

THE NECESSITY OF AMENDING AND SUPPLEMENTING THE LAW ON PUBLIC PRIVATE PARTNERSHIPS TO MEET THE REQUIREMENTS OF THE GREEN TRANSITION IN VIETNAM NOW

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Abstract:

In the context of globalization and the ongoing Fourth Industrial Revolution, countries around the world have increasingly recognized the critical role of public-private partnerships (PPPs) as a strategic mechanism to promote sustainable development. For Vietnam, the transformation of its development model toward a green and environmentally friendly direction is both an urgent requirement to protect natural resources and reduce greenhouse gas emissions, and a necessary step in alignment with international trends and global commitments. Therefore, the amendment and supplementation of the legal framework governing PPPs have become decisive factors in meeting the demands of the green transition, thereby fostering economic growth in parallel with effective environmental protection. This paper focuses on identifying the key elements required for revising and improving Vietnam's PPP legislation in response to the green transition.

Keywords: Public-Private Partnership; Law on Public-Private Partnership; Green Transition.

1. Introduction

In the context of a global shift toward green and carbon-neutral development models, the amendment and supplementation of Vietnam's legal framework on public-private partnerships (PPPs) have become an inevitable requirement to achieve the goal of net-zero emissions by 2050. The green transition is not only a global trend but also a benchmark for institutional capacity and national competitiveness. Within this process, PPPs are regarded as an essential instrument for mobilizing private resources to develop green infrastructure, renewable energy, sustainable transport, and clean technologies sectors that demand large-scale capital, advanced technology, and long-term commitments.

However, the Law on PPP (2020) and its subordinate legal documents currently focus primarily on the financial and contractual aspects, without adequately integrating environmental, social, and governance (ESG) criteria or aligning closely with Vietnam's Green Growth Strategy and international commitments. Meanwhile, globally, legal standards for green PPPs and sustainable

36 finance have become prevailing trends and essential conditions for accessing
37 international capital flows.

38 ¹⁹ Domestically, the demand for improving PPP legislation arises in the context
39 of building a socialist rule-of-law state, developing a socialist-oriented market
40 economy, promoting decentralization and devolution, and advancing digital
41 transformation. Therefore, it is necessary to redesign the PPP legal framework
42 toward greater transparency, flexibility, digitalization, and alignment with
43 sustainable development criteria. In other words, reforming the PPP law to serve
44 the green transition is not merely a technical legal issue but a strategic
45 orientation—ensuring that Vietnam proactively integrates into the global economy,
46 attracts green capital, and effectively fulfills its international climate commitments.

47 **2. Literature Review**

48 In recent years, both academic scholarship and multilateral organizations
49 have increasingly agreed that the public-private partnership (PPP) model plays a
50 central role in strategies to mobilize private resources for “green” infrastructure
51 development and to realize emission reduction commitments. International
52 research has focused on restructuring the PPP legal framework to make it a tool for
53 integrating climate objectives, from project selection and risk-sharing mechanisms
54 to systems for monitoring environmental performance. The World Bank’s
55 guidelines on *Climate-Smart PPP Legal Frameworks* emphasize the need to
56 incorporate climate criteria into project planning and evaluation stages, while
57 UNECE and OECD have proposed legal models and sets of principles to ensure
58 that PPPs contribute to achieving the Sustainable Development Goals (SDGs). At
59 the same time, the rise of “green finance” and standards such as the EU Taxonomy
60 have reshaped approaches to accessing international capital, requiring PPP legal
61 frameworks to align with ESG criteria to maintain eligibility for preferential
62 funding sources.

63 From both theoretical and practical perspectives, studies on green PPPs
64 generally focus on several core issues: (i) criteria for project selection; (ii)
65 mechanisms for allocating financial and climate-related risks between public and
66 private parties; (iii) blended finance instruments to lower investment barriers; (iv)
67 requirements for transparency, monitoring, and MRV (measurement, reporting,
68 verification) of environmental impacts; and (v) flexible yet controlled contractual
69 mechanisms to avoid renegotiation risks detrimental to public interests.
70 Comparative analyses of PPP legal frameworks indicate that jurisdictions with
71 clear definitions of “green” criteria, financial incentives, and transparency

72 obligations throughout the project lifecycle achieve higher effectiveness in
73 mobilizing private capital for green infrastructure.

