

GREEN ECONOMIC DEVELOPMENT - CHALLENGES FOR VIETNAM

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Abstract:

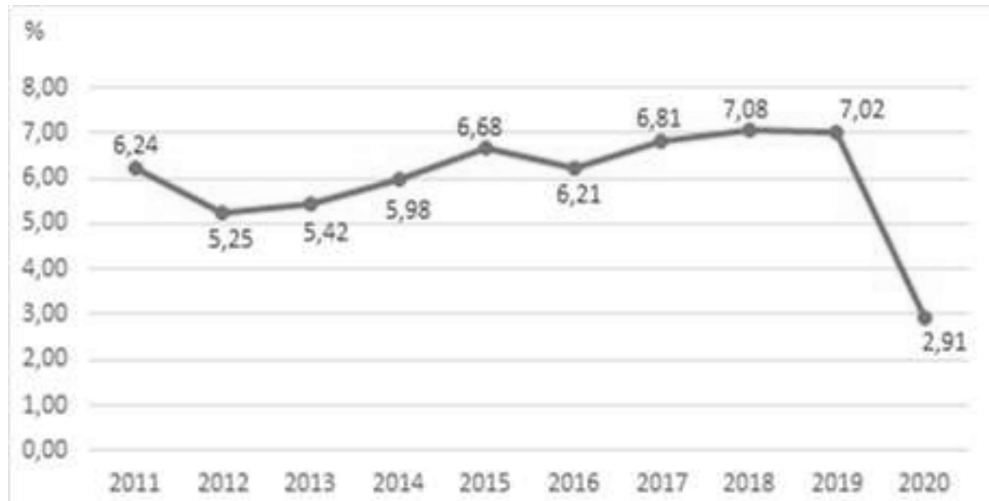
Green economic development is an indispensable trend that is being concerned by countries around the world, aiming to protect a clean and sustainable living environment. In Vietnam, the concept of a green economy has been mentioned in recent years and there are many policies to develop a green and sustainable economy. Green economy is a combination of 3 factors: economy - society - environment. Sustainable green economy is the activities that generate profits or have benefit values, aiming to develop the life of human social community. At the same time, these activities are Eco-friendly, if these three factors reach equilibrium, sustainability will be satisfied. With the advantage of being located in the tropical and monsoon region of Southeast Asia, with the abundance of solar and wind energy, and with the rapid growth of organisms, this is an opportunity for Vietnam to participate in millennium target programs towards "Green Economy".

Besides such favorable opportunities for green economic development in Vietnam as the consensus of the world, the support and assistance of countries and international organizations in the world, these are all in joint efforts to mitigate and adapt to climate change on the basis of "Green Economy". It is necessary to recognize the challenges to guide development.

