



Just Transition in Action

GIZ's contribution to a **Just Transition in Viet Nam**

This document was developed by the GIZ Viet Nam Just Transition Task Force. It aims to establish a common understanding of what a Just Transition in Viet Nam entails and how GIZ contributes to it through an integrated portfolio shaped by the interests of our partners and commissioning parties.

What is a Just Transition?

To limit global warming to 1.5 degrees and address pressing global environmental challenges such as pollution and biodiversity loss, economies must be rapidly decarbonised, and climate change adaptation must be accelerated. A Just Transition refers to the need to undertake this shift to carbon-neutral and resource-efficient economies and societies in a fair and equitable manner. It considers the realities of people's lives and addresses existing and emerging inequalities. In particular, the poorest and most disadvantaged must be protected from climate and environmental risks as well as any negative consequences of the necessary changes.

sition requires that no one is left behind, with special attention and support for regions and groups that are adversely affected by the transition or lack access to emerging opportunities.


Why Just Transition in Viet Nam?

Over the last two decades, Viet Nam has successfully developed into an emerging economy. Economic growth has been characterized by impressive expansion and broad-based benefits, but this progress has come at the expense of the country's environment and natural resources. To remain attractive for international investors and export markets, environmental and social standards are increasingly essential.


Viet Nam's reliance on coal for energy, together with a growing demand for energy, has led to rising emissions of CO₂ and other pollutants, jeopardizing public health and the environment. The country faces the dual challenge of sustaining its economic growth trajectory while improving the quality of growth.

As a low-lying nation with one of the world's longest coastlines, Viet Nam is among the most vulnerable countries to flooding and other natural disasters. The effects of climate change pose a significant threat to its economic growth and stability.

In response, the Vietnamese government has committed to an ecologically and socially sustainable development strategy, including the ambitious goal of achieving net-zero emissions by 2050. The country plans to phase out fossil-fuel-generated power, promote renewable energy, and ensure energy sovereignty, security, and affordability. Strategies for green growth and sustainable resource use have also been developed to align with this vision.



Just Transition is aware of the ecological limits of the planet, which must be respected in order to prevent worst case scenarios for the future of humanity.



Just Transition is about the need to make the transition to a carbon-neutral and resource-efficient economy and society in a fair and equitable way.



Just Transition aims to ensure that the significant potential for sustainable development is realised and the benefits of green growth are widely shared, while supporting those who stand to lose economically - be they countries, regions, industries, communities, workers or consumers.

A Just Transition is both fair and inclusive, organizing processes of change in ways that preserve and create prosperity, provide good jobs for all, and enable marginalized groups and all genders to access opportunities arising from change. At its core, a Just Tran-

Addressing 3 interlinked GLOBAL AGENDAS of key importance to Vietnam

CLIMATE CHANGE		ENERGY TRANSITION		ENVIRONMENTAL PROTECTION	
Green Skills	Decent Jobs	Climate Mitigation & Adaptation	Green & Inclusive Growth	Twin Transition	

to create a climate-neutral Vietnamese economy for the benefit of all, contributing to global public goods



GIZ's contribution to Just Transition in Viet Nam

A Just Transition towards a climate-neutral economy and society involves innovating the economy for the benefit of all. This encompasses new jobs, new industries, new skills, fresh investments, and oppor-

tunities to overcome inequality and poverty, thereby creating a resilient economy. In this context, GIZ is supporting Viet Nam in shaping its development pathway towards net-zero emissions in a successful, sustainable, and inclusive way. This strengthens the country's contribution to protecting global public goods, such as climate and biodiversity.

GIZ's work focuses on four key areas of intervention:

<p>PROTECTION OF CLIMATE & ENVIRONMENT</p>  <p>Sustainable, climate-neutral inclusive growth</p>	<p>ENERGY TRANSITION</p>  <p>Successful & fair transition of the economy</p>	<p>GREEN SKILLS & GREEN JOBS</p>  <p>Protection of global public goods</p>
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1. Climate & Environmental Protection

GIZ supports Viet Nam in strengthening its climate governance to address climate change and implement its Nationally Determined Contributions (NDCs) under the Paris Agreement. This includes advising on sustainable forest management, timber certification, and integrated protected area management. In the Mekong Delta, GIZ promotes climate adaptation measures such as improved agricultural practices, nature-based solutions, and the use of digital tools to protect water, land, forests, and communities effectively.

2. Energy transition

A key pillar of Viet Nam's 2050 climate neutrality target is phasing out fossil fuels and transitioning to renewable energy. Viet Nam has achieved one of the highest growth rates in renewable energy globally in recent years. GIZ advises on the legal and regulatory framework for this transition, supports the expansion of smart power grids, and promotes the development of a green hydrogen economy.

3. Green economy & Finance

GIZ is working with Vietnamese partners on creating economic and financial policies to promote sustainable development and green growth. This includes cooperation with the financial market to encourage green investment and the integration of Viet Nam's economy into ASEAN. GIZ also supports private sector development towards a green, circular and digital economy.

