



PROCEEDINGS

THIRD HIGH-LEVEL MEETING AND FIRST STAKEHOLDER FORUM OF THE VIET NAM ENERGY PARTNERSHIP GROUP (VEPG)

10 December 2019 at Melia Hotel, Hanoi

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ACCRONYMS

| | |
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| ASEAN | Association of Southeast Asian Nations |
| DEESD | Department of Energy Efficiency and Sustainable Development of MOIT |
| DEPP | Danish Energy Partnership Programme |
| DP | Development Partner |
| DPPA | Direct Power Purchase Agreement |
| DTU | Danish Technical University |
| EAG | Economic Advisory Group of the Prime Minister of Viet Nam |
| ERAV | Energy Regulatory Authority of Viet Nam |
| EREA | Electricity and Renewable Energy Authority of MOIT |
| ESCO | Energy Service Company |
| EU | European Union |
| EUD | Delegation of the European Union to Viet Nam |
| EVN | Electricity of Viet Nam |
| FIT | Feed-In Tariff |
| GDP | Gross Domestic Product |
| GHG | Greenhouse Gas |
| H.E. | His Excellency |
| HLM | High-Level Meeting |
| IEA | International Energy Agency |
| IRENA | International Renewable Energy Agency |
| LNG | Liquified natural gas |
| MC | Master of Ceremony |
| MFD | Maximizing Finance for Development (initiative of the World Bank) |
| MOIT | Ministry of Industry and Trade |
| MRV | Monitoring, Reporting and Verification |
| NDC | Nationally Determined Contributions |
| NEEAP | National Energy Efficiency Action Plan |
| ODA | Official Development Assistance |
| PDP | Power Development Plan |
| PM | Prime Minister |
| PPA | Power Purchase Agreement |
| PPP | Public Private Partnership |
| PSDP | Power System Development Plan |
| RE | Renewable Energy |
| RTS | Rooftop Solar |
| SHF | Stakeholder Forum |



| | |
|---------------|---|
| SOE | State Owned Enterprise |
| TWG | Technical Working Group |
| VEIS | Viet Nam Energy Information System |
| VEPG | Viet Nam Energy Partnership Group |
| VNEEP3 | Viet Nam National Energy Efficiency Program |
| UN | United Nations |
| UNDP | United Nations Development Program |
| UNEP | United Nations Environment Program |
| UNFCCC | United Nations Framework Convention on Climate Change |
| USAID | United States Agency for International Development |
| WB | World Bank |

ABOUT THE VEPG

The Viet Nam Energy Partnership Group (VEPG) was established in June 2017, in an agreement between the Government of Viet Nam and Development Partners, with the purpose of strengthening mutual partnerships and better aligning and coordinating external support to the Energy Sector in Viet Nam. The VEPG is chaired by the Ministry of Industry and Trade (MOIT) and co-chaired by the Delegation of the European Union to Viet Nam (EUD) and the World Bank (WB).

The overall objective of the Viet Nam Energy Partnership Group (VEPG) is thus to work towards effective and efficient international support to sustainable energy development in Viet Nam, in line with national law and international agreements, of which Viet Nam is a member.

To deliver on this goal, the VEPG serves as a multi-level forum that supports high-level policy and thematic dialogue on energy development in the context of the Sustainable Development Goals and the Paris Agreement on climate change. It provides a platform to facilitate the alignment of external support with Viet Nam's energy and climate change strategies and action plans, international commitments and private investments, thereby reinforcing coherence and effectiveness and avoiding duplication of international support to the energy sector. Furthermore, through information sharing and communication between national and international stakeholders, the VEPG contributes to enhancing learning and improving information-based decision making.

The VEPG focuses on 5 priority areas - renewable energy, energy efficiency, energy sector reform, energy access and energy data & statistics – and through dedicated Technical Working Groups (TWG) it provides relevant, high-level inputs and recommendations to inform Viet Nam's energy sector policy development and planning processes.

ABOUT THE VEPG HLM

The VEPG holds an annual High-Level Meeting (HLM), which focuses on enabling and maintaining a continuous energy policy dialogue towards achieving the objectives set forth under the partnership. It is a keystone occasion to convene high-level stakeholders of Viet Nam's energy sector to address priority topics relevant to ongoing and future energy policy and energy sector planning processes. Furthermore, it serves as a platform to present the work of the VEPG's five (5) Technical Working Groups (TWG) and to showcase and report on the progress of activities and commitments made in the framework of the partnership.

1. BACKGROUND

The **First (1st) HLM** took place on **21 June 2017** at Lotte Hotel in Hanoi and gathered more than 140 participants working on Viet Nam's energy sector development. The 1st HLM provided the setting for the official launch of the Viet Nam Energy Partnership Group. The aim and specific objectives of the VEPG were presented and stakeholders were invited to participate in the partnership by joining the VEPG Technical Working Groups. To mark the VEPG launch, the Ministry of Industry and Trade (MOIT) and the Delegation of the European Union to Viet Nam, signed a Letter of Intent and officially adopted the VEPG's Terms of Reference.



First High-level Meeting of the VEPG

After the launch of the VEPG and under the supervision of the VEPG Steering Committee, the VEPG Secretariat coordinated the establishment of the five (5) Technical Working Groups (TWG) - TWG 1 - Renewable Energy, TWG 2 - Energy Efficiency, TWG 3 - Energy Sector Reform, TWG 4 - Energy Access and TWG 5 - Energy Data & Statistics - and other activities to kick-start the partnership's work. The current Chair and Co-Chairs of the VEPG, as well as Chairs and Co-Chairs of the TWGs of the VEPG can be found in Annex III.

Leading towards the Second HLM of the VEPG, the 5 TWGs were requested by the VEPG Steering Committee to work on concrete policy recommendations within their respective work areas.

At the **Second High-Level Meeting of the VEPG - celebrated on 26. November 2018** together with over 200 participants from the energy sector– the TWGs presented forty (40) policy recommendations, which were endorsed by the VEPG Chair and Co-Chair. The Chair and Co-Chairs of the VEPG further committed to carry the TWG’s key messages into ongoing policy and planning processes in the energy sector.



Joining hands for a Sustainable Energy Future in Viet Nam

2. THIRD VEPG HIGH-LEVEL MEETING 2019

The **Third (3rd) HLM of the VEPG was held on 10 December 2019** at Melia Hotel in Hanoi and gathered over 220 high-level representatives from the public sector, development partner organizations, private companies, research institutions and the civil society. The HLM was chaired by Vice-Minister Đặng Hoàng An- Ministry of Industry and Trade (MOIT) - and co-chaired by H.E. Giorgio Aliberti – Ambassador of the European Union to Viet Nam - and Mr. Ousmane Dione - Country Director of the World Bank.

The main objective and highlight of the High-Level Meeting was the presentation of the VEPG Progress Report 2019 by the VEPG Secretariat on behalf of the Chairs and Co-Chairs of the VEPG Technical Working Groups and its official acceptance by the Chair and Co-Chairs of the VEPG. The report analyses the progress in the implementation of the forty (40) policy recommendations that were formulated by the VEPG Technical Working Groups (TWGs), and which were presented and endorsed by the Chair and Co-Chairs of the VEPG at the 2nd HLM in 2018. The recommendations address key policy development processes and other activities aimed at boosting Viet Nam’s energy sector development in 5 key priority areas: Renewable Energy, Energy Efficiency, Energy Sector Reform, Energy Access and Energy Data and Statistics.

After the HLM was concluded, the First (1st) VEPG Stakeholder Forum (SHF) took place from 11:00-17:00 on the same day. The Stakeholder Forum featured a selected group of high-level experts who shared their experience and debated current prominent topics in Viet Nam’s energy sector. The inputs included keynote speeches of experts from renowned international energy organisations, such as Dr. Brian Motherway - Head of Energy Efficiency of the International Energy Agency (IEA), Prof. David Dapice from the Vietnam Program at Harvard Kennedy School, experts from UNEP/Danish Technical University (DTU) and IRENA, as well as other national and international experts on energy sector planning, energy efficiency and distributed renewable energy. During panel discussions the audience had the chance to address their questions and actively participate in the debate, which resulted in a lively and successful event.

The detailed agenda of the 3rd HLM and 1st SHF of the VEPG can be found in Annex I. Further information, such as the VEPG Progress Report 2019, keynote speeches and PowerPoint presentations are available to all participants on the VEPG website¹.

3. OPENING OF THE HLM

The Master of Ceremony (MC), Mr. Quách Quang Đông, Chief of MOIT/EREA Office, welcomed the high-level representatives and all participants and presented the objectives of the HLM.

¹ http://vepg.vn/high_level_meeetings/3rd-high-level-meeting-1st-stakeholder-forum-of-the-vepg/

The opening by the MC was followed by a musical act by a Sextet from the Viet Nam National Symphony Orchestra, which performed the “Hungarian Dance” by Johannes Brahms, followed by “Viet Nam my Homeland” (Việt Nam quê hương tôi) by Đỗ Nhuận.

