



# READINESS OF VIETNAMESE BUSINESSES FOR THE GREEN TRANSITION

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**Pham Thi Ngoc Thuy**

**Private Sector Development Specialist**

Chief Executive Officer

Private Sector Development Committee (Committee IV)





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I

# POLICY LANDSCAPE AND CONTEXT

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# INTERNATIONAL POLICIES ON GREEN TRANSITION AND SUSTAINABLE DEVELOPMENT

Green transition is becoming a global “RACE”.

Vietnam's key commodity export markets have been preparing for specific regulations on sustainable production associated with environmental protection.



Carbon Border Adjustment Mechanism (CBAM)

The EU Deforestation Regulation (EUDR)

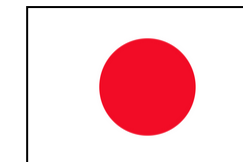
Corporate Sustainability Reporting Directive



Draft Clean Competition Act (CCA)

Draft Foreign Pollution Fee (FPF) Act

Draft Market Choice Act (MCA)



CBAM-like mechanisms

Green initiatives



# NATIONAL POLICY DEVELOPMENT

## International commitments by the Government of Vietnam



## Internalization process

Law on Energy Efficiency 2010  
Law on Hydrometeorology 2015  
Law on Electricity 2012



Law on Forestry 2017  
Law on Water Resources 2023  
Law on Environmental Protection 2024

- Resolution No. 24-NQ/TW
- Resolution No. 55-NQ/TW
- Conclusion No. 56-KL/TW



## National Strategy, Plan and Program on Green Transition

Decision 1055/QD-TTg dated July 20, 2020 on the National Climate Change Adaptation Plan for 2021-2030, with a vision to 2050

Decision 1658/QD-TTg dated October 1, 2021 on the National Strategy on Green Growth for 2021-2030, with a vision to 2050

Decision 882/QD-TTg dated July 22, 2022 on the National Action Plan on Green Growth for 2021-2030, with a vision to 2050

Decision 896/QD-TTg dated July 26, 2022 on the National Strategy on Climate Change by 2050

Decision 942/QD-TTg dated August 5, 2022 on the Action Plan to reduce methane emissions by 2030

Decree 06/2022/ND-CP regulating greenhouse gas emission reduction and ozone layer protection

Official Letter No. 648/VPCP-NN dated January 26, 2022 on the Scheme to develop Vietnam's carbon market

Decision No. 338/QD-TTg dated April 24, 2024 on the Plan to implement the National Energy Master Plan for 2021-2030, with a vision to 2050

Draft Decrees currently under preparation.

# LIST OF GHG EMITTING SECTORS AND BUSINESSES SUBJECT TO GHG INVENTORY (UPDATED)

**2,166** businesses operating in **6** sectors

Source: Decision No. 13/2024/QD-TTg by the Prime Minister

**57**



businesses  
Natural Resources and  
Environment sector

## Inventory guidelines

Circular No. 17/2022/TT-BTNMT issued by the Ministry of Natural Resources and Environment on November 15, 2022

**75**



businesses  
Transport sector

## Inventory guidelines

The Ministry of Transport is drafting a Circular.

**1,805**



businesses  
Industry and Trade sector

## Inventory guidelines

Circular No. 38/2023/TT-BCT issued by the Ministry of Industry and Trade on December 27, 2023

