



DEVCO Environment Week 2018

15-19 October 2018
Brussels, Belgium

Promoting green business through Private Sector Development in Vietnam

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EU Delegation to Vietnam

In this presentation

- Vietnam country in context
- Green initiatives of private sector in Vietnam
- Challenges and opportunities for green business
- EU contributions to promote green business in Vietnam

Vietnam in context

- **Extensive** exploitation of natural resources and **low competitiveness**.
- Fast development with **trade & investment** as key drivers
- FDI driving employment growth for basic assembly jobs.
- But **potential** is not fully tapped ...
 - **low** value-added activities with **weak** domestic linkages
 - **high value functions stay** outside of Vietnam and innovation capabilities not nurtured.
- To maintain the high-growth:
 - nurture competitive and productive **domestic private sector**
 - strengthen **productivity** growth

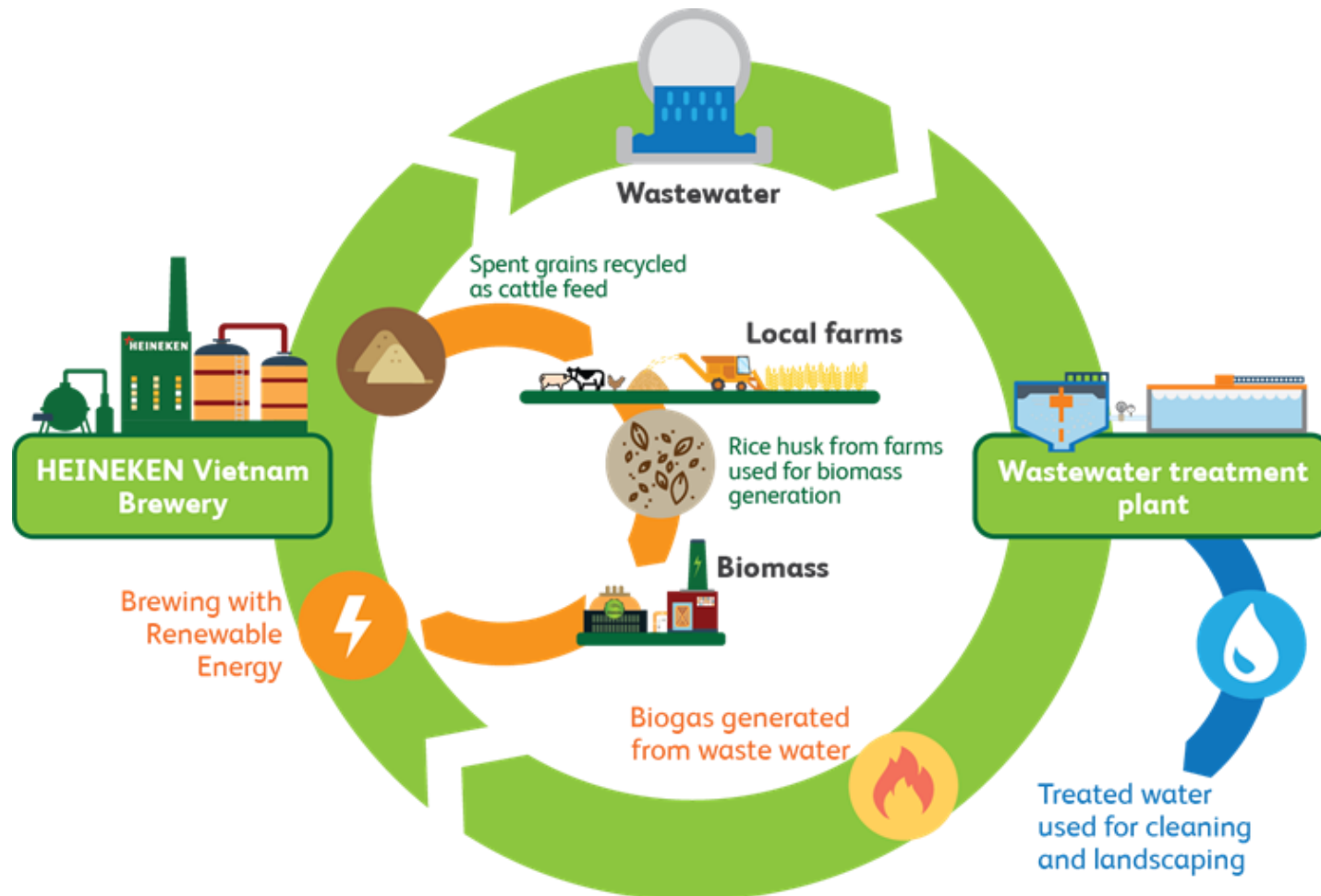
National policies on green growth

- Vietnam National Strategy for Sustainable Development, period 2011 – 2020
- National Strategy (2011 – 2020 with vision to 2050) and Action Plan (2014 – 2020) for Green Growth
- National Programme on Energy Saving and Energy Efficiency
- National Programme on Sustainable Consumption and Production.