The MC then invited the VEPG Chair and Co-Chairs to deliver their welcome addresses.



Vice Minister Đặng Hoàng An delivers his welcome address

In his welcome address, H.E. Đặng Hoàng An, Vice Minister of Industry and Trade (MOIT) on behalf of the VEPG Chair H.E. Trần Tuấn Anh, Minister of MOIT, delivered the following key messages:

- There is a need to accelerate energy transition in Viet Nam and the Government of Viet Nam pursues promoting internal forces, enhancing cooperation, seeking support from development partners to this end.
- Among multilateral cooperation mechanisms, the Viet Nam Energy Partnership Group (VEPG) is appreciated for its meaningful contribution to the development of the energy sector and the national economy of Viet Nam.

- With regards to the current energy and power sector reform, restructuring and efficiency improvements of state-owned enterprises is taking place with a focus on equitization and state capital withdrawal from power generation corporations. In parallel, the electricity market is being further developed, with work being done on market competitiveness, deploying the competitive wholesale electricity market, and on preparations for the competitive retail electricity market after 2022. Moreover, Viet Nam is in the process of implementing the third phase of the National Energy Efficiency Program.
- The rapid increase in power demand coupled with the country's industrialization and modernization present a challenge for the energy sector. Developing a suitable, feasible, sustainable and locally specific development strategy for the energy sector becomes one of the most important tasks for Viet Nam. In this context, the importance and necessity for scientific and technological research, cooperation and public awareness improvement for a deep and wide reform of the energy sector must be emphasized.
- The Master Plan on National Energy Development and the Power Development Plan VIII, which are being developed by MOIT, will play a crucial role in forming the basis for a sustainable, reliable, modern energy system in response to socio-economic development. In the upcoming period, the highest priorities for the energy sector will include:
 - Ensure national energy security in the medium and long-term to respond to development goals;
 - Identify an optimal and sustainable energy mix for the country;
 - Attract investments in energy infrastructure;
 - Remove bottlenecks, promote cleaner, greener and renewable energy sources;
 - Improve energy efficiency, decrease energy intensity of the economy;
 - Accessibility and affordability of energy for all people in Viet Nam, especially the vulnerable and low-income segments of society.
- With its ASEAN 2020 Chairmanship, Viet Nam will host the 38th ASEAN Ministers on Energy Meeting in the fall of 2020. With expected increase of economic growth rate by 5% and annual average increase of energy demand growth of 4.7% until 2025, response to energy demand and sustainable energy development is evaluated as the top important issue for the ASEAN community in the coming years.
- The Vice Minister commended the work of VEPG Technical Working Groups under close direction of the Steering Committee and the support of the VEPG Secretariat for the implementation of the 40 endorsed policy recommendations. He looked forward to the presentation of the VEPG Progress Report on implementation of the policy recommendations for a sustainable energy future of Viet Nam. He also expressed his sincere gratitude for the contributions of the EU, the World Bank, the VEPG Secretariat and all the other DPs and stakeholders active under the VEPG cooperation framework.

He extended his warm welcome to Mr. Giorgio Aliberti, Ambassador of the European Union to Viet Nam, wishing him a successful term in Viet Nam.

H.E. Giorgio Aliberti, Ambassador of the European Union to Viet Nam, also welcomed the participants to the HLM and shared the following key messages:



H.E. Giorgio Aliberti delivers his welcome address

- H.E. Aliberti expressed his sincere thanks to Minister Trần Tuấn Anh and the Ministry of Industry and Trade for the guidance and fruitful collaboration in the VEPG process with the development partners, the VEPG Secretariat and other stakeholders including the private sector and civil society. He highly commended the progress on the implementation of the 40 policy recommendations to support the government in transforming the energy sector.
- There is a need to develop a system that provides clean, secure and affordable energy to all people and to the thriving businesses and industries. This is also relevant in the context of the COP 25 meeting in Madrid, where crucial next steps for the implementation of the Paris Climate Change Agreement are being discussed at the same time of the HLM. Viet Nam, as one of the countries most vulnerable to climate change, still relies heavily on coal and fossil fuels for power generation and should act and change the course now.

- There are several short-term challenges linked to grid integration. Despite the rapid growth in renewable energy installations, the follow-up regulation, the new support mechanism for solar that is expected to provide a reliable and clear legal framework remains under development. This should be considered as an urgent task to attract more investment in the Vietnamese market, contributing to sustainable development and job creation.
- Energy Efficiency can be a key to relieving fast growing energy demand. Viet Nam's National Energy Efficiency Programme III is a great opportunity to slow down the growth of electricity demand and at the same time to save money.
- The course of Viet Nam's energy development will be guided by the strategic policy papers currently under development, including the Power Development Plan for the period 2021–2030 and vision 2050 and the Communist Party of Viet Nam's new Resolution on strategic directions for long term energy development with more emphasis on sustainable energy and transition to cleaner energy sources. The transition process to a cleaner energy system must be accelerated, with an ambitious commitment from the government and with the strong support of its development partners.
- Regarding the right energy mix for Viet Nam, although the current planning is still too reliant on fossil fuels, a greater shift away from coal to renewable energy is possible. There have been positive developments in the solar and wind energy market and there are great potentials in offshore wind and bioenergy, which have not yet been exploited.
- The EU is committed to assist Viet Nam's transition from brown to green energy, while also ensuring access to affordable energy for all and protecting Viet Nam's competitiveness.
- He recognized the important role of Viet Nam Energy Partnership Group in this process and looked forward to listening to the Report on VEPG's work in 2019 and the results of the intense consultations and cooperation with the Government, the private sector, academia and civil society.



Mr. Ousmane Dione delivers his welcome address

In his welcome address, Mr. Ousmane Dione, Country Director of the World Bank, delivered the following messages:

- Viet Nam has been successful in reforming the energy sector to deliver on its core mandate of providing nearly universal electrification, as well as reliable and efficient power supply, which has resulted in the country's high and sustained economic growth, poverty reduction, and the well-being of its citizens.
- The VEPG is a very important forum for ensuring coordination and effectiveness of the combined resources of the development partner community and the World Bank will continue to support Viet Nam's economy by working on reliable, affordable, and sustainable energy, which is a fundamental enabler of economic development.
- However, the energy sector will face several critical challenges in the new decade, which need to be tackled immediately:
 - Meeting future energy demand, which is growing at double-digit rate, while also complying with the Government's objectives of reducing GHG emissions by promoting renewable energy and energy efficiency technologies.

- Mobilizing the large investment requirements, estimated at nearly US\$10 billion annually till 2030, through a competitive and transparent approach, while also creating a financially viable sector with and optimized use of public and private sector resources.
 - Tackling the delay of many critical projects of the Power System Development Plan (PSDP), which could lead to a shortfall of energy and rolling blackouts in the next 12 to 18 months. The economic impacts from these shortfalls, which could be as high as 3-4 percent of gross domestic product (GDP) in the worst-case scenario, would be felt across all sectors of the economy and could hamper Viet Nam's ability to continue to attract quality foreign direct investments.
- The energy sector is at a critical 'inflection point' and is poised for the next phase of its growth. Authorities must therefore urgently continue to focus on carrying out strong policy reforms in the energy sector.
 - It is recommended to apply a 'system-wide' approach for energy sector development; from upstream resource development, to downstream service delivery, to transmission and distribution functions, each leg of the energy sector value-chain requires careful attention.
 - Sustained support from the government to the energy sector is still necessary not only to incentivize private investment, where applicable, but also to directly mobilize public resources, where needed.
 - While coordinated efforts are necessary to improve the planning and execution processes and to establish regulatory frameworks that enable rapid energy infrastructure development, bold vision is needed to embrace new technologies in the rapidly changing landscape of renewable energy and energy efficiency.
 - The World Bank is strongly committed to work with all development partners in the spirit of cooperation and partnership to create a world class energy sector in Viet Nam.
 - Ousmane Dione further commented on the work of VEPG's five Technical Working Groups and the VEPG's Progress Report on the implementation of the Policy Recommendations. He expressed thanks to the Ministry of Industry and Trade and Minister Tuấn Anh for his leadership, Ambassador Aliberti for his close collaboration and the Secretariat of the VEPG for their excellent organization of this platform.

The full welcome addresses of the VEPG Chair and Co-Chairs can be found in Annex II.

4. THE VEPG – PROGRESS AND OUTLOOK FOR 2020

Following the opening of the HLM, Mr. Rainer Brohm, International Coordinator of the VEPG Secretariat, delivered a presentation, which provided an overview of the work of the VEPG

Technical Working Groups and the Secretariat in 2019, as well as progress made in the implementation of the 40 policy recommendations presented and endorsed at the HLM in 2018.