74 At the national level, experiences from the European Union, the United
75 States, Japan, South Korea, and China demonstrate that a combination of robust
76 public policies (e.g., incentives, technical standards, emission targets) and
77 appropriately designed PPP legislation (e.g., mandatory environmental
78 assessments, social criteria, and green procurement standards) are key factors in
79 attracting green capital flows. Policies such as the *Inflation Reduction Act* (United
80 States), the *European Green Deal*, and the *EU Taxonomy* have created frameworks
81 that stimulate both supply and demand for green projects, while reshaping the legal
82 and financial conditions PPPs must meet to remain viable.

83 In Vietnam, domestic research to date has mainly examined institutional,
84 governance, and financial risk aspects of PPPs. Many studies have identified
85 bottlenecks such as fragmented legal frameworks, project selection criteria that do
86 not reflect climate objectives, the absence of green financial incentives, limited
87 environmental assessment and monitoring capacities, and fiscal risk exposures for
88 the state budget. The 2020 Law on PPP established an important legal foundation
89 but has been criticized for overemphasizing financial-contractual structures and
90 traditional risk management, while lacking integration of ESG systems, MRV
91 regulations, and conditions for accessing international green finance. Recent policy
92 documents—such as Resolution No. 68-NQ/TW—have opened greater space for
93 private sector participation but have yet to be fully translated into detailed legal
94 instruments that steer PPPs toward supporting the green transition.

95 From the above review, three major research gaps can be identified: (1) the
96 absence of systematic, comparative legal analyses of green PPP regulatory models
97 suitable for developing economies; (2) the lack of empirical evaluations on the
98 effectiveness of implemented “green” PPP projects; and (3) insufficient research on
99 the design of specific legal and financial instruments—such as contract clauses
100 linked to emission targets, green procurement criteria, climate risk-sharing
101 mechanisms, and mandatory MRV frameworks—that could be feasibly integrated
102 into the Law on PPP and its implementing regulations in Vietnam.

103 Therefore, the research need is not only theoretical but also highly
104 practical, aimed at proposing feasible legal amendments aligned with international
105 standards and compatible with Vietnam’s governance capacity.

106 3. Research Methodology

This paper primarily employs qualitative and analytical methods to clarify the theoretical and practical foundations for the necessity of amending and supplementing the law on public-private partnerships (PPPs) in support of Vietnam's green transition process.

First, the qualitative method is applied to collect, synthesize, and interpret information from secondary sources such as Party documents, legal normative acts, reports by international organizations (e.g., the World Bank, OECD, UNECE, UNCTAD), and academic studies, both domestic and international. This approach enables the identification of global trends, domestic contexts, and the political-legal factors influencing the improvement of the PPP institutional framework in Vietnam.

In parallel, the analytical method is employed throughout the study to examine and explain the relationship between PPP legislation and the requirements of sustainable development, the green transition, and the commitment to achieving net-zero emissions. By analyzing the content of current legal documents, national strategies, and international standards, the paper identifies areas of consistency, shortcomings, and legal gaps that require adjustment.

Additionally, the paper selectively incorporates comparative elements by contrasting the green PPP legal models of certain jurisdictions, such as the European Union, South Korea, and China, to draw valuable lessons and policy implications for Vietnam.

4. Research and Discussion

In the current era of globalization and developmental transformation, both international and domestic contexts are posing new, profound, and comprehensive demands for the improvement of Vietnam's legal framework on investment through public-private partnerships (PPPs). Accordingly, identifying and analyzing these contexts not only helps to explain why it is necessary to amend and supplement PPP legislation but also serves as a basis for determining appropriate directions to align the PPP model with Vietnam's sustainable development goals, green transition objectives, and international commitments.

