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DETAILED ASSESSMENT OF SUSTAINABLE/GREEN PUBLIC PROCUREMENT IN VIETNAM



Acknowledgments

This detailed analysis on sustainable/green public procurement in Vietnam uses the Sustainable Public Procurement Module of the Methodology for Assessing Procurement Systems (MAPS) to capture essential elements of the methodology relevant to Vietnam's context, in a short period of time. The principal author was Dr. Thoa NGUYEN BAO, Vietnam Expert with the direction by the research team: Ms. Elodie MARIA-SUBE, Key Expert, EU Policy Development and Partnership Building, SWITCH-Asia PSC; Dr. Lunchakorn PRATHUMRATANA, GPP Expert, SWITCH-Asia PSC; Mr. Sanjay KUMAR, GPP Expert, SWITCH-Asia PSC; Ms. Sylvie ZAITRA, Public Finance Management Expert, SWITCH-Asia PSC.

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Acronyms

ASEANSAI	Association of Southeast Asian Supreme Audit Institutions
ASOSAI	Asian Organization of Supreme Audit Institutions
CCAF	Canadian Audit and Accountability Foundation
COP	Climate Change Conference
CPI	Corruption Perception Index
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
EU	European Union
EUD	European Union Delegation
EVFTA	European Union-Vietnam Free Trade Agreement
FTA	Free Trade Agreements
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GHG	Greenhouse gas
GoV	Government of Vietnam
GP	Green Procurement
INTOSAI	International Organization of Supreme Audit Institutions
JETP	Just Energy Transition Partnership Program
LCC	Life cycle cost
MAPS	Methodology for Assessing Procurement Systems
MOF	Ministry of Finance
MOIT	Ministry of Industry and Trade
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
OCOP	One Country One Priority Product
PFM	Public Finance management
SCP	Sustainable consumption and production
SDG	Sustainable Development Goals
SMEs	Small and Medium Enterprises
S/GPP	Sustainable/Green Public Procurement
SPP	Sustainable Public Procurement
WB - ABD	World Bank - Asian Development Bank
WTO	World Trade Organization

Executive summary

This document is an appraisal of Sustainable/Green Public Procurement (S/GPP) in Vietnam, using the principles Sustainable Public Procurement Module of the Methodology for Assessing Procurement Systems (MAPS). However, the aim was not to carry the full assessment as per the prescribed methodology but to capture essential elements of the methodology relevant to Vietnam's context, in a short period of time.

The objective of this review is to consider how S/GPP can support the achievement of central national development strategies, and to analyze opportunities to enhance and strengthen S/GPP as an enabler of change in the new environment, transforming public finances to enable broader uptake of S/GPP practices, and focusing on the critical challenges identified during the assessment process.

Pillar I - Legal, Regulatory and Policy Framework

Vietnam has only recently begun its official journey towards sustainable public procurement. The legal and regulatory frameworks are still being formulated. Vietnam continues to adopt and adapt the international best practices on public procurement reform, and it is active in discerning and complying with the good practices as suggested by more experienced countries. This includes establishing the legal framework for S/GPP to introduce practices in sustainability as one of the objectives for public procurement. Various developments in legal applications are being proposed such as sub-decrees, and guidelines on the implementation processes which will enable S/GPP to reach its target of 35% of total public procurement by 2035, and 50% of total public procurement by 2050.

Sustainability is integrated into the general legal framework, but it is not yet a core principle or key objective of public procurement. The primary goal of public procurement in Vietnam is still focused on achieving the lowest cost in general, with commodity prices being the main consideration for decision-making. Currently, these financial factors involving low commodity costs, heavily influence estimates of public procurement and often dictate the approval of such procurements. However, Article 10 of the recent Law on Bidding clearly enunciates the inclusion of sustainability into certain stages of the procurement cycle. The various elements of sustainability include: (1) Environment: Environmental pollution prevention, environmental protection, sustainable resource use, and minimization and adaptation to climate change; (2) Social: Health, social welfare, and occupational safety; (3) Economic: Sustainability throughout the supplier's supply chain; life cycle costs of services or goods; and other criteria as prescribed by law.

These provisions of law need to be translated into sub-decrees for green/sustainable procurement and need to address challenges in making use of life-cycle cost (LCC) methodologies in procurement decisions.

Pillar II - Institutional Framework and Management Capacity

Several challenges emerge in the capacity of Vietnam's procurement system to accelerate the shift to the initial stages of S/GPP

The *National Green Growth Strategy* for the period 2021-2030 emphasized: "Establishing legal frameworks, institutional structures, policies, and regulations for green public procurement; integrating green procurement criteria into the contractor selection process."

The establishment of green public procurement expertise thus far only extends to suggestions to increase awareness, conceptual education and training, and the development of human resources by which to implement the practice. Additionally, while the policy identifies funding sources, it lacks the levels of priorities in the funding sources, leading to challenges in the implementation.

As S/GPP is a relatively new application, the availability of methods for monitoring data to reach the proposed targets is still in early development. However, work is being done to make it more efficient in clearly identifying outputs and outcomes.

Since the responsibilities related to S/GPP are shared among several ministries, ensuring effective collaboration between the various institutions that are active in establishing S/GPP requires more focused attention.

Pillar III - Public Procurement Operations and Market Practices

The socio-economic development strategy for the period 2021 - 2030, vision to 2050 envisages: “fast and sustainable development primarily based on science and technology, innovation, digital transformation, green transformation, and circular economic development.” It ensures sustainable economic development “in harmony with culture, society, environmental protection, and climate adaptation”. The S/GPP Policy has not yet been formulated within this Strategy. However, to achieve the goal of sustainable economic development and successful green transformation, S/GPP policy is considered one of the most effective solutions and a tool to be utilized.

Engaging suppliers in sustainability has been key to achieving sustainable public procurement goals. The capacity of Vietnamese suppliers on sustainable production process and resource efficiency has been enhanced through different international and national support programs, but still requires much improvement.

Pillar IV - Accountability, Integrity and Transparency of the Public Procurement System

The control and audit frameworks is in the initial state of the integration the sustainability issues in general.

However, sustainability has recently been integrated and improved in auditing activities. For example, the State Audit has established an audit department specializing in environmental audits, and has enhanced their international cooperation to improve their capacity to audit climate change policy, but it is still limited in auditing sustainable procurement. Sustainability is rarely considered in audits, capacity in this area is lacking. Enhanced capacity for environmental auditors is needed.

Stakeholders find opportunities to contribute to the sustainable public procurement framework. There are inconsistencies regarding the involvement of private citizens and the way their feedback is utilized.

Vietnam’s control and audit framework provides space to include some sustainability considerations in public procurement audits. However, specific considerations remain limited. Institutions in charge lack capacity, and if evaluations are conducted, these only consider limited areas of sustainability.

Recommendations:

- Vietnam is a socialist law-governed state under the leadership of the Communist Party of Vietnam, the sole political party, to be able to implement the sustainable/green public procurement strategy effectively, the GoV needs to have a high level of political commitment. The political commitment can be in the shape of S/GPP Strategic Action Plan or S/GPP Implementation Roadmap. It should broadly cover Leadership, policy & strategy; Awareness & capacity building; S/GPP implementation; Market Engagement; Communication; and Management and governance structure.
- Considering that sustainable/green public procurement is a multidisciplinary strategic policy, its successful implementation demands a close coordination with various ministries. It would be good to constitute a high-level Steering Committee consisting of representative from various line ministries, to coordinate and monitor S/GPP implementation in a timebound manner to achieve S/GPP targets envisaged in the National Strategy for Green Growth.
- MPI needs to ensure that not only the provisions related to S/GPP are aligned in law and regulations, but also that the guiding principles such as sub-decree, guidelines on evaluation methods, contractor selection plans, selection criteria, and price evaluation related to S/GPP are included in the S/GPP strategic plan and implementation Guidelines. The S/GPP Implementation Guidelines for procurers shall clearly spell out available options for integrating sustainability into the different stages of the procurement cycle.
- The existing capacity building program for public procurement professionals needs to be strengthened to equip public procurers with necessary skill sets to identify sustainability risks during the planning phase and choose appropriate procurement phase/phases to maximize environmental and social sustainability

outcomes of purchasing decisions. This may necessitate developing a separate curriculum on S/GPP detailing various legal provisions, step by step approach for identifying sustainability risks and mitigating those risks during procurement process and good practices. A different module could also be built up for market operators providing details of various fiscal and non-fiscal benefits of investing in design, development and manufacturing of sustainable products/works/services.

- The existing national ecolabeling scheme for environment friendly and energy efficiency products and other labels has potential to accelerate the purchase of those products by public agencies. MONRE needs to strengthen existing products and services portfolio under its labeling scheme and further invest in developing ecolabel criteria for additional products and services that can benefit most to the society in mitigating environmental impacts and maximize social outcomes of government operations.
- Oversight bodies such as Audit and Control, Judiciary, Civil Societies, etc. play critical roles in ensuring that public expenditure is made as per the due process and laws. Therefore, they need to be sensitised on the newer concept of achieving value for money by integrating horizontal objectives in public procurement. In order to build the capacity of officials of State Audit Office of Vietnam, judiciary, civil societies etc. on this new concept a specific training programme for auditors/ Judiciary, Civil Societies etc. in the field of S/GPP needs to be developed and imparted.
- Adequate funding sources for S/GPP for development of S/GPP Strategic Plan/Roadmap, Procurement Guidelines, Capacity building and tools for making integration of sustainability in purchasing decisions are necessary for the effective implementation of S/GPP.
- The government needs to focus on addressing supply side constraints in the market for implementing S/GPP by bringing specific fiscal and non-fiscal measures to improve capacity and capability of small vendors to shift their production process and become competitive in domestic and export market for sustainable products and services. Towards this end, SCP should be further supported in Vietnam to enhance the production capacity of eco-producers as well as on the side of consumption.

1. INTRODUCTION

Innovation and economic growth model towards sustainable development, green growth and circular economy is an inevitable trend in the face of the increasingly present impacts of climate change, environmental pollution and the exhaustive exploitation of natural resources. Vietnam is also facing challenges of transforming itself to align with these trends by adopting production methods that follow green supply chains to protect the environment and ensure the preservation of the world's natural resources for the future. This transformation involves changing consumption habits towards sustainable consumption.

Vietnam continuously supplements and improves its perspectives on equitable and sustainable development. In the Resolution Document of the 13th National Congress of the Communist Party of Vietnam, it clearly states the country's development orientation for the period 2021-2030 **"building a green and circular economy that are friendly to the environment."** The Party's orientation is further concretized through the Socio-economic development strategy, green growth strategy, and climate change policy. These policies highlight green consumption as an effective solution and tool to achieve the strategic goals in which the Government is the largest consumer of the economy through green public procurement (S/GPP) activities.

The SWITCH-Asia Policy Support component (SWITCH-Asia PSC) provides direct support to national government and regional bodies in adopting sustainable policy and regulatory frameworks relevant to SCP as well as facilitating policy dialogues between countries in the region. The programme provides on-demand advisory to countries on SCP policy and implementation as well as facilitate knowledge exchange through platforms and build capacities of regional institutions.