Key highlights of the VEPG in 2019 include:

- Through the wide range of activities of the VEPG and the Secretariat support to the sector, the VEPG is increasingly perceived and ‘utilized’ as the central dialogue and coordination platform in the energy sector. Participation of sector stakeholders has increased over the reporting period, including the engagement of further Development Partners and private sector stakeholders.
- VEPG Technical Working Groups convened 10 meetings (2/TWG) in 2019, which resulted in a number of inputs that were delivered to MOIT to support processes linked to the 40 policy recommendations of the VEPG. TWGs used the 4th round of meetings to discuss and capture feedback on progress on the Policy Recommendations and remaining challenges. These inputs were key for the development of the VEPG Progress Report 2019.
- TWGs and Development Partners have also started to look for synergies in sector processes and integrated a number of bilateral workshops and events to the VEPG framework.

The Secretariat presented the progress on implementing the VEPG Policy Recommendations:

- The TWGs supported key policy processes in the five topic fields, e.g. the Solar FIT 2 development, the Rooftop Solar (RTS) Promotion Programme, the VNEEP 3 and NEEAP development, the Wholesale Market implementation, the Rural Electrification Programme implementation and the VEIS development.
- TWGs achieved substantial progress in supporting the 40 specific VEPG Policy Recommendations but also identified gaps and remaining challenges as well as priorities for 2020.
- Cross-cutting challenges have been identified in the fields of:
 - Financing of energy transition, energy efficiency and rural electrification;
 - The debt ceiling and ODA framework issue;
 - Mobilizing large amounts of private sector investments with a supportive legal framework and enabling market environment;
 - Strategic sector planning, focusing on the need of an integrated demand-side, power capacity and power grid planning process and related to this is the need for reliable and accessible data;
 - Mobilization and coordination of ongoing and further Development Partner support for the key sector challenges.

The full VEPG Progress Report 2019 can be downloaded [here](#).

5. REFLECTIONS AND GUIDANCE FROM THE VEPG CHAIR AND CO-CHAIRS



Chair and Co-Chairs on the panel delivering their reflections

After the presentation by the VEPG Secretariat, the Chair and Co-Chairs provided reflections on the progress made, as well as recommendations for the future focus of the TWGs.

Vice Minister Đặng Hoàng An expressed his appreciation for the work of the TWGs and the VEPG Secretariat on the VEPG Progress Report 2019. The implementation of 40 policy recommendations has addressed big challenges for the development of Viet Nam's energy sector, especially on the financing of policy projects, resource mobilization from the private sector, as well as energy efficiency. Reflecting on the VEPG Process, he highlighted the following:

- The VEPG should consider expanding the scope of topics to cover other energy sources besides electricity such as gas, oil, and coal, which have a large impact on the energy intensity of Viet Nam.
- Attention should be paid to the Master Plan on National Electricity, which is being developed by MOIT, and which is an overarching plan that covers the PDP8, energy efficiency and other potential energy sources.
- Several policy mechanisms need to be implemented and integrated into economic activities, including 4 focus issues, which should be looked at by the VEPG more closely:

- Speeding up the auctioning mechanism for renewable energy projects with solar power at the forefront.
- Realizing the large potential for the rooftop solar development, especially in industrial parks. There is a lack of a mechanism to promote solar rooftop, in general, and household solar rooftop in particular. The integration of solar panels as the roof of large industrial parks can serve as an example of dual use benefits.
- Accelerating the pilot and implementation of the **DirectPPA** that allows renewable energy investors and developers to sell electricity directly to customers. With the support from USAID, ERAV/MOIT is preparing for a DPPA pilot scheme to start in early 2020.
- Promoting **biomass energy**. While the FIT for Biomass is already in place, there are other biomass sources not being used. For instance, co-generation for biomass energy use in steel and cement factories is a promising area. The current policy framework on this topic needs to be reviewed.

H.E. Ambassador Aliberti recognized the success of the VEPG as a meaningful and effective forum to amplify and leverage mutual efforts to support the energy transition in Viet Nam, acknowledged the progress made on the implementation of the key policy targets and commended the work of the 5 Technical Working Groups of the VEPG. He also took the opportunity to identify the challenges that must still be tackled and to define priority tasks for the future work of the partnership:

- There is a need to further mobilise financial resources both for key policy projects and for the necessary investment projects, such as power grid modernization and expansion, energy efficiency, a streamlined process and functioning energy data infrastructure and rural electrification.
- Regarding the state budget, recognizing the current challenges with a debt ceiling, cumbersome approval procedures and regulatory limitations for blending grants and loans, it is important to jointly identify solutions to allow further international support. It is suggested that the Government invests and prioritizes state budget in those areas where private sector investments and business models are difficult to achieve, particularly narrowing down the financing gap for the Target Programme for Rural Electrification or the establishment of infrastructure for the Energy Information System.
- The largest part of investments in clean energy generation and energy efficiency measures, however, has to come from the private sector. There is a need for a clear, comprehensive and reliable policy framework, a framework that provides investment security for local and international project developers, financing institutions and industry stakeholders. More involvement of private sector representatives in the VEPG process is encouraged to feed their experience, challenges and perspectives into the dialogue.

- Lastly, key energy sector strategies need recalibration. Specifically, the PDP 8 will lay the foundation of the sector transformation for the coming years.

Mr. Ousmane Dione, the World Bank Country Director, joined Vice Minister An and Amb. Aliberti in congratulating the success of the VEPG work in 2019 and highlighted the following:

- On sector reform and mobilizing investments, there must be appropriate support mechanisms for the energy sector in the next Socio-Economic Development Plan for Viet Nam. It will also be important to reflect on energy sector investment support needs in important policy instruments, such as, the Medium-Term Investment Plan, the revision of Decree 16 on use of ODA resources, and the proposed PPP Law. It is important to maintain a continuous reform of the electricity tariff framework to make the sector financially independent in the medium-term. The development of a thriving competitive power market and improved procurement and commercial frameworks are essential to scale-up private capital deployment.
- On renewable energy development, given the undoubted role of renewable energy technologies in Viet Nam's energy generation mix in the future, there is a need to accelerate the policy reforms needed in order to prepare the sector and to carry out investments. Key are transparent and competitive procurement mechanisms, such as, auctions to contract new solar capacity to replace Feed-in-Tariffs. The World Bank is committed to providing technical assistance to MOIT to launch pilot auctions at the soonest. The auction-based mechanism could be used for other technologies, such as, off-shore wind resource.
- Urgent investments are also required in the transmission system and in storage technologies.
- Regarding energy efficiency, the adoption of national and provincial targets for energy efficiency as guided by Viet Nam's Nationally Determined Contributions (NDCs) and the Viet Nam National Energy Efficiency Plan (VNEEP) is crucial. The energy efficiency targets should be followed by credible Action Plans at the provincial levels, which are geared towards implementation. In addition, a comprehensive Monitoring, Reporting, and Verification (MRV) system is critical for tracking GHG emission reductions and to scale-up the deployment of climate financing for Viet Nam.
- Lastly, the preparation of PDP8 is one of the most crucial engagements of the sector in the coming year.

6. OFFICIAL CEREMONY – HAND-OVER OF THE VEPG PROGRESS REPORT TO THE CHAIR AND CO-CHAIRS OF THE VEPG BY THE TECHNICAL WORKING GROUPS

Following the reflections from the Chair and Co-Chairs of the VEPG, the Master of Ceremony proceeded to initiate the official act, in which the Chairs and Co-Chairs of the five (5) VEPG TWGs formally handed over the VEPG Progress Report 2019 to the VEPG Chair and Co-Chairs. Ms. Sitara Syed, Co-Chair of TWG 2 on Energy Efficiency, and Mr. Nguyễn Ninh Hải Chair of TWG 1 on Renewable Energy handed over the Progress Report to the VEPG Chair and Co-Chairs on behalf of their TWG peers.



The TWGs deliver the VEPG Progress Report 2019 to Chair and Co-Chairs.



VEPG Chair and Co-Chairs proudly accept the VEPG Progress Report 2019



Group Photo: VEPG Chair and VEPG, TWG Chairs and Co-Chairs and Ambassadors.

7. MAIN OUTCOMES AND OUTLOOK

The main outcomes of the VEPG HLM 2019 can be summarised as follows:

- The VEPG Progress Report was well-received and officially approved by the Chair and Co-Chairs of the VEPG.
- The VEPG Chair and Co-Chairs requested the TWG Chairs and Co-Chairs to continue the implementation of the recommendations, following their guidance during their meetings in the coming 12 months and to continue to report progress to the VEPG Steering Committee and at the next HLM in 2020.
- The VEPG Chair and Co-Chairs also requested the VEPG Secretariat to continue to provide support to the work of the TWG Chairs and Co-Chairs and to report at the next HLM in 2020.