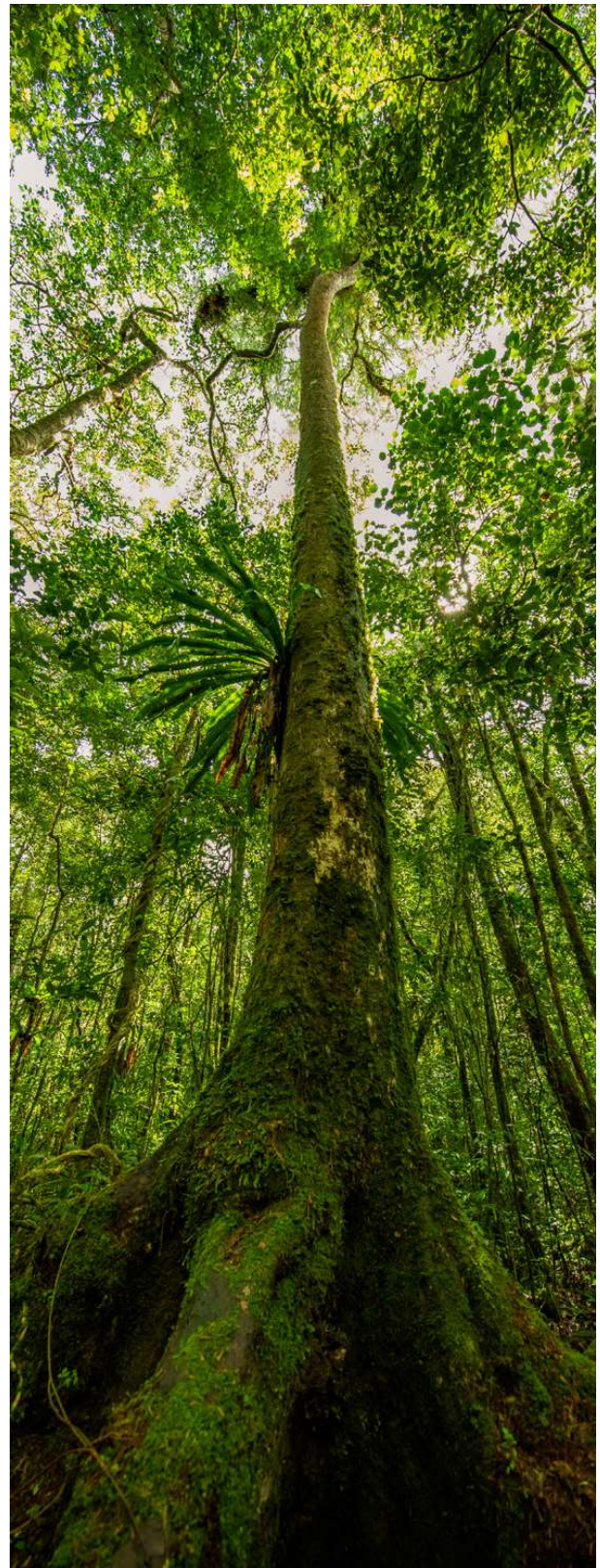
4. Green skills & jobs

Transitioning to a green, low-carbon economy requires structural changes in the labour market. This may include job losses in carbon-intensive sectors and the emergence of future-proof employment opportunities. GIZ is supporting Viet Nam to further develop a demand-oriented modern vocational training system focusing on green skills, and labour market policies that support the just transition. It also supports models for development-oriented skilled labour, benefiting both Vietnamese and international markets.

Why is a Just Transition in Viet Nam Important to Our Commissioning Parties?

GIZ operates on behalf of the German government, particularly the Federal Ministry for Economic Cooperation and Development (BMZ), the Federal Ministry for Economic Affairs and Climate Action (BMWK), and the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV). We align our activities with the European Union (EU) and other European partners under the framework of the Team Europe Initiatives. GIZ also implements projects co-financed by the EU and Switzerland. Our commissioning parties focus on generating impacts in climate and environmental protection, often combined with aspects of decent work and green skills.

A central element of German-Vietnamese cooperation is strengthening Viet Nam's role as an emerging economy committed to protecting global public goods, particularly the environment and climate. Germany and the EU are long-standing, trusted partners in supporting Viet Nam achieve its ambitious international commitments. The cooperation enables shared learning, builds political and economic ties, and reinforces Viet Nam's leadership in sustainability, including skills development and development-oriented labour mobility.





Just Transition in Action

How we support **climate change mitigation, adaption & environmental conservation** in Viet Nam

GIZ supports Viet Nam in shaping its Just Transition development path towards net-zero emissions in a successful, sustainable, and inclusive way, thereby strengthening the country's contribution to the protection of global public goods such as climate and biodiversity.

To achieve this goal, we assist Viet Nam in climate mitigation, climate adaptation, and environmental protection, thereby addressing the interconnected climate and nature crises that our planet in general, and Viet Nam in particular, are facing.

1. Why is Just Transition important? – Main climate & environmental challenges

Viet Nam faces severe environmental degradation and significant impacts from climate change, which threaten its development pathway under a business-as-usual scenario.

Forests cover 42% of Viet Nam's surface and contribute significantly to the country's economy. They provide important environmental services, support the livelihoods of millions of people, and function as crucial carbon sinks. Intact forests are essential for maintaining the water balance and water supply in both rural and urban areas, as well as for energy supply from hydropower plants. However, large areas of monoculture and short-rotation timber plantations hold little ecological value, and natural

forests are mostly degraded. Additionally, climate change poses a threat to Viet Nam's forests, the timber industry, and the livelihoods of people who depend on nature.

