



ENERGY  
TRANSITION  
PARTNERSHIP

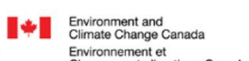


# REPORT

## IDENTIFICATION OF KNOWLEDGE AND CAPACITY GAPS REGARDING GREEN FINANCE WITHIN MOF AND DEVELOPMENT OF A CAPACITY-BUILDING PLAN

FEBRUARY 2025

Prepared by:





---

## Executive Summary

Effective capacity building in green finance is essential for ensuring that MOF staff can develop, implement, and oversee sustainable financial policies and instruments. This report identifies critical knowledge and capacity gaps within the MOF regarding green finance and proposes a structured capacity-building plan to address these gaps. The plan focuses on three key areas: Training and Skills Development, Technical Assistance and Advisory Support, and Institutional Strengthening, aiming to enhance MOF's ability to integrate green finance principles into policy and operations.

Findings are based on a literature review, international benchmarking, document analysis, online surveys (170 respondents), and in-depth interviews (10 participants). The assessment evaluates MOF staff's familiarity with green finance concepts, challenges in implementation, and training needs. By comparing current capacity with the best practices of the global, this report provides a targeted strategy to strengthen MOF's role in advancing sustainable finance.

### CURRENT KNOWLEDGE AND CAPACITY GAPS IN GREEN FINANCE

The assessment of **training and skills development** within MOF reveals several critical gaps that limit staff capacity in green finance including:

- Limited specialization in green financial instruments such as green bonds, sustainability-linked bonds (SLBs), and carbon markets;
- Insufficient hands-on learning opportunities, leading to a disconnect between theoretical knowledge and practical application in financial policymaking and regulation;
- Lack of structured, progressive training programs, making it difficult for staff to build long-term expertise in green finance and adapt to evolving industry standards;
- Weak ESG assessment skills, which are increasingly critical for policymaking, investment screening, and regulatory oversight in sustainable finance.

In terms of **Technical Assistance and advisory support**, the evaluation identifies the following constraints that hinder MOF's ability to develop a globally aligned green finance strategy. These include:

- Limited understanding of international compliance frameworks, making it difficult to attract foreign investment and align with global sustainability standards;
- Weak carbon accounting methodologies and sustainability data verification, particularly in the areas of greenhouse gas (GHG) measurement, reporting, and verification (MRV), hinder MOF's ability to accurately assess the impact of green finance initiatives. Ministry of Finance lacks capacity in GHG MRV, as these tasks are primarily handled by environmental regulatory bodies. However, in Vietnam, the lack of standardized MRV frameworks results in inconsistencies in emissions data collection, challenges in tracking financed emission reductions, and difficulties in aligning with international reporting standards. Strengthening MRV capacity will be

critical for enhancing transparency, regulatory compliance, and investor confidence in Vietnam’s green finance sector;

- Lack of technical expertise in climate risk modeling and stress testing, leaving Vietnam’s financial system vulnerable to climate-related disruptions;
- Limited access to international experts and mentorship programs, restricting MOF’s ability to adopt best practices and accelerate green finance capacity development.

The assessment of **institutional strengthening** for green finance within MOF reveals several structural and coordination challenges that must be addressed. These include:

- Unclear regulatory guidance and inconsistent enforcement mechanisms, limiting market confidence in green finance policies;
- Weak inter-agency coordination, leading to fragmented policy development and inefficient resource allocation;
- Insufficient funding and human resources, restricting Vietnam’s ability to scale sustainable finance initiatives;
- No formalized system for capacity-building and knowledge retention, reducing the long-term sustainability of green finance expertise within MOF.

### KEY RECOMMENDATIONS FOR ENHANCING GREEN FINANCE CAPACITY WITHIN MOF.

This structured categorization highlights training gaps, technical challenges, and institutional weaknesses that hinder MOF’s ability to effectively implement and oversee green finance policies. By prioritizing specialized training, expert advisory support, and institutional reforms, MOF can develop a highly skilled workforce capable of aligning Vietnam’s green finance sector with international best practices.

To enhance MOF’s green finance capacity, training programs must transition from general knowledge to specialized skill-building in areas such as climate risk modeling, ESG reporting, and carbon market operation; Incorporate real-world case studies, interactive workshops, and mentorship programs with international experts; Establish a long-term, structured learning framework with progressive courses, refresher modules, and certification programs.