4.1. Rooted in the International Context

In the current global context, the necessity of amending and supplementing the legal framework on investment through PPPs to meet the requirements of Vietnam's green transition stems from several fundamental reasons.

141 *First, the global trend toward green transition and carbon neutrality has*
142 *become increasingly strong.* From a theoretical perspective, this global movement
143 represents an inevitable process in which nations, businesses, and financial
144 institutions collectively pursue sustainable development and net-zero emissions to
145 address climate change (IEA, 2021). This is not a spontaneous phenomenon, but
146 one that originates from the fundamental and urgent challenges of our time (IPCC,
147 2023). The global climate crisis has sounded a clear warning bell for humanity
148 (Antonio, 2021). The Earth's average temperature has already risen by more than
149 1.1°C compared to pre-industrial levels, resulting in more frequent and intense
150 extreme weather events such as storms, floods, droughts, and heatwaves. If this
151 trend is not controlled, many studies warn that the 1.5°C threshold could be
152 exceeded as early as the 2030s, leading to irreversible environmental and social
153 consequences (IPCC, 2021).

154 In addition, pressure from the international community has become a
155 political and legal driving force compelling countries to act. The 2015 Paris
156 Agreement (UNFCCC, 2015) established a global framework for responding to
157 climate change, requiring all nations to formulate and implement greenhouse gas
158 (GHG) reduction commitments and to periodically enhance their nationally
159 determined contributions (NDCs). Successive Conferences of the Parties (COP) to
160 the UN Framework Convention on Climate Change have consistently emphasized
161 and monitored each country's responsibilities, turning climate commitments into a
162 new international norm.

163 Moreover, global economic and competitive dynamics have also become
164 major drivers of the green transition (Mohammad, 2024). The shift toward a low-
165 carbon economy not only aims to mitigate environmental risks but also opens new
166 opportunities for industrial and economic development in areas such as renewable
167 energy, electric vehicles, bio-based materials, and carbon capture and storage
168 technologies. At the same time, this transition helps countries reduce their
169 dependence on fossil fuels—the main cause of climate change—thereby enhancing
170 competitiveness in a global market increasingly defined by green standards.

171 In practice, the green transition and the pursuit of net-zero emissions have
172 become the developmental norm for leading economies worldwide. The European
173 Union, for instance, has committed to becoming a carbon-neutral region by 2050
174 under the European Green Deal (EC, 2019), supported by the Fit for 55 Package
175 (EC, 2021), which aims to cut greenhouse gas emissions by 55% by 2030
176 compared to 1990 levels. Similarly, the United States has pledged to achieve net-
177 zero emissions by 2050 and enacted the Inflation Reduction Act (2022) (White

House, 2022), widely recognized as the most significant climate and energy legislation in U.S. history, allocating hundreds of billions of USD in investment incentives for renewable energy, green infrastructure, and clean technologies. Japan has also announced its *Green Growth Strategy* to achieve carbon neutrality by 2050, emphasizing innovation and public-private partnerships (PPPs) in the implementation of large-scale green projects (Government of Japan, 2021).

Not only developed countries but also major Asian economies such as South Korea and China have strongly engaged in this process. South Korea launched the *Korean Green New Deal* in 2020, targeting emission reductions and green growth through investment in renewable energy, sustainable transport infrastructure, and low-carbon technologies (OECD, 2022). Meanwhile, China, the world's largest emitter, has pledged to peak its emissions by 2030 and achieve carbon neutrality by 2060, alongside massive investments in solar and wind energy as well as electrified transport systems (UNFCCC, 2020).

These commitments reflect not only the responsibility of major powers in addressing climate change but also a fundamental shift in economic growth models from dependence on resource extraction and fossil fuels to innovation, clean technologies, and green finance. Within this transformation, mobilizing capital for green infrastructure, renewable energy, and sustainable transport has become a precondition for success. The World Bank (WB, 2022) affirms that PPPs represent one of the most important legal and financial mechanisms for attracting private investment into climate-resilient infrastructure, given that green projects typically require long-term investment and advanced technological factors that often exceed the capacity of traditional public budgets.