The rapid growth and intensification of agricultural and food systems have helped Viet Nam transform into a middle-income country. Agriculture alleviates national food insecurity, provides livelihoods to about one-third of the national labor force, and contributes around 12% to Viet Nam's economy. The share of female workers in the sector is particularly high. Yet, with the intense use of land, water, and other resources, and the heavy application of fertilizers and other agro-chemicals, Viet Nam's agricultural success has come at the expense of the environment. In addition, agriculture constitutes the second-highest greenhouse gas-emitting sector in Viet Nam after energy. Agricultural production and farmers already suffer from the effects of climate change. Protecting coastal areas and managing water resources is critical for climate change adaptation. This is particularly the case in the Mekong Delta, the source of livelihood for 17 million people and key for food security and the agricultural export industry. Scenarios predict that about 50% of the Delta could be flooded during high tide in 2050. Without a profound transformation of the agriculture sector and strong efforts to adapt and increase resilience, a large proportion of Viet Nam's population will see their livelihood and food security threatened, with repercussions transcending the boundaries of the country.

Since the early 2000s, Viet Nam's rapid economic development has quadrupled freight transport volumes, while passenger transport has increased by 565%. Transport is a necessity and is key for economic and social justice. It provides economic development opportunities as well as access to education, jobs, markets, and services. Notable environmental impacts include smog and noise. With infrastructure only slowly catching up, freight transport costs are increasing and now represent 17% of the GDP. Currently accounting for 10% of national greenhouse gas emissions, the growing transport sector will further increase emissions if transformation does not take place. Viet Nam is strongly aware of the need to transition and has set high ambitions for itself. Reaching the set targets will be challenging and requires enormous effort. The transition towards a climate-neutral, more resilient, and green society will need to take place in all economic sectors and

will affect the entire population. Without consistent and socially just climate and environmental policy approaches, parts of society are at risk of being marginalized or even left behind.

2. How do we support a Just Transition? – Our main messages & approaches

We support the challenging transition process with technical expertise, knowledge transfer, and capacity development. In our work, we support climate and environment policymakers, those impacted by the policies, and, in general, the people most vulnerable to the impacts of climate change. We work in partnership with the government of Viet Nam and provide advice on the policy reforms required for a fair and inclusive transition, leaving no one behind.

We support robust and inclusive climate governance. GIZ promotes a whole-of-government and whole-of-society approach towards the country's climate governance. With that, the voices of diverse stakeholders find their way into policy development, such as the Nationally Determined Contributions (NDCs) and the corresponding national legal framework. We also promote science- and evidence-based decision-making, for instance by providing modeling and supporting Measurement, Reporting, and Verification (MRV) on national and sectoral levels. Moreover, we pilot innovative mitigation solutions in several sectors, such as transport, where we promote e-mobility and the decarbonization of freight transport. Our work on climate governance includes support for the secretariat of the Just Energy Transition Partnership (JETP).

We support the sustainable management and protection of forests. Forests are key to the sequestration of carbon. GIZ works with authorities and local communities to protect the remaining rich and diverse forests as carbon stock to avoid emissions from further forest degradation or deforestation. At the national level, we are working towards a conducive regulatory framework that promotes nature-based solutions, inclusive planning and investments, participation, transparency, legality, and traceability of timber and forest-based products. On the ground, we work with state forest



administrations to strengthen the participation of, and benefit-sharing with, the local population. At the same time, we support forest owners in building bankable business models that support the transition to sustainable forest management, including species diversity in forest plantations.

We help deliver a sustainable agriculture and food system. GIZ fosters good agricultural and climate-smart practices, sustainability standards, deforestation-free value chains, market linkages, and access to climate risk financing. The transformation of the agriculture and food system is crucial for achieving Viet Nam's net-zero emission target, tackling environmental degradation, increasing resilience, and maintaining the livelihoods of millions of people. People depending on agriculture are therefore at the center of the country's just agriculture and food system transition. We help to reduce greenhouse gas emissions through the introduction of new technologies along the value chain, for example for the rice and coffee sectors, including circular agricultural practices and dual land use approaches such as solar power generation combined with agricultural production. We promote climate-resilient and water-sensitive approaches in agricultural production and aquaculture. During this transition, we secure jobs and income by increasing the capacity of farmers, cooperatives, and businesses to adapt.

We support coastal and urban protection and the management of water resources. GIZ fosters the development of climate-resilient approaches to coastal protection and urban development. Support ranges from introducing innovative technologies such as salinity monitoring of freshwater to policy development for interprovincial cooperation, systematic climate-resilient investment planning, and the development of urban floodwater infrastructure. Achieving the net-zero emission target and, at the same time, securing the livelihoods of millions of people living in rural areas is crucial. Many of them belong to marginalized ethnic minorities, particularly in the central and northern mountain regions. Through our work on sustainable forest management, restoration of ecosystems, and afforestation, we aim to support these communities.

3. Who do we cooperate with? – Our main partners

We engage with government agencies in Viet Nam in the sectors of agriculture, forestry, transport, urban development, environment, and more. Our main partners in implementation are the Ministry of Agriculture and Rural Development, the Ministry of Natural Resources and Environment, the Ministry of Transport, the Ministry of Planning and Investment, the Ministry of Industry and Trade, the Ministry of Construction, and the National Assembly. We collaborate and partner with other bilateral and multilateral development agencies, donors, and banks, as well as international and national non-governmental organisations, national and international research institutes, and universities. We also work closely with the private sector.