In 2023, SWITCH-Asia launched a multi-country technical advisory on Sustainable/Green Public Procurement which includes Vietnam. In this context, after conducting initial assessments and defining national strategic approaches and pilot interventions, SWITCH-Asia intends to proceed with more specific interventions. The objective of this review is to consider how S/GPP can support the achievement of key national development strategies, analyzing opportunities to enhance and strengthen Sustainable/Green Public Procurement (S/GPP).

This document is an Assessment of S/GPP in Vietnam, using the Sustainable Public Procurement Module of the Methodology for Assessing Procurement Systems (MAPS) as a reference guideline. It was not aimed to carry out the full assessment as per the prescribed methodology but to capture essential elements of the methodology relevant to carry out this study.

This assessment was conducted by a EU-SWITCH-Asia Policy Support Component Team, dedicated to S/GPP. In addition, various members of the Vietnamese administration, civil society, media and academic institutions were open and frank interview partners in this assessment. A full list of interview partners is provided in the annex to this report.

2. ANALYSIS OF COUNTRY CONTEXT

2.1 Political, economic and geostrategic situation of Vietnam

Vietnam is a country located on the Indochina peninsula in Southeast Asia. It shares borders with China to the north, Laos and Cambodia to the west, and the East Sea to the east. With a population of 99,46 million people¹. Vietnam is considered the center of Southeast Asia due to its strategic location. It is a socialist law-governed state under the leadership of the Communist Party of Vietnam, the sole political party. The country maintains political stability and promotes unity among its people. Moreover, Vietnam has policies in place to support disadvantaged groups in society, ensuring a fair, democratic, and civilized society.

In the period 2019 to 2022, with drastic policies in COVID-19 epidemic prevention and control and effective post-pandemic economic recovery, Vietnam has been recognized as a country with impressive economic growth, while the world economy has gone through a difficult period since the pandemic broke out, Vietnam's per capita income has increased nearly 5 times in 15 years (GDP per capita in 2006 was USD 730, in 2022², GDP per capita exceeded USD 4,100 for the first time³), GDP in 2022 increased at 8.02% compared to the previous year, marking the highest increase in the period from 2011 to 2022. Among the general growth rate of the entire economy, the agriculture, forestry and fishery sector increased by 3.36%, contributing 5.11% to the growth rate of the total added value of the entire economy; The industrial and construction sector grew by 7.78%, contributing 38.24%, while the service sector saw the highest growth rate of 9.99%, contributing 56.65%⁴. This shift in the economy's structure indicates a transition from a predominantly agricultural economy to an increased proportion of the industrial and service sectors. Furthermore, Vietnam's macroeconomy remains stable, with major balances secured and inflation controlled at an appropriate level (CPI increased by 3.15% compared to 2021. As of December 31, 2022, the public debt balance stood at about 38% of GDP, well below the prescribed ceiling of 60% of GDP⁵).

In addition, Vietnam also achieved a number of important achievements such as: International economic integration at a very high level, officially joining the World Trade Organization in 2007 (WTO), actively participating and negotiating Free Trade Agreements (FTAs), especially new generation FTAs, most recently the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); and the Free Trade Agreement and Investment Protection Agreement between Vietnam and the European Union (EVFTA and EVIPA). Vietnam is committed to opening up the public procurement sector; Vietnam's Corruption Perception Index (CPI) score has shown significant improvement. According to Transparency International's 2022 report, Vietnam has moved up 10 places from 87th in 2021 to 77th in 2022, demonstrating outstanding progress⁶.

Vietnam became a low-middle-income country in 2009 and adopted the Sustainable Development Goals (SDGs), among which the SDG 12.7 focuses on promoting sustainable public procurement. Full name of Target 12.7 is "Promote public procurement practices that are sustainable, in accordance with national policies and priorities", there is one specific indicator: Indicator 12.7.1: "*Degree of sustainable public procurement policies and action plan implementation*".

Vietnam also focused on strengthening resource management, proactively responding to climate change, and preventing natural disasters; implementing international recommendations.

1 Source General Statistics Office: According to 2022 population statistics Population

2 Source General Statistics Office: <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2020/10/lanh-te-xa-hoi-thoi-ky-2006-2010-through-so-lieu-one-so-chi-tieu-thong-ke-chu-yeu/>

3 Source https://mof.gov.vn/webcenter/portal/btcvn/pages_r/l/tin-bo-tai-chinh?dDocName=MOFUCM268113

4 Source General Statistics Office: <https://www.gso.gov.vn/du-lieu-va-so-lieu-thong-ke/2023/01/diem-sang-tinh-hinh-Kinh-te-xa-hoi-quy-iv-va-nam-2022/>

5 Source: Prime Minister Nguyen Minh Chinh: Socio-economic results in 2022 will achieve many positive results https://mof.gov.vn/webcenter/portal/vclvcstc/pages_r/l/chi-tiet-tin?dDocName=MOFUCM248453

6 Source <https://thanhtra.com.vn/quoc-te/chi-so-cam-nhan-tham-nhung-2022-viet-nam-tiep-tuc-tang-diem-thuoc-nhom-nuoc-co-tien-bo-noi-bat-206757.html>.

2.2. National strategic development framework, climate change policy objectives, sustainable development goals and green agenda

Vietnam has issued some policies related to green public procurement; however, these policies have not been issued as comprehensive measures but are integrated into the National Development Strategy, Green Growth Strategy, Sustainable Development Goals, and Climate Change Policies.

(1) Socio-economic development strategy for the period 2021 - 2030, vision to 2050⁷: *Comprehensive, fast, and sustainable development primarily based on science and technology, innovation, digital transformation, green transformation, and circular economic development.* It ensures sustainable economic development “in harmony with culture, society, environmental protection, and climate adaptation, S/GPP Policy has not been elaborated upon in the overall Strategy. However, to achieve the goal of sustainable economic development and successful green transformation, S/GPP policy is considered one of the effective solutions and a tool that is imperative to utilize.

(2) Sustainable development goals ⁸: S/GPP is for the first time recognized as one of the objectives of sustainable development “*Target 12.7: Ensuring sustainable public procurement activities (Global Target 12.7)*”, initiating the formation of a legal framework (including Green Building Standards and regulations for green public procurement and expenditure).

(3) Climate change policy⁹ The S/GPP policy is identified as one of the solutions to achieve the national climate change strategy goals by 2050, which is to “*reduce greenhouse gas emissions to net “zero” by 2050.*” This includes tasks and solutions for reducing greenhouse gas emissions, particularly within the public sector, where greenhouse gas inventories are conducted, and emissions are reduced through the establishment of emission quotas as allocated by state agencies. Clearly, the allocation of greenhouse gas emission quotas for public sectors compels government agencies and organizations to find ways to reduce emissions through green public procurement. Thus, although S/GPP has not been fully established as a mandatory policy, practical circumstances would oblige state agencies and organizations to use S/GPP to remain within GHG emissions quota set by the government as a form of obligation.

(4) National strategy on green growth: The S/GPP policy is most comprehensively and thoroughly expressed within the green growth strategy such as the S/GPP objectives are integrated into the strategic goals and quantified through specific targets: “*By 2030, the proportion of green public procurement in the total public procurement shall reach at least 35%,” and “By 2050, the proportion of green public procurement in the total public procurement shall reach at least 50%.”* At the same time, the implementation of the S/GPP policy is specified in **the National Green Growth Strategy for the period 2021-2030**, issued under Decision No. 822/2022/QĐ-TTg dated July 22, 2022, with the comprehensive completion of the S/GPP’s strategic action plan, which aims to concretize the strategic goals within the national green growth strategy. This policy demonstrates a high level of priority in improving the institutional framework, policies, and enhancing the efficiency of state management concerning “*Establishing legal frameworks, institutional structures, policies, and regulations for green public procurement; integrating green procurement criteria into the contractor selection process. Developing and updating a national list of green products for public procurement.*” However, the implementation of green public procurement, green public services at all levels, and the training of green public procurement expertise only extends to increasing awareness, education, training, and human resource development. Additionally, while the policy identifies funding sources, it lacks specific estimates, leading to challenges in implementation.

7 Issued under Resolution No. 138/NQ-CP dated October 25, 2022 of the Government on the content of the national master plan for the period 2021-2030 with a vision to 2050.

8 The millennium goals were replaced by sustainable development goals issued according to Decision No. 622/QĐ-TTg dated May 10, 2017 on promulgating the national action plan to implement the 2030 agenda for sustainable development: Since September 2013, countries have launched the process of building the United Nations Development Agenda after 2015, and building a set of 17 sustainable development goals. The 2030 Agenda with 17 sustainable development goals was officially approved on September 25, 2015 at the United Nations Summit with the participation of 193 member countries. The 2030 Agenda has universal, broad and comprehensive policy coverage, with the goal of completing the unfinished work of the Millennium Development Goals and Agenda 21 without leaving anyone behind. after.

9 Issued under Decision No. 896/QĐ-TTg dated July 26, 2022 approving the national strategy on climate change for the period up to 2022.

S/GPP has been developed in line with the sustainable development goals of the country and international commitments that Vietnam is a part of. However, S/GPP currently focuses on establishing legal frameworks and institutional structures, as reflected in the Law on Environmental Protection and the Law on Bidding of 2023.

(5) Law on Environmental Protection: In Article 146 of the Law on Environmental Protection No. 72/2020/QH14 dated 17/11/2020, it is stipulated: “2. Prioritize green procurement for state budget-funded projects and tasks as prescribed by the Government.” This provision is further detailed in Article 136 of Decree No. 08/2022/ND-CP dated 10/1/2022. The government prioritizes the use of environmentally friendly products certified with the eco-label certification, while at the same time integrating other connected elements that promote sustainability (economic, social, and environmental factors), into regulations governing procurement activities, to make the integration of sustainability a routine in the procurement procedure.

(6) Law on Bidding: The integration of green procurement criteria into the Selection of Bidders process is implemented in the Law on Bidding No. 22/2023/QH15 dated 23/6/2023. Article 10 of the law explicitly states, “Preference in the selection of bidders, investors: b) Environmentally friendly products and services as prescribed by law on environmental protection.” Sustainability is integrated into the Selection and evaluation of bidders’ process as “additional points,” specifically outlined in Article 58, Section 2 of the 2023 Law on Bidding, in which the life cycle cost of the product is identified as one of the technical criteria considered in the contractor selection.

(7) Law on Economical and Efficient Use of Energy No. 50/2010/QH12 dated June 17, 2010, with the aim of: Increasing investment, applying diverse forms of resource mobilization to promote research science, development and application of advanced technology to use energy economically and effectively; Developing clean energy, increasing the proportion of renewable energy use in accordance with Vietnam’s potential and conditions, contributing to ensuring energy security and environmental protection; Encouraging the use of energy-saving vehicles and equipment; Implement a roadmap to apply energy labels; Gradually eliminating vehicles and equipment with outdated technology and low energy efficiency.

Among the measures implemented by the Vietnamese Government are: Using energy-saving construction materials, unburnt materials, installing equipment using solar energy and biogas in construction projects; Applying standards, technical regulations, and norms on economical and efficient use of energy for construction projects, etc.

