

# Sustainable Investment: A Green Future for Ho Chi Minh City, Vietnam

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## Abstract

In the context of Vietnam's commitment to achieving net-zero emissions by 2050 and accelerating green economic transition, sustainable investment is becoming a crucial pillar for urban development in major cities such as Ho Chi Minh City (HCMC). However, over the past five years (2020–2025), HCMC has faced numerous barriers in attracting and implementing sustainable investment projects. These challenges include unclear legal frameworks, cumbersome administrative procedures, high costs of ESG auditing, insufficient green infrastructure, limited ESG governance capacity, lack of transparency, and risks of corruption and project delays. This study systematically analyzes these key barriers and proposes strategic solutions: (i) developing a clear and harmonized green taxonomy aligned with international standards; (ii) establishing an integrated online "green one-stop service" for streamlined project approval; (iii) creating a fund to subsidize ESG auditing and technical assistance; (iv) investing in smart grid infrastructure and EV charging hubs; (v) establishing an ESG Academy to enhance human resource capacity; (vi) implementing independent ESG audits and publishing HCMC's Green Investment Index; and (vii) strengthening community oversight and transparency in project approval processes. The research provides a practical roadmap for implementing these solutions, with a phased approach from short-term to long-term. The results aim to enhance HCMC's green financial ecosystem, improve transparency and investor confidence, and position the city as a regional leader in sustainable urban development.

**Keywords:** Sustainable Investment, ESG Governance, Green Finance, Urban Sustainability, Ho Chi Minh City

## Introduction

HCMC, the largest economic hub in Vietnam, is facing mounting pressures from rapid urbanization and the impacts of climate change. In response, HCMC has identified "green transition" as a strategic direction within its sustainable urban development model. According to the Green Growth Action Plan for the period 2024–2030, the city aims to reduce emissions by 10% by 2030, promote green investments, and enhance the quality of the urban environment (UBND, 2024). The city has also called for investment in 28 green projects across

various sectors, including high technology, renewable energy, wastewater treatment, and smart public transportation (TTBC-HCM, 2023). Within this roadmap, green finance plays a pivotal role. HCMC is collaborating with the World Bank to develop a sustainable financial framework, issue green bonds, and attract ESG (Environment – Social – Governance) investments (VietnamPlus, 2024; PwC, 2025). In addition, the Green Economy Forum & Exhibition (GEFE), jointly organized by HCMC and EuroCham, has reaffirmed the city's commitment to becoming a regional green financial hub (EuroCham, 2023). The practical implementation of projects such as the sustainable public transportation system funded by the Asian Development Bank (ADB, 2023) and the "Net Zero Challenge 2024" program demonstrates the city's strong determination to achieve carbon neutrality (SGGP, 2024). Furthermore, ecological resources, such as the Can Gio Mangrove Biosphere Reserve, continue to serve as the city's "green lung," helping to regulate the urban climate. However, this green transition faces significant challenges, including the need to complete the legal framework for green bonds, strengthen public-private partnerships, and enhance ESG implementation capacity at the enterprise level—currently, only about 3.3% of listed companies have a dedicated ESG committee (VnEconomy, 2024). Nevertheless, HCMC possesses substantial potential to lead green investment initiatives in Vietnam, supported by a dynamic economy, robust inflows of foreign direct investment, and a vibrant innovation and startup ecosystem.

In this context, advancing sustainable investment is not merely an environmental imperative but a strategic economic necessity for Ho Chi Minh City. As climate change risks intensify and international trade increasingly values ESG compliance, cities that fail to foster green growth will face mounting competitive disadvantages. Moreover, Vietnam's commitment to net-zero emissions by 2050 demands transformative shifts in urban investment patterns. There is an urgent need for in-depth research to identify barriers, craft practical solutions, and guide policymakers and investors in shaping an enabling ecosystem for sustainable investment. Addressing this research gap will be critical to positioning HCMC as a regional leader in green urban development. Thus, the present study aims to examine the current state of sustainable investment in HCMC, analyze existing policies, and propose an appropriate implementation model to help the city realize its green growth objectives and shape a cleaner, smarter, and more sustainable future for this strategically important urban center in Vietnam.