**229**

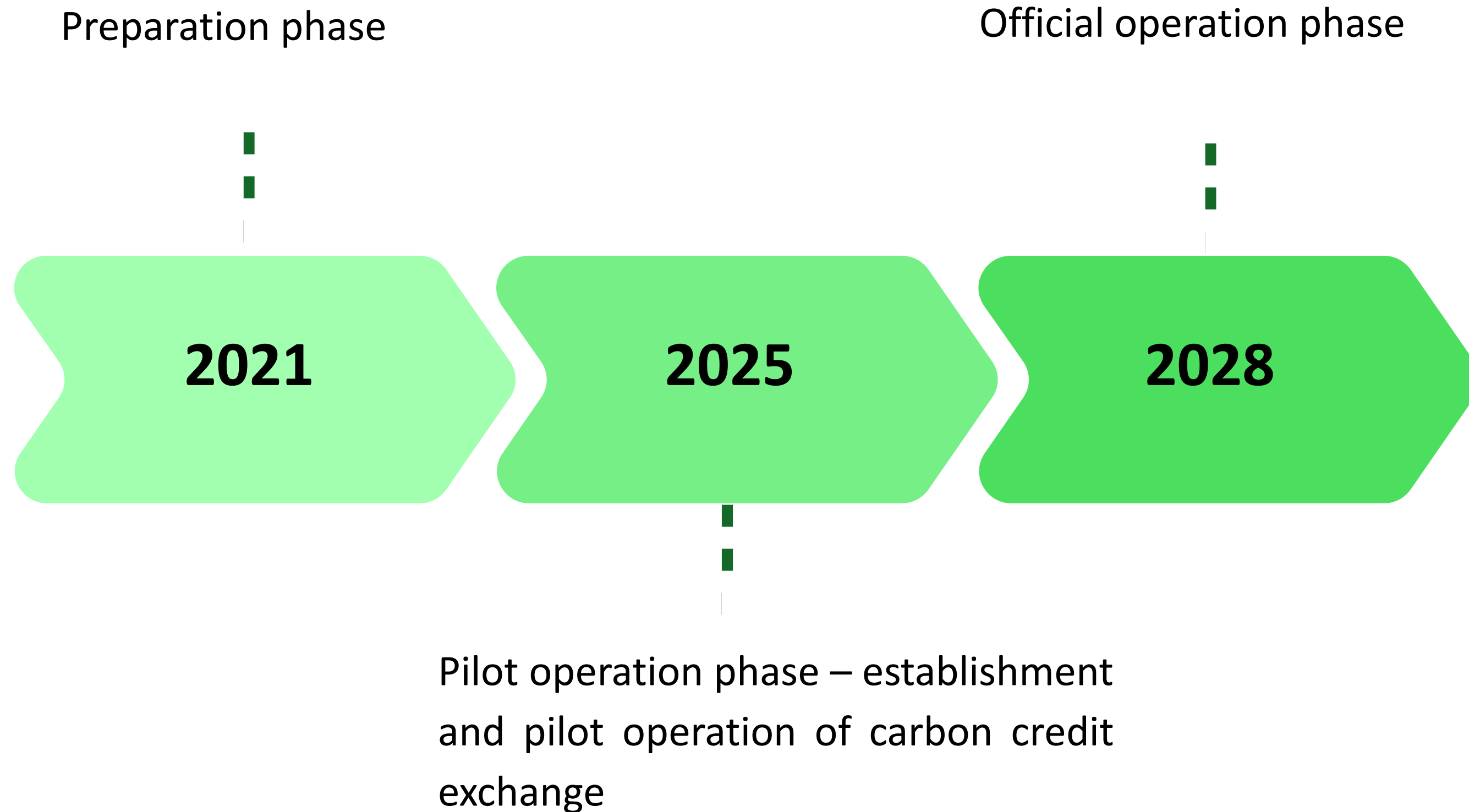


businesses  
Construction sector

## Inventory guidelines

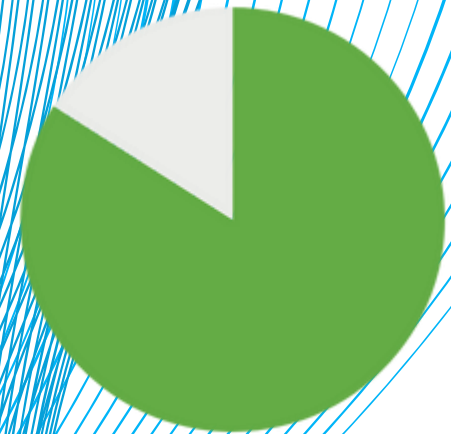
The Ministry of Construction is drafting a Circular.

# CARBON MARKET DEVELOPMENT ROADMAP IN VIETNAM





# CUSTOMERS ARE INCREASINGLY MINDFUL OF THEIR CONSUMPTION BEHAVIORS' ENVIRONMENTAL IMPACTS



**84%**  
Vietnamese respondents are willing to spend more on sustainable goods



**71%**  
increase in popularity of Google searches related to sustainable goods (2016-2021)



- Renewable energy products
- Energy efficient appliances
- Sustainable food products
- Sustainable fashion products
- Sustainable building materials
- Products from sustainably managed forests
- Agricultural products developed under the circular economy model

*Source: Surveys by Rakuten Insight and The Economist, 2022*



# NEW INVESTMENT TRENDS

**368**  
USD bn

World Bank estimates, additional investment required by Vietnam by 2040 to pursue a development pathway that combines resilience and net zero emissions

**1.5**  
USD bn

Vietnam's total value of green, social, sustainability, and sustainability-linked bonds in 2021 (five times higher than in 2020) according to the Climate Bonds Initiative

**134.7**  
USD bn

Total investment capital for developing power generation and transmission grids in the period 2021 - 2030 according to PDP VIII

**300**  
USD bn

Green Economy Value achieved in Total National GDP by 2050 under the National Strategy on Green Growth

**33.9**  
USD tn

PWC estimates, total global ESG Fund assets in 2026 (accounting for 21.5% of total assets under management globally)