8. PRESS CONFERENCE AND MEDIA HIGHLIGHTS

The press conference was chaired by H.E. Mr. Đặng Hoàng An - Vice Minister of the Ministry of Industry and Trade (MOIT), H.E. Mr. Giorgio Aliberti - Ambassador of the European Union (EU) to Viet Nam and Mr. Ousmane Dione - Country Director of World Bank (WB) Viet Nam.



Press conference at the HLM

The press conference took place in an exciting atmosphere with the participation of over 25 media agencies (covering national television channels, as well as printed and online newspapers). During the press conference, the journalists focused on the following main issues: the status of implementation of the 40 policy recommendations that have been endorsed in 2018, the forecast of power shortages in the coming years, the Power Development Plan 8 (PDP 8) and the shift to renewable energy of Viet Nam. During nearly one hour, the Chair and Co-Chairs answered several questions addressing these issues and re-affirmed the role of VEPPG and its five Technical Working Groups (TWG), as well as the commitments of MOIT, EU and WB in the development of Viet Nam's energy sector.

Opening the press conference, Vice Minister Đặng Hoàng An briefly summarized the results of the 3rd High-Level Meeting, including: the revision of 40 policy recommendations, many of which are gradually turned into specific policies towards the goal of ensuring national energy security, developing sustainable energy sector with greener, cleaner energy and higher energy efficiency; and the endorsement of the Progress Report 2019 submitted by the five TWGs of VEPPG. He also emphasized that in the upcoming year, MOIT will submit these policy recommendations to the Government and the Prime Minister in order to continue to develop policies for this very important sector of the economy.

EU Ambassador Giorgio Aliberti was happy to notice that the coordination and the policy dialogues between the parties are currently much more efficient; however, he emphasized, the extremely important mission at the moment is to tackle the challenges that lie ahead. Viet Nam relies heavily on fossil fuels, mainly coal, and it is at the same time one of the countries most vulnerable to climate change. Viet Nam should set an ambitious target and consistently pursue the policy of going toward cleaner energy that is based on local resources: wind, solar, biomass. He reiterated the EU's commitment to support Viet Nam in the energy transition.

WB Country Director Ousmane Dione shared the same view with the EU Ambassador that Viet Nam's energy sector is in the crossroad with many new challenges. Viet Nam is facing a fast-growing energy demand and is under a pressure to make clean energy affordable and reliable. He insisted that the WB will continue to work within the VEPPG framework and with other donors to provide support to Viet Nam not only in the short-term, the medium-term but also in the long-term.

Addressing media questions related to the implementation of policy recommendations that were endorsed at the 2nd High-Level Meeting, Mr. Đặng Hoàng An shared that these recommendations are diverse and cover a wide range of energy sector policy areas such as: finance, credit, public debts ceiling, the use of ODA, and promotion of private sector investment. Many of them have already been incorporated and are reflected in new policies. For example, Viet Nam will soon pilot solar energy auctions and the Power Purchase Agreement (PPA) so that renewable energy producers can sell electricity directly to users in industrial parks.

H.E. Giorgio Aliberti highlighted that the VEPG is now working on a wide variety of instruments and issues and includes the full range of sector stakeholders. The VEPG today is holding its 1st Stakeholder Forum to gather more experience from these actors and further international experts. Furthermore, private resources are essential and the VEPG provides an excellent platform to help to mobilise private resources, together with the Government. And more recommendations will be developed by the VEPG in the coming years.

Concerning the forecast that Viet Nam will be facing a big challenge of power shortage in the coming years, Mr. Ousmane Dione analyzed that currently there is a number of private investors that are coming in and investing in solar projects. The WB has worked with MOIT to complete an atlas of the solar potential of Viet Nam; worked with the Electricity of Viet Nam (EVN) and MOIT to do some studies on rooftop solar; and most importantly, provided technical assistance to MOIT, in order to kick-off the preparation of the first solar auction, which can give much more leverage to the private sector to come and invest massively in solar energy. Viet Nam needs to create a transparent procurement mechanism and it is also important to enforce a PPP law, which includes provisions and guarantees that give a higher level of comfort to international financiers to bring in the resources needed.

Regarding the proportion of renewable energy in the energy mix, H.E. Ambassador Giorgio Aliberti clarified that the energy transition can be realized gradually, but policies must be consistent. Viet Nam is a young country and can actively act as part of the world's green revolution for its own interest and for the future of the planet. Viet Nam should set ambitious goals because the future subject is not only energy but also climate and environmental protection. The main solution is to find an optimal balance through good dialogue and effective cooperation.

Mr. Đặng Hoàng An added that the calculation for a right energy mix needs to be made in the entire system with full awareness of the country's specific conditions, primary fuels, import potentials and costing options. This number must be reviewed continuously and regularly, so that it guarantees electricity capacity needed to support the economy. Viet Nam needs to take advantage of all the available resources and at the same time conduct a very comprehensive and integrated environmental impact assessment.

Attracting investments from the private sector including international and domestic investors in the energy sector is one of the top priorities of the Government of Viet Nam. Mr. Đặng Hoàng An affirmed that the business environment, the administrative aspects, the procedures and the approving processes will continue to be improved. He agreed with Mr. Ousmane Dione that the PPP Law will engage the private sector and reduce the burden on the public sector.

The Chair and Co-Chairs highly appreciated the importance of the VEPG, a forum where international donors, development partners, private sector, stakeholders can add their related experience and bring additional value to the energy sector; an effective forum for dialogue and a valuable source of recommendations for the Government of Viet Nam.



The press release can be found in Annex IV. The Press Clipping can be found in Annex V.

ANNEX I – AGENDA OF THE 3rd VEPG HLM AND 1st SHF 2019

Agenda 3rd VEPG High-Level Meeting

08:00-09:00 Registration

09:00-09:15 Opening of the 3rd VEPG High-Level Meeting

Opening by the Master of Ceremony

Mr. Quách Quang Đông

Chief of Office, Electricity and Renewable Energy Authority (EREA), MOIT

Performance by a Sextet from the Viet Nam National Symphony Orchestra

09:15-09:45 Welcome Addresses by the VEPG Chair and Co-Chairs

H.E. Trần Tuấn Anh

Minister, Ministry of Industry and Trade (MOIT)

H.E. Giorgio Aliberti

Ambassador, Delegation of the European Union to Viet Nam

Mr. Ousmane Dione

Country Director, World Bank

09:45-10:00 The VEPG – Progress and Outlook for 2020

Mr. Rainer Brohm

International Coordinator of the VEPG Secretariat

10:00-10:20 Reflections and Guidance from the VEPG Chair and Co-Chairs

10:20-10:30 Official Ceremony – Hand-over of the VEPG Progress Report to the Chair and Co-Chairs of the VEPG by the Technical Working Groups

10:30-10.45 Tea Break

Closed VIP VEPG Press Conference to take place in Ballroom 1 (10:30-11:00)

Agenda

1st VEPG Stakeholder Forum

10:45-11:15 Strategic Sector Planning - An Energy Strategy for Viet Nam

Opening Speech

Mr. Bùi Quốc Hùng

Deputy Director General, Electricity and Renewable Energy Authority (EREA), MOIT

Keynote Speech “Global Trends of Energy Transition and Implications for Sector Planning in Viet Nam”

Dr. Brian Motherway

Head of Energy Efficiency, International Energy Agency (IEA)

11:15-12:30 Interactive Session - What is the right energy mix for Viet Nam?

Keynote Speech “What is the right energy mix for Viet Nam?”

Prof. David Dapice

International Fellow, Vietnam Program at Harvard Kennedy School, Harvard University

Presentation of the Vietnam Energy Outlook Report 2019

Mr. Jakob Lundsager

Long-term Adviser, Danish Energy Partnership Programme in Viet Nam (DEPP)

Panel Discussion – Energy Sector Development and Planning

Moderator: Dr. Lê Việt Phú

Senior Lecturer, Fulbright School of Public Policy and Management, Fulbright University VN

Panellists:

Prof. David Dapice

International Fellow, Vietnam Program at Harvard Kennedy School, Harvard University

Mr. Jakob Lundsager

Long-term Adviser, Danish Energy Partnership Programme in Viet Nam (DEPP)

Mr. Ywert Visser

Vice-Chairman European Chamber of Commerce (EuroCham) in Viet Nam

Dr. Nguyễn Trịnh Hoàng Anh

Senior Associate, Viet Nam Initiative for Energy Transition (VIET)

Mr. Bùi Quốc Hùng

Deputy Director General, Electricity and Renewable Energy Authority (EREA), MOIT

12:30-14:00 Networking and Lunch Break

14:00-15:15 Energy Efficiency – An Action Plan for Energy Saving

Opening Speech

Mr. Trịnh Quốc Vũ

Deputy Director General, Department of Energy Efficiency and Sustainable Development (DEESD), MOIT

Keynote Speech “Shaping a Successful National Energy Efficiency Strategy”

Ms. Xianli Zhu

Senior Economist, UNEP - Danish Technical University (DTU) Partnership

Presentation on Energy Efficiency in Industry

Dr. Nguyễn Xuân Quang

Head of Department Thermal Energy Systems, Hanoi University of Science and Technology on behalf of United Nations Industrial Development Organisation (UNIDO)

Presentation on Financing ESCO Development

Mr. Nuthalapati Pavan Kumar

Head of Lighting in Andhra Pradesh, Energy Efficiency Services (EES) Ltd. India

Panel Discussion – Challenges and Solutions for Saving Energy

Moderator: Mr. William Hudson

Head of South East Asia and Energy Efficiency Lead, Carbon Trust

Panellists:

Dr. Nguyễn Xuân Quang

Head of Department Thermal Energy Systems, Hanoi University of Science and Technology on behalf of United Nations Industrial Development Organisation (UNIDO)

Mr. Đào Xuân Lai

Head of Climate Change and Environment, United Nations Development Programme (UNDP) Viet Nam

Mr. Mor Vamos

Chief Operations Officer, B.Braun Vietnam Co. Ltd.