Therefore, the PPP legal frameworks of various countries, including Vietnam, cannot remain outside this transformative process. Rather than merely serving as a mechanism for sharing financial risks between the public and private sectors, PPP law needs to be designed as an institutional framework that promotes the green transition, ensuring the integration of sustainability criteria, prioritizing low-carbon infrastructure projects, and facilitating access to international green capital flows. As emphasized by Owotemu (2025), if appropriately regulated, PPPs can become a “catalyst” for investment in renewable energy, sustainable public transport, resource management, and waste treatment, key sectors for achieving net-zero emissions. Thus, the global green transformation is not merely a strategic choice; it is an inevitable requirement for all economies. In this context, reforming PPP legislation to strongly support green projects will be the key for Vietnam not only to fulfill its international commitments on climate change but also to actively

and effectively participate in the sustainable development race of the twenty-first century.

Secondly, the shift of international capital flows toward green investment is shaping a new financial order. As global climate change becomes increasingly severe, international capital has shown a marked movement toward “green” sectors, including renewable energy, sustainable transport, low-emission infrastructure, and clean technologies. This investment trend reflects the ongoing restructuring of the global financial system toward a new financial order where “green” and “sustainable” standards are core determinants of capital allocation (UNCTAD, 2025).

The question arises: why is this shift occurring? First, climate change has been recognized as an “existential crisis” for humanity, directly affecting global economic and social stability (IPCC, 2021). Governments and international organizations have come to realize that without redirecting financial flows, the goal of achieving net-zero emissions will be virtually unattainable. At the same time, investors are increasingly attentive to climate-related financial risks—from the devaluation of carbon-intensive assets to the volatility of energy markets (NGFS, 2022). Consequently, the shift toward green capital is not only driven by policy pressure but also by the inherent needs of the global financial market.

In practice, multilateral financial institutions such as the World Bank (WB), International Monetary Fund (IMF), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), and the Green Climate Fund (GCF) all prioritize disbursement for environmentally friendly, low-emission projects that make tangible contributions to climate change mitigation. In parallel, commercial banks and international investment funds are increasingly applying environmental, social, and governance (ESG) standards—allocating capital exclusively to projects that meet “green” requirements. In this context, if Vietnam’s legal framework on public-private partnerships (PPPs) fails to adjust in time to align with these emerging standards, its ability to access international capital flows, particularly climate investment funds, will be significantly constrained.

From a substantive perspective, the global shift of capital flows toward green sectors is both a trend and the result of a fundamental restructuring of the international financial system. This process can be viewed through three main pillars: the widespread adoption of ESG criteria, the involvement of central banks, and the rise of green market instruments. These trends have been clearly reflected in the policies and practices of leading economies. Specifically:

251 **(1) The Rise of ESG (Environmental – Social – Governance) Standards**
252 **in Investment**

253 Currently, international financial institutions and private investors
254 increasingly regard environmental, social, and governance (ESG) standards as a
255 “safety shield” ensuring the sustainability and stability of capital flows. In practice,
256 the European Union has taken the lead in this trend by adopting the EU Taxonomy
257 Regulation, which aims to establish a unified standard system for sustainable
258 investment activities, thereby directing financial resources toward projects that
259 genuinely meet “green” criteria (European Commission, 2020). According to the
260 International Monetary Fund (IMF, 2022), the total value of ESG assets worldwide
261 has increased more than threefold within just a decade, reflecting a strong and
262 systemic shift in international capital markets toward sustainable development.

263 **(2) The Involvement of Central Banks and Financial Supervisory**
264 **Authorities in Climate Risk Management**

265 The proactive participation of central banks and financial supervisory
266 authorities in climate risk management represents a significant institutional
267 milestone, paving the way for the “climatization” of the global financial system. In
268 the European Union, the European Central Bank (ECB) has officially incorporated
269 climate risk into its stress testing to assess the vulnerability of the banking system
270 to climate-related shocks (ECB, 2022). The ECB’s implementation of the Climate
271 Risk Stress Test in 2022 marked a turning point in global public financial and
272 monetary governance. This was not only a technical exercise to evaluate the impact
273 of climate change on the Eurosystem’s balance sheets but also a fundamental
274 transformation in how financial stability is understood in the twenty-first century.