2.3. Public Procurement System and its linkage with PFM and public governance system: description of legal, regulatory, institutional context

Public procurement is essentially the procurement of goods, services and investment in facilities to serve the functions of government agencies including: (1) Procurement of public assets in which an investment project must be established according to the provisions of the Law on Public Investment, it is called development investment expenditure; (2) Public procurement for recurrent activities is called recurrent expenditure. According to statistics in the period 2012-2021, total state budget expenditure accounts for about 25.9-30.2% of GDP, of which development investment expenditure averages about 22%-35% of total state budget expenditure, although for each development policy in each period, recurrent expenditure accounts for about 65% to 78%¹⁰ of total budget expenditure. For public procurement packages, the average expenditure is about 14%¹¹ of GDP, the value of recurrent expenditure from state capital only accounts for an average of 27.4% of the total bid price, and spending on development investment accounts for up to 72.6%.

Development investment expenditure: Implemented according to the provisions of the Law on Public Investment 2019, based on the national master planning strategy for each period in Resolution 138/NQ-CP dated October 25, 2022 on national master planning for the period 2021-2030, with the vision 2050, the Government submits to the National Assembly for approval a list of important national programs and projects in the period 2021-2030, with the vision 2050 to ensure priority of implementation resources such as: Transport field: North - South expressway routes; East - West expressway routes, etc; Energy field: Offshore

10 (1) Data spreadsheet 1, 2 (2) Promoting green public procurement in investment activities, Journal of Economics and Development - Ministry of Planning and Investment: <https://lanhtevadubao.vn/thuc-day-mua-sam-cong-xanh-in-hoat-dong-dau-tu-cong-24218.html>

11 MAPS of World Bank

and onshore gas pipeline systems; gas processing plants, gas power, offshore wind power; etc; Field of irrigation, natural disaster prevention and climate change: Construction of reservoirs in the Central Highlands region; Lake system and works to regulate and supplement water sources and control floods for the Mekong Delta.

Recurrent expenditure: Article 3 of Decree No. 151/2017/ND-CP dated July 26, 2017 elaborating the Law on Management and Use of public property:

Authority:

a) Ministers, heads of central government offices, and other central agencies (hereafter referred to as Ministers/Heads of central agencies) decide or delegate the authority to decide on the procurement of public properties for the operation of state agencies under the management of ministries or central agencies; b) Provincial People's Councils decide or delegate the authority to decide on the procurement of public properties for the operation of state agencies under the jurisdiction of local authorities.

Procurement process:

(i) Procurement planning stage: Based on standards and norms for using public assets (Decision No. 50/2017/QĐ-TTg dated December 31, 2017, stipulates standards and usage quotas for machinery and equipment; norms for using assets specific to each industry) Government agencies (For central agencies: affiliated entities; For localities: The Entities under the Provincial People's Committee such as departments, sectors, etc.; People's Committees at lower levels) need to purchase assets and prepare documents to send to the superior management agency (which is the superior financial agency: the central agency is Department of Planning and Finance; Department of Planning and Finance or Board of Planning and Finance) to consider and request competent agencies and persons to consider and decide (including contents: list of goods, unit price, quantity and total estimated cost; procurement method);

(ii) Procurement phase: Implement the procurement plan according to centralized purchasing, or directly decentralize to purchasing entities (decentralized procurement).

Centralized procurement is considered one of the most successful public procurement reforms of the Vietnamese Government aimed at achieving publicity, transparency, and efficiency in public procurement activities, it is implemented based on the list of public procurement activities. For centralized procurement, the following procedures are implemented: a) The MOF issues the national-level centralized procurement catalog (excluding drugs) according to the timeline approved by the Prime Minister. b) The Ministry of Health issues the centralized drug procurement catalog (including the national-level and local-level centralized drug procurement catalogs). c) Ministries, central agencies, and provincial People's Committees issue the asset procurement catalog for centralized procurement at the ministry, central agency, and local levels (excluding drugs).

Centralized procurement entities conduct procurement according to the provisions of the Law on Bidding including: a. National centralized procurement unit: Is a centralized procurement unit under the MOF to perform the task of procuring assets on the list of national centralized asset procurement (except drugs); b. National centralized medicines procurement unit: A unit under the Ministry of Health or another unit assigned by the Prime Minister to perform the task of centralized procurement of medicines on the list of medicines for national centralized procurement; c. Centralized procurement unit of ministries, central agencies, and provinces: This is a unit of ministries, central agencies, and provinces assigned the task of procuring assets on the list of centralized procurement at the national-level ministries, central and local agencies; d. The MOF, the Ministry of Health, ministries, central agencies, and provincial People's Committees decide according to the authority of the centralized procurement unit to carry out procurement for assets in the list of centralized procurement at the central, national-level, ministerial, central, and local agencies.

In addition, for assets that are not on the list of centralized procurement assets but many agencies, organizations, and entities need to purchase assets of the same type, they can agree to combine them into one bidding package to assign to one of the agencies, organizations, purchasing entities or assign it to a centralized procurement unit to carry out the procurement.

Centralized expenditure meets the needs that require thrift practices, anti-waste, and anti-corruption practices of the Party and State, the capacity of highly professional centralized expenditure entities, and at the same time creates conditions for the development of the asset supply market. Therefore, centralized procurement is the driving force to develop the market to provide environmentally friendly products, which is the basic factor promoting green public procurement.

Decentralized procurement is carried out directly by state agencies with procurement needs according to the provisions of the Law on Bidding.

(iii) Post-procurement stage: According to the provisions of Articles 84, 85, and 86 of the Law on Bidding 2023: Carry out inspection, evaluation, and supervision of procurement activities through procurement as follows:

- The MPI is the focal agency to help the Government carry out inspection and evaluation of bidding activities.
- Ministries, ministerial-level agencies, and People's Committees at all levels are responsible for checking, inspecting, resolving petitions, complaints, denunciations and handling violations of the law on bidding; Summarize, evaluate and report on the implementation of bidding activities.
- Supervision of bidding activities: a) Competent persons and state management agencies in charge of bidding shall supervise the bidding activities of investors and bid solicitors to ensure the contractor selection process. Contractors and investors comply with the provisions of this Law and relevant laws; b) Bidding activities are supervised by the community. Vietnam Fatherland Front Committees at all levels preside over organizing the supervision of bidding activities by the community; c) State management agencies in charge of bidding under ministries, sectors and localities regularly supervise bidding activities for bidding packages of projects, business investment projects, procurement estimates in the area and management field; d) Persons with authority to supervise bidding activities for projects, business investment projects, and procurement estimates within the scope of management.
- State audit, state inspection, and inspection agencies under ministries and entities carry out inspection activities of public procurement and green public procurement according to regulations.
- Reform of financial institutions State budget: financial institutions continue to be improved, contributing to supporting the process of restructuring the economy and transforming the sustainable growth model. The process of institutional reform in the field of public finance has basically ensured synchronization with institutional reform in related fields, specifically: Resource allocation and use policies have been completed in association with the process of restructuring the national finance system, ensuring the allocation of state financial resources according to the goal of sustainable development, transparency, and prioritizing important tasks on climate change, prevent natural disasters and develop clean energy sources.
- Reform of financial institutions State budget: The financial institutions continue to be improved in the reform of financial institutions State budget, contributing to supporting the process of restructuring the economy and transforming the sustainable growth model. The process of institutional reform in the field of public finance has basically ensured synchronization with institutional reform in related fields, specifically: Resource allocation and use policies have been completed in association with the process of restructuring the national finance system, ensuring the allocation of state financial resources according to the goal of sustainable development, transparency, and prioritizing important tasks on climate change, prevent natural disasters and develop clean energy sources.

Public financial management reform: this reform aims to improve the financial management mechanism, contributing to supporting the process of restructuring the economy and renewing the sustainable growth model, according to the objective of the financial strategy Government to 2030 in Decision No. 368/QĐ-TTg dated March 21, 2022 of the Prime Minister, which states the reform means "Improving the efficiency of allocation, management and use of financial resources associated with promoting the process of economic restructuring and sustainable development". The public finance reform aims to improve the efficiency of allocation, management and use of financial resources, reducing the dependence on the state budget for entities public cause, strengthening the mobilization of resources into national infrastructure development, specifically:

(i) For the public service provision: Institutional improvement in innovation management mechanisms, financial mechanisms and reorganizing the system of public service entities; Complete the roadmap for measuring public service prices for several basic fields. In the period 2021 - 2025, an average reduction of 10% in direct expenditure from the state budget for public service entities compared to the period 2016 - 2020. In the period 2026 - 2030, the direct spending from the state budget for public service entities was reduced about 15% compared to the period 2021 - 2025.

(ii) For development investment expenditure: Promote the restructuring of public investment expenditure, improve efficiency and effectiveness of allocation and disbursement of public investment capital, improve the leading role and capital of resources state budget, promoting attraction of investment capital sources outside the state budget to increase investment resources of the entire society; Make a breakthrough in building infrastructure and urban areas that are modern, green and environmentally friendly. In the period 2022 - 2023, the focus on allocating capital for important and urgent works and projects have a quick impact on the development of industries, fields, regions and areas for economic development - society.

According to the roadmap for reforming the general financing mechanism, it is clear that state budget expenditure is directed towards efficiency and quality, support from the state budget for the public service provision sector is reduced along with a roadmap to correctly and fully calculate public service costs. Based on price and implemented according to the price mechanism regulated by the Price Law, development investment spending only focuses on leading projects and is used to attract social capital for economic development. This means that public procurement spending will decrease accordingly, but sustainable procurement will make a breakthrough in building green and environmentally friendly urban infrastructure. In addition, in Resolution No. 138/NQ-CP dated October 25, 2022 on the national master plan for the period 2021-2030, vision 2050, the allocation of resources (finance, human, science and technology, etc) should be giving priority to allocate to important tasks of preventing natural disasters and climate change including developing clean energy sources.

2.4. Public procurement reform

In recent times, Vietnam has signed FTAs with several countries, demonstrating its willingness to fully integrate into the global economy. The ratification of trade agreements and their application into the public procurement sector has affirmed Vietnam's intention to build an authentic and transparent public procurement environment that is consistent with international standards and practices. This will assist in enhancing Vietnam's importance in the international arena.

Public procurement plays an important role in all countries, as governments aim to save and improve the efficiency and effectiveness of public expenditure. In recent years, integration in the field of public procurement has become an inevitable global trend, particularly in developing countries. That encourages Vietnam to reform public procurement in the direction of openness, international integration and mutual development.

(1) Reform in the field of openness and international integration in public procurement: The CPTPP and the EVFTA are the first two free trade agreements of modern Vietnam. In these, Vietnam signed a contract with content on public procurement. Commitments to open the public procurement sector in both CPTPP and EVFTA are gradual, with a clear reform agenda:

The CPTPP was approved in Resolution No. 72/2018/QH14 dated November 12, 2018. In CPTPP, Vietnam commits to open public procurement and implement according to specific subjects. First, the investor, or the party inviting bids, including the entities listed in the proposal are 21 central-level agencies. However, certain agencies, including those under the National Assembly, the Office of the President, the Supreme Court, and the Supreme Procuracy are exempted. Particularly for the Ministries of Transport and Defense, Vietnam only commits to opening procurement packages for certain types of goods and services. Notably, Vietnam also committed to open bidding for 38 public service entities, including hospitals under the Ministry of Health, the Academy of Social Sciences, the Academy of Natural Sciences, and the Academy of Natural Sciences, Ho Chi Minh National Administration Politics, Vietnam News Agency.

By committing to EVFTA, Vietnam has committed to opening access to the public procurement of its 21 ministries and other government entities and sub-national governments from August 1, 2020.

