



Ananth Chikkatur, VLEP/USAID

Steering the energy transition in Vietnam

How GEAPP is supporting Vietnam on its energy transition journey to become the green hub of Asia.

Vietnam is on the cusp of an energy transition. Having already achieved the major milestone of rapid and total electrification by 2017, it has now pledged to become carbon neutral by 2050. The country has good reason to care about climate change. It is one of the top five most climate vulnerable countries in the world, with more than 3,200km of coastline and many low-lying cities and river deltas. In 2020, it lost \$10 billion (3.2% of its GDP) to climate change impacts.

The country's latest power development plan, approved in May 2023, aims to more than double the maximum power generated to 150GW by 2030, up from 69GW in 2020. The plan pivots away from coal and expects to achieve 50% of total generating capacity from renewable sources such as hydropower, wind and solar. Vietnam is already a regional leader in this, with an installed capacity of 21GW in renewable energy, but faces power shortages due to a lack of transmission infrastructure and renewable energy integration. Vietnam's power sector will need \$137 billion to switch over to green energy sources and meet the increased demand for power. It expects to receive \$15.5 billion through the Just Energy Transition Partnership (JET-P) financing cooperation mechanism.

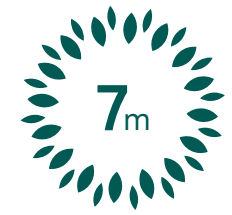
GEAPP's goal in Vietnam is to support the country's equitable energy transition, providing technical assistance and catalytic financing so it can leapfrog fossil fuel dependence and develop its renewable energy sources. GEAPP wants to ensure that access to green energy is affordable, so the energy transition doesn't add to the financial burden of people and communities.

2030 targets of the Vietnam Country Programme!

Off grid



Jobs enabled through GEAPP interventions



People with improved access

Grid connected



Renewable capacity for people and businesses



Annual CO₂ reduced

Funding mobilised



Direct GEAPP investment (provisional)



Finance to be unlocked with GEAPP's catalytic funding

GEAPP's work in Vietnam officially launched in February 2022 with Deputy Prime Minister Tran Hong Ha. GEAPP has since signed MOUs with several relevant ministries and government entities and has been working on:

- **Building consensus-based buy-in for JET-P with the Government of Vietnam and Alliance members.** Also facilitating learnings and knowledge exchange with Indonesia and South Africa, which are travelling on similar energy transition journeys with GEAPP support. GEAPP has provided technical and capacity building support to lead Vietnam's dedicated JET-P ministry in coordination with USAID, UNDP, GFANZ and the International Partners' Group. It is co-leading the first ever gender, climate and energy transition initiative in Vietnam with the IFC, USAID and the private sector to embed gender equality into the transformation.
- **Taking a leadership role in implementing the country's first grid-connected Battery Energy Storage Systems (BESS) pilot** in collaboration with USAID, the Asian Development Bank and the Rocky Mountain Institute. GEAPP has ensured BESS is included in Vietnam's latest power development plan and provided swift strategic technical assistance to the government's Institute of Energy. Bringing together the expertise and resources of Alliance members, GEAPP has coordinated a plan to embed and expand a pilot BESS project, create a BESS growth roadmap for 300MW and devise a regulatory framework.

- **Providing support to accelerate diverse renewable energy solutions, with a focus on decentralised rooftop solar and offshore wind.** GEAPP has worked with Alliance members such as the World Bank, the government of Norway, UNDP, GIZ and the Vietnam Energy Partnership group, to provide sector support for offshore wind. With GEAPP's support, the first 6GW of offshore wind will be in place by 2030, scaling to 15GW by 2035. In parallel, GEAPP is partnering with the Asian Infrastructure Investment Bank to design a green credit line to support rooftop solar developers and concessional financing for hybrid rooftop solar and BESS projects.

With a strong commitment to move away from fossil fuels, Vietnam is ready to ramp up renewable energy on a massive scale and build green manufacturing capacity to take advantage of carbon taxation regulations in critical export markets. In Europe, for example, a carbon tax is due to be introduced in 2025, which means that any product manufactured with fossil fuels outside of Europe will be taxed. GEAPP's technical and financial support promises to help smooth the path of Vietnam's just energy transition, making this breakthrough story as seamless and profitable as possible.



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¹ GEAPP 2030 targets are informed by country-specific impact dashboards; these are refined and adjusted to reflect accurate monitoring and evaluation of project activities.