Key words: *Green economy, sustainable development, environment, challenges*

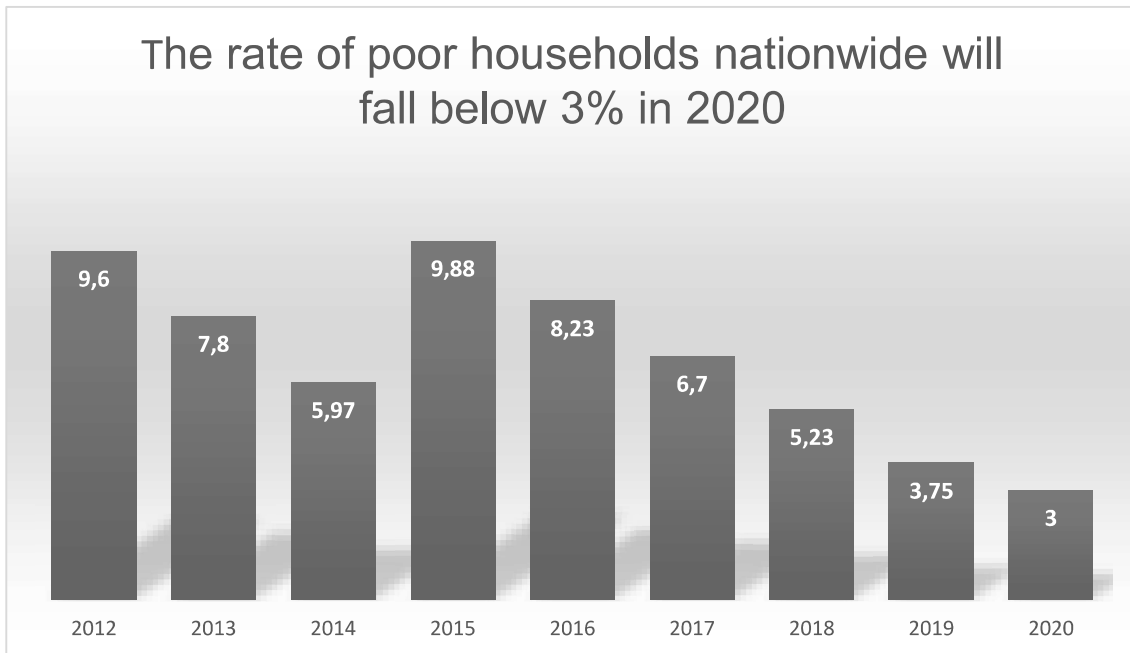
1. Introduction

Vietnam's economic growth has witnessed positive aspects for being continuous, stable and inclusive in which beneficial to the whole society. The average growth rate of gross domestic product (GDP) in 2017 reached 6.81%/year, in 2018 reached 6.7%/year, in 2019 reached 7.02% and in 2020 reached 2.91%.



GDP growth rate in the period 2011 – 2020

In addition, before the negative impacts of the Covid-19 pandemic, although GDP growth in 2020 reached the lowest rate during the 2011-2020 period, it was a success for our country to be listed in the group of countries with the highest the growth rate in the world. Vietnam reduced the poverty rate from nearly 60% in the 1990s to less than 3% by 2020. This is the great success and pride of Vietnam.



Estimated percentage of the poverty rate from 2012 to 2020

Vietnam has a strong aspiration that by 2035 the country will become a modern industrial country towards prosperity, creation, equity and democracy (according to the World Bank Governance Indicator, Vietnam Estimated figures for Voice and Accountability

is quite low – around -1.38 in 2019). Experiences from many countries show that green economic development is an indispensable trend. In order to implement a green economy, one of the motivating tools is to protect the environment, develop clean production technologies and clean energy, which are aimed at rapidly achieving sustainable economic growth.

2. Methods

This paper uses the methodology of dialectical and historical materialism; Using the main research methods in economics including methods of statistics, analysis, synthesis, expert, data analysis and processing...

The paper also collects data related to it from secondary documents such as textbooks, books, reports on socio-economic development, green economic development in general, and Vietnam in particular, etc.

The research uses the method of synthesizing and analyzing information, documents, reports of competent agencies, Ministries and branches on issues related to the research field.

3. Results

3.1. Green economy and green economic development trend in Vietnam

There are many different definitions of green economy, in which the definition of the United Nations Environment Program (UNEP, 2011) in the book “Towards a green economy - Road map for sustainable development and poverty reduction” is most cited by scholars in Vietnam: “A green economy is one that enhances people's well-being and improves social justice, at the same time, significantly reduces environmental risks and ecological deficiencies. To put it simply, a green economy has a low emission level, efficient use of resources and it moves towards social justice”. Up to now, the concept and perceptions about green economy are vague as there are many different interpretations. Western countries define the green economic model; developing countries move towards green growth strategy. Regardless of the approach, concepts are consistent that a green economy consists of three pillars: economic development (economic growth, employment); environmental sustainability (carbon energy reduction and natural resource depletion...); social cohesion (ensuring the goal of poverty reduction, equality before the opportunities created by the green economy, providing a healthy living environment). Thus, there is a close relationship between green economy and sustainable development, in which the concept of a green economy comes after, associated with climate change. Green economy not only includes economic goals, but also more importantly, extends social and ecological goals. In fact, a green economy is also sustainable development, more specifically, it is a way of expressing sustainable development in the context of climate change, with a lot of emphasis on environmental resources. In the green economy, environmental resources are considered as the decisive factor in economic growth, improving the value chain, bringing stability and

long-term prosperity. Sustainability in environmental resources, response to climate change is considered as the focus of the green economy. The concept of "green economy" does not replace the concept of "sustainable development", but it is increasingly being recognized as a suitable model as the foundation for sustainable development. In other words, a green economy is an economic strategy to achieve sustainable development goals.