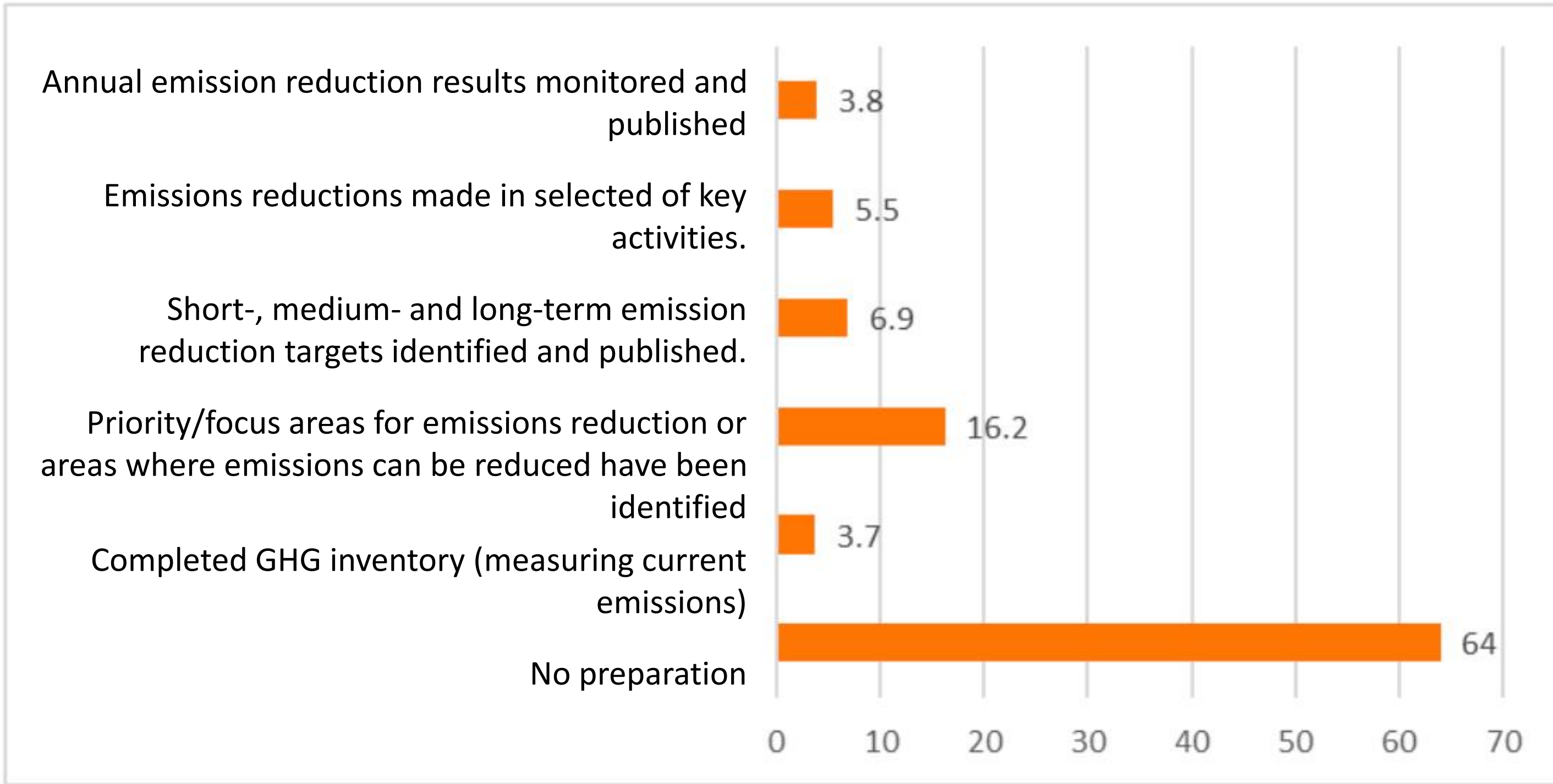


# **VIETNAMESE BUSINESS READINESS AND CONSTRAINTS**



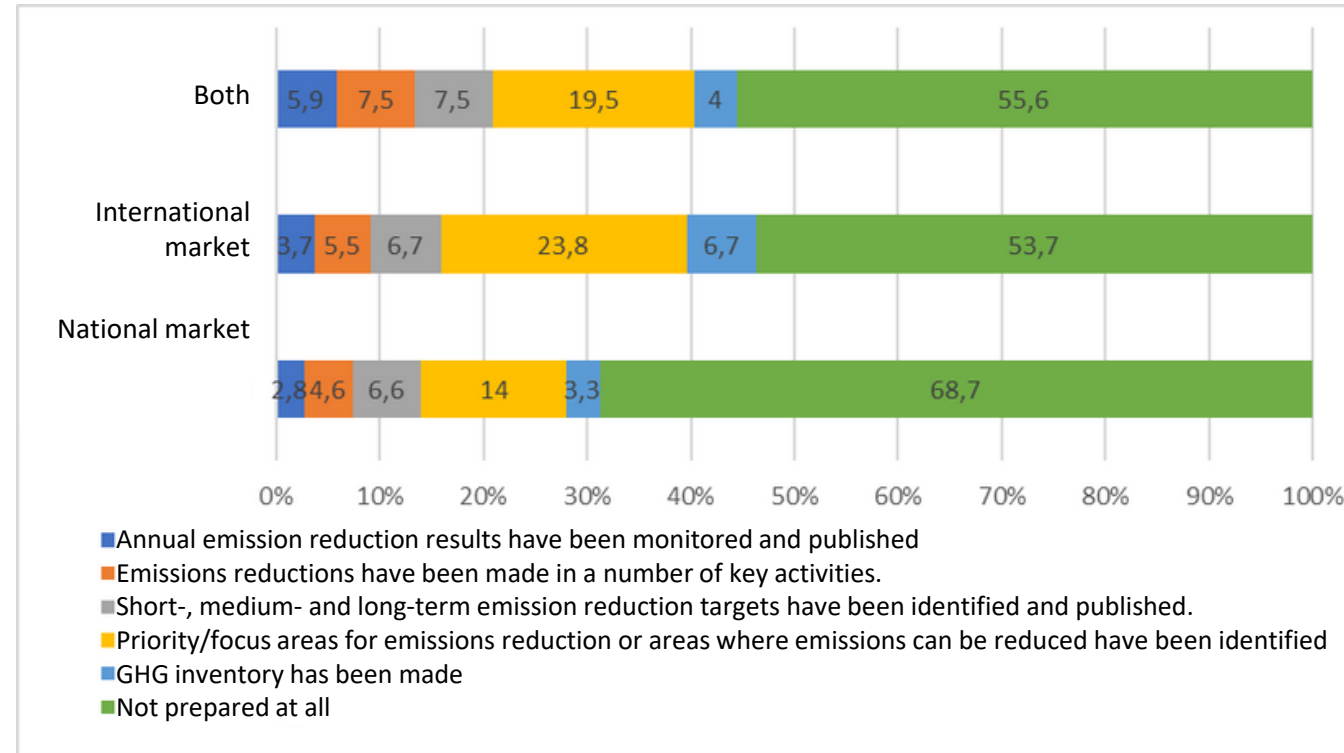


# BUSINESS READINESS FOR DECARBONIZATION AND GREEN TRANSITION

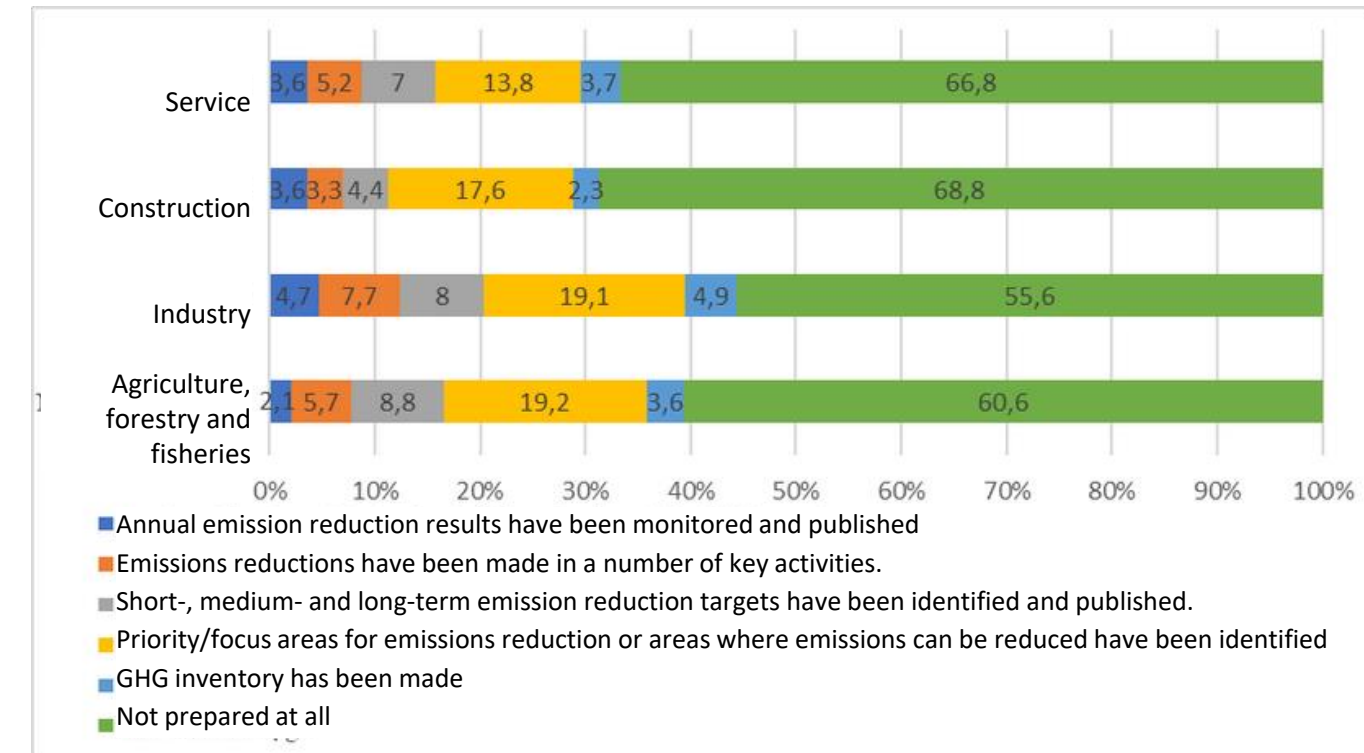


# BUSINESS READINESS FOR DECARBONIZATION AND GREEN TRANSITION, BY BUSINESS TYPE

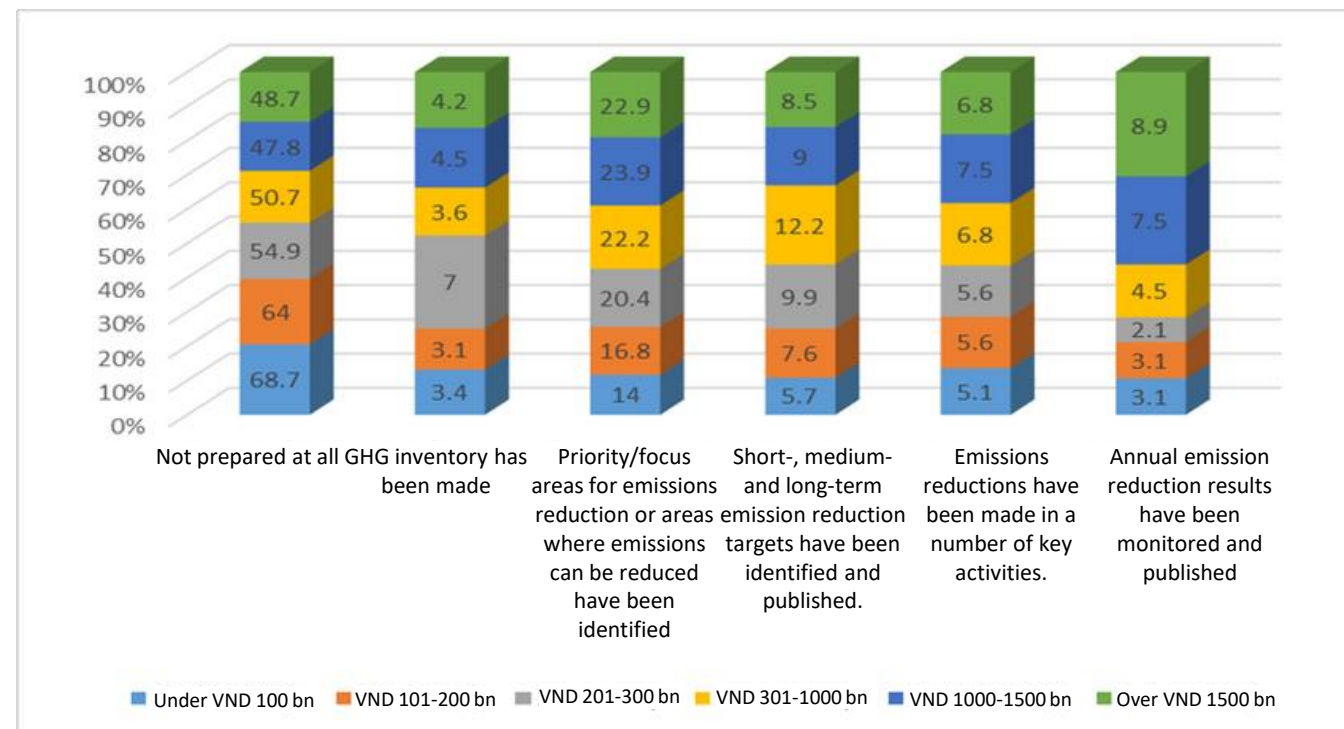
## By market



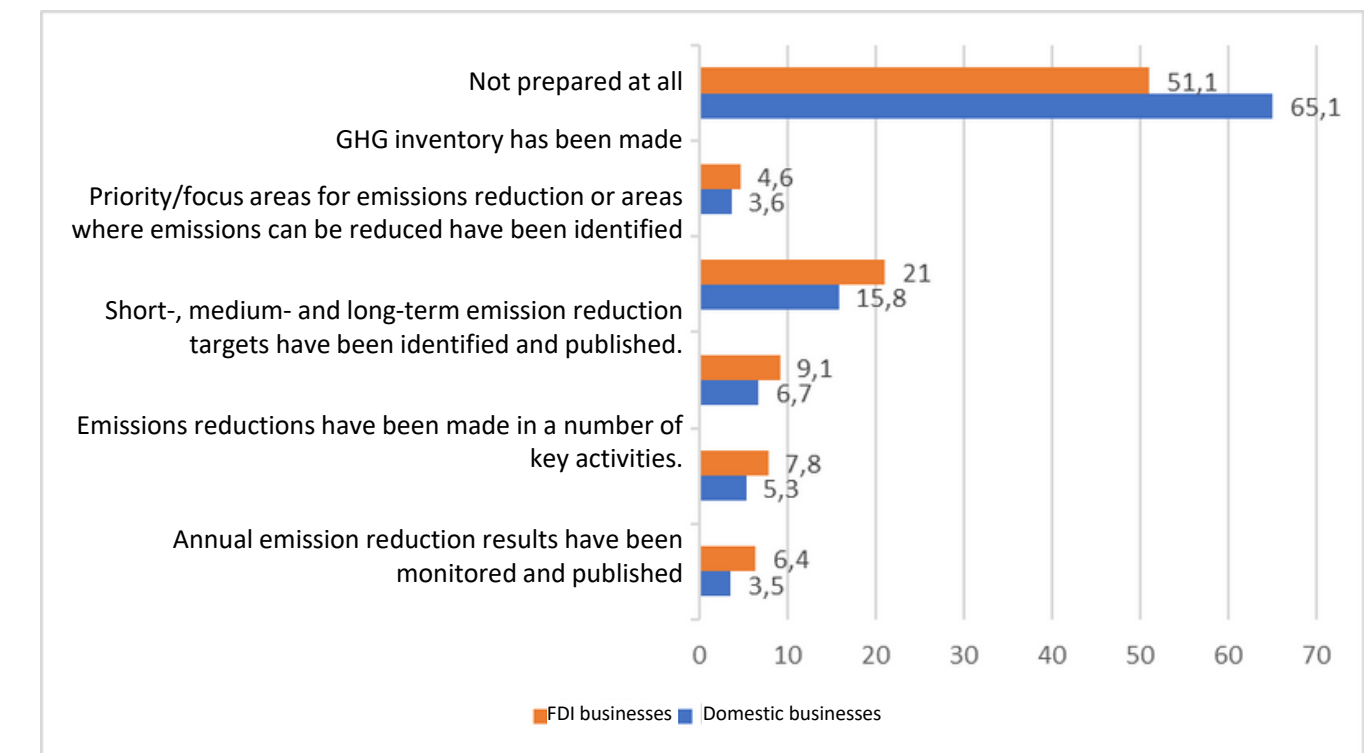
## By industry



## By revenue



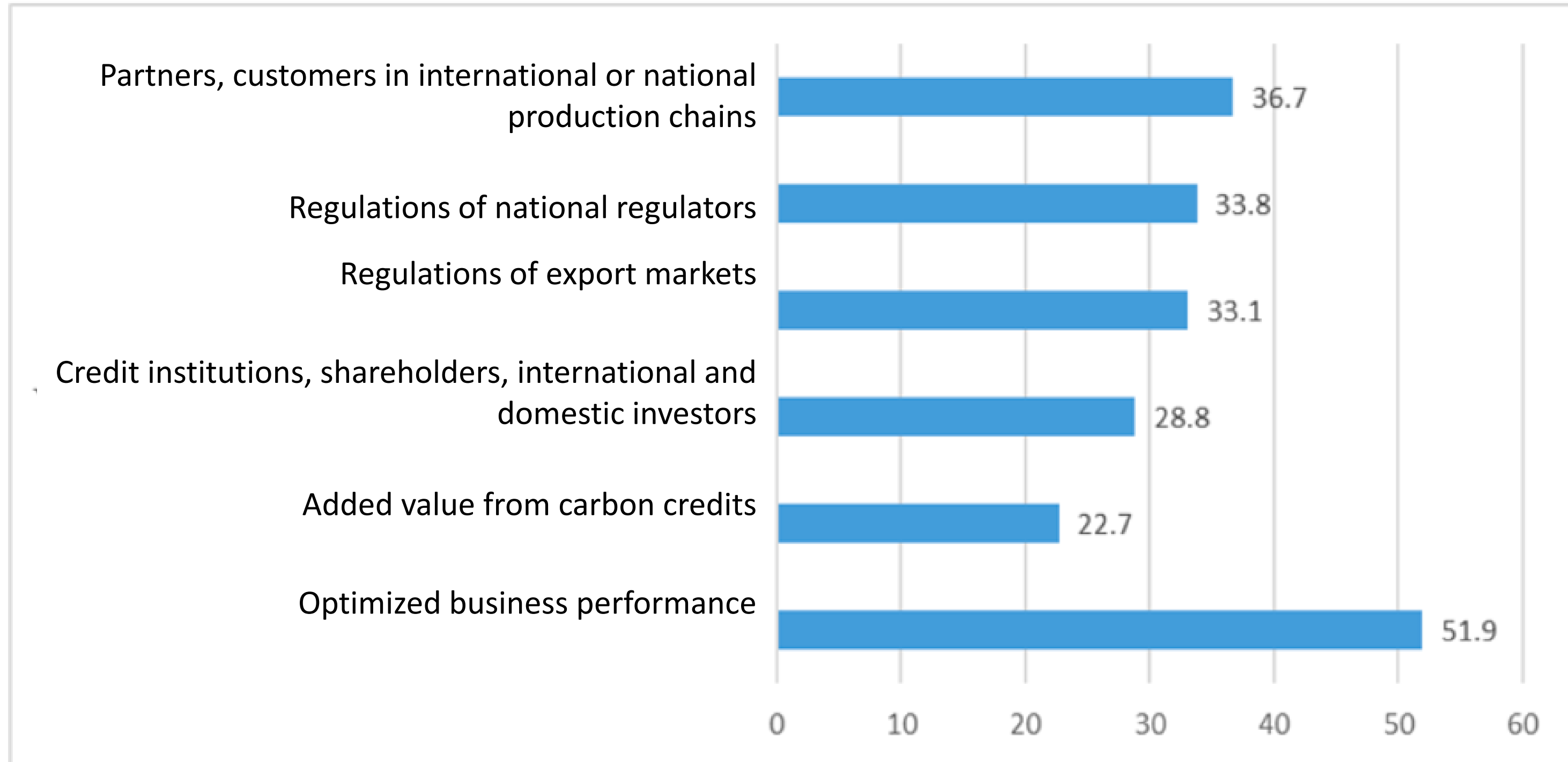
## By type



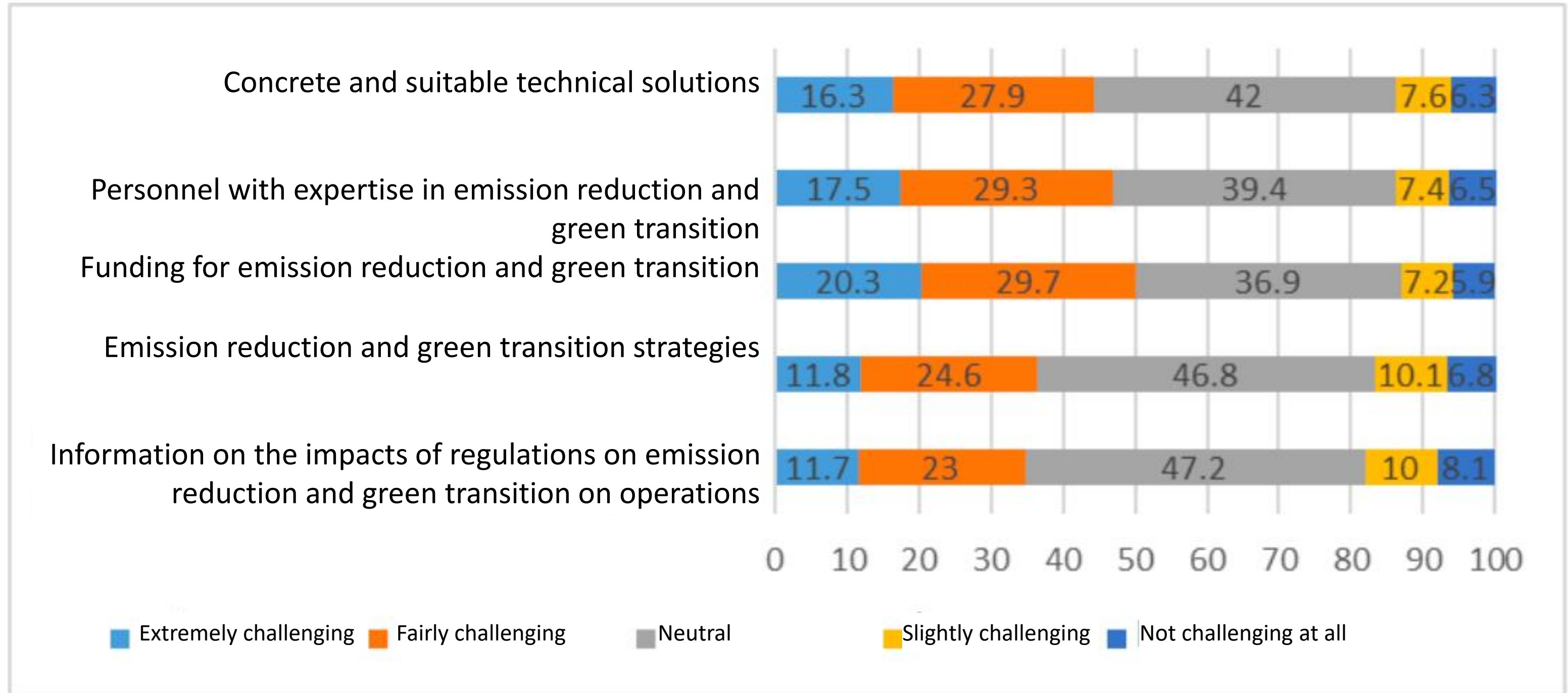