At the local level, we are moving the agenda of just transition forward, jointly with provincial departments, agricultural extension and forest protection services, local enterprises, and organisations in over 20 provinces. And of course, we work directly with people and communities.

In short, we support state and private companies as well as civil society actors in their commitments to deliver on climate and nature goals while ensuring positive impacts for workers and communities.

We work on behalf of the German Government and align our activities with the EU and other European partners within the framework of the Team Europe Initiative.

4. What are our impacts?

In Viet Nam, few women work in the forestry sector. Stereotypical beliefs that forestry work is not suitable for women, as well as less access to up-skilling opportunities for women, remain key barriers. Since 2019, supported by GIZ and as part of its Gender Action Plan, Song Kon Forestry Company in Binh Dinh province has been implementing gender mainstreaming within the company and actively engaging with communities on gender equality issues. This has empowered local people's voices in forest management and protection, thereby fostering ownership and responsibility for conservation efforts.



I have a happy family and a stable job that aligns with my abilities and qualifications. If I can do it, other women can do it too. Forestry is not just for men. In my opinion, broader communication is needed to change social prejudices about women working in the forestry sector. In addition, there needs to be further investment in physical training facilities, accommodation and improvements in living quarters to meet the basic needs at forest management and protection stations, taking into account the comfort and needs of both men and women

- Lai Thi Nhung
 Technical Officer,
 Song Kon forestry company

GIZ advises the Department of Climate Change in the Ministry of Environment and Natural Resources on robust and inclusive climate governance. This includes the development of the National Climate Change Strategy (NCCS) until 2050, the first national and cross-sectoral strategy describing the pathway to net zero emissions in 2050. More recently, GIZ supported the Just Energy Transition Partnership (JETP), a partnership to accelerate the energy transition in Viet Nam, with the secretariat based at the Ministry of Environment and Natural Resources.



With the long-standing support and strong cooperation with GIZ, our department has successfully developed a range of crucial policies and strategies, from the NDC to the NCCS, bringing Viet Nam on the path to net zero emissions until 2050, as announced by Prime Minister Pham Minh Chinh at COP26. Implementing the goals of the JETP is our next big target and we're counting on the support of committed partners such as GIZ.

- Pham Van Tan
 Deputy Director General,
 Department of Climate Change,
 Ministry of Natural Resources
 and Environment, Viet Nam



Just Transition in Action

How we support **Viet Nam's energy transition** towards a decarbonized economy

GIZ is supporting Viet Nam in shaping its Just Transition development path towards net-zero emissions in a successful, sustainable, and inclusive way, thereby strengthening the country's contribution to the protection of global public goods such as climate and biodiversity.

To achieve this goal, we assist Viet Nam in shifting its economy to sustainable and clean energy production and efficient energy usage in economic, technical, environmental, and social regards.

1. Why is Just Transition important? – Main challenges in the energy sector

Viet Nam faces a highly complex set of challenges in transforming its coal-dependent energy sector. Its rapid economic growth has led to a surge in energy demand, with coal combustion now accounting for over 60% of emissions. Recent heat waves in the north have

depleted hydropower reservoirs, placing strain on the coal-dependent power supply, which heavily relies on imports. The surge in variable renewable energy poses challenges in balancing Viet Nam's power system. Transmission and distribution grids need to be stabilized and expanded to integrate higher proportions of variable renewable energies. Correspondingly, robust financing mechanisms are required. The situation is exacerbated by the country's vulnerability to climate change impacts, especially along its coastline and river deltas. Fossil-fuel dependency also threatens Viet



Nam's appeal as an emerging hub for forward-thinking industries, as global standards increasingly emphasise green energy usage in production processes.

Acknowledging these intricate challenges, Viet Nam has initiated efforts to diversify its energy mix in recent years. Introducing feed-in tariffs for solar and wind power has successfully integrated variable renewable energies into the electricity grid alongside hydropower, fostering investment opportunities and establishing the country as a leader in renewable energy within the ASEAN region. Aligned with the goal of achieving net-zero emissions by 2050, the government has set out the 8th Power Development Plan, charting a course towards a decarbonised power sector. Additionally, Viet Nam has joined the Just Energy Transition Partnership with G7+ countries, seeking to address immediate challenges up to 2030 in an international coalition of nations committed to a net-zero path. Key to ensuring a socially just energy transition is the cultivation of green skillsets and the creation of quality jobs in environmentally sustainable sectors. This emphasis on equal access to sustainable modernisation is not only a prerequisite for a successful transition but should also ensure that all parts of society benefit from the transition process through economic opportunities and improved living conditions. Regions and groups of people who are negatively affected by change (e.g., coal regions and coal miners) should receive special attention and support.

2. How do we support a Just Transition? – Our main messages & approaches

We demonstrate that economic growth can be decoupled from fossil fuel energy consumption. GIZ collaborates with the government of Viet Nam to spearhead the transition toward a high-income, economically competitive nation, anchored in a sustainable and secure energy framework.