Ms. Xianli Zhu

Senior Economist, UNEP Danish Technical University (DTU) Partnership

Mr. Trịnh Quốc Vũ

Deputy Director General, Department of Energy Efficiency and Sustainable Development (DEESD), MOIT

15:15-15:30 Tea and Networking Break

15:30-16:55 Opportunities of Distributed Renewable Energy for Viet Nam

Opening Speech

Dr. Sebastian Paust

Head of Development Cooperation, German Embassy

Keynote Speech “Distributed Renewable Energy: International Experience and Potential Implications for Viet Nam”

Ms. Yosiyana Badariah

Programme Officer South East Asia, International Renewable Energy Agency (IRENA)

Presentation on Distributed Renewable Energy in Vietnam’s Power System

Mr. Lê Hải Đăng

Director Corporate Strategies Department, Energy of Vietnam (EVN)

Presentation on Renewable Energy for Cities and Municipalities

Ms. Nguyễn Thị Thu

Project Manager, EU Project on Development of Solar Energy in Danang (DSED)

Panel Discussion –Solutions and Best Practices in Distributed Renewable Energy

Moderator: Mr. Dimitri Pescia

Senior Associate, Agora Energy Transition

Panellists:

Ms. Đinh Thị Minh Thái

Director, Microfinance and Community Development Institute (MACDI)

Mr. Lê Hải Đăng

Director Corporate Strategies Department, Energy of Vietnam (EVN)

Mr. Nguyễn Thái Phong

Headmaster, Võ Thị Sáu Primary School in Danang

Ms. Yosiyana Badariah

Programme Officer South East Asia, International Renewable Energy Agency (IRENA)

16:55-17:00 Closing Remarks

17:00-19:30 Networking Reception

All keynote speeches and presentations of the 1st VEPG Stakeholder can be downloaded [here](#).

ANNEX II – WELCOME ADDRESSES

Welcome address by MOIT Vice-Minister Đặng Hoàng An

- Your Excellency Ambassador Pier Giorgio Aliberti, Head of the Delegation of the European Union to Viet Nam,
- Your Excellency Ousmane Dione, Country Director of the World Bank in Viet Nam,
- Your Excellency Ambassadors and development partners in Viet Nam,
- Ladies and gentlemen,

On behalf of Ministry of Industry and Trade of the Socialist Republic of Viet Nam, I warmly welcome all of you to the 3rd High Level Meeting of the Viet Nam Energy Partnership Group today.

As you all know, energy plays a crucial role for economic development and social security of all nations. As a dynamic economy with a high speed of growth over the past years (Viet Nam experienced more than 20 years of annual economic growth rate of 5.9 - 7%, even during the global economic recession 2006 – 2010 and the global financial crisis 2008. In 2017, GDP growth rate of Viet Nam reached 6.81%, in 2018 with 7.08% and in 2019 expected to be increased by 7% at the current price), Viet Nam is facing numerous opportunities, as well as challenges in ensuring energy security, green growth and sustainable development. The energy transition is being accelerated and pursued by the Vietnamese Government upon promoting internal forces, enhancing cooperation, seeking support from development partners. Multilateral cooperation mechanisms like Viet Nam Energy Partnership Group (VEPG) are very meaningful to the development of the energy sector and the national economy of Viet Nam. Established in June 2017, after two high level meetings, today we are delighted to organize the 3rd VEPG High Level Meeting to look back at our past achievements and put forth policy recommendations and action plans for the energy sector in Viet Nam.

Ladies and gentlemen,

In 2019, Viet Nam witnessed large investments in renewable energies (RE), especially solar and wind energy, with more than 4.5 GW of solar power connected to the national grid, and in the coming time, there will be more RE projects (solar, wind, bioenergy, etc.) to be developed. The energy and power sector reform is drastically directed by the Vietnamese Government in parallel with restructuring and improving efficiency of state-owned enterprises, with a focus on equitization and state capital withdrawal at power generation corporations, further developing power market following the approved roadmap, improving the competitive power market, deploying competitive wholesale electricity market, being well prepared for the competitive retail electricity market after 2022. Moreover, Viet Nam is in the process of implementing the National Energy Efficiency Program for the third phase. Accelerating the rapid and sustainable development of the energy sector, meeting the demand of economic development and people's life, ensuring national energy security, and creating favourable conditions to attract investment capital from the entire society, national and international

investors in the energy sector, incentivizing development of RE sources is the orientation and development strategy of the Government of Viet Nam for the energy sector. The objectives are obvious; however, we know that sustainable, reliable and affordable supply of energy is a challenge for developing countries, including Viet Nam. Over the past 20 years, annual growth rate of power demand in Viet Nam has been at two digits, as 1.5 – 1.8 times higher than the GDP growth rate, of which this rate is 13%, 11% and over 10% in the periods of 2000-2010, 2011-2016 and 2017 until now, respectively. Calculations of MOIT show that the power demand will further increase in relation to the country's industrialization, modernization in the coming years. It is really a big challenge to respond to such a high demand growth rate.

As the result, developing a suitable, feasible, sustainable, locally specific development strategy for the energy sector becomes one of the most important tasks for Viet Nam. In this regard, I want to emphasize that besides significant and meaningful financial support of international partners, we identify the importance and need for scientific – technological research, cooperation and public awareness improvement for deep and wide reform of the energy sector.

To this end, the National Energy Development Plan and the Power Development Plan 8 which are under development will play a crucial role in forming the basis for a sustainable, reliable, modern energy system in response to socioeconomic development demands. MOIT is assigned by the Government to take prime responsibility for developing these two plans, therefore the Ministry wishes that the 3rd VEPG High Level Meeting further discusses, delivers effective policy recommendations for Vietnamese authorities with regards to development of the energy sector. Of which, objectives with the highest priority include: (i) Ensure national energy security in the medium and long terms to respond to development objectives; (ii) Identify optimal and sustainable energy mix for the country; (iii) Attract investments in energy infrastructure; (iv) Remove bottlenecks, promote cleaner, greener and renewable energy sources (v) Improve energy efficiency, decrease energy intensity of the economy. Moreover, it is necessary to create conditions for all people in the society to have access to and enjoy benefits of sustainable, affordable energy development policies, paying special attention to vulnerable, low-income and policy groups in the society.

Ladies and gentlemen,

At the High-level Meeting of the VEPG in 2018, we endorsed 40 policy recommendations for the energy sector in Viet Nam. Some of them are developed into policy decisions. Over the past year, Technical Working Groups pooled efforts, cooperated to implement important energy policies under close direction of the Steering Committee and active, efficient support of the VEPG Secretariat. In today's event, we are delighted to receive the VEPG Progress Report on implementation of the recommendations as recognition for the cooperative efforts and achievements of stakeholders for a sustainable energy future of Viet Nam. I believe that this meeting will further deliver strategic, breakthrough recommendations as evidence for efficient cooperation within the framework of VEPG.

In 2020, Viet Nam serves as the ASEAN Chair. The 38th ASEAN Ministers on Energy Meeting will be organized in Viet Nam in the next fall. Many development partners of Viet Nam are also important partners of the ASEAN region. We welcome the presence and dialogue of the development partners at the ASEAN Summit 2020, in general, and at the ASEAN Ministers on Energy Meeting, in particular, for a sustainable Viet Nam and prosperous ASEAN community, with active contributions to the world. With expected increase of economic growth rate by 5% and annual average increase of energy demand growth by 4.7% in 2025, response to energy demand and sustainable energy development is seen as the top important issue for the ASEAN community in the coming years.

On this occasion, I would like to express my sincere thanks and appreciation to heads and staff of embassies, international development organizations, consulting firms, national and international business communities in Viet Nam for their contributions and cooperation, as well as active, efficient support for Viet Nam's socioeconomic development, including the energy sector. I would like to warmly welcome Mr. Pier Giorgio Aliberti, Ambassador, Head of the Delegation of the European Union to Viet Nam and believe that he will have a very successful term and make impressions in our country.