Source: Committee IV Survey on Business Readiness for Decarbonization and Green Transition, 2024



# PRESSURES/DRIVERS FOR DECARBONIZATION AND GREEN TRANSITION



# CHALLENGES IN DECARBONIZATION AND GREEN TRANSITION







# III

# RECOMMENDATIONS



# MATURITY OF ESG-INTEGRATED BUSINESS STRATEGY



Position on the curve indicates the level of development of an ESG-integrated business strategy

## Compliance

- Passive, mainly for compliance purpose.
- Occasional charity initiatives.
- Disclose ESG information at the minimum level required to meet regulations.

## Beyond compliance

- Occasional initiatives on priority focus areas
- Comply with international standards and good practices that exceed national standards/regulations
- Have an ESG strategy, disclose ESG information periodically
- Establish a dedicated ESG department/personnel.

## Business R&D

- Sustainability factors are taken into consideration in the R&D and product development process.
- Open cooperation with strategic partners across industries
- Pioneering businesses with high ESG ratings contribute to future ESG development and innovation across the industry

COMPLIANCE

BEYOND COMPLIANCE

ESG INTEGRATION

## INTEGRATED

- Sustainability is embedded in strategy, goals and business models across the entire business.
- Climate and ESG risks (and opportunities) are seen as drivers of business transformation and value creation
- There is a Chief ESG Officer of the business, sustainable development is managed by the Board of Directors, and remuneration is linked to sustainable development performance.

BUSINESS R&D



# PROPOSED INITIAL SOLUTIONS



## Compliance

Comply with national and international regulations and standards on Green Transition  
e.g. Regulations on GHG inventories, among others



## Promotion of initiatives Green transition in businesses

- Energy transition
- Optimization of production and operation processes
- Circular economy and recycling



## Enhanced cooperation

Cooperation (B2B) with organizations/ consulting firms on engineering/ technology/ transformation solutions



## Awareness raising

Training/participation in awareness raising programs on policies, legislation and practical developments in green transition trends