Green business in Vietnam

- **Vietnam Business Council for Sustainable Development (VBCSD).**
- **Corporate Sustainability Index (CSI)** to promote role of business sector in the achievement of SDGs through recognition of champion in green business.
- **Stock Exchange market** launched the first Green Index (Vietnam Sustainability Index) tracking sustainability performance of 20 companies in Viet Nam.

Green business in Vietnam (Heineken)



FDIs (Heineken, Coca-Cola, Ericsson, Puma...) are coaching its suppliers in Vietnam in resource efficiency and promote development of value chains.

Challenges for green business

- Commitment of SME management.
- SMEs lack of technical, financial and knowledge capacities.
- Lack of practical policy to support green business (still stay at strategy, action plan)
- Not yet strong demand for green finance due to:
 - lack of pressure from government.
 - low awareness on investment potentials & funding sources among SMEs.
 - lack of knowledge on green investment concept and green technologies: financial institutions hesitate to make more green finance available for SMEs.

Opportunities for green business

- Increasing number of Vietnamese consumers are willing to spend more on food produced from safe and environmentally friendly materials.
- More small and start-up businesses are interested in green products.
- Eco-friendly products will be offer competitive advantage for business in the coming years.

EU supports green business in Vietnam ⁽¹⁾

- Green Technology Mission to Vietnam (2017) to help companies from leading nations in the renewable energy technologies (France, Germany and Spain) to find potential partners in Vietnam.
- The EU Delegation maintains **a close cooperation with private sector** (EuroCham, Industry Associations) and CSO (Energy Alliance) and take their views into account during policy dialogues with government.

EU supports green business in Vietnam (2)



Sustainable value chains of shrimp project

- Improvement of 2000 small scale producers' technical capacity in:
 - application of VIETGAP, ASC standards.
 - farming upgrading (electricity, water supply, waste water treatment)
- Change in private sector's business mindsets and practice:
 - investment by 15 SMEs in small scale producer groups;
 - improvement of CSR practice in 22 SMEs
- As a result 7000 small scale producers in 3 provinces have applied and saved up to 30% energy cost.

EU supports green business in Vietnam (3)

Sustainable value chains of Eco-BioTrade project

Improved understanding of consumer on potential of natural medicinal ingredients for health:

- increasing demand for traditional medicines made from natural ingredients,
- encouraging investment of private sector and government supports to the natural ingredient production

- 22 value chains fully certified (organic, GACP).
- 6,000 farmers participate in 15 bio-trade value chains (as increase sustainable income).
- A bio-trade community of 30,000 followers (natural medicinal herbs and bio-trade certification).
- Annual reduction of 4,811 tons of CO2 emission and 382 tons of material loss within the first 2 years;



EU supports green business in Vietnam (4)

- **Energy sector** is among 3 main highest potentials for GHG emission reduction and is one of focal sectors under the National Green Growth Strategy/Action Plan.
- The **EU Support to Energy Sector Programme** (TA and budget support): enhance the governance of the sector through facilitating the shift to a more sustainable energy development path:
 - energy efficiency (chemical, steel, beverage, plastic and paper)
 - renewable energy (Solar and wind power).
- **Key actions:** Regulatory framework improvement; technical and methodological capacities; fostering technology transfer.

EU supports green business in Vietnam (5)

- **Economic governance programme** provide capacity building support to
 - review of current tax policies to include renewable energy and green public procurement.
 - create incentives (policy & framework) for green investments
- **ARISE+ project:** to maximise Viet Nam's benefits from preferential trade regimes with a focus on regional agreements and the EU-Viet Nam Free Trade Agreement (EVFTA).
 - One of the results is "*High quality products and services from Viet Nam are exported to the EU, with a focus on SME internationalisation and sustainable business practices*"

EU supports green business in Vietnam ⁽⁶⁾

- **EVFTA (chapter 13): promote sustainable development through fostering the **contribution of trade and investment related aspects on environmental issues.****
 - Domestic law and multilateral environmental agreements;
 - Climate change mitigation (sustainable energy);
 - Biological diversity (wildlife trafficking/conservation);
 - Sustainable Forest Management and Trade in forest products (FLEGT);
 - Trade and sustainable management of living marine resources and aquaculture products (IUU);
 - Trade and Investment favouring sustainable development.
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- The on-going efforts for signing and ratifying the EVFTA have maintained a momentum of Viet Nam for reviewing/revising relevant regulations, including the ones on environment, in a coming few years.



Thank you!