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AT VEPG HIGH LEVEL MEETING (AS CO-CHAIR)

WORLD BANK OPENING REMARKS

December 10, 2019

Your Excellency Vice-Minister Dang Hoang 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 the 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.

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’s 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 ‘inflexion 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 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.