### **Research Methodology**

This study employs a mixed-methods approach to ensure a comprehensive and in-depth assessment of the barriers to, and proposed solutions for, promoting sustainable investment in HCMC during the period 2020–2025.

First, the study conducts a systematic literature review to identify theoretical frameworks and international best practices related to sustainable investment, ESG governance, and green finance. The sources consulted include reports from the World Bank, Asian Development Bank, Organisation for Economic Co-operation and Development, and the European Union, as well as academic research published in leading journals (ADB, 2024; PwC Vietnam, 2023). In addition, current policies of Vietnam and HCMC related to green growth, sustainable finance, and ESG were thoroughly reviewed.

Subsequently, the study applies qualitative analysis through semi-structured interviews with 25 key stakeholders, including government officials from the HCMC Department of Planning and Investment, Department of Finance, and Department of Natural Resources and Environment; representatives of commercial banks implementing green credit programs; ESG experts from international auditing firms; and representatives of enterprises engaged in green investment projects. The interviews were conducted between August 2024 and March 2025 to capture in-depth perspectives on the current barriers and the effectiveness of existing solutions.

To enhance objectivity, the study also conducts quantitative analysis through a survey distributed to 120 enterprises operating in HCMC, of which 60 enterprises have either accessed or are currently accessing green finance. The questionnaire focuses on evaluating the extent to which key groups of barriers impact the enterprises' sustainable investment activities.

Overall, by employing this multi-dimensional methodological approach, the study aims to develop well-founded and practical policy recommendations to promote sustainable investment in HCMC in the coming years.

#### *Policies and Current Status of Sustainable Investment*

Over the past five years (2020–2025), both Vietnam in general and HCMC in particular have made significant progress in formulating and implementing policies to promote sustainable investment. At the national level, the National Green Growth Strategy for the period 2021–2030 has clearly defined objectives for green transition and carbon neutrality by 2050 (PM, 2021). Concurrently, green finance policies have been strongly advanced, with a target to increase the share of green credit to 10% by 2025 and 25% by 2030 (PwC Vietnam, 2023). The Law on Environmental Protection 2020 has also established a legal framework for the carbon market and carbon taxation (MNRE, 2020). In addition, several international cooperation programs, such as the Vietnam ESG Initiative supported by IFC and USAID, have enhanced ESG capacities for Vietnamese enterprises (USAID, 2024).

At the local level, HCMC has demonstrated a pioneering role by enacting Resolution 98/2023/QH15, which allows the city to retain 100% of its carbon credit market revenue for reinvestment in green projects (HCMC, 2023). The city has also set a target for 50% of households and office buildings to install rooftop solar panels by 2030 (HCMC, 2023). Notably, HCMC has called for investment in 28 key green projects, with a total value of several hundred million USD, covering renewable energy, wastewater treatment, and sustainable transportation (Vietnam Investment Review, 2024).

In practice, the city has partnered with the World Bank to implement a USD 650 million investment package aimed at improving flood resilience infrastructure and upgrading public assets (World Bank, 2023). Projects such as the sustainable public transport network funded by ADB, the renovation of the Nhieu Loc – Thi Nghe canal, the development of riverside parks, and the construction of the Saigon Hi-Tech Park all exemplify HCMC's robust efforts in promoting green investment (ADB, 2023; SGGP, 2024).

However, this transformation process also faces significant challenges. The legal framework for green bonds, tax incentives, and the operation of the carbon market remains fragmented (PwC Vietnam, 2023). Furthermore, only about 3–4% of listed companies currently have a dedicated ESG committee, and the share of green credit in total bank lending remains relatively low, at approximately 4–10% (VnEconomy, 2024). In addition, policy instability—such as the potential retroactive adjustments to the FIT (Feed-in Tariff) mechanism for solar and wind power—has adversely affected investor confidence (Reuters, 2025).

Nevertheless, with its commitments to reducing emissions by 10% by 2030 and achieving carbon neutrality by 2050, along with strong support from international financial institutions, HCMC still holds tremendous potential to emerge as a leading green investment hub in the region, thereby contributing significantly to Vietnam's comprehensive sustainable development goals.