We drive national energy transition agendas by addressing technological and economic prerequisites. Solar and wind power now surpass coal as the most cost-effective means of electricity generation in Asia and globally. Emerging technologies like battery energy storage systems and green hydrogen exhibit promising cost-efficiency trends. Energy efficiency measures in buildings and consumption patterns are

key to managing energy demand. GIZ works with the government in drafting policies and regulations grounded in technological and economic data.

We focus on modernising the electricity grid. Upgrading and investing in the national transmission and distribution grids are crucial to redistributing power flexibly and efficiently across the country. Thus, GIZ tackles power grid management and promotes smart grid technology, along with fostering the necessary skill sets for implementation.

We foster the development of a sustainable workforce and empower affected communities. Ensuring a just energy transition necessitates the integration of all societal segments. GIZ assists in formulating inclusive policies to ensure the involvement of marginalised groups. This includes enhancing vocational education to meet the demands of the future energy landscape and facilitating the reskilling and integration of workers from declining industries such as coal.

The energy transition is a multifaceted process. We encourage our partners to draw insights from past policy implementations when devising future strategies. With a deep understanding of our partners' organisational and administrative capacities, GIZ strikes a balance between international political ambitions directed at the Vietnamese government and the practical realities and capabilities required for national action.

We specialize in comprehensive technical analysis to inform the formulation of transition policies and regulations. Leveraging an extensive network of national and international energy experts, GIZ offers sustained analytical support for the ongoing refinement of energy transition strategies and regulatory frameworks. This includes conducting policy impact assessments to shape solar and wind power Feed-in-Tariffs, as well as providing technical guidance for the development of Viet Nam's inaugural national hydrogen strategy.

We enhance the capacities of regulatory bodies and key stakeholders in the public and private sectors of the energy industry, empowering them to effectively implement transformative policies and regulations. GIZ tailors training to bolster both technical expertise and organizational capabilities. These initiatives encompass a range of topics, from smart grid planning tools to change management,

catering to entities like the national electricity utility EVN and its provincial power corporations.

We foster sustainable market expansion of emerging energy transition technologies through collaboration with the private sector. Drawing on international best practices, GIZ partners with German and Vietnamese enterprises to facilitate the transfer and demonstration of cutting-edge digital and innovative technology solutions. Furthermore, we serve as a conduit between the private sector and regulatory bodies, fostering dialogues aimed at creating conducive investment climates for emerging energy transition technologies. Our efforts have included foundational wind measurements for Viet Nam's inaugural wind power plants, as well as collaborations on smart inverter initiatives with providers and grid operators.

3. Who do we cooperate with? - Our main partners

GIZ implements technical cooperation projects with all key public stakeholders in the energy sector, including the Ministry of Industry and Trade, the national electricity utility EVN, its transmission and distribution grid operators, and the Ministry of Science and Technology. Furthermore, GIZ cooperates with various development partners, such as the Danish Energy Agency's Energy Partnership Programme and the US Viet Nam Low Emission Energy Programme. Within the framework of the JETP, GIZ collaborates with the International Partners Group. Additionally, GIZ maintains strong partnerships with German and Vietnamese private actors in the energy industry, who are key investors in the energy transition. We work on behalf of the German Government and align our activities with the EU and other European partners within the framework of the Team Europe Initiative.

4. Who benefits?

First and foremost, consumers and the environment benefit from an economically, ecologically, and socially equitable energy transition. **People and communities** gain access to affordable, clean, and secure energy while receiving reskilling opportunities for new job markets, leading to the creation of quality, well-paying jobs. They are also empowered to participate in designing the transition process.

Governments and authorities receive guidance for developing equitable policy frameworks and benefit from improved grid infrastructure for renewable energy. Additionally, they are supported by facilitated policy dialogues and stakeholder consultations.

Companies and private actors receive assistance in adopting low-carbon technologies and gain access to financial support for energy transition projects. They also benefit from an attractive investment environment fostering sustainability and growth.



5. What are our impacts?

In 2017, as Viet Nam approached its announcement of achieving net zero emissions by 2050, GIZ supported the Electrical Regulatory Authority of Viet Nam with technical analysis and recommended smart grid technologies. These recommendations enhanced the existing grid code, ensuring the efficient, reliable, and secure operation of the national power system and power plants while facilitating the increased integration of variable renewable energies.



The SGRREE project has greatly supported the development of Smart Grids and the goals of integrating renewable energy in Vietnam. We now have good premises to support Vietnam's energy transition in the future.

- Mr. Nguyen The Huu
Deputy Director, ERAV

GIZ supports women in Viet Nam's energy sector by integrating female experts across activities. We initiated the Viet Nam Energy Women Network (VWEN) to connect female representatives from different sectors. Established in late 2022, VWEN has had action plans and thematic working groups since 2023.



GIZ creates a very important channel to connect with other agencies, such as Vietnamese authorities, or German organisations and businesses. GIZ also supports connecting and meeting with important partners in the sector; and organize very practical study tours for members in the Network to get to know other international women networks, exchange experiences and ideas with each other.

- Ms. Tran Thi Thu Phuong
VSSE



In 2017, GIZ launched the Energy Efficiency Network (EEN) to support private enterprises in Viet Nam. Modeled after Germany's successful LEEN, EEN facilitated energy audits and the implementation of efficiency measures. Participating companies collectively invested \$360,000 and saved 3,873,472 kWh/a, along with other thermal fuels. Notably, some measures had payback times of less than a year. This success prompted the initiation of two more Energy Efficiency Clubs in Viet Nam to expand this effective model.