275 Previously, risk management in the financial system primarily focused on
276 traditional factors such as interest rate fluctuations, exchange rate movements, or
277 counterparty solvency. However, the ECB’s stress test affirmed that climate
278 risks both physical and transition-related are inseparable components of macro-
279 financial stability. When climate shocks can reduce asset values, disrupt supply
280 chains, or create volatility in energy markets, they directly threaten the resilience
281 of the banking system and capital markets. Based on these findings, the ECB
282 concluded that integrating climate risk into traditional risk management
283 frameworks is not merely a policy choice but an inevitable requirement of the era.

284 In China, through the model of policy-oriented green credit, a hybrid
285 financial mechanism (Jun, 1996) has gradually taken shape, organically linking
286 monetary instruments, credit policies, and climate objectives. This represents a

clear example of the shift in central banking from a focus on price stability to climate stability, contributing to shaping a greener and more sustainable global financial order. Specifically, the People's Bank of China (PBoC) is recognized as one of the pioneering central banks in "greening" the financial system, as demonstrated by a series of credit restructuring policies aimed at supporting the national net-zero emission goal.

A notable innovation is the establishment of the green credit assessment system (Tan, Huang, Chen, & Gatto, 2025), which guides financial institutions to prioritize funding for low-carbon, environmentally friendly projects that directly contribute to national emission reduction targets. According to the Institute for Energy Economics and Financial Analysis (IEEFA, 2022), shortly after the COP26 Conference, the PBoC launched the Carbon Emission Reduction Facility (CERF) to refinance loans supporting carbon reduction initiatives. Within its first month of implementation, this facility backed thousands of loans issued by domestic financial institutions, contributing significantly to emission reductions in clean energy, electrified transport, and green industrial sectors (Green Central Banking, 2024). This mechanism has motivated commercial banks to expand their green credit portfolios while enabling the PBoC to realign capital flows with China's sustainable development strategy toward 2060.

Thus, the two dimensions discussed above—ESG standards and climate risk management in financial governance—are not merely theoretical concepts but have been strongly materialized in major economies. These drivers are laying the foundation for a global green financial order, in which international capital is increasingly "conditioned" by sustainability considerations. This transformation has reshaped the allocation of capital and redefined economic and political power: nations that take the lead in green capital flows will possess strategic competitive advantages in the twenty-first century.

(3) The Growing Perfection of International Legal Standards on Green PPPs

International legal standards for green public-private partnerships (PPPs) are becoming increasingly comprehensive, creating significant adjustment pressure on developing countries. Fundamentally, international standards on green PPPs have been built upon three pillars: (i) Global financial and environmental legal frameworks, such as the *Paris Agreement* (2015) and the *United Nations Principles for Responsible Banking and Green Finance* (UNEP FI); (ii) International guideline frameworks, including the *OECD Guidelines for Multinational Enterprises* (2021),

the World Bank PPP Legal Framework Assessment (2023), and the UNECE “PPP for the SDGs” Model Law (2021); and (iii) Green taxonomy and ESG rating tools developed by institutions such as the European Union (EU), the World Bank (WB), and the Organisation for Economic Co-operation and Development (OECD).

These standards require that PPP projects, in addition to demonstrating economic efficiency, must also prove their positive environmental and social impacts through indicators such as emission reduction, energy savings, transparency in governance, and social equity. These “green” criteria are now considered prerequisites for accessing international financial resources, particularly from climate funds, sustainable investment funds, and green credit sources of global financial institutions such as the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the European Investment Bank (EIB), and the Green Climate Fund (GCF).

Therefore, the advancement of the international legal framework for green PPPs is exerting strong adjustment pressure on developing countries, including Vietnam. If these countries fail to promptly internalize or harmonize these international standards within their existing PPP legal frameworks, they will face challenges in mobilizing international private capital—especially from green investment funds. Conversely, early adoption and harmonization with international standards will help countries not only enhance institutional quality but also expand opportunities to attract sustainable financial flows, thereby serving the objectives of green growth and a just energy transition.