### **Current Barriers to Sustainable Investment**

During the period 2020–2025, HCMC has made significant efforts to promote sustainable investment; however, the city continues to face the following key barriers:

#### *Unclear and Unstable Legal Framework*

Although HCMC has issued several important plans, such as Resolution 98/2023/QH15 and guidelines for carbon credits, there is still a lack of consensus regarding green project criteria, increasing the risk of "greenwashing." Many green projects face delays in approval due to overlapping regulations between local and national authorities and a lack of detailed guidance (ADB, 2024). Moreover, the legal environment is subject to frequent changes at the central policy level, which undermines investor confidence.

#### *Bureaucratic and Cumbersome Administrative Procedures*

The business environment in HCMC has yet to show significant improvement due to multiple intermediary steps and overlapping administrative procedures (as reflected in a low PCI score). The approval of green projects is often prolonged because of delays in urban planning approval, environmental impact assessment, and land allocation, exacerbated by poor coordination among different government departments. This results in project implementation delays and reduces the city's investment competitiveness.

#### *Limited Financial Support and High Costs*

Green investments, such as renewable energy and waste treatment, generally involve high upfront costs and require rigorous ESG verification and in-depth environmental impact assessment. However, there is still a lack of large-scale technical assistance programs or preferential green credit schemes (ADB, 2024). Banks remain cautious about the risks associated with green projects. As a result, the share of green credit in the city's total lending portfolio remains low, at only 4–10%.

#### *Inadequate Technical Infrastructure for Green Growth*

HCMC still lacks critical infrastructure, such as transmission lines to accommodate renewable energy and EV charging stations to support green transportation. Surveys indicate that insufficient infrastructure investment, a lack of EV charging stations, and limited policy support for electric vehicles are among the three most significant barriers to developing green

transportation. Most renewable energy projects cannot achieve stable grid integration or are delayed due to the expiration of FIT (Feed-in Tariff) schemes and difficulties in securing continued preferential policies.

*Weak Technical and Governance Capacity*

HCMC currently lacks standardized ESG training systems aligned with international standards to enhance the capacity of experts, enterprises, and regulatory agencies. Reports indicate that there is insufficient expertise to develop quality green projects (low ESG readiness), a lack of comprehensive data and measurement techniques, and limited access to specialized technical support.

*Lack of Transparency and Investor Confidence*

The absence of a standardized ESG audit system and a lack of reliable periodic reporting undermine investor confidence in the quality of green projects. In this context, investors often cite the "lack of investor confidence in the quality and credibility of green projects" as the second most significant barrier. Consequently, corporate green capital is not yet ready to flow into HCMC at the scale required.

*Corruption and Weak Administrative Accountability*

The investment environment in HCMC is still negatively affected by widespread corruption (Vietnam’s Transparency International CPI score of 40/100). Incidents of rent-seeking behavior in the approval and disclosure processes for green projects remain common. A lack of transparency and weak accountability has resulted in many green projects experiencing significant delays or becoming stalled.

Table 1  
*Summary of Barriers and Their Impacts*

<b>Barrier</b>	<b>Description</b>	<b>Impact</b>
Inconsistent legal framework	Lack of taxonomy; overlapping and conflicting regulations	Greenwashing; delays in investment approvals
Complex administrative procedures	Lengthy permitting, planning, and environmental processes	Project delays; reduced investment attractiveness
Limited financial support & high costs	ESG auditing expenses; FIT instability; high interest rates	Low green credit uptake; business reluctance
Inadequate technical infrastructure	Grid limitations; insufficient EV charging stations; unstable power integration	Slowed development of green transport; unstable PV integration
Weak governance capacity	Lack of expertise, data, and ESG training	Inefficient projects; difficulties in attracting investment
Lack of transparency	Non-standard ESG audits; unclear reporting	Loss of investor confidence; underutilization of available capital
Corruption & administrative inertia	Rent-seeking; lack of accountability	Project delays; increased costs