Just Transition in Action

How we support the **socio-ecological transformation** of Viet Nam's economy

GIZ is supporting Viet Nam in shaping its Just Transition development path towards net-zero emissions in a successful, sustainable, and inclusive way, thereby strengthening the country's contribution to the protection of global public goods such as climate and biodiversity.

To achieve this goal, we assist Viet Nam's transition to a sustainable, inclusive, and green economy, including the greening of the financial system.

1. Why is Just Transition important? - Main Challenges in the field of Sustainable Economic Development

Viet Nam is one of the most dynamic economies in Asia and within the ASEAN Community. Economic growth over the past decades has significantly benefited the population, moving the country from one of the poorest in the 1980s to a middle-income country by 2011. The growth target for the next 20 years is set at 6% annually, which would allow the country to reach high-income status by 2045. Viet Nam's core economic challenge is to sustain this trajectory while improving the quality of growth. High levels of emis-

sions, air pollution, deforestation, and environmental degradation are key indicators of low-quality growth. The government's response to this challenge is an ambitious climate protection target – reaching net-zero emissions by 2050. These two goals, climate neutrality and high-income country, could potentially conflict with one another, as Viet Nam's rapid economic growth has been largely based on the extensive use of labor, carbon-intensive activities, and increasing use of natural resources. Uniting the two targets requires structural change with massive implications for the economy, the financial system, and the labour market.

In a joint effort, the public and private sector will need to balance the climate target without negatively affecting the economic growth target, while ensur-

ing that the social dimension of both is adequately considered. Economic policy reform and shaping the financial economy are prerequisites for successful sector reforms (including energy, forest, agriculture, and vocational education and training). The economy faces a lack of innovation and the building of domestic private businesses, coupled with a low value-add in exports. The existing tax system for business activities with environmental implications does not sufficiently incentivise environmentally conscious practices. Additionally, challenges arise from the insufficient financial resources for green investments. Given state budget constraints, there is a pressing need to attract private capital through credit institutions. The banking sector plays a pivotal role here, as banks remain the primary conduits for mobilising and allocating capital to investment projects, businesses, and priority industries that adhere to environmental protection standards and contribute to adaptation and mitigation of climate change.

The *just* dimension of the needed transformation is currently not sufficiently defined in Viet Nam. Especially in the private sector, it is partly perceived as a governmental task only. The understanding in the public sector is diverse. Hence, awareness raising, capacity building, and cooperation between the private and public sector needs to be enforced to build a just and green economy. Consumer sensibilisation, the situation of vulnerable groups, and a regulatory framework creating market readiness are needed, while simultaneously the interests and diverse perspectives of both the public and private sector need to be involved more systematically in Just Transition-related policy development.

2. How do we support a Just Transition? - Our main Messages & Approaches

GIZ works towards realigning economic policies to achieve a green and sustainable transformation of the economy and the financial sector.

We support developing a policy framework for a sustainable economy. GIZ supports Viet Nam in developing and implementing macroeconomic reforms towards a green, climate-resilient and inclusive model of growth. Transitioning to a circular economy with sustainable industries and practices can foster

long-term economic resilience. Investing in renewable energy, clean technology, and other sustainable sectors can stimulate innovation, diversify the economy, and sustain labor and growth opportunities for all.

We enhance human capacities to improve and reform the existing policy, legal and regulatory frameworks for green growth and a carbon-neutral economy. GIZ supports authorities and policymakers in identifying a set of priority policy actions and regulatory reforms to develop an enabling environment for sustainable green investment and socially inclusive economic policies that ensure vulnerable groups are considered.

We engage with the public and private sector on innovative green, circular and digital business models. We support SMEs in Viet Nam and ASEAN as drivers of innovation in the green and digital transformation and promote circular business models. We further collaborate with our partners to ensure fair labour practices, transparency, and ethical sourcing to enhance fair and sustainable supply chains, especially in export-oriented industries.

We promote sustainable finance reforms to enable green public and private investment. GIZ increases the capacities of financial institutions and the private sector to identify and maximise green investment potential, contributing to Viet Nam's emission reduction targets and Green Growth Strategy. GIZ supports Viet Nam in issuing regulations for Green Credits and Bonds as well as formulating and implementing a Green Taxonomy. We further work towards improving the effectiveness of public finance through fiscal reforms.

We cooperate with the private sector on circular business models, fair and sustainable supply chains, and green tech. GIZ partners with private sector actors on carbon-neutral production, ensuring due diligence practices and social responsibility in manufacturing countries, and fosters the use of digital tools and circular approaches. GIZ also ensures that the perspective of the private sector is incorporated into policymaking at an early stage.

3. Who do we cooperate with? - Our main partners

GIZ works together with policymakers and decision-makers in central ministries and agencies, financial institutions, and the private sector to support Viet Nam in shifting onto a net-zero pathway and Just Transition. At the policy and regulatory level, GIZ cooperates with the Ministry of Planning and Investment, Ministry of Finance, Ministry of Labour, Invalids and Social Affairs, Ministry of Industry and Trade, and the State Bank of Viet Nam. GIZ further engages the financial sector to better align with the government's strategies and plans for climate action. GIZ collaborates with the private sector on sustainable finance, circular business models, sustainable supply chains, as well as green and clean tech, ensuring the private sector perspective is represented in policymaking.