In terms of awareness, understanding what is a "green economy" today in Vietnam is still very new, requiring research and widespread dissemination of knowledge among leadership circle, policymakers, businesses and people. Without adequate awareness, social consensus will not be achieved, so it will be difficult to implement. A green economy associates with the use of renewable energy, low carbon, green growth, investment in restoring ecosystems, solving livelihoods in association with environmental restoration. In fact, production technology in Vietnam today compared to the world is mostly obsoleted technology, it consumes a lot of energy. Therefore, changing new technology to suit the green economy will be a big challenge if there is no help from high-tech countries around the world. In many rural and mountainous areas, people's livelihoods still face many difficulties.

Regarding the mobilization of capital for the implementation of the goal of "Building a green economy", although Vietnam has escaped the threshold of a poor country, the national accumulation compared to developed countries is still too low. This has a significant impact on the implementation process towards "Green Economy".

Moreover, the current policy mechanism towards the implementation of the "Green Economy" in Vietnam is quite ambiguous, while in the world, new approach has just been proposed. The review, amendment and supplementation of relevant policy mechanisms to suit the new development model in the direction of restructuring the economic sector and moving towards the "green economy" is a great challenge.

Although Vietnam has a policy towards a green industry that consumes less energy and limits polluting production, the implementation is still sporadic and asynchronous due to the lack of a clear development strategy and planning towards green in this area. This is also the general situation for other areas of the economy.

The existence and development of more than two centuries of traditional economics shows that this theory has put too much pressure on the natural world and its resources. Current economic growth is reaching a level of more devastation than the creation of real wealth, leading the world to a great economic recession, severe ecological crisis and climate change. What the world has been going through forces us to rethink about economic development goal. The current economic development poses a great challenge for nations towards improving the quality of life, meeting social needs and ensuring a sustainable environment.

A green economy with low-smog and green industrial areas, using new eco-friendly energy sources, green belts, and large-scale eco-tourism areas to re-establish a balanced ecosystem, is a common development trend of all countries in the world.

In Vietnam, the trend of green economic development is only at the starting point. With the advantages of latecomer, we can completely develop a comprehensive green economy, towards sustainable development, achieving the harmonious goal among economic enhancement, social security, and environmental protection.

3.2. The situation of green economic development in Vietnam

➤ Negative impacts from climate change on the economy

Vietnam is one of the few countries severely affected by climate change (CC), also suffered many negative impacts from natural disasters and epidemics. According to calculations, in the 2002-2010 period, the lowest nationwide damage caused by natural disasters was 0.14% of GDP (in 2004) and the highest was 2% of GDP (in 2006).

On average, in the past 15 years, natural disasters have caused a loss of about 1.5% of GDP annually. According to the climate change scenarios of the Ministry of Natural Resources and Environment (2012), by the end of the twenty-first century, if the sea level rises 1 meter, it may directly affect the life and livelihood of about 20% of the population and losses can be increased up to 10% of GDP per year.

The Climate Change Vulnerability Research Report (2012) of DARA International Organization also showed that climate change could cost Vietnam about \$15 billion per year, equivalent to about 5% of GDP. If Vietnam does not have a timely response, climate change damage will be estimated to reach 11% of GDP by 2030.

Vietnam's economic development will inevitably generate a large number of emissions in the near future. Harmonization of domestic priorities with international efforts to reduce greenhouse gas emissions is essential and beneficial to the country's green growth direction.

➤ Green economic development policy

Recognizing the impacts of climate change on people's lives over the past years, Vietnam has had many green economic development policies. The XII Congress of the Party reaffirmed the policy of "rapid and sustainable development" and green economic development: "Ensuring rapid and sustainable development on the basis of macroeconomic stability and continuously improving productivity, quality, efficiency and competitiveness. Harmonious developing between breadth and depth, focusing on deep development; developing knowledge economy, green economy. Economic development must be closely linked with social and cultural development, environmental protection, and proactive response to climate change. Ensuring national defense and security, maintaining peace and

stability in order to build the country”.

In 2004, the Prime Minister issued Decision No. 153/2004/QĐ-TTg on the strategic direction of sustainable development in Vietnam (Vietnam Agenda 21). The strategic direction for sustainable development in Vietnam clearly stated that the priority activities in the economic field are the implementation of "clean industrialization" and the building of a "green industry".