I would like to express my thanks to Mr. Ousmane Dione, Country Director of the World Bank in Viet Nam for his effort, commitment and close, efficient work with Ministry of Industry and Trade during the past time as the Co-Chair of the VEPG.

I would like to express my thanks and appreciation to the Steering Committee, Chairs and Co-Chairs of Technical Working Groups and the VEPG Secretariat for their proposal and implementation of numerous policy recommendations for the energy sector in Viet Nam!

I would like to express my thanks to representatives of the media agencies for their attention and media coverage on this event.

I wish all of you good health and happiness!

I wish the today event a great success!

Thank you./.

Welcome address by H.E. Giorgio Aliberti, Ambassador of the EU to Viet Nam

Your Excellency Vice-Minister Đặng Hoàng An,

Mr. Ousmane Dione, Country Director of the World Bank,

Dear colleagues Ambassadors,

Dear ladies and gentlemen,

The Viet Nam Energy Partnership Group, which was launched a little more than two years ago, is a great platform for coordination and policy dialogue between the Ministry of Industry and Trade and all concerned stakeholders on the development of the energy sector in Viet Nam.

Recently, I co-chaired together with MOIT Vice Minister Hoàng Quốc Vượng and the Country Director of the World Bank, Mr. Ousmane Dione, the 5th VEPG Steering Committee meeting. I was impressed by the work of the VEPG and the five Technical Working Groups.

I would like to take this opportunity to thank your Excellency, Minister Trần Tuấn Anh, for your excellent guidance and commitment to the success of the VEPG, reflected in the intense efforts of the relevant staff from the Ministry of Industry and Trade. The productive collaboration with the development partners and other stakeholders, including the private sector and civil society resulted last year in the adoption of a set of 40 policy recommendations to support the government in transforming the energy sector. Many of them have seen encouraging progress with implementation in 2019. I also would like to thank the VEPG Secretariat for its excellent support. The VEPG certainly could not be as it is today without all this support.

It was - and still is - nothing less than a historic transformation of the energy sector that has significantly developed over two decades, supplying more than 90 million people with energy and fueling continued economic growth. It is a formidable task to transform the power system of Viet Nam, which currently relies on centralized power generation, distribution of power over long distances, and on the extensive use of coal and other fossil fuels, towards a more sustainable and decentralized system that builds on local renewable energy sources and innovative ways of saving energy.

Viet Nam needs to develop a system that provides clean, secure and affordable energy to all people and to the thriving businesses and industries. A system that simultaneously contributes to national and international efforts to fight climate change, protects the health of its people and reduces pressure on its precious ecosystems.

Ladies and gentlemen, at this very moment, the international community is meeting for COP 25 in Madrid to discuss crucial next steps for the implementation of the Paris Climate Change Agreement. Viet Nam is among the nations most vulnerable to climate change, but also still

relies heavily on coal and fossil fuels for power generation. There is an urgent need to take action and change the course now.

Dear Vice Minister Dang Hoang An, I want to re-assure you that the European Union - as many other development partners that have gathered here today - is here to provide support and expertise to make this energy transition happen.

Today, we look back to the hard and focused work on supporting the implementation of the 40 VEPG Policy Recommendations in 2019. And we look ahead at the remaining challenges and key steps to address and overcome them. Without anticipating the Report of the VEPG Secretariat, I would like to highlight some issues that are part of our Policy Recommendations and that I believe are of crucial importance and need our full attention:

First of all, we have seen this year a tremendous growth in renewable energy, particularly solar, in the South of the country. More than 4,500 Megawatt-peak capacity were added within a timeframe of only 3 months by the end of June. This is unprecedented in the region and beyond. There are short-term challenges linked to grid integration, but I am confident these challenges are being addressed.

Despite this rapid growth in renewable energy installations, we are all impatiently waiting for the approval of the follow-up regulation, the new support mechanism for solar that is expected to provide a reliable and clear legal framework for the many other projects that are ready to be realised and representing up to 20,000 Megawatt-peak of solar power projects under development!

Why are we impatient? Not only because investors, developers and a growing local industry are willing to invest in the Vietnamese market, contributing to sustainable development and creating green jobs for tens of thousands of Vietnamese. More importantly, this clean energy capacity is desperately needed to meet the fast-growing electricity demand of the country. A demand that is growing faster than the economic development of the country! Thus, in order to relieve the Vietnamese power system from this mounting pressure, we also need to invest a lot more in Energy Efficiency.

The Viet Nam Energy Efficiency Programme 3 is a great opportunity to slow down the growth of electricity demand and at the same time save money. We know that there are many “low hanging fruits” to achieve higher efficiencies in the key energy consuming sectors, such as industry, building and transportation, with some investments having very short payback times of 2-3 years, after which real savings can be realised.

Secondly, I would like to highlight the great opportunity we have right now to shape the course of Viet Nam’s energy development. The government is developing a Power Development Plan for the period 2021–2030, vision 2050, and at the same time, the Communist Party of Viet Nam is finalising its new Resolution on strategic directions for long term energy development.

This is a critical window and a unique opportunity for us to join hands in recalibrating the course towards more sustainable energy, shifting away from polluting to cleaner energy sources. The effects of climate change are severe and growing in frequency and intensity, both here in Viet Nam and around the world. These global and national transition processes to cleaner energy systems must be accelerated, with an ambitious commitment from the government and with the strong support of its development partners.

The transition must be gradual for sure. However, it requires a clear vision and a comprehensive roadmap with ambitious medium and long-term targets and with clearly defined actions and milestones.

The question of the 'right energy mix for Viet Nam' is not an easy one to answer and there is not only one response. But what is clear is that the current planning is still too reliant on fossil fuels and that a greater shift away from coal to renewable energy is possible. Current developments in the solar and wind energy market give us all reason to be ambitious. And we have not even started to exploit the great potentials of off-shore wind and bioenergy.

Dear Vice Minister Đặng Hoàng An, I would like to assure you again that the EU is very committed to assist you in Viet Nam's transition from brown to green energy, while also ensuring access to affordable energy for all and protecting Viet Nam's competitiveness.

We believe that the Viet Nam Energy Partnership Group plays a crucial role in this process and I am looking forward to listening to the Report on VEPG's work in 2019 and the results of the intense consultations and cooperation with the Government, the private sector, academia and civil society.

Let me once again thank you Minister for your commitment and your Ministry for its intense efforts. With joint hands we shall continue our endeavour towards a clean energy sector and a prosperous Viet Nam.

Thank you very much./.

Welcome address by Mr. Ousmane Dione, Director of the World Bank in Viet Nam

Your Excellency Vice-Minister Đặng Hoàng An,

Your Excellency Ambassador Pier Giorgio Aliberti,

Government officials, development partners, energy sector colleagues,

Ladies and Gentlemen:

I am very pleased and honored to be here today as part of the 3rd High Level Meeting and the 1st Stakeholder Forum of Viet Nam's Energy Partnership Group (VEPG). Viet Nam has been a global success story in developing the energy sector over the last few decades. Through a continuous chain of reforms, and by focusing on effective implementation strategies, the energy sector has been able to deliver on its core mandate of providing nearly universal electrification, as well as reliable and efficient power supply.

The success of the energy sector has been a key contributor to Viet Nam's socio-economic development, the country's high and sustained economic growth, excellent performance in terms of poverty reduction, and the well-being of its citizens.

I believe I can speak on behalf of all the development partners here today that we have been privileged to contribute to this success story by supporting the development of the energy sector in Viet Nam. Development partners have contributed sizeable financing and technical assistance over the last decades to support the agenda championed by the Government. I look forward to continuing our long standing and close partnership with all of you.

For all of us in the development partner community, VEPG is a very important forum for ensuring coordination and effectiveness of our combined resources.

Our goal is to continue supporting Viet Nam's economy by providing reliable, affordable, and sustainable energy, which is a fundamental enabler of economic development.

However, now that we look forward to the new decade, the energy sector faces several critical challenges – unfortunately, there is no time to rest on past achievements alone.

The energy sector is going through some fundamental transformations. On one hand is the global trend towards 'electrification of everything' – starting from lighting, to now heating, cooling, cooking, and even driving, more and more, electricity is becoming our primary fuel. On the other hand, the technologies and resources for generating electricity are shifting from traditional fossil-fuel based to renewable energy-based resources bringing in opportunities for enhanced digitization of the grid and implementation of disruptive technologies.

For Viet Nam, the challenge is to ensure future energy demand, which is growing at double-digit rate, is met, while also complying with Government objectives of reducing GHG emissions by promoting renewable energy and energy efficiency technologies.