We work on behalf of the German Government and the European Union, and we align our activities with other European partners within the framework of the Team Europe Initiative.

4. Who benefits?

People and Communities will become more resilient to climate change impacts and economic shocks by transitioning to a low-carbon economy. They will benefit from more diverse economic opportunities, better access to sustainable finance, and the creation of quality and green jobs.

Governments and Authorities can identify regulatory reforms and priority actions for green growth. They can improve green financial and investment policies and frameworks to facilitate the flow of necessary public and private investments and integrate the socioeconomic implications of the just transition into their forecasts and regular economic surveillance.

Private Sector actors can integrate their expertise and best practices into economic and finance policy. They can reorganize their portfolios towards green investments and issue green financial products to enhance competitiveness by introducing green and circular practices and increasing supply chain resilience.

5. What are our impacts?

GIZ cooperates with Viet Nam on economic and finance reforms since 1993. In close partnership with the Ministry of Planning and Investment the Central Institute for Economic Management, Ministry of Finance, the State Bank of Vietnam, the Ministry of Labour, Invalids and Social Affairs and private sector, we have worked together on several transition processes.

The development of the market economy, the integration of Vietnam in the global and regional framework and the green, inclusive and digital transformation of the economy are examples where GIZ and its partners worked successfully together in policy advise, legal frameworks, capacity building and business environment.



Achieving a just transition requires concerted efforts from all actors of society. Through its technical assistance, capacity building initiatives and knowledge sharing, GIZ has played a pivotal role in advancing sustainability and fostering inclusive growth in numerous countries. GIZ's expertise and resources are invaluable assets in our quest for a just and equitable transition. As an established partner of GIZ, CIEM is empowered to catalyse positive change to build a better future for all, leaving no one behind on our journey towards sustainability.

- Dr. Tran Thi Hong Minh
President, Central Institute for
Economic Management



Just Transition in Action

How we promote **green jobs & skills** for the future in Viet Nam

GIZ is supporting Viet Nam in shaping its Just Transition development path towards net-zero emissions in a successful, sustainable, and inclusive way, thereby strengthening the country's contribution to the protection of global public goods such as climate and biodiversity.

To achieve this goal, we assist Viet Nam in promoting decent green employment and enhancing green and digital skills needed for a successful sustainable reform of the economy.

1. Why is Just Transition important? – Main challenges in the labor market, technical & vocational education, and training (TVET) system

Viet Nam's labour market policies and skills development systems do not yet sufficiently meet the demands of the socio-ecological transformation of the economy. There is limited information about labor

market developments to create employment, social security, and education and training policies and measures in time. Consequently, the current labor force is insufficiently skilled for the transformation. In 2023, for example, only 27% of Vietnamese workers had a professional qualification. Training offers often do not meet market demand due to a lack of involvement from the business sector in the design and delivery of green and inclusive training programmes, and a lack of a comprehensive approach for high-quality TVET management and funding.

If unmanaged, profound workplace changes in carbon-intensive industries such as fossil-fuel-based energy production, mobility, or construction will threaten Viet Nam's comparatively inclusive growth model. Workers might experience job transformations or losses without being able to access alternative decent work opportunities. At the same time, Viet Nam will need to offer qualified workers with new skill sets to successfully compete for environmentally friendly industries to keep or expand their presence in the country.

To prepare the labor market for the green and digital transition, Viet Nam needs to proactively govern the labor market development and renew the qualifications of workers while supporting affected enterprises, workers, and communities. Technical and vocational education and training (TVET) embedded in efficient labour market governance equips job seekers with competencies for accessing green jobs and transitioning into low-carbon work. Viet Nam needs to enhance its understanding of changing workforce demands and flexibly adapt training offers to the requirements of the market and diverse learners, from youth to adults. There is a need for better-aligned, long-term, evidence-based strategies across ministries for integrated employment promotion, including specific support for vulnerable groups.

In response, Viet Nam has advanced various strategies: A government resolution promotes the development of a flexible, modern, and effective labour market. The Green Growth Action Plan for 2021-2030 strives to integrate environment and climate-relevant content in all education and training programmes and set criteria for green TVET institutions. The TVET Strategy 2021-2030 aims to strengthen business cooperation and make TVET more flexible, open, permeable, and diverse. Further support is needed to develop mechanisms and capacities for implementing these strategies effectively.

2. How do we support a Just Transition? – Our main messages & approaches

We enhance labour market information systems and evidence-based labour market and skills development policies to facilitate the matching of workforce supply and demand. Leveraging a net-

work of national and international experts, we support the Vietnamese state management agencies in improving workforce projections and skills anticipation to manage structural changes in the labor market effectively. We support joint learning and cooperation between Viet Nam and other ASEAN member states through regional dialogue on labour market policy and skills development.