In 2012, the Prime Minister issued Decision No. 432/QĐ-TTg approving the Vietnam Strategy for Sustainable Development for the period 2011-2020, which clearly stated: “Sustainable development is a cross-cutting requirement in the national development process; combining closely, reasonably and harmoniously economic development with social development, protecting natural resources and the environment, ensuring national defense, security, social order and safety”; and "Science and technology are the foundation and driving force for the country's sustainable development ...

In the Vietnam Sustainable Development Strategy for the period 2011-2020, it also clearly stated the tasks for this period, including the "Development and implementation of a green growth strategy, ensuring economic development towards low carbon; Using energy economically and effectively; Developing clean energy, renewable energy to ensure national energy security ...

In order to implement the policy of sustainable development and green economic development, the Prime Minister issued Decision No. 1393/QĐ-TTg dated September 25, 2012 approving the "National Green Growth Strategy. period 2011-2020 and vision to 2050”. This is the first and comprehensive strategy on the field of green economic development in Vietnam, in line with domestic conditions and catching up with the general trend in the world.

On August 26, 2016, the Government issued Resolution No.73/NQ-CP approving the investment policy of 21 Target Programs for the 2016-2020 period, including the Target Program to respond to climate change and green growth. The goal of the Program was to simultaneously implement solutions to adapt to the impacts of climate change and mitigate greenhouse gas emissions, ensuring the safety of human lives and property; Strengthening the capacity of human and natural systems to adapt to climate change; Green growth and enrichment of natural capital become the main trend in sustainable economic development; Restructuring and perfecting economic institutions towards greening existing industries and encouraging the development of economic sectors using energy and natural resources efficiently with high added value.

The program also set a specific goal to strive until 2020, which was to plant and restore 10,000 hectares of coastal mangroves, watershed protection forests to adapt to climate change, absorb 2 million tons of CO₂ per year and create stable livelihoods for the

people. By 2020, reducing the intensity of greenhouse gas emissions by 8% -10% compared to 2010 level; reducing energy consumption as a percentage of GDP from 1% to 1.5% per year; building a Center for research, application training and green building technology transfer in Vietnam with an area of 50 hectares. Developing action plans on green growth at the sector, regional and local levels ...

It can be affirmed that Vietnam clearly sees the role of sustainable and green development and has made great efforts to devise many programs and plans for implementation. Currently, production technology in Vietnam compared to the world is mostly old and outdated technology that consumes great energy, therefore, changing new technology to suit the green economy is a big challenge without the help of high-tech countries around the world. Besides, in many rural and mountainous areas, people's livelihoods still face many difficulties.

Although Vietnam has escaped the threshold of a poor country, the national accumulation compared to developed countries is still too low, which significantly affects the implementation of a green economy. Moreover, the current policy mechanism to implement a green economy in Vietnam is almost unclear, while the world has just proposed an approach. Reviewing relevant mechanisms and policies, amending and supplementing them to suit the new development model in the direction of restructuring the economic sector and towards a green economy is a great challenge for Vietnam.

3.3. The challenge of green economic development for Vietnam

Since 2000, Vietnam has become acquainted with the trend of green economic development in the world, a small number of green energy projects have been implemented in experimental form. After a period of finding out and learning from other countries' experiences on green economic development, Vietnam researched and implemented the 3R project (Reduce, Reuse, Recycle), foreign experts considered the research process and result to be theoretically good. Following the development of green energy of countries around the world, at present, Vietnam has started implementing bio-energy projects ...

With the advantage of being in the tropical monsoon area, with abundant solar and wind energy, and with fast growing organisms, these are an available advantage for Vietnam to participate in millennium target programs towards building a "green economy" of sustainable development. Along with the advantages in developing a green economy in Vietnam are difficulties and challenges.

Reality shows that environmental pressure has threatened Vietnam's long-term sustainable growth. Over the past years, the achievement of growth has been partly based on large trade-offs for environmental issues the rapid depletion of resources is a problem of great concern. Environmental pollution from industrial and urban wastewater leads to serious health risks, especially for children in areas around Hanoi and Ho Chi Minh City. In

the future, Vietnam is one of the most vulnerable countries to climate change, in which the population and economic activities concentrated in the Mekong River Delta region bear the highest risk. Risks also rise due to increased energy consumption and heavy reliance on coal-fired power. In recent years, the increase in greenhouse gas emissions of Vietnam has been high in the world.