Another question is how to mobilize the large investment requirements, estimated at nearly US\$10 billion annually till 2030, through a competitive and transparent approach, while also creating a financially viable sector by optimized use of public and private sector resources.

Currently, we notice that many critical projects of the Power System Development Plan (PSDP) are facing delays. These delays could lead to a shortfall of energy and rolling blackout in the next 12 to 18 months. The economic impacts from these shortfalls, which could be as high as 3-4 percent of gross domestic product (GDP) in the worst-case scenario, would be felt across all sectors of the economy and could hamper Viet Nam's ability to continue to attract quality foreign direct investments.

VEPG's five Technical Working Groups have been focusing on many of these issues and have produced a series of recommended policy actions. Today, I am very pleased to receive the VEPG's Progress Report on this.

Considering the recommendations from the VEPG, I would urge that the authorities continue to focus on carrying out strong policy reforms in the energy sector. We should make no mistake that the energy sector is at a critical 'inflection point' and is poised for the next phase of its growth.

Given the interconnected nature of the sector, it is the right time for us to take a 'system-wide' approach to its development. From upstream resource development, to downstream service delivery, to transmission and distribution functions, each leg of the energy sector value-chain requires careful attention.

Sustained support from the government to the energy sector is still necessary not only to incentivize private investment, where applicable, but also to directly mobilize public resources, where needed, as public goods.

Coordinated efforts are necessary to improve the planning and execution processes and to establish regulatory frameworks that enable rapid energy infrastructure development. Bold vision is necessary to embrace new technologies in the rapidly changing landscape of renewable energy and energy efficiency.

On behalf of the World Bank, I would like to reiterate our strong commitment to work with all development partners in the spirit of cooperation and partnership to create a world class energy sector in Viet Nam.

I would also like to take this opportunity to thank the Ministry of Industry and Trade and Minister Tuấn Anh for his leadership. I also thank Ambassador Aliberti for his close collaboration and the Secretariat of the VEPG for their excellent organization of this platform.

I wish you good health and a very successful event today.

Thank you./.

ANNEX III – VEPG CHAIR AND CO-CHAIRS AND TWG CHAIRS AND CO-CHAIRS

VEPG CHAIR AND CO-CHAIRS

| | | |
|--|--|----------|
|  | H.E. Mr. Trần Tuấn Anh Minister of Industry and Trade (MOIT) | Chair |
|  | H.E. Mr. Giorgio Aliberti Ambassador of the European Union to Viet Nam | Co-Chair |
|  | Mr. Ousmane Dione Country Director, World Bank in Viet Nam | Co-Chair |

TWG 1 – RENEWABLE ENERGY

| | | |
|---|---|----------|
|  | Mr. Nguyễn Ninh Hải Director of New and Renewable Energy Division, Electricity and Renewable Energy Authority, MOIT | Chair |
|  | Dr. Sebastian Paust First Counsellor, Head of Development Cooperation, German Embassy in Viet Nam | Co-Chair |

TWG 2 – ENERGY EFFICIENCY

| | | |
|---|--|----------|
|  | Mr. Trịnh Quốc Vũ Deputy Director General of Department of Energy Efficiency and Sustainable Development, MOIT | Chair |
|  | Ms. Sitara Syed Deputy Resident Representative, UNDP/UN Viet Nam | Co-Chair |

TWG 3 – ENERGY SECTOR REFORM



Mr. Phạm Quang Huy
Deputy Director General of Electricity
Regulatory Authority of Viet Nam, MOIT

Chair



Mr. Rahul Kitchlu
Energy Sector Coordinator, The World Bank in
Viet Nam

Co-Chair

TWG 4 – ENERGY ACCESS



Mr. Nguyễn Duy Hòa
Director of Rural Electricity and Power Grid
Division, Electricity and Renewable Energy
Authority, MOIT

Chair



Mr. Koen Duchateau
Head of Cooperation, Delegation of the European
Union to Viet Nam

Co-Chair

TWG 5 – ENERGY DATA & STATISTICS



Mr. Nguyễn Tuấn Anh
Director of Planning Division, Electricity and
Renewable Energy Authority; MOIT

Chair



Mr. Jakob Stenby Lundsager
Long Term Adviser, Danish Energy Partnership
Programme (DEPP) in Viet Nam

Co-Chair

ANNEX IV – PRESS RELEASE OF THE 3rd VEPG HIGH-LEVEL MEETING

Today, the Viet Nam Energy Partnership Group (VEPG) held its Third High-Level Meeting (HLM) and First Stakeholder Forum in Hanoi. The High-Level Meeting was chaired by H.E. Mr. Đặng Hoàng An – Vice Minister of Industry and Trade (MOIT) - and co-chaired by H.E. Mr. Giorgio Aliberti – Ambassador of the European Union to Viet Nam - and Mr. Ousmane Dione - Country Director of the World Bank. The event gathered more than 200 high-level representatives, including Ambassadors and representatives from the public sector, development partners, private companies, academia and civil society.

The highlight of this High-Level Meeting was the presentation of the VEPG Progress Report for 2019 and the approval of the report by the VEPG Chair and Co-Chairs. The report analyses the progress in the implementation of the forty (40) policy recommendations that were formulated by the five VEPG Technical Working Groups (TWGs) and adopted at the VEPG's 2nd High-Level Meeting on 26 November 2018. The recommendations address key policy development processes and other activities aimed at boosting Viet Nam's energy sector development in 5 key priority areas: Renewable Energy, Energy Efficiency, Energy Sector Reform, Energy Access and Energy Data and Statistics.

The Progress Report also underlines the importance of the VEPG, which has proven to be an effective coordination mechanism and a valuable dialogue platform, bringing together key government and development partners, as well as other sector stakeholders, to develop guidelines and recommendations to strategically important energy sector processes.

While recognizing the fruitful work of the VEPG in 2019, H.E. Mr. Đặng Hoàng An emphasized the persistent challenges in the energy sector that require further joint efforts and support in 2020 and beyond: *“Viet Nam’s energy sector is of key importance for the development of the Vietnamese economy and the welfare of the people. It is of utmost importance to have strong and forward-thinking energy sector strategies in place to support Viet Nam’s transition to a modern, green and inclusive economy. We are committed to this task and welcome the support from the VEPG and the international development partners and further sector stakeholders that constitute our Partnership. I am very proud to receive the VEPG Progress Report today and ask all VEPG partners to intensify the work in the upcoming year, to develop solutions and provide support for our key sector transition tasks.”*

H.E. Mr. Giorgio Aliberti added: *“We have right now a great opportunity to shape the course of Viet Nam’s energy development. This is a unique opportunity for us to join hands in recalibrating the course towards more sustainable energy, shifting away from polluting to*

cleaner energy sources. The effects of climate change are severe and growing in frequency and intensity, both here in Viet Nam and around the world. Global and national transition processes to cleaner energy systems must be accelerated, with ambitious commitments from governments and with the strong support of development partners. The European Union remains fully committed to assist Viet Nam in its transition from brown to green energy, while also ensuring access to affordable energy for all and protecting Viet Nam's competitiveness."

Mr. Ousmane Dione also stated: *"The success of the energy sector has been a key contributor to Viet Nam's socio-economic development. As we look forward, the sector is at an inflexion point and is poised for the next phase of its growth. The challenge is to ensure that the future energy demand is met, while also honouring environmental commitments by accelerating the transition to renewable energy and energy efficiency, in a financially prudent manner. Continued strong policy reforms and a balanced system-wide approach is necessary for the development of the energy sector. The World Bank will continue to work with the authorities and all development partners to create a world class energy sector in Viet Nam."*

The 1st VEPG Stakeholder Forum, which followed the High-Level Meeting, hosted a select group of experts who shared their experience and debated prominent topics in Viet Nam's energy sector. The inputs included keynote speeches of experts from international energy organisations, such as Dr. Brian Motherway - Head of Energy Efficiency of the International Energy Agency (IEA), Prof. David Dapice from the Vietnam Program at Harvard Kennedy School, experts from United Nations Environment Program/ Technical University of Denmark and the International Renewable Energy Agency (IRENA), as well as other national and international experts on energy sector planning, energy efficiency and distributed renewable energy. During panel discussions the audience had the chance to raise questions and actively participate in the debate, which resulted in a lively and successful event.