We cooperate with state management agencies, training providers, the business sector, and other social partners to improve and create demand-oriented initial training, re-skilling, and up-skilling programmes for emerging green competencies and job profiles. We provide our expertise in developing cooperation mechanisms between TVET institutions and the business sector to supply in-demand competencies for the transition. Human resource development dialogue at national level, TVET councils at the provincial level and industry advisory boards at TVET institutes are supported to create and flexibly update training programmes and standards, and jointly deliver training, assessment, and certification. We enhance the capacities of training providers and companies to deliver high-quality training aligned with international standards for the green and digital transition. Our seconded international experts at training institutions and national experts provide customized training and advice to enhance the technical and pedagogical competencies of teachers and in-company trainers. Developed modular training programmes are used for up-skilling and re-skilling to support workers' transition from declining to emerging industries.

We promote inclusive and flexible training opportunities for all, including all genders, marginalized groups, and those negatively affected by the transition, to foster diversity and equality in the workforce and to leave no one behind. We support training institutions to become role models for the green and digital transition, promoting environmentally friendly, resource- and energy-efficient practices, a culture of sustainability, and leveraging technology to enhance teaching and learning, administration, and management. Through linked institutional and policy advice, we support effective quality management systems, including environmental protection and social inclusion standards. By promoting the participation of employees' organisations and those affected by the transition in dialogue formats, we contribute to the just design of training and employment opportunities.



3. Who do we cooperate with? - Our main partners

On behalf of our commissioning parties, GIZ implements technical cooperation projects with all key public stakeholders working on labor market systems and TVET, including selected training institutes. We further cooperate with local and international companies, business associations, and the Viet Nam Chamber of Commerce and Industry. For regional learning and exchange on labour market and TVET, we engage with ASEAN partners and member states.

We align our activities with the EU and other European partners within the framework of the Team Europe Initiative.

4. Who benefits?

People and communities gain access to high-quality training, re-skilling, and up-skilling opportunities, acquiring the relevant competencies to maintain employment, and enter or re-enter the labour market in Viet Nam and globally. They are empowered to participate in designing the transition process.

Government and authorities can improve competencies for the just reform of labour market policy, and enhance the coverage, quality, and image of TVET for equitable access to green and decent work. They benefit from improved labour market information, business cooperation, and TVET management mechanisms to align labour supply and demand for sustainable growth.

Companies and private actors gain access to competent workers who can effectively use modern tools, machinery, and digital technology, and strengthen workplace learning capacities to increase trainees' and employees' performance. They engage in policy dialogue on skills demands and training.

5. What are our impacts?

GIZ advises TVET partner colleges to provide courses that support a just energy transition, including for solar rooftop installation and wind energy service technicians. Jointly with partner colleges such as Ninh Thuan Vocational College and relevant companies, we developed training programmes and trained teachers to deliver trainings with a high practice orientation and the support of advanced technology and pedagogical approaches.

Through technical advice on cooperative training between colleges and companies, coordinated through Industry Advisory Boards, demand-oriented training in green occupations is offered. The College of Technology II and collaborating companies are empowered to train the future workforce for sewage engineering and water treatment, which is essential to better protect the environment and green water treatment operations.



GIZ has assisted colleges in developing new training programmes or updating existing ones, to supply human resources for industries that have little negative impact on the environment. Specifically: Renewable energy (wind power, solar power, hydropower ...), wastewater treatment technology, building technology (...). With the help and support from GIZ and the college which created supportive conditions, I have participated in many specialized industrial electricity training courses, climbing safety training courses, training courses on environmental protection and efficient use of resources, digital transformation courses (...). I have applied these courses to innovate teaching methods, foster digital pedagogy and online teaching, improve teaching skills, be more creative and flexible, apply technology in lectures to improve the students' learning.

- Ngo Thi Kim Hau
TVET Teacher,
Ninh Thuan Vocational College



I am proud to have been a small part of the significant improvement in workforce quality made possible by GIZ support as a lecturer and wastewater treatment professional. (...) GIZ has been assisting Viet Nam with a vocational training and workforce development programme in wastewater treatment since 2014. (...) As a lecturer for one of the participating companies, I am in charge of 50% of the students' time spent learning at the company. (...) Starting with the basics, we can share with students their practical knowledge, the importance of experience and technology in business, and why they differ. In my opinion, this in-company training represents a breakthrough in practical training in Viet nam.

- Nguyen Thi Minh Hue
In-company trainer, cooperating with
Ho-Chi-Minh College of Technology 2

Currently, people with disabilities and other marginalised groups are still underrepresented in education and training and face barriers to full participation. GIZ is working with Vietnamese state management agencies and partner training providers and businesses to change this. We advise on inclusive training policies, provide teachers with inclusive pedagogical competencies, promote open and non-discriminatory school cultures, and strengthen trainee networks and the enrollment of trainees from marginalised groups into green occupations. Since 2020, scholarships have enabled 84 people with disabilities to participate in short- and long-term training at partner TVET institutions, one of whom is Nguyen Ha Quyet Thang.

Thang's father shares: *"Now, whenever I brought my mechanical work back home, Thang would help me with it. My son did an amazing job welding. Thang told me that he learned and practiced these activities at his college. Seeing the young man he has become and how much his skills have improved after entering college, my wife and I were overwhelmed with emotions and encouraged him to continue doing well at school."*



I am happy to train here and get supported a lot. I like practical training. I often practice with my peers. The teachers care and guide me a lot. The college also supports me with scholarship and training fees.

- Nguyen Ha Quyet Thang
Trainee, College of Machinery
& Irrigation, Dong Nai





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