And especially integrating sustainable elements in the Law on Bidding has been one of the steps to concretize the implementation of the Vietnamese Government's commitments in international integration. At the same time, Vietnam is also working on solutions to promote sustainable public procurement practices, according to which the implementation roadmap in green public procurement practices is for the period 2022 to 2030 to complete the legal framework, institutions, policies, and regulations on green public procurement; Integrating green procurement criteria into the contractor selection process, from 2024 piloting green public procurement, deploying green public procurement training, etc. is a step in public procurement reform.

However, international procurement integration also poses many challenges for Vietnam: The competitiveness of Vietnamese businesses, especially in providing environmentally friendly products and services, is limited. If implemented in accordance with the COP - 26 roadmap, Vietnam's target is to reduce greenhouse gases by 50% by 2030 and net zero emissions by 2050, therefore, green public procurement is one of the tools for achieving net zero. Currently, businesses that have not started investing in environmentally friendly products and services, the market and participating in sustainable production and consumption, may struggle to compete with foreign businesses.

(2) Reforming procurement methods towards centralized procurement: Since 2008, Vietnam has employed two procurement methods: decentralized procurement (applied in all ministries, sectors and localities) and centralized procurement method (only applied on a pilot basis to some types of assets involving specific ministries, sectors and localities that have registered voluntarily for the pilot project). The National Assembly passed Law on Bidding No. 43 Law on Bidding 2013, which regulated centralized procurement for widespread application in bidding applications. The Bidding Law 2023 further provides for Joint Procurement for goods and services which are not on the list of centralized procurement but many agencies, organisations and units are wishing to purchase goods and services of the same type. Article 54 of the Bidding Law 2023 also provides the option for Framework agreements stipulating the content and conditions to serve as the basis for procurement under specific contract.

These provisions bed well for the implementation of S/GPP policy to take advantage of economy of scale to bring cost of greener and sustainable variants of products and services under control. In this method, instead of organizing procurement at many different agencies and entities, the centralized purchasing agency will be responsible for organizing one-time procurement and then handing over the purchased products to the beneficiary unit. This form not only helps increase professionalism in procurement activities but also creates conditions to improve efficiency, shorten procurement time and costs, and at the same time support the development of domestic production and encourage Contractors to improve the quality of goods and services.

(3) Enhance openness, transparency and efficiency in bidding activities through e-bidding: In 2023, Law on Bidding No. 22/2023/QH15 dated June 23, 2023 replaces the previous Law on Bidding No. 43/2013/QH13, to meet the needs of international integration, which helped to solidify the commitment of Vietnam to this more efficient and transparent procedure. It establishes a legal framework which includes: ensuring bidding competition; monitoring prohibited acts in bidding, regulating inspection, and making a close examination of other bidding activities, regulations on Vietnam National Electronic Procurement System (VNEPS) to enhance openness, transparency, competition and efficiency economic results of bidding work; helps prevent corruption effectively. Accordingly, the roadmap is as follows:

- 2020: Organize online contractor selection for all (100%) bidding packages applying open bidding, competitive bidding in the fields of goods, non-consulting services, and services consulting with a bidding package price not exceeding VND 5 billion and in the construction field with a bidding package price not exceeding VND 10 billion.
- 2021: Organize online contractor selection for all (100%) bidding packages applying open bidding and competitive bidding in the fields of goods, non-consulting services, and services consulting with a bidding package price not exceeding VND 10 billion and in the construction field with a bidding package price not exceeding VND 20 billion,
- Period from 2022 to 2025: Organize online contractor selection for at least 70% of bidding packages within the scope of the Law on Bidding; 100% centralized bidding packages; 100% of bidding packages use the state budget for procurement to maintain regular operations.
- From 2025: From January 1, 2025, apply e-bidding for all bidding packages, except for cases where bidding is not done on the Vietnam National E-Procurement System as prescribed in Clause 5, Article 50 of the Law on Bidding in 2023.

2.5. Stakeholder analysis

Below are the list and brief identification of public and private S/GPP organizations and agents having a role in implementing S/GPP in Vietnam.

Name	Responsibilities
<p>The Ministry of Planning and Investment (MPI) is the presiding agency, (National Steering Committee for Green Growth; Procurement Management Department)</p>	<ul style="list-style-type: none"> • The national focal point for green growth. • Develops legal frameworks, institutions, policies and regulations on green public procurement. • Applies green public procurement and green public services at all levels. Provides training on green public procurement. • Organizes professional training, evaluates and synthesizes the implementation of green public procurement at the national level.
<p>The Ministry of Finance (MOF), a lead agency, (State Assets Management Department; Public Administration Department)</p>	<ul style="list-style-type: none"> • Issues regulations on public procurement. • Promulgates standards and norms for the use of machinery and equipment. • Issues regulations on green public procurement, in which procurement spending using state budget resources prioritizes eco-labeled goods and recyclable goods.
<p>The Ministry of Natural Resources and Environment (MONRE), a lead agency, (Department of Environmental Pollution Control)</p>	<ul style="list-style-type: none"> • Develops and promulgates the inspection and implementation of Vietnam Ecolabel criteria (named Vietnam Green Label); • Climate change policy: (Greenhouse gas inventory and measurement, reporting, appraisal of greenhouse gas emission mitigation; implementation of mechanisms and methods of cooperation on mitigation of greenhouse gas emissions).
<p>The Ministry of Industry and Trade (MOIT), (Department of Energy Saving and Sustainable Development)</p>	<ul style="list-style-type: none"> • Develops and reviews national standards “Viet Energy Star” for high efficiency lighting products and comparative label for household and office appliances. • Promulgates national technical regulations and national standards in the areas of the efficient use of energy, responses to climate change, green growth and sustainable development; • Develops and deploys solutions to support the implementation of energy labeling schematics.
<p>Other Ministries who are involved, The (Ministry of Construction, The Ministry of Culture, Sports and Tourism, The Ministry of Agriculture and Rural Development, etc.).</p>	<p>Devising and supporting labeling for environmentally friendly products involving the Ministries and government departments who are in charge of each respective field : Ministry of Culture, Sports and Tourism for the Green Lotus label; Ministry of Agriculture and Rural Development for agricultural labels, (eco, green, low carbon), for agricultural products and green One Country One Product (OCOP) products; Ministry of Construction for labels for construction materials, green construction material products, energy saving techniques, etc.</p>
<p>Purchasing units: Ministries and ministerial-level agencies; etc</p>	<p>Based on the standards and norms for using public assets, state agencies need to purchase assets in two ways:</p> <ul style="list-style-type: none"> • Centralized procurement; • Decentralized procurement.

State audit and, inspection agencies under various ministries and industries	Involving auditing and inspection mechanisms according to prescribed functions and tasks.
Donors involved in S/GPP and relevant sectors linked to green growth, investment and S/GPP procurement	<p>European Union Delegation to Vietnam (Enhancing Economic Governance programme)</p> <p>World Bank and Asian Development Bank (Supported MPI for MAPS in Public Procurement and are planning for intervention plan)</p> <p>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on “Sustainable Consumption and Production in Asia – the Next Five Country”</p>
Significant EU programs that could be linked to the S/GPP	The Technical Assistance project: “Enhancing Economic Governance programme” with total of Euro 5,5 million. Currently, the project is in kick-off phase and making detail plan with MPI.

(Annex 1: Detail mission of key stakeholders)

The European Union (EU) has supported many programs in an effort to help Vietnam move towards poverty reduction, sustainable development and international integration. These support programs create an important step to integrate social and environmental factors into the process of producing products and services, thereby developing a market to provide environmentally friendly products, as a basis for implementing Green public procurement in Vietnam, specifically as follows:

Support program under the Global Gateway Strategy: The Global Gateway Strategy is also fully consistent with the United Nations 2030 Agenda and the UN Sustainable Development Goals, as well as the Paris Agreement about Climate Change. Between 2021 and 2027, team Europe, that is, the main EU institutions and the EU Member States together, will mobilize investments of up to 300 billion euros in high-quality and sustainable projects, taking into account the needs of partner countries and ensuring long-term benefits for local communities.

The 2021-2027 Multi-Year Indicative Plan approved by the EU lasts 7 years from 2021-2027. Total capital is expected to be provided to support Vietnam’s development in the above fields in the first period 2021-2024 is 210 million EUR in the form of non-refundable aid. Among them are the priority areas of the Digital Circular Economy responding to climate change, specifically: energy transition, climate action and sustainable green development.

Just Energy Transition Partnership Program (JETP): Aims to support Vietnam in achieving its ambitious goal of achieving net zero emissions, accelerating the peaking of greenhouse gas emissions and transition from fossil fuels to clean energy. JETP will mobilize an initial public and private sector financing of \$15.5 billion over the next three to five years.

3. ASSESSMENT OF COUNTRY PREPAREDNESS FOR S/GPP

3.1. Pillar I. Legal, Regulatory, and Policy Framework

3.1.1. S/GPP 1. The public procurement legal framework covers S/GPP principles:

S/GPP-Sub-indicator 1(a) - Coverage of sustainability considerations

Vietnam has not enacted a Green Public Procurement Law, provisions related to S/GPP are integrated into the general legal framework on public procurement to facilitate sustainable procurement activities as a regular matter. However, in the period 2020-2030, Vietnam is still on the path to completing the legal framework, institutions, policies, and regulations on green public procurement. The provisions related to S/GPP have been integrated into general procurement regulations but are not yet clear and complete enough to fully support the effective implementation of S/GPP, specifically as follows:

Sustainability is integrated into the general legal framework, but it is not yet a core principle or objective of public procurement. The primary goal of public procurement in Vietnam is still focused on achieving the lowest cost, with commodity prices being the main consideration for decision-making. Currently, these financial factors involving low commodity costs heavily influence estimates of public procurement, and often dictate the approval of such procurements. Estimated procurement budgets of entities are prescribed in Article 3 of Decree No. 151/2017/ND-CP dated July 26, 2017: List of assets proposed for procurement (type, quantity, estimated price, funding source), the estimated price is determined based on the lowest price, the bidding package price must not exceed the estimated price. Green public procurement is prioritized and encouraged for budget-using entities in Article 146 of the Law on Environmental Protection No. 72/2020/QH14 dated November 17, 2020, stipulating "Priority in implementing procurement green for investment projects and tasks using state budget according to Government regulations."

Sustainability includes economic, social, and environmental criteria: According to Article 146 of the Law on Environmental Protection, No. 72/2020/QH14 dated November 17, 2020 "1. Green procurement is the procurement of products, environmentally friendly services are certified with Vietnam Ecolabel or recognized according to the provisions of law", As prescribed in Article 145 of the Law on Environmental Protection No. 72/2020/QH14, November 17, 2020 "Environmentally-friendly product or service refers to a product or service created using environmentally-friendly materials and production and management technology to minimize its environmental impacts during its use or after it is disposed of in a manner that ensures environmental safety and human health and is certified or recognized by a competent authority. Therefore, it includes: (1) Environmental criteria: Products must be created and disposed of in a manner that ensures environmental safety. (2) Social criteria: Products always ensure human health. (3) Economic: The product is created to be environmentally safe, so environmental treatment costs during operation, disposal costs, and operating costs throughout the product's life cycle are lower than conventional products of the same type.