Fourth, the pressure of international integration and trade competition is also a key driving factor.

In the current context, modern global economic integration no longer relies primarily on traditional comparative advantages such as cheap labor or abundant natural resources, but is increasingly shifting toward competition based on standards, quality, and sustainability (OECD, 2025). Developed economies are establishing a “green rulebook” for international trade, in which carbon emissions, energy efficiency, and climate resilience have become key criteria for assessing national competitiveness. This trend reflects a “structural transformation of international trade from price-based competition to sustainable value-based competition.”

In terms of impact, these shifts are reshaping the global trade and investment order, where countries lagging behind in the green transition risk being “marginalized” from strategic export markets. According to UNCTAD (2024), if

developing countries fail to integrate sustainability criteria into their investment and infrastructure policies soon, they may face a potential loss of 10–15% of export revenues due to carbon adjustment measures adopted by developed economies.

In this context, Vietnam faces dual pressures not only to green its production and consumption activities but also to transform its public–private partnership (PPP) model in line with international green standards. This alignment is a prerequisite for accessing international financial flows, particularly climate investment funds, green infrastructure funds, and ESG-based credit from global financial institutions.

If Vietnam’s PPP legal framework adjusts too slowly, the country will face challenges in attracting these capital sources and risk falling behind in the global value chain, which is being restructured toward green and sustainable development. In other words, the pressure of international integration and trade competition represents both an institutional challenge and a historic opportunity for Vietnam to reform its PPP legal framework, turning the so-called “green barriers” into a driving force for innovation and national development transformation.

4.2. Domestic Context

At present, the process of improving the institutional framework for investment in the form of public–private partnerships (PPPs) in Vietnam takes place within a unique political and legal context. This context reflects the orientation of the socialist rule-of-law state, the socialist-oriented market economy mechanism, and the national requirement for sustainable development. Four domestic contexts serve as decisive endogenous factors shaping this process: the foundational political–ideological context; the core legal–institutional context; the specific political–legal context; and the administrative–institutional context. Specifically:

First, the Communist Party’s orientation toward developing a socialist-oriented market economy and the role of the State in mobilizing social resources. One of the most important political and legal foundations guiding the improvement of the PPP institutional framework in Vietnam is the Party’s policy on developing a socialist-oriented market economy under the leadership of the Communist Party of Vietnam. According to the spirit of the 13th National Party Congress, Vietnam is steadfast in building “a modern and integrated socialist-oriented market economy that operates fully and synchronously according to the laws of the market, under the management of a socialist rule-of-law State led by

the Communist Party of Vietnam, ensuring socialist orientation” (Communist Party of Vietnam, 2021). This orientation embodies a dialectical combination between the economic efficiency of the market mechanism and the goals of equity and sustainable development under socialism. Within this model, the State plays the role of a “developmental facilitator” both directing and regulating while mobilizing and allocating social resources to serve public objectives. The PPP mechanism institutionalizes this role, allowing the State to shift from the model of “direct provider” to that of a “facilitator and coordinator”, thereby encouraging the private sector to participate in the delivery of public services in a transparent, competitive, and efficient manner.

At the strategic level, Resolution No. 68-NQ/TW dated April 20, 2022, of the Politburo on developing the private economy in the new era, emphasizes that: “The private economy must truly become an important driving force of the socialist-oriented market economy; the State should encourage and create favorable conditions for the private sector to participate in infrastructure development, public service delivery, innovation, and green growth.” This Resolution not only reaffirms the position of the private sector but also broadens the policy space for public-private partnerships, recognizing PPPs as a key channel for mobilizing capital, technology, and management capacity from the private sector to serve national development.

Thus, from an institutional perspective, the issuance of Resolution No. 68-NQ/TW has created a solid political foundation for improving and implementing the PPP legal framework, contributing to the realization of the principle “the State and the People act together,” and “the State and enterprises develop together.” At the same time, this orientation enables the transformation of social resources into new growth drivers, particularly in the context of Vietnam’s green transition and deeper global economic integration. This constitutes the foundational political-ideological context shaping the legal direction and organizational implementation of PPPs in Vietnam.