Source: Compiled by the author

**Solutions to Promote Sustainable Investment**

During the period 2020–2025, HCMC has faced numerous significant barriers in attracting and implementing sustainable investment, including an unclear legal framework, cumbersome administrative procedures, limited financial resources, inadequate infrastructure, weak ESG governance capacity, low investor confidence, and corruption risks delaying project progress. To effectively address these challenges, a set of integrated and strategic solutions is required. First, HCMC should develop and adopt a harmonized green taxonomy aligned with international standards such as the EU Taxonomy or ASEAN Taxonomy to standardize green project classification criteria. This will eliminate the risk of "greenwashing," where companies falsely claim to be green, and provide clarity to investors and banks regarding which projects are eligible for green financing. The green taxonomy will also serve as a critical foundation for developing sustainable financial products (green bonds, green credit) and for monitoring the effective use of capital.

Second, HCMC should establish an integrated online "Green One-Stop Service" to streamline administrative procedures. This platform will allow businesses to submit applications online, track processing progress, and ensure that applications are responded to within 30 days. If processing is delayed, relevant authorities must publicly disclose the reasons. This model has been recommended by ADB in its reports on improving Vietnam's business environment (ADB, 2024). Enhancing transparency and standardizing procedures will reduce opportunity costs for businesses and improve public administration efficiency.

Third, a Green ESG Audit and Technical Assistance Fund should be established to help businesses, particularly SMEs, access ESG audit and advisory services at a reasonable cost. Currently, high ESG audit costs deter many businesses from participating. The fund would subsidize 50–70% of audit costs and collaborate with international partners such as IFC and GIZ to provide free training programs on ESG reporting and the implementation of sustainability standards (PwC Vietnam, 2023). This initiative will increase the number of businesses capable of issuing green bonds or accessing green financing.

Fourth, HCMC should invest heavily in green transition-supporting technical infrastructure, particularly grid infrastructure and green transportation. The city must work closely with EVN to upgrade the transmission system, ensuring stable grid integration for renewable energy projects such as rooftop solar and wind power. In parallel, HCMC should develop "EV hub + solar roof" models in industrial zones and build a network of EV charging stations to promote green transportation (ADB, 2024). Resolving grid congestion and FIT expiration issues will help unlock new capital flows for renewable energy projects.

Fifth, HCMC should establish an ESG Academy, a specialized institution for training government officials, businesses, and ESG professionals. The academy's curriculum should be based on international standards such as the GRI Standards, TCFD, and ISSB, and leverage best practices from organizations like IFC. Enhancing ESG human capital is crucial for HCMC's deeper integration into the global sustainable finance ecosystem.

Sixth, the city should implement an independent ESG audit system and regularly publish the HCMC Green Investment Index. All projects receiving incentives or raising green capital must submit ESG reports audited according to the ISAE 3000 standard. Additionally, HCMC should

publish the Green Investment Index regularly, allowing investors to monitor the progress and quality of green projects in the city (PwC Vietnam, 2023). This will strengthen investor confidence and foster a more transparent green bond and green credit market.

Finally, HCMC should establish a community oversight mechanism and ensure transparency in project approval processes. A supervisory board comprising experts, media representatives, and the community should monitor the entire approval process. If a project experiences unjustified delays of more than 60 days, this information should be made public, and the PCI score of the responsible local leadership may be reduced. This approach will enhance accountability, mitigate corruption risks, and drive administrative reform (Transparency International, 2024).

These solutions should be implemented through a phased approach: short-term (6–12 months) for developing the green taxonomy, Green One-Stop Service, and ESG Audit Fund; medium-term (12–24 months) for infrastructure investment, establishing the ESG Academy, and implementing independent ESG audits; and long-term (24–36 months) for publishing the Green Investment Index, setting up community oversight mechanisms, and improving PCI scores. Once these solutions are fully implemented, the share of green credit in HCMC is expected to increase from the current 4–10% to over 20%; approximately 50% of green projects will undergo independent audits and be publicly disclosed; application processing time will be reduced to under 30 days; and the city’s PCI score is expected to improve significantly within 1–2 years.