Sustainability criteria are not integrated into the entire bidding process but are only included at the technical and bid evaluation stage as prescribed in Article 10 of the Law on Bidding No. 22/2023/QH15 dated June 23/2023 "Incentives in contractors and investors selection for: Environmentally friendly products and services according to the provisions of Law on environmental protection". Incentives in contractor selection include:

(i) Extra points shall be given to the eligible bidder in case bidders are evaluated and ranked adopting the fixed-price method, technical-based evaluation method, or combined technical and price method;

(ii) An amount of money shall be added to the bid price or evaluated price of the ineligible bidder in case bidders are evaluated and ranked adopting the lowest-price method or lowest-evaluated price method. The Government prescribed Article 10. In the draft Decree guiding the Law on Bidding (as of February 2024) the incentive regulations in the S/GPP are not clear and specific, such as the level of "extra points" in determining the contribution rate of each factor to the additional points or ensuring a balanced contribution ratio between sustainability criteria in the extra points given.

The legal framework for sustainable public procurement could be further strengthened to raise S/GPP as an effective tool for harnessing its complete potential benefits.

S/GPP-Sub-indicator 1(b): Procurement methods: The market approach is especially important for sustainable procurement, as S/GPP can be a key motive of innovation and help stimulate conscious markets regarding the environment and society, especially in the field where the government holds a large market share in the market. Vietnam has promulgated and practiced centralized procurement methods. Centralized bidding at ministries, central agencies as well as localities is quite effective, especially in the health sector. With a large scale of public procurement, high professionalism in bidding and especially the use of open bidding (sustainable elements can be perfectly integrated in this form) is a great driving force to develop the S/GPP market.

S/GPP-Sub-indicator 1(c): Rules on participation:

Based on the new law on bidding No. 22/2023 issued on June, 2023, there are different incentives regarding contractor and investor selection. This provision appears promising for mainstreaming women owned business in public tendering.

Article 10. Incentives in contractor and investor selection

1. Subjects eligible for incentives in contractor selection:

- a. Originating goods of Vietnam;
- b. Eco-friendly products and services as prescribed by the Law on environmental protection;
- c. Domestic bidders that produce originating goods of Vietnam meeting the requirements laid down in bidding documents;
- d. Foreign bidders and domestic bidders coming together under a consortium agreement in which the domestic bidders take charge of at least 25% of total value of tasks of the package;
- e. A domestic bidder that submits a bid as an independent bidder or forms a consortium with other domestic bidders to participate in an international bidding;
- f. Bidders that are microenterprises or small enterprises as prescribed in the Law on assistance for small and medium-sized enterprises;
- g. Bidders that are startups as prescribed by laws;
- h. A bidder that employs the number of female workers, wounded soldiers and people with disabilities, or ethnics, each accounting for at least 25% of their total employees.

2. Incentives in contractor selection:

- a. In case where bidders are equally evaluated, the bidder eligible for incentives (eligible bidder) shall be ranked higher than those ineligible for incentives (ineligible bidder);
- b. Extra points shall be given to the eligible bidder in case bidders are evaluated and ranked adopting the fixed-price method, technical-based evaluation method, or combined technical and price method;
- c. An amount of money shall be added to the bid price or evaluated price of the ineligible bidder in case bidders are evaluated and ranked adopting the lowest-price method or lowest-evaluated price method;
- d. Evaluation of capacity, experience and other criteria of eligible bidders shall be given priority during the evaluation of bids;
- e. Bidders that are microenterprises or small enterprises shall be given priority in bidding for construction packages whose price does not exceed VND 05 billion. Upon completion of the bidding process, if none of microenterprises and small enterprises meets the requirements of the package, a new bidding process shall be organized with the participation of other enterprises.

S/GPP-Sub-indicator 1(d): Procurement documentation and technical specifications: Vietnam issued Circular No. 08/2022/TT-BKHDT dated May 31, 2022, guiding provision and publishing of information on bidding and selection of contractors on Vietnam National E-Procurement System, detailing document templates applied in bidding for construction and installation, bidding for goods procurement (including cases of centralized procurement) includes all sample documents in the bidding process.

Detailed technical standards on sustainability can be based on environmentally friendly product criteria (criteria for Vietnamese eco-labels, energy labels, agricultural labels, labels for construction material or such criteria as e.g. in goods and/or services that contain recyclable content, are recyclable, minimize waste and greenhouse gas emissions, conserve energy and water and minimize habitat destruction and environmental degradation, are non-toxic etc.). However, the development of criteria for environmentally friendly products in Vietnam is still limited.

S/GPP-Sub-indicator 1(e): Evaluation and award criteria (contractor selection): The use of the evaluation price method allows converting price and non-price factors as well as considering the life cycle cost of the product regarding a basis in scoring contractor selection to ensure objective decisions and value for money, Clause 2, Article 58 of the 2023 Law on Bidding stipulates that “evaluation method is applied to bidding packages where the converted costs are on the same level in terms of technical, financial, commercial for the entire life cycle of goods, works, and non-consulting services”. However, the application is still lacking in practicality due to the lack of specific guidance documents.

S/GPP sometimes requires higher initial costs for sustainable goods and services (non-consulting services) but can result in long-term savings in operation and maintenance, transportation and product disposal costs at the end of the life cycle. The life cycle cost of the product is considered during the evaluation process. The legal framework has provided basic guidance for determining the life cycle cost of a product as the net present value which can be considered to factor in annual operating and maintenance costs throughout the life of the product. products, services, and liquidation value to compare and rank contractors. However, the determination of product life cycle costs stops at the level of guidance in sample documents (in the appendix of Circular No. 08/2022/TT-BKDDT), there are no clear regulations on external costs to consider (such as product disposal fees at the end-of-life cycle) and lack of practice guidance.

S/GPP-Sub-indicator 1(f) Contract management: The contract management function is performed by the investor, however, the legal framework does not regulate the functions of contract management in sustainable bidding. This sub-indicator has not been met in Vietnam.

3.1.2. S/GPP-Indicator 2. Implementing regulations and tools to support S/GPP

This index evaluates which sustainability is integrated into regulatory and regulatory tools that complement legislation and enable procurement to operate.

S/GPP-Sub-indicator 2(a): Implementing regulations to define S/GPP procedures:

Sustainability has been integrated into management tools but is still at a primitive level, regulations related to sustainable procurement are not clear, comprehensive and not yet a part of the set consolidated existing regulations in a single accessible place, which are not updated on a regular basis. According to the roadmap for sustainable public procurement in the Green Growth Strategy for the period 2021-2030, from 2023 to 2030, the Government focuses on improving institutions and policies and improving state management efficiency with a high priority on “*Building legal framework, institutions, policies and regulations on green public procurement; Integrate green procurement criteria into the contractor selection process; Develop and update the national green product list applicable to public procurement*”. The implementation results by 2023 have integrated sustainable elements into the contractor selection process in the Law on Bidding, this is a prerequisite step to concretize management tools and supporting tools for the law (such as Sustainable Procurement Strategic Action Plan, sustainable public procurement handbook/Guidelines, Sustainable Public Procurement Regulations, product life cycle cost determination tool, social cost calculation tool, environmental cost calculation tool, etc.) to help implement green public procurement activities.

S/GPP-Sub-indicator 2(b): Model documents on S/GPP and standard contract conditions: Template documents containing basic mandatory terms will be included in individual contracts. The Standard Conditions of Contract set out the general terms and conditions of the contract, they are mandatory and

not subject to negotiation. With the initial hypothesis that the Vietnamese Government does not develop a separate Green Public Procurement Law, sustainable procurement elements are integrated with public procurement legal frameworks to turn green public procurement activities into a regular practice. Moreover, Vietnam has not developed its template document on sustainable public procurement as well as standard contract terms, sustainable elements are integrated into the sample documents on public procurement and standard contract conditions specified in Circular No. 08/2022/TT-BKHDT dated May 31, 2022, in which sustainable elements are integrated into bidding documents (technical elements and evaluation price methods) mentioned in index 1f), template contract¹² but not a mandatory clause but only a condition so that the investor can consider and approve the contractor to adjust the contract when the contractor provides and certifies sustainable elements in products and services, and at the same time sustainable elements do not indicate social and environmental considerations or economic factors.

S/GPP-Sub-indicator 2(c): Toolkit to support Sustainable Public procurement:

There are different labels from Ministries in Vietnam and some of them are highly adopted and well known in Vietnam:

Energy labels:

In particular, the certification label is the product certification that has the highest energy efficiency compared to similar products. On the comparison label, based on the savings levels from 1 star to 5 stars, “more stars - more savings” helps consumers easily choose to buy energy-efficient products without having to consider much. The “Highest energy efficiency label” with attached QR code certified by the Ministry of Industry and Trade since 2020.

According to National Energy Efficiency Program¹³, nearly 95% of products, vehicles and equipment using energy in the household, commercial and industrial sectors have been labeled. The program eliminates about 45 million incandescent bulbs annually from the market.



Comparative Label and Endorsement Label

Highest Energy Efficiency Label

Green Lotus label:



The Green Lotus is a standard of environmental protection and sustainable development for tourist accommodation which recognize the efforts in protecting the environment, effectively using resources and energy, contributing to protecting heritage, economic and cultural development. - local society and sustainable tourism development. The Blue Lotus label has 5 levels, from the lowest level of 1 Blue Lotus to the highest level of 5 Blue Lotuses.

12 Template contract for construction and installation packages specified in “Section D: Cost management, clause 40. Contract adjustments: 40.7. The Investor may accept the Contractor’s proposal if this proposal proves one of the following benefits without affecting the necessary functions of the Project: b) Reducing the contract price or cost life cycle for the Investor; c) Improving the quality, efficiency or sustainability of the Project” or in the goods procurement contract form: “General terms: 27. Contract modifications: 27.7. The Investor may accept the Contractor’s proposal if it demonstrates one of the following benefits without affecting the essential functions of the goods: Reduction in contract price or life cycle costs for Investors; Improve the quality, efficiency or sustainability of the goods in the contract”.

13 <http://vneec.gov.vn/tin-tuc/activities/t27910/eventful-and-exciting-market-of-the-highest-energy-efficiency-label.html>

VietGAP certification:



VietGAP (Vietnamese Good Agricultural Practices) includes standards/norms regulating good agricultural production practices for agricultural products (cultivation, livestock, aquaculture) in Vietnam. VietGAP standards/regulations are compiled based on the provisions of Vietnamese law (Food Safety Law, Law on Standards and Technical Regulations, Law on Environmental Protection, Law on Water Resources), FAO guidance and refer to regulations in AseanGAP, GlobalGAP, EurepGAP, HACCP standards.

According to the Department of Agriculture, Forestry and Fisheries Quality Management (Ministry of Agriculture and Rural Development), by the end of 2022, the Vietnam had about 480,000 hectares of crops certified with VietGAP, with 8,304 certified units.

National eco-label: The green labeling program for goods was implemented very early by the Government of Vietnam, in 2009 in Decision No. 253/2009/QĐ - BTNMT on March 5, 2009, approved the eco-label program with the goal of *“Building “Vietnam Green Label” to become a strong, reputable brand in the domestic certification system, recognized in the region and the world”*, and the specific goals are: forming a sustainable market for green labeling products and services, providing clear information, instructions to manufacturers and consumers about green products and services; building a system for evaluation, certification and grant Vietnamese green labels, etc. However, the results of the Program so far are still limited, leading to the market for goods with green labels or eco-labels not being diversified (collectively referred to as environmentally friendly products) in quantity and type¹⁴.