Second, the process of building the socialist rule-of-law State of Vietnam and the demand for transparency in public governance. Vietnam is currently accelerating the construction of a socialist rule-of-law State “of the People, by the People, and for the People,” in which the principles of constitutional supremacy, transparency, accountability, and power control are highly emphasized (Huong N.T.T, 2025). Within this process, the PPP mechanism, characterized by the interaction between the public and private sectors, requires a clear, consistent, transparent, and accountable legal framework capable of preventing conflicts of

interest. Indeed, the socialist rule-of-law State plays a decisive role in shaping the PPP institutional framework, serving both as its enabling environment and institutional guarantee for sustainable development. This significance arises from two key reasons:

(1) The socialist rule-of-law State ensures publicity, transparency, and accountability in public governance, thereby fostering institutional trust between the public and private sectors. In this model, all activities of state agencies—from policy formulation, investor selection, and contract signing to implementation supervision must comply with legal regulations and remain subject to public oversight. In other words, the requirement for transparency and public disclosure enhances social monitoring capacity, ensuring that PPP projects are selected based on objective criteria, serve public interests, and prevent the situation of “privatizing profits and socializing risks.” This principle helps reduce risks related to corruption, vested interests, or administrative arbitrariness. As the Asian Development Bank (ADB, 2021) asserts, transparency and accountability in the PPP institutional framework are prerequisites for attracting private investment and maintaining market confidence (UNECE, 2008). Furthermore, these principles ensure fairness and competitiveness in cooperation, since private enterprises, when operating in a transparent legal environment, can confidently engage in long-term investments, share risks, and contribute resources to infrastructure and public service development.

(2) The socialist rule-of-law State establishes a stable and reliable legal framework for the operation of PPP models. The essence of a rule-of-law State lies in upholding the supremacy of law, ensuring that all rights and obligations of parties in public-private relations are clearly defined, legally protected, and subject to transparent dispute resolution mechanisms (Nguyen Canh Lam, 2023). Consequently, PPPs, while being a pragmatic form of cooperation between the public and private sectors, also evolve into a modern governance institution capable of coordinating interests and allocating social resources effectively. This stable legal framework enables the State to effectively fulfill its developmental role, promote innovation, and attract private capital into infrastructure, public services, and sustainable development sectors.

In summary, this represents the core legal-institutional context, closely associated with Vietnam’s ongoing process of building a modern system of public governance.

467 **Third, the need to reform PPP law to align with the national strategy for**
468 **sustainable development and green transition.** Vietnam's commitment to
469 achieving net-zero emissions by 2050 (Net Zero 2050) and the implementation of
470 the *National Green Growth Strategy for the 2021–2030 period, with a vision to*
471 *2050*, have marked a profound transformation in the country's development
472 orientation. This represents not only Vietnam's clear demonstration of its
473 international responsibility in addressing global climate change, but also a high-
474 level political commitment by the Party and the State to restructure the economy
475 toward a green, circular, and low-carbon model. Accordingly, in this context, the
476 improvement of the legal framework for public-private partnerships (PPPs) has
477 become an urgent requirement.

478 The PPP mechanism, traditionally regarded as an effective tool for
479 mobilizing social resources for infrastructure and public service development, now
480 needs to be reoriented to fit the green, circular, and low-emission economic model
481 that the Party and State have established. However, current legal practice shows
482 that the *Law on PPP Investment (2020)* and its implementing documents have
483 primarily focused on financial, contractual, and risk management aspects, while
484 failing to fully integrate environmental, social, and governance (ESG) criteria.
485 These are core elements ensuring the sustainability of PPP projects in the new
486 development phase.