Environmental problems pose as much a threat to long-term growth as productivity challenges. If Vietnam continues to pursue the current growth model, by 2035 these problems will be more serious, in which the process of industrialization and urbanization will further deplete land, water and energy resources. One lesson learned is that the quality of air and water environment is not only important for ecological issues and life quality in general, but also for increasing income. Vietnam is facing the following challenges:

First, Depletion of natural resources: Vietnam depends more on natural resources than most other countries in the region. This is most evident in the labor structure. About 50% of the workforce depends on agriculture or land in various forms. Poor agricultural development policies exacerbate soil erosion, destruction of primary forests and biodiversity, such as in the Northwest and Central regions. Erosion contributes to increase the frequency and severity of floods for agricultural land and downstream populations.

Much of the mangrove protection forest has been destroyed, according to World Bank estimates, with annual losses of 34 million USD. Overexploitation has depleted coastal fisheries, threatening the livelihoods of hundreds of thousands of people. Agricultural output has risen sharply but overuse of land, fertilizers and pesticides. Without regulations and strict controls, in the next 20 years there will be fierce competition for arable land, more and more forest lands will be converted to agricultural purposes and so those precious resources will be increasingly depleted.

Secondly, the deterioration of environmental quality: The quality of soil, water and air has worsened significantly. Water pollution has become more serious, especially in areas near Hanoi and Ho Chi Minh City. Air quality has also decreased due to increased use of fossil fuels for electricity generation, industrial use and transportation. Low air quality causes high rates of respiratory diseases among children under 5 years old. Due to low air quality, an estimated 4,000 premature deaths per year are related to coal-fired power. In urban areas, environmental pollution caused by domestic and industrial wastewater has poisoned water sources, adversely affecting economic activities, although not fully evaluated, the impact on human health is very serious.

Thirdly, risks due to climate change: Climate change aggravates the consequences of unsustainable natural resource use and environmental degradation. Vietnam is one of the countries most heavily affected by climate change due to its geographic location, a dense population of lowland areas, and the economy is heavily dependent on vulnerable industries

because of climate change. For example, the recent typhoon No.10 has caused heavy damage to some Central provinces, the total damage is estimated at 11,283 billion VND, killing and injuring hundreds of people.

Projections of precipitation, temperature and sea level indicate that areas with high density and economic importance face great risks. The threats from climate change indicate the need for an informed approach to demographic, socio-economic, political and natural ecological factors in resource allocation decisions, coordination in planning and using land and other resources. To mitigate the risks posed by climate change, climate-resilient development is needed.

Fourthly, Energy consumption is increasing: Energy use in Vietnam is growing faster than in any other country in the region, mainly due to increased electricity consumption. According to current trends and policies, the density of coal used for electricity generation will increase from 32% in 2014 to 54% in 2030, while about 60% of coal used for electricity production will have to be imported. Vietnam's energy consumption intensity is also among the highest in the world, one of the main reasons is inefficient energy use.

Fifthly, our economy lacks supporting industries and high-tech industries that use energy and resources efficiently, and environmental economics such as: Environmental industry, environmental services, waste reusing and recycling industry, waste energy production, renewable energy, production of goods, products meeting environmental standards, organic agricultural products...

Although we have had mechanisms and policies to encourage and promote the development of eco-friendly economic sectors, the implementation process faces many difficulties in terms of capital, technology, and unstable output, competitive advantages, and low profits, therefore, we have yet to form economic sectors strong enough to effectively solve the current environmental problems.

4. Conclusion

Economic development poses a great challenge for countries towards improving the quality of life, meeting social needs and ensuring a sustainable environment. A green economy with low-smog, green industrial zones using new energy sources that are eco-friendly, green belts, and large-scale eco-tourism areas to re-establish a balanced ecosystem is a common development trend of all countries in the world. In Vietnam, the trend of green economic development is only at the starting point. With the advantages of a latecomer country, Vietnam can completely develop a comprehensive green economy, towards sustainable development, achieving the harmonious goal of economic growth, ensuring social security, protecting environment.

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