MONRE has developed green label criteria for 17 product groups and 53 companies in Vietnam have obtained certification to use Green Label on their products and services. A Type 1 Ecolabel serves as a good tool for development of criteria and verification of greener credentials of products and services and has been widely used globally during the initial phases of S/GPP implementation. However, since the use of ‘Eco Label/ Vietnam Green Label’ was not mandated under procurement regulations, the scheme witnessed limited success.

The criteria for determining environmentally friendly products are the basis for developing technical standards that are specifically identified in the technical requirements in the bidding documents. The lack of these criteria leads to failure to identify sustainability factors to be integrated into the contractor selection process.

As deliberated in earlier section, the newly approved decree provides for purchasing products and services covered under ‘Vietnam Green Label’ and other labels developed by different ministries. It is further noted that there are labels for relevant sector such as energy, agriculture, tourism, etc already in practice.

In addition, Vietnam is in the initial stages of developing the carbon market. Establishments that emit greenhouse gasses must carry out an inventory of greenhouse gasses on the list specified in Clause 3, Article 91 of the Law on Environmental Protection allocated greenhouse gas emission quotas and have the right to exchange and buy on the domestic carbon market. This will be one of the tools to evaluate the environmental benefits of products and services. However, developing the carbon market and issuing carbon certificates still has many challenges, so it is currently limited to legal regulations. Once the market for carbon trading is fully developed, it has potential to be used as evaluation criteria for assigning price on GHG emission.

Product life cycle costs have been mentioned in the sample document on public procurement in Circular No. 08/20220/TT-BKHDT, using net present value, but there is no method or tool to support reliable life cycle cost calculation.

14 Specifically: Lack of Vietnamese green label criteria, the number of product types is not diverse: Up to now, there are: (i) 17 Vietnamese green label criteria announced by the MONRE in Decision No. 2186/QĐ-BTNMT dated September 11, 2017 (03 criteria for Vietnam green label); Decision No. 154/QĐ-BTNMT dated January 25, 2014 announcing 14 criteria for Vietnamese green labels; (ii) 02 green labels Green cement label (code NXVLXD 01:2022) and Energy label for construction materials products (code>NNLVLXD 01:2022) announced by the Institute of Construction Materials - Ministry of Construction at Decision No. 201/VLXD dated September 29, 2022 of the Director of the Institute of Construction Materials; (iii) Based on ISO international standards, green labels (eco-labels) do not have official statistics; (iv) Construction criteria xBanh have not yet been developed to apply in construction and installation.

In general, there is a lack of tools to simplify integration of sustainability criteria in procurement decisions. This is expected as it is the first time that Bidding Law has made provisions for integrating sustainability into purchasing decisions and sub-Decree and Circulars are still in the process of development for translating the provisions of law into actual practices.

S/GPP involves new ways of working in which public procurement officers will face new challenges and barriers. To support the transition and make progress over time, it is important to systematically link and integrate sustainable procurement techniques and procedures into a common procurement manual, but to date, Vietnam has not developed a general public procurement handbook that integrates sustainability elements.

3.1.3. S/GPP-Indicator 3. Policy and strategy provide an enabling framework for implementing S/GPP

S/GPP-Sub-indicator 3(a): S/GPP policy: Vietnam has not independently developed S/GPP policies and strategic plans, but S/GPP is integrated in economic development strategies, national green growth strategies, climate change policies, and sustainable development goals, so it is not a complete policy and has certain limitations.

The S/GPP policy is expressed most completely and comprehensively in the green growth strategy in the national action plan on green growth for the period 2021-2030 approved in Decision No. 822/QĐ-TTg dated December 22. /7/2022 of the Prime Minister. The goals of the S/GPP policy are integrated into strategic goals and summarized by quantitative indicators: The goal by 2030 is “the proportion of green public procurement in total public procurement reaches at least 35%”; The goal by 2050 is “the proportion of green public procurement in total public procurement will reach at least 50%”, specific goal: Promote green public procurement, integrating green procurement criteria into the selection process contractors; Focus on training in green public procurement; innovate public service activities in a green direction.

The policy also sets out priorities, responsibilities, deadlines and funding sources for implementation such as:

(1) Roadmaps for implementation from 2022 to 2030 with the highest priority: “Building legal framework, institutions, policies and regulations on public procurement green; integrate green procurement criteria into the contractor selection process. Develop and update a national green product list applicable to public procurement. Promote green consumption through e-commerce. Research and innovate public service provision activities in the direction of enhancing socialization, calculating correct and full prices according to market mechanisms, ensuring equity, openness, transparency, enhancing social responsibility, promoting green growth”, Responsibility for implementation of the MPI, in which the coordination is Ministries and entities; Office of the National Assembly, Central Economic Commission; People’s Committees of provinces and centrally run cities; research institutes, universities, and the business community.

(2) From 2024 to 2030: carry out the following tasks: (i) The MPI coordinates with the MOF and provides professional training, assessment and summary of the implementation of green public procurement; (ii) Ministries and ministerial-level agencies; People’s Committees of provinces and central cities; Government agencies carry out the tasks: Implement green procurement and green public services for state agencies.

Analysis shows that the S/GPP policy has certain shortcomings. Specific targets, measures and estimated funding have not been determined, only funding sources have been identified: “From the state budget, international support, commercial loans and private investment or mobilizing funding sources”. This leads to difficulties in implementation. Currently, projects that ministries, entities and localities have been implementing related to green economic development are based on financial and technical support from international organizations.

Besides, the environmentally friendly goods and services often have a higher initial purchase price than conventional goods (although the product life cycle may be lower than that of a conventional product), which means that the government has to spend more money on the same amount of goods to perform the same amount of work in the short term.

To achieve the Target by 2030 “the proportion of green public procurement in total public procurement reaches at least 35%” the Government must develop a list of priority eco-labeled goods in green public procurement according to a certain roadmap, and there should be budget allocation for implementation based on the estimated price of greener products and services in procurement planning.

S/GPP policy is integrated into the national action plan on green growth, implementation of the plan is assigned to ministries, central agencies and localities, however according to the report of the MPI¹⁵, in 2018, there were 7 ministries, 34 provinces and central cities building and implementing Green Growth Action Plans at provincial and city levels, but most localities did not integrate the S/GPP policy into the green growth action plans of provinces and cities¹⁶, leading to almost no S/GPP implementation at the local level.

Peer-to-peer policy objectives and obligations stemming from international agreements are consistently reflected in the legal framework of public procurement, specifically:

Vietnam’s commitment at the Conference of the Parties to the United Nations Framework Climate Change Conference (COP 26) in 2050 to “reduce greenhouse gas emissions according to the net zero emissions target by the year 2050” in which the tasks and solutions to reduce greenhouse gas emissions, especially public sector establishments, are to conduct greenhouse gas inventories and reduce greenhouse gas emissions. The policy does not directly mention sustainable public procurement and does not have complete standards to define green buildings but does identify the use of green buildings and by 2030 prioritize the construction of green buildings. According to Article 96 of the Law on Environmental Protection 2020, the MONRE is the focal point for organizing the implementation of international commitments on climate change and measuring and allocating greenhouse gas quotas. At the same time, propose solutions to apply environmentally friendly transportation solutions, reduce greenhouse gas emissions; develop and use clean energy and renewable energy in accordance with the law, etc. There are no regulations on sustainable public procurement, but the proposed solutions call for state agencies to carry out public procurement.

The Sustainable Development Summit at United Nations Headquarters, New York in 2015 officially adopted the Sustainable Development Goals, replacing the Millennium Development Goals in early 2016, accordingly the Prime Minister issued Decision No. 622/QĐ-TTg dated May 10, 2017 with Target 12.7: Ensuring sustainable public procurement activities, this is a global goal, making the basis for comparing each country’s progress in implementing sustainable development goals.

Though these international commitments find mention in the Bidding Law, it has not been clearly spelt out how procurement process needs to adjust for achieving these goals. Also, the nodal agency for meeting these international commitments is MONRE; this necessitates a need for a high-level Steering Committee, possibly jointly chaired by MONRE and MPI, for coordinating and monitoring S/GPP implementation.

3.2. Pillar II. Institutional framework and management capacity

3.2.1. S/GPP-Indicator 4. S/GPP is mainstreamed and well-integrated into the public financial management (PFM) system

S/GPP-Sub-indicator 4(a): Budget laws and accounting procedures:

According to the provisions of the Law on State Budget and guiding documents on budget planning, green public procurement is not regulated. The 2015 Budget Law does not specifically stipulate principles for public procurement in general and green public procurement in particular, but only provides basic principles for state budget spending and annual financial planning, medium and long-term financial plans, specifically in Article 12 of the Law on State Budget, prescribed that the conditions for implementing state budget expenditures can only be implemented when there are estimates in the assigned budget estimates, in which: (i) For recurrent expenditures, it is necessary to ensure compliance with the regimes, standards, and budget spending norms prescribed by competent authorities (must be responsible for planning and budget estimates; assigning, investing, and purchasing). Public procurement consists in the standards and norms for using machinery and equipment issued under Decision No. 50/2017/QĐ-TTg dated December 31, 2017;

15 Nguyen Tuan Phong, Green economic development in Vietnam in the period 2021-2025, https://mof.gov.vn/webcenter/portal/vclvcstc/pages_r/l/chi-tiet-tin?dDocName=MOFUCM221681

16 Ho Chi Minh City; Bac Giang; Lai Chau; Vinh Phuc,...

The Law on Public Investment No. 39/2019/QH14 dated June 13, 2019 has made a major advancement by incorporating the life cycle costs of the investment projects in the investment policy approval stage (Article 30 of group A projects: Life cycle costs have been determined, including: preliminary determination of operating, maintenance, repair and major repair costs during the exploitation phase; Article 31 of group B and C projects: Preliminary determination of costs related during the implementation process and project operation costs after finishing) as a basis for evaluation and approval investment policies. At the same time, the Law on Public Investment stipulates that the Government regulates methods and criteria for evaluating investment efficiency of public investment programs and projects in Decree No. 01/2020/ND-CP dated January 1, 2020. *"a) Method for evaluating investment efficiency of public investment projects: Depending on the scale and nature of the project, the comparison and contrast method (between actual results/data collected at the time of assessment and set goals/plans; or between the project parameters at the time of evaluation and the standard indicators; or combination) or cost-benefit analysis method;*

(b) Criteria for investment efficiency evaluation of public investment projects: Level of achieving project investment goals according to approved investment decisions; Actual exploitation and operation index of the project compared to the approved exploitation and operation indexes of the project; internal rate of return (IRR); socio-economic, environmental impacts and other specific development goals (poverty eradication, gender equality, policy households, priority subjects); Measures to minimize negative social and environmental impacts are implemented."

There are the following shortcomings: (i) The life cycle cost of the project is only a factor to be considered and not a decisive factor in approving investment project; (ii) Life cycle costs are not determined in the total investment of the project, throughout the project implementation process from the approval time to the end of the project, life cycle costs are not considered; (iii) Law on State Budget, Law on Public Investment and regulations in financial management do not yet support calculating project life cycle costs.

The 2023 Law on Bidding regulated bidding allows consideration of non-financial factors using the Evaluated Price Method applied to bidding packages where the converted costs are on the same level in terms of technical, financial, and commercial factors for the entire life cycle of goods, works, and non-consulting services.

