international agreement and does not give rise to rights and obligations under international law.