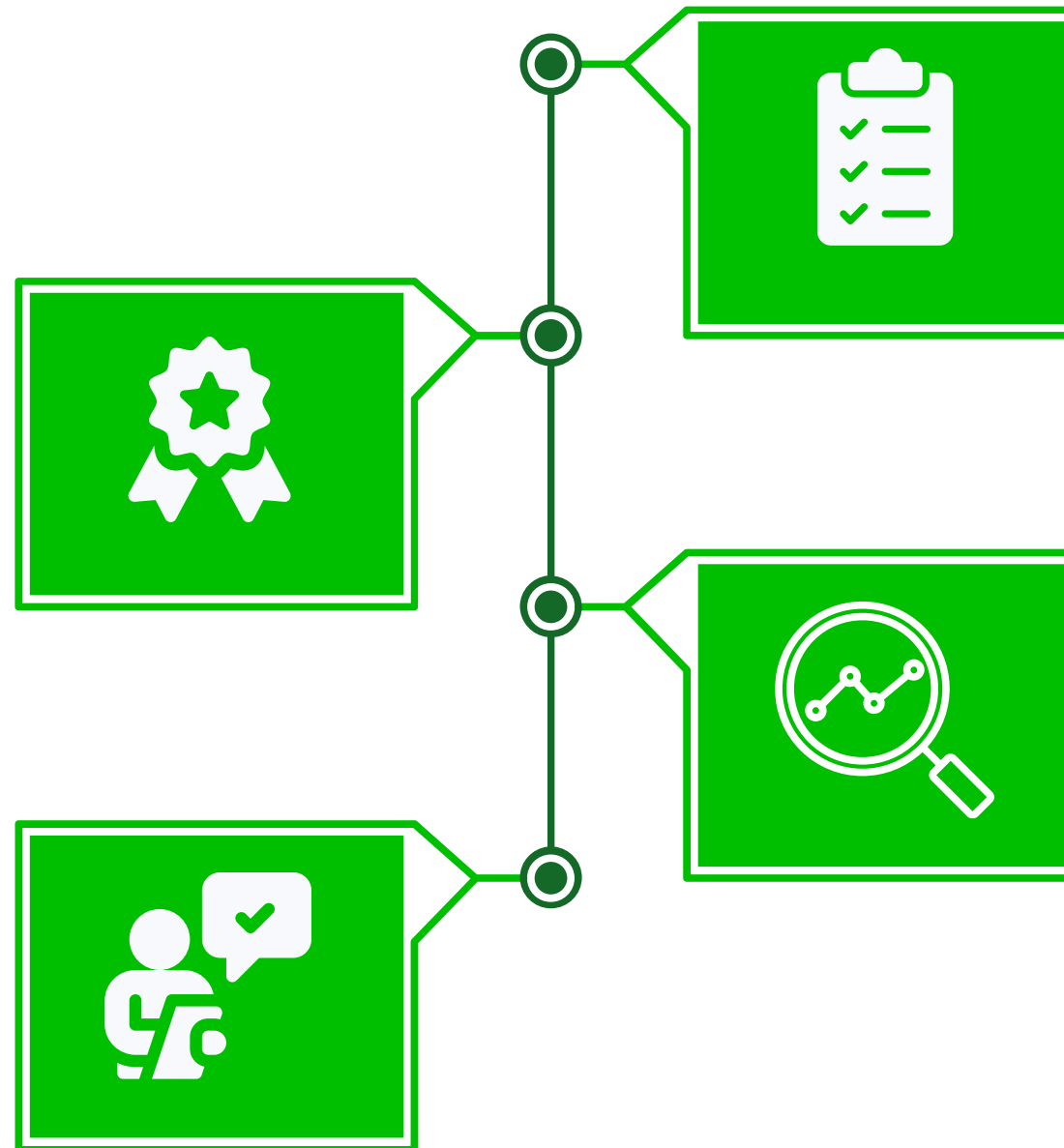
# FIRST MOVER ADVANTAGE

## COST OPTIMIZATION

Save energy, cut operating costs, reduce water waste, save input materials, optimize supply chains, identify potential areas for designing ecological product categories

## ENHANCE GREEN BRANDING

Enhance brand identity and image to customers, investors, development organizations and the Government regarding the business's efforts in sustainable development.



## RISK MANAGEMENT

Managing risks related to fluctuations in supply, demand, prices, policy shifts and carbon taxes

## REGULATORY COMPLIANCE

Preparing now will help your business be ready when regulatory requirements become mandatory.

# POLICY RECOMMENDATIONS AND RELATED ISSUES



## Regulatory framework

(i) Review existing policy and legal frameworks to remove barriers to the transition process;  
(ii) Early promulgation of new legal frameworks as a foundation for green transition: Green credits, mandatory and voluntary carbon markets, green taxonomy and regulations, etc.



## Carbon market

Carbon credit market needs to be operational soon: In addition to legal and infrastructure preparation, it is necessary to focus on the readiness level of the market participants.



## Capacity building for businesses and stakeholders

Periodically implement programs to disseminate policies to businesses, localities and build capacity, especially pioneering businesses in key industries and sectors.



## Support

Support businesses in reducing the cost of implementing green transition through initial tax and credit incentives or forms of support for market linkage, technology transfer, models, etc.



## Green Transition

### Initiatives and Programs

Implement programs to encourage the formation of solutions and initiatives associated with the goal of developing green product markets, green economy, circular economy, recycling, etc.

# THANK YOU!

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Office of Committee IV

**Address:** No. 10 Chu Van An, Conference Center 37 Hung Vuong, Ba Dinh, Hanoi

**Email:** [info@vief.vn](mailto:info@vief.vn)