One of the major lacunae in budgeting process is that currently budget is the weak linkage between procurement planning and budget allocation. Currently, budgets of line ministries are allocated first and agencies are asked to develop procurement plan based on the available budget for financial year. Unless market rates of sustainable products, works and services are appropriately captured in the procurement plan and budget allocation is made accordingly, PEs will face difficulty in purchasing sustainable products and services on account of higher cost thus affecting the effectiveness of procurement process and achievement of sustainability objectives set out in the new Bidding Law.

Since the earlier procurement regulations did not provide for integrating sustainability in purchasing decisions: it is natural that the national system does not have a mechanism to measure non-price factors. With S/GPP coming into mainstream now, there would be need to establish an accounting system related to the environment and society (monetary cost accounting).

3.2.2. S/GPP-Indicator 5. The country has institutions in charge of S/GPP

S/GPP-Sub-indicator 5(a): Responsibilities, funding, and staffing of normative/regulatory function

According to the provisions of Decision No. 882/2022/QĐ-TTg dated July 22, 2022 of the Prime Minister approving the National Action Plan on Green Growth for the period 2021-2030, regulating the responsibilities of agencies, the state ensures no overlap of functions and good coordination between agencies in the process of implementing S/GPP policy. More details are presented in the figure below.

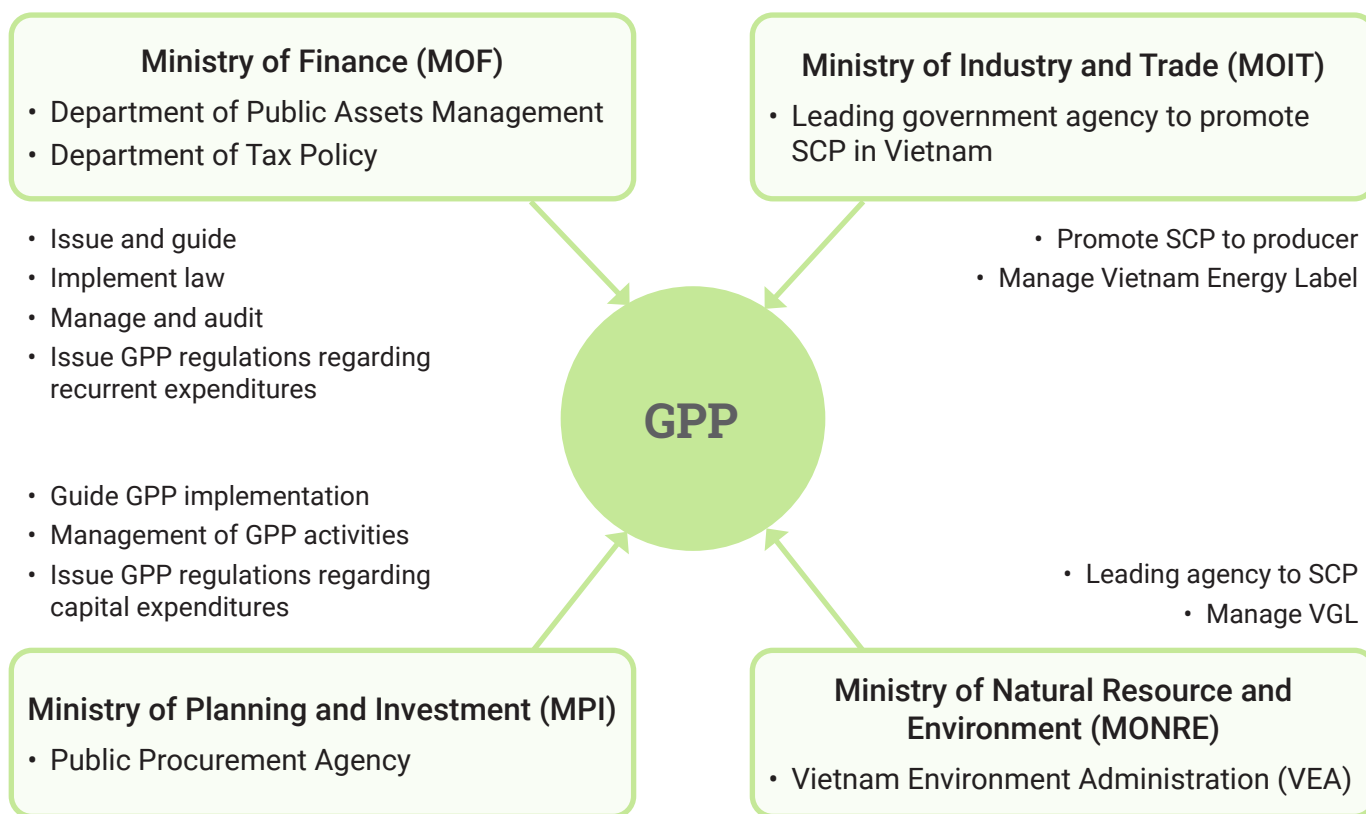


Figure: Government Agencies and Their Responsibilities in the Implementation of GPP in Vietnam, One Voice¹⁷

The MPI is the national focal point for green public procurement, responsible for presiding and coordinating with relevant ministries, entities and the People’s Committees of provinces and centrally runs cities to organize the implementation of nationwide S/GPP, including:

- Develop legal framework, institutions, policies and regulations on green public procurement; Integrate green procurement criteria into the contractor selection process. Develop and update the national green product list applicable to public procurement, preside over the development of S/GPP strategy (implementation plan, improvement plan);
- Guide, monitor, evaluate, inspect, and summarize the implementation of green public procurement at the national level, thereby proposing changes to legal regulations on the mechanism for implementing S/GPP;
- Coordinate, deploy and organize professional training to develop human resources to implement S/GPP, act as a consultant on S/GPP for new contractors (National Bidding Department), provide tools and S/GPP implementation documents; According to the roadmap until 2024, the MPI will only organize training, so in 2023 public procurement staff will not be trained on sustainable public procurement.
- Preside and coordinate with the MOF and relevant ministries and entities to identify and allocate domestic financial sources and coordinate foreign funding sources and policy mechanisms to promote the implementation of the Green growth action plan including S/GPP.
- Deploy green procurement and green public services for public procurement needs at the MPI.

Other ministries, ministerial agencies, People’s Committees of provinces, and agencies under the Government in coordination with the MPI to implement S/GPP have the following tasks:

- Ensure the organizational structure and human resources to carry out S/GPP tasks, establishing a specialized green public procurement department or being assigned to the public procurement department under the authority of the above agencies.

¹⁷ GiZ (2021). National Green Public Procurement and Environmental Labels in Cambodia, Lao PDR, Myanmar, Vietnam, and Bhutan.

- Coordinate with the MPI (funding allocation plan) and the MOF (funding according to the allocation plan of the MPI) to allocate and assign estimates to the Subordinate entities to ensure funding for S/GPP implementation and mobilize resources at the agency to implement S/GPP.
- Summarize and evaluate the agency's S/GPP mission status report to the MPI to synthesize national supply.
- Carry out inspection, and supervision and take responsibility for implementing S/GPP within the assigned scope.

However, there are currently no regulations to establish a specialized agency for green public procurement at local level.

The legal framework specifically regulates the process and procedures for evaluation and certification of environmentally friendly product labels (collectively referred to as environmentally friendly products and services). In accordance with the functions and tasks, ministries in charge of each sector are responsible for promulgating criteria for environmentally friendly product labels, and at the same time are responsible for verifying and issuing certificates of ownership of environmentally friendly labels to organizations, individuals and businesses that apply for certification of (i) MONRE: Ecolabels specified in Section 5 of Decree No. 08 /2022/ND-CP dated January 10, 2022; (ii) MOIT: Energy label specified in Circular No. 36/2016/TT-BCT dated December 28, 2016; Ministry of Culture and Sports and Tourism: Green Lotus label stipulated in Decision No. 1356/QD-BVHTTDL dated April 12, 2012; Ministry of Agriculture and Rural Development for agricultural labels (ecological, green, low carbon) for agricultural products.

Communication management (awareness, community outreach, exchange of good practices, communication about benefits/impact) of S/GPP consists mostly of raising awareness of agencies, businesses, and the community, in general, has not been given much attention. Vietnam is in the first phase of the process of building a legal basis for green public procurement activities, for the 2024-2030 period the goal is to raise awareness, educate, and develop human resources.

S/GPP-Sub-indicator 5(b): Certification function: The Eco-label certified mechanism already started but is still at the initial stage.

3.2.3. S/GPP-Indicator 6. Procuring entities' policies and strategies embrace sustainable public procurement and strategies in Procuring entities

Since the responsibilities related to S/GPP are shared among several ministries, ensuring effective collaboration between the various institutions that are active in establishing S/GPP requires more focused attention.

3.3. Pillar III. Public procurement activities and market practices

3.3.1. S/GPP-Indicator 9. Sustainable public procurement practices achieve stated objectives

There is no training program to raise awareness for stakeholders about S/GPP. However, CPS under MPI is responsible for capacity building of procurement professionals and other stakeholders, including market operators. After enactment of the Bidding Law 2023, these training modules would require revisions to incorporate change in the law, decree and circulars, specially related to S/GPP. It would be good to have separate S/GPP Implementation Guidelines for procurement professionals and develop training module for stakeholders based on the guidelines. The guidelines can incorporate notable practices/examples/pilots related to sustainable public procurement in the country and abroad.

3.3.2. S/GPP-Indicator 10. The private sector contributes to a more sustainable procurement market

S/GPP-Sub-indicator 10(a) – Dialogue and partnerships between the public and private sectors that contribute to S/GPP.

S/GPP-Sub-indicator 10(b) – Private sector's organization and access to the sustainable public procurement market

Engaging suppliers in sustainability has been key to achieving sustainable public procurement goals. The capacity of Vietnamese suppliers for sustainable production processes and resource efficiency has been enhanced through various international and national support programs such as SCP national action plan of MOIT, the Eco-Fair project funded by WITCH-Asia but still requires more efforts.

The GoV has introduced many policies to encourage and promote the strengthening of supply chains producing environmentally friendly products and services, forming sustainable production and consumption habits as well as promoting the private sector to participate in the sustainable procurement market. According to the provisions of Clause 1, Article 141 of the Law on Environmental Protection, incentives and support policies for environmentally friendly products are *"price subsidies and freight subsidies for environmentally friendly products"*, and at the same time *"Investment and business projects producing environmentally friendly products and services certified for Vietnamese ecology"* are guided in Article 131 of Decree No. 08/2020/ND-CP environmentally friendly products and services certified by the MoNRE Vietnam Eco Label are eligible for incentives and support for specific environmental protection *"The State provides incentives and support for land and capital; exemption and reduction of taxes and fees for environmental protection activities; Price subsidies, freight subsidies for environmentally friendly products and other incentives and support for environmental protection activities according to the provisions of law;"*

(i) Policy on price subsidies and freight subsidies for environmentally friendly products: There are currently no regulations on price subsidies or freight subsidies for environmentally friendly products that want to have incentives must be public products and services according to list No. II, Decree No. 32/2019/ND-CP dated April 10, 2019. However, in reality, not all environmentally friendly products are public products, only products in list II of Decree No. 32/2019/ND-CP are entitled to this subsidy (currently there is public transportation service in urban areas that are on the subsidized list).