**Table 2**  
*Summary of Proposed Solutions*

<b>Barrier</b>	<b>Solution</b>	<b>Objective</b>	<b>Expected Outcome</b>
Unclear legal framework	Develop a green taxonomy	Standardize green project criteria	Reduce greenwashing; enhance transparency
Complex administrative procedures	Establish an online "Green One-Stop Service"	Simplify administrative procedures	Application processing time <30 days
High audit costs	Create a Green ESG Audit & Technical Fund	Reduce costs for enterprises	Increase number of businesses accessing green finance
Inadequate technical infrastructure	Invest in grid boosters & EV hubs	Support renewable energy and green transport	Increase renewable energy capacity; expand EV development
Weak professional capacity	Establish an ESG Academy	Train ESG professionals	Improve sustainable governance capacity
Lack of transparency	Implement independent ESG audits & publish Green Investment Index	Build investor confidence	Annual publication of Green Investment Index
Corruption and administrative inertia	Community oversight & transparent accountability mechanisms	Enhance accountability	Improve PCI score; increase approval efficiency

*Source: Compiled by the author*

**Conclusion**

In the context of Vietnam's deepening integration into the global economy and its pursuit of sustainable development goals, HCMC, the nation's most dynamic economic center, plays a pivotal role in pioneering the transition to a green growth model. However, as analyzed above, between 2020 and 2025, HCMC has encountered numerous significant barriers in attracting and implementing sustainable investment. These include an unclear legal framework, cumbersome administrative procedures, limited financial resources for green businesses, inadequate technical infrastructure, weak ESG governance capacity, low investor confidence, and corruption risks that have delayed project approvals.

The proposed and implemented solutions represent a systematic and practical approach, tailored to the city's current conditions. These solutions are not merely technical interventions but also reflect institutional reforms aimed at significantly enhancing HCMC's green investment environment and aligning it with international standards.

First and foremost, developing a green taxonomy is a foundational step to standardize green project classification criteria across the city. This initiative will not only eliminate greenwashing but also foster strong alignment among government agencies, businesses, and investors. Additionally, establishing an online Green One-Stop Service will substantially reduce administrative costs, increase transparency, and expedite application processing, thereby enhancing HCMC's PCI score and its attractiveness to domestic and international investors.

Furthermore, creating a Green ESG Audit and Technical Assistance Fund will help overcome one of the most significant barriers: high ESG audit costs, which currently deter many businesses, especially SMEs, from accessing green finance markets. This is a highly feasible solution that has proven effective in several ASEAN countries. Simultaneously, investing in technical infrastructure such as grid boosters, EV charging stations, and smart grids will address existing infrastructure bottlenecks, enabling stronger growth in renewable energy and green transportation sectors.

Equally important is enhancing ESG governance capacity through the establishment of an ESG Academy in HCMC, which will provide a pool of highly skilled ESG professionals, critical for attracting sustainable investors and integrating HCMC more deeply into the global green finance ecosystem. Additionally, implementing an independent ESG audit system and annually publishing the HCMC Green Investment Index will further bolster investor confidence, enhance transparency, and strengthen accountability across all stakeholders.

Finally, establishing a community oversight mechanism for the approval and implementation of green investment projects will serve as a "soft safeguard" to control negative risks such as corruption, vested interests, and administrative inertia, persistent weaknesses in the current investment environment. This approach aligns with recommendations from the OECD and Transparency International to enhance public governance effectiveness in promoting green growth (Transparency International, 2024).

In summary, if these solutions are implemented in an integrated and decisive manner, following a phased timeline (6–36 months), HCMC will not only significantly improve its green

investment environment but also assume a leadership role in driving the sustainable economic transition of both the Southern Key Economic Region and Vietnam as a whole. Key success indicators for the next phase will include raising the green credit share to over 20%, reducing application processing times to under 30 days, and increasing the number of projects undergoing transparent ESG audits.

Moreover, by pioneering the adoption of modern ESG governance models, HCMC can set new standards for other cities across Vietnam, contributing to the realization of the United Nations Sustainable Development Goals (SDGs) and Vietnam's commitment to achieving carbon neutrality by 2050. This represents not only an economic development opportunity but also a national leadership responsibility toward future generations.

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