487 Moreover, the existing legal framework does not yet establish strong
488 linkages between PPP activities and national goals on greenhouse gas emission
489 reduction, renewable energy development, circular economy, and green
490 infrastructure. As a result, PPPs are still largely perceived as a pure investment
491 instrument rather than a policy lever to accelerate the transformation of the growth
492 model toward a green and sustainable direction. In the context of Vietnam's
493 commitment to achieve net-zero emissions by 2050, alongside participation in
494 global initiatives such as the *Paris Agreement on Climate Change* and the *Just*
495 *Energy Transition Partnership (JETP)*, the revision and improvement of PPP
496 legislation to integrate sustainability factors is not merely a technical legal issue,
497 but a strategic policy orientation.

498 Therefore, the incorporation of ESG criteria into the *Law on PPP Investment*
499 *(2020)* and its subordinate legal documents will enhance institutional quality and
500 make PPPs a key pillar in implementing the *National Strategy for Sustainable*
501 *Development*. It will also help materialize the model of a “facilitating State,
502 accompanying enterprises, and benefiting society,” consistent with modern
503 development governance trends and Vietnam's international commitments. This

constitutes a distinct political and legal context demonstrating that the State's legal orientation aims not only for growth but for *sustainable* growth.

Fourth, administrative reform, decentralization, devolution, and modernization of state governance in public investment

Currently, ⁴⁴one of the central orientations of Vietnam's institutional reform is to promote decentralization and devolution in conjunction with power control, considering it a pillar for ensuring effective national governance and improving the quality of public administration (Government, 2022). In the field of public investment and PPPs, this orientation holds special significance, as it reshapes the investment management model toward granting greater autonomy to local authorities, while maintaining unified oversight and strategic coordination from the central government.

Administrative reform and decentralization not only help shorten approval processes, reduce transaction costs, and enhance the initiative of agencies implementing PPP projects, but also foster the creativity and flexibility of local governments in selecting partnership models, adjusting risk-sharing mechanisms, and effectively managing investment resources. However, to ensure that devolution goes hand in hand with accountability, a robust legal framework is needed for power control, information transparency, and accountability across the entire life cycle of PPP projects. This will prevent abuses of power, conflicts of interest, or disparities in management capacity among localities, factors that could directly affect the sustainability and effectiveness of the PPP model.

At the same time, the ongoing digital transformation in public investment governance is creating new opportunities to enhance efficiency and transparency. Tools such as e-bidding, digital contract management, online project monitoring systems, and the national public investment database are gradually shaping a *smart governance* model. In this context, PPP legislation must be modernized to adapt to the digital environment, ensuring that all processes from planning and contracting to monitoring and evaluation can be conducted and supervised transparently, in real time, and with clear traceability of responsibility.

Thus, it can be seen that administrative reform, decentralization, devolution, and the modernization of public governance serve as both a crucial institutional foundation and a decisive condition for ensuring the effective, equitable, and accountable implementation of PPPs. As state governance becomes more flexible, transparent, and technology-driven, the PPP model will be able to maximize its potential to mobilize social resources while maintaining trust, fairness, and

accountabilitycore values of modern and sustainable development governance. In other words, this institutional and administrative context is decisive for ensuring that PPP implementation is efficient, fair, and responsible.

5. Conclusion

In a world undergoing a profound shift toward a green economy and net-zero emissions, the improvement of Vietnam's legal framework on public-private partnerships (PPPs) is not only an internal requirement of developing a socialist-oriented market economy, but also an inevitable demand of international integration and sustainable development. From the analysis of both global and domestic contexts, it can be affirmed that current PPP legislation needs to be reformed in the direction of *greening, modernization, and internationalization*, thereby establishing an institutional framework capable of mobilizing, coordinating, and effectively utilizing social resources for national green transition goals.

In the long term, a modern, transparent, and green-oriented PPP legal framework will serve as an institutional foundation for economic restructuring, enabling Vietnam to shift its growth model from *extensive* to *intensive*, from resource exploitation to innovation, and from fiscal dependence to social mobilization. More importantly, it will stand as evidence of Vietnam's national governance capacity in the new era where law functions not only as a regulatory instrument but as a *driver of development* and a manifestation of Vietnam's *commitment to the* global community in the shared effort toward a green, equitable, and sustainable future.

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