For more information, please contact:

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ANNEX V – PRESS CLIPPINGS OF THE 3RD VEPG HIGH-LEVEL MEETING

1. Broadcasts via Television channels

| No. | Date of issuance | Publication | Headline | Links |
|-----|-------------------|-------------------------------|--|---|
| 1 | December 10, 2019 | Nhân Dân TV | Recommendations to help develop sustainable energy | https://bitly.com.vn/bye48 |
| 2 | December 10, 2019 | Vnews – Truyền hình thông tấn | 3 rd High Level Meeting – Viet Nam Energy Partnership Group | https://drive.google.com/open?id=1iYYWQPnitwMPcMZBdbiBmPvp_SflgR3b |

2. Online newspapers

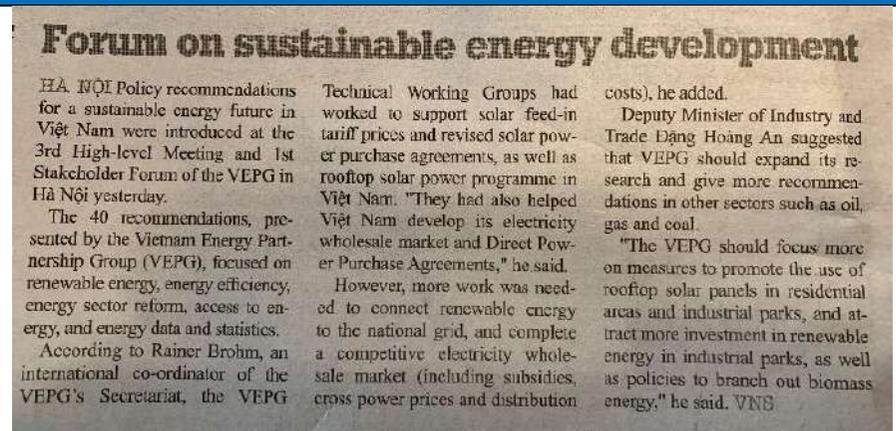
| No. | Date of issuance | Publication | Headline | Links |
|-----|-------------------|-------------------------|--|---|
| 1 | December 10, 2019 | Bộ Công thương Việt Nam | Viet Nam is transitioning to a modern, green and inclusive economy | https://www.MOIT.gov.vn/tin-chi-tiet/-/chi-tiet/viet-nam-%C4%91ang-chuyen-%C4%91oi-sang-nen-kinh-te-hien-%C4%91ai-xanh-va-toan-dien-17348-22.html |
| 2 | December 10, 2019 | Báo Chính Phủ | Strategy of transition to a green energy economy | http://baochinhphu.vn/Kinh-te/Chien-luoc-chuyen-doi-sang-nen-kinh-te-nang-luong-xanh/382187.vgp |
| 3 | December 10, 2019 | Báo Công Thương | Create effective cooperation mechanisms for sustainable energy development | https://congthuong.vn/tao-co-che-hop-tac-hieu-qua-de-phat-trien-nang-luong-ben-vung-129609.html |

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| 4 | December 10, 2019 | Tạp chí Công Thương | Strategy of transition to a green energy economy | http://tapchicongthuong.vn/bai-viet/chien-luoc-chuyen-doi-sang-nen-kinh-te-nang-luong-xanh-toan-dien-67150.htm |
| 5 | December 10, 2019 | Nhân Dân | Viet Nam high-level energy strategy planning conference | https://www.nhandan.com.vn/khoahoc-congnghes/item/42535602-hoi-nghi-cap-cao-hoach-dinh-chien-luoc-nang-luong-viet-nam.html |
| 6 | December 10, 2019 | Tuổi Trẻ Online | Will coal power account for 60% of electricity in Vietnam? | https://tuoitre.vn/dien-than-se-chiem-den-60-nguon-dien-tai-viet-nam-20191210133738491.htm |
| 7 | December 10, 2019 | Vietnam+ | Recommendations to help develop sustainable energy | https://www.vietnamplus.vn/nhieu-khuyen-nghi-giup-phat-trien-nang-luong-ben-vung-tai-viet-nam/612326.vnp |
| 8 | December 10, 2019 | Báo Lạng Sơn | Recommendations to help develop sustainable energy | http://baolangson.vn/kinh-te/257446-nhieu-khuyen-nghi-giup-phat-trien-nang-luong-ben-vung-tai-viet-nam.html |
| 9 | December 10, 2019 | BNews | Recommendations to help develop sustainable energy | https://bnews.vn/nhieu-khuyen-nghi-cho-phat-trien-nang-luong-tai-viet-nam/142178.html |
| 10 | December 10, 2019 | VietnamBiz | Will coal power account for 60% of electricity in Vietnam? | https://vietnambiz.vn/dien-than-se-chiem-den-60-nguon-dien-tai-viet-nam-20191210155323415.htm |
| 11 | December 10, 2019 | VietnamPlus | Recommendations to help develop sustainable energy | https://www.vietnamplus.vn/nhieu-khuyen-nghi-giup-phat-trien-nang-luong-ben-vung-tai-viet-nam/612326.vnp |
| 12 | December 10, 2019 | Đài Phát thanh và Truyền hình Sóc Trăng | 3 rd High Level Meeting – Viet Nam Energy Partnership Group | http://thst.vn/t/hoi-nghi-cap-cao-lan-thu-3-nhom-doi-tac-nang-luong-viet-nam |

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| 13 | December 11, 2019 | Công Nghiệp Môi Trường | 5 priority areas for sustainable development of the energy sector | https://congnghiệpMOITruong.vn/5-linh-vuc-uu-tien-phat-trien-ben-vung-nganh-nang-luong-5114.html |
| 14 | December 11, 2019 | Đồng Nai Portal | 3 rd High Level Meeting – Viet Nam Energy Partnership Group | http://dnrtv.org.vn/tin-tuc-n11850/hoi-nghi-cap-cao-lan-thu-3-nhom-doi-tac-nang-luong-viet-nam.html |
| 15 | December 11, 2019 | Trang tin Điện tử Ngành điện | “Great opportunity to shape Vietnam's energy sector development process” | http://icon.com.vn/vn-s83-157875-618/Co-hoi-tuyet-voi-de-dinh-hinh-qua-trinh-phat-trien-nganh-nang-luong-cua-Viet-Nam.aspx# |
| 16 | December 11, 2019 | Vietnam Investment Review | VEPG addresses key policy development processes for energy sector | https://www.vir.com.vn/vepg-addresses-key-policy-development-processes-for-energy-sector-72386.html |
| 17 | December 11, 2019 | VNExpress | Power Development Plan VIII will reduce coal power structure? | https://vnexpress.net/kinh-doanh/so-do-dien-viii-se-giam-co-cau-nguon-dien-than-4025258.html |
| 18 | December 11, 2019 | PetroTimes | Viet Nam is moving towards clean, green energy and affordable prices | https://petrotimes.vn/viet-nam-huong-toi-nen-nang-luong-sach-xanh-va-gia-ca-phu-hop-558195.html |
| 19 | December 11, 2019 | Bộ Xây Dựng | Strategy of transition to a green energy economy | http://www.moc.gov.vn/tin-noi-bat/-/tin-chi-tiet/5Jjb/64/754934/chien-luoc-chuyen-doi-sang-nen-kinh-te-%E2%80%9Cnang-luong-xanh%E2%80%9D.html |
| 20 | December 20, 2019 | Vietnam Investment Review | Energy partners ramp up calls for DPPA pilot | https://www.vir.com.vn/energy-partners-ramp-up-calls-for-dppa-pilot-72608.html |

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| 21 | December 22, 2019 | VietnamNet | Energy partners ramp up calls for DPPA pilot | https://vietnamnet.vn/en/business/energy-partners-ramp-up-calls-for-dppa-pilot-602307.html |
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3. Printed newspapers

| No. | Date of issuance | Publication | Headline | Scanned picture |
|-----|-------------------|--------------|---|---|
| 1 | December 11, 2019 | Vietnam News | Forum on sustainable energy development |  <p>Forum on sustainable energy development</p> <p>HÀ NỘI Policy recommendations for a sustainable energy future in Việt Nam were introduced at the 3rd High-level Meeting and 1st Stakeholder Forum of the VEPG in Hà Nội yesterday.</p> <p>The 40 recommendations, presented by the Vietnam Energy Partnership Group (VEPG), focused on renewable energy, energy efficiency, energy sector reform, access to energy, and energy data and statistics.</p> <p>According to Rainer Brohm, an international co-ordinator of the VEPG's Secretariat, the VEPG Technical Working Groups had worked to support solar feed-in tariff prices and revised solar power purchase agreements, as well as rooftop solar power programme in Việt Nam. "They had also helped Việt Nam develop its electricity wholesale market and Direct Power Purchase Agreements," he said.</p> <p>However, more work was needed to connect renewable energy to the national grid, and complete a competitive electricity wholesale market (including subsidies, cross power prices and distribution costs), he added.</p> <p>Deputy Minister of Industry and Trade Đặng Hoàng An suggested that VEPG should expand its research and give more recommendations in other sectors such as oil, gas and coal.</p> <p>"The VEPG should focus more on measures to promote the use of rooftop solar panels in residential areas and industrial parks, and attract more investment in renewable energy in industrial parks, as well as policies to branch out biomass energy," he said. VNS</p> |

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| 2 | December 16, 2019 | Thời báo Kinh tế Việt Nam | Connecting resources to supporting the electricity industry |  |
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