The below table proposes a structured roadmap with short-term (0-1 year), medium-term (1-3 years), and long-term (3-5 years) actions. This roadmap is designed to build technical expertise, improve regulatory enforcement, and strengthen institutional capacity, ensuring that MOF staff and policymakers are equipped with the necessary knowledge and skills to support Vietnam’s sustainable finance transition.

#### *Implementation Roadmap*

Timeframe	Category	Actions
Short-Term (0-1 Year)	Training & Capacity Building	Launch Core Training Program on <b>Green Finance Fundamentals</b> , including global frameworks (Paris Agreement, SDGs, EU Taxonomy), green financial instruments (bonds, SLBs, carbon markets, impact investing), and ESG integration. Conduct in-person workshops, mentorship programs, and webinars with international experts. Expanded to include quantitative tools (e.g., ESG scoring), qualitative frameworks (e.g., governance assessments), sector-specific risk metrics (e.g., emissions, water usage), and integration into financial

		risk assessments and investment screening. This addresses the weak ESG assessment skills noted in the gap analysis, enhancing decision-making and compliance.
	Technical Support & Data Infrastructure	Provide technical training on <b>carbon accounting, disclosure standards (TCFD, ISSB), and sustainability-related risk analysis</b> . Collaborate with development partners to build <b>knowledge-sharing platforms</b> for emissions tracking and compliance. Added specificity to training by including scope definitions (Scope 1, 2, 3), verification mechanisms (e.g., audits), and alignment with GHG Protocol and ISSB standards. These address the gap in weak carbon accounting methodologies identified in the report, ensuring staff can measure and verify emissions effectively.
	Institutional Coordination	Establish <b>Green Finance Coordination Task Force</b> with MOF, MPI, MONRE, and SBV to align regulatory efforts and strengthen policy coordination Outlined a structured governance framework with defined roles (e.g., MOF for fiscal policy), data-sharing protocols (e.g., standardized emissions data), and policy alignment mechanisms (e.g., regular meetings). This addresses weak inter-agency coordination, ensuring cohesive green finance strategies.
<b>Medium-Term (1-3 Years)</b>	Advanced Training & Specialization	Introduce <b>Advanced Training Modules</b> for policy analysts on climate risk modeling, ESG integration, and financial resilience planning. Expand workshops on <b>policy incentives for green finance</b> , including green subsidies and environmental tax reforms
	Enhancing Regulatory Oversight	Develop a <b>national carbon accounting framework</b> and an integrated ESG and climate finance data platform. Implement real-time tracking for <b>green investments, sustainable finance market trends, lending practices, and risk mitigation strategies</b> .
	Strengthening Public-Private Partnerships	Strengthen <b>public-private partnerships (PPPs)</b> to attract green finance investments. Align Vietnam's green finance regulations with international standards to increase foreign investor confidence and market credibility Incorporated clear guidance on de-risking green investments through blended finance (public-private capital blending), sovereign guarantees (government-backed risk mitigation), and risk-sharing facilities (e.g., guarantees). This tackles the challenge of mobilizing private investment, enhancing market attractiveness.
<b>Long-term (3-5 years) actions</b>	Institutionalizing Green Finance	Create a <b>Green Finance Knowledge Hub</b> for centralized learning and regulatory updates. Develop a <b>formal certification program</b> for MOF staff in collaboration with universities and global finance institutions.
	Global Market Integration	Expand the <b>green bond market and carbon trading mechanisms</b> . Establish a <b>Green Finance Advisory Panel</b> with global financial experts. Vietnam should pursue a combination of sovereign green bonds and private sector-driven green investments to create a resilient and impactful green finance strategy. Sovereign bonds provide leadership and credibility, while private investments drive innovation and scale. With strong frameworks, incentives, and capacity-building, Vietnam can align its financial system with sustainability goals, attract diverse investment, and accelerate its transition to a green economy. This balanced approach ensures both sectors contribute effectively to Vietnam's environmental ambitions.

	Climate Risk Management	Implement <b>mandatory ESG and climate risk disclosure requirements</b> for financial institutions. Develop <b>automated climate risk stress testing tools</b> for financial stability assessments. Detailed scenario analysis with NGFS climate scenarios (e.g., orderly vs. disorderly transitions), stress testing methodologies (e.g., physical and transition risks), and regulatory expectations (e.g., disclosure mandates). This strengthens the limited expertise in risk modeling identified, aligning with global financial stability requirements.
--	-------------------------	--

By following this phased approach, MOF will gradually build expertise, enhance regulatory effectiveness, and institutionalize sustainability considerations into financial planning, securing long-term economic resilience and environmental sustainability.