(ii) Investment Policy: According to Article 16 of industries and occupations with investment incentives, Investment Law No. 61/2020/QH14 dated June 17, 2020, detailed in Appendix No. 02 of Decree No. 31/2021 /ND-CP dated March 26, 2021 detailing and guiding the implementation of a number of articles of the Investment Law *"19. Producing environmentally friendly products labeled Vietnam Green Label by the MONRE; products from recycling and solid waste treatment activities of waste treatment facilities (domestic, industrial and hazardous waste) "belonging to industries eligible for investment incentives"*. Among the forms of investment incentives specified in Article 15 of the Investment Law: there are incentives for corporate income tax, import tax, exemption and reduction of land use fees, land rent, and land use tax.

(iii) Corporate Income Tax (CIT) incentive policy: According to the provisions of Clause 7, Article 1 of Law No. 32/2013/QH13 amending and supplementing a number of articles of the Law on Corporate Income Tax, effective from January 1, 2014. Regulations on preferential tax rates only stipulate:

- Apply a tax rate of 10% for a period of fifteen years for: renewable energy production, clean energy, energy from waste destruction; biotechnology development; environmental protection; (Tax exemption for a maximum of no more than four years and a 50% reduction of the tax payable for a maximum of no more than the next nine years as prescribed in Clause 8, Article 1 of Law No. 32/2013/QH13 amending and supplementing a number of articles of Law on Corporate Income Tax).
- Apply a tax rate of 20% for a period of ten years for: Production of energy-saving products (From January 1, 2016, the enterprise income specified in this Clause is subject to a tax rate of 17%.) is exempt from tax for a maximum of no more than two years and a 50% reduction of the tax payable for a maximum of no more than the next four years as prescribed in Clause 8, Article 1 of Law No. 32/2013/QH13 amends and supplements a number of articles of the Law on Corporate Income Tax.
- **Import tax:** For export tax, Clause 11, Article 16 of the Law on Import and Export Tax No. 107/2016/QH13 dated April 6, 2016, enterprises producing products with eco-labeled are exempt from import tax for machinery, equipment, raw materials used to produce eco-labeled products.
- **Land rental support:** According to the provisions of Clause 2, Article 132 of Decree No. 08/2022/ND-CP dated January 10, 2022" 2. *Investment project owners (projects producing environmentally friendly products with the environment) specified in Point b, Clause 3, Appendix XXX issued with this Decree are entitled to incentives on exemption and reduction of land use fees and land rents according to the*

provisions of land law like subjects under projects, industries and professions with special investment incentives". Exemption or reduction of land use fees, land rent, and land use tax according to Clause 3, Article 19 of Decree No. 46/2014/ND-CP dated May 15, 2014, regulating the collection of land rent and water surface rent. "Exemption from land rent and water surface rent after the land rent and water surface rent exemption period of the basic construction period as prescribed in Clause 2 of this Article, specifically as follows: a) Three (3) years for with projects in the List of investment incentive fields"

Compared with some countries in the world, it can be seen that Vietnam has a small number of green label criteria, but especially less than the number of green products. As of 2014, Vietnam had 14 green criteria and 53 products are certified with Vietnam Green Label. By 2022, Vietnam had 17 Green Label criteria and 112 types of products are granted Vietnam Green Label Certificate¹⁸.

Also, there are limited activities and programmes focused on building consumer awareness on benefits of purchasing environment friendliness products and services and market availability of such products and services. For example, a Green Consumer Network aimed at promoting green shopping through providing information and guidance on green shopping practices has not yet been built. Network activities include: seminars, green exhibitions, "Green Shopping" awards, green shopping guides and especially the list of eco-labeled products, product information data, etc. are lacking.

The list of several green criteria and green products certified at other ministries such as the Ministry of Construction and the MOIT has not yet been published, which leads to inaccurate information about green products. Update information about product categories, detailed product information, etc. Thus, organizations and state agencies do not have product information to plan purchases.

Green label certification in some countries as below¹⁹:

18 Data source: Electronic page of Environment Magazine - Institute of Strategy and Policy on Natural Resources and Environment - MONRE: <http://tapchimoitruong.vn/dien-dan-trao-doi-21/chung-nhan-nhan-sinh-thai-cong-cu-thuc-day-tieu-dung-xanh-o-mot-so-quoc-gia-tren-the-gioi-va-khuyen-nghi-cho-viet-nam>.

19 <https://view.publitas.com/global-ecolabelling-network/2022-annual-report/page/1>

MEMBERS LIST

GEN FULL MEMBERS

Data from 2022-2023 GEN Biannual Member Survey.

Country/ Region	Program Name	Logo	Valid Standards	Companies Participating	Certified Products
Australia	GECA		28	100	3,000
Brazil	ABNT Ecolabel Hummingbird		21	110	2,486
China	China Environmental Labelling		109	5,637	1,500,000
China	China Environmental Friendly Certification		50**	240**	1,200**
Chinese Taipei	Green Mark Program		128	496	5,040
European Union	EU Ecolabel		24		89,357
Germany	Green Product Mark		20	20	16
Germany	The Blue Angel Ecolabel		100	1,700	20,000
Hong Kong	Hong Kong Green Label Scheme		62	30	108
India	GreePro		20*	109*	1,108*
Indonesia	Indonesian Ecolabel				
Israel	Israeli Green Label		39	103	171
Japan	Eco Mark Program		72	1,365	46,958
Kazakhstan	Ecolabelling		10	40	27
Korea	Korean Ecolabel Program		165*	4,289*	16,609*

*Figures from 2018-2019 GEN Biannual Member Survey. No current information was provided
 **Figures from 2016-2017 GEN Biannual Member Survey. No current information was provided

<https://view.publitas.com/global-ecolabelling-network/2022-annual-report/page/10-11>

The government has programs to raise awareness and help build the capacity of private companies to meet the sustainability requirements of the public sector: Vietnam only has awareness programs and help build the capacity of the private sector on sustainable production and consumption such as: programs within the framework of the Program “Promoting sustainable production and consumption in modern distribution systems”, Commission National Competition - The MOIT coordinated with VTC Digital Television to organize a Forum to promote sustainable production and consumption in modern distribution systems with discussion sessions.

Through the creation of a website on sustainable consumption “<https://tieudungbenvung.vn/>” and its associated activities, businesses have the opportunity to learn and connect with green production models and partners, increasing growth. Other activities include: training courses on sustainable production and consumption are organized by the Department of Energy Saving and Sustainable Development under the

MOIT in collaboration with Vietnam Cleaner Production Centre Co., Ltd. basics of sustainable production and consumption.

The Eco-Fair project funded by the EU-SWITCH-Asia. (2020-2023) successfully trained more than 500,000 consumers on sustainable consumption, supported sustainable certifications for MSMEs as well as supported national professional associations in the development of Code of Conduct and standards which emphasize the environmental and social responsibility criteria.

3.4. Pillar IV. Accountability, integrity and transparency of the public procurement system

3.4.1. S/GPP-Indicator 11. Transparency and civil society engagement foster sustainability in procurement

S/GPP-Sub-indicator 11(a): Civil society engagement supports sustainability in public procurement

The Vietnam National E-Procurement System at <http://muasamcong.mpi.gov.vn> is the only system nationwide that performs two functions: (i) unified management of information on bidding and (ii) e-bidding according to the provisions of Clause 26, Article 4 of the Law on Bidding No. 43/2013/QH13, serving as a single electronic information portal for all public procurement activities. All information and databases related to the process of contractor selection, contract signing and implementation must be managed, fully posted and published on this system. Thus, investors/stakeholders, contractors, supervisory agencies, state management agencies, service providers, and civil society organizations in their public procurement activities and contract implementation management to improve state governance, effectively use state budget, contribute to socio-economic development, reform administrative procedures, and increase efficiency, transparency, competition and economic efficiency of bidding work. This helps prevent corruption effectively.

At the same time, the Government issued Decision No. 1402/QĐ-TTg dated July 13, 2016, according to the roadmap from 2019-2025, aims for 100% of the information in the process of contractor selection and contract implementation will be publicly posted on the Vietnam National E-Procurement System; from 2022-2025, online contractor selection will be organized with 100% centralized bidding packages; 100% of bidding packages use the state budget for procurement to maintain regular operations. The implementation of S/GPP is integrated with the public procurement process, so publicity is a premise for all civil society to participate in the process of monitoring public procurement of the Government in general and S/GPP in particular. However, there are still some shortcomings in civil society participation to help promote sustainability in procurement activities

As analyzed in section 3.1.3. The S/GPP policy is built on the basis of the Prime Minister's Decision approving strategies, programs and implementation plans. But when the S/GPP is integrated into the legal framework (Law on Bidding 2023), the S/GPP is built according to a strict, transparent process and consultations with directly and indirectly related subjects. All feedback and suggestions from relevant subjects are received, edited or explained, then there is an appraisal by the judiciary before the Law project is discussed and approved by the National Assembly deputies.

Currently, Vietnam has not implemented S/GPP, so public procurement does not include sustainable aspects, civil society supervision only focuses on general public procurement activities.

According to the S/GPP implementation roadmap from 2024 to 2030, pilot implementation of S/GPP, and at the same time, the MPI deploys training in green public procurement, raising awareness, education, training and human resource development for stakeholders, including sustainability in bidding.

3.4.2. S/GPP-Indicator 12: The country has effective control and audit systems that cover sustainability in public procurement

S/GPP-Sub-indicator 12(a): Audit framework for sustainable public procurement

Sustainability issues have not yet been integrated fully in the audit framework. Vietnam's audit framework provides space to include some sustainability considerations in public procurement audits. However, specific considerations remain limited. In recent time, sustainability has been integrated and improved into auditing activities. For example, the State Audit has established an audit department specializing in environmental audits and has enhanced its international cooperation to improve its capacity to audit climate change policy, but it is still limited in auditing sustainable procurement. Sustainability is rarely considered in audits, capacity in this area is lacking. Enhanced capacity for environmental auditors is needed.

4. S/GPP recommendations and initiatives: Policy dialogue options and pilot projects, stakeholders and proposed approaches

Initial recommendations as below. Further interviews and meetings will be made to formulate the approach paper, as described in the Terms of Reference of this SWITCH-Asia Technical Advisory.

4.1 The recommendations and initiatives to enhance legal system and institutional capacity.

Vietnam is in the process of completing the regulatory mechanism for sustainable/green public procurement, through integrating sustainability elements in the contractor selection process. Therefore, this is a very important time for developing a robust system for S/GPP implementation in Vietnam. For smooth S/GPP implementation, it is necessary to integrate various sectoral regulations on green public procurement and green bidding into high level legal documents such as Law and Decree but also into Circulars, creating a strong adequate legal corridor for sustainable/green public procurement activities.

In order to create the foundation to implement S/GPP, while ensuring transparency, openness, and efficiency without reducing competition and weakening growth and in accordance with treaties to which the Vietnamese government participates, the following activities are recommended:

- The Govt of Vietnam continues to complete the sub-law documents such as decrees and circulars with wide and active consultation with different stakeholders through consultation workshops or direct written documents. Considering that sustainable/green public procurement is a multidisciplinary strategic policy, its successful implementation demands a close coordination with various ministries. It would be good to constitute a high-level Steering Committee consisting of representative from various line ministries to coordinate and monitor S/GPP implementation in a timebound manner to achieve S/GPP targets envisaged in the National Strategy for Green Growth.
- Vietnam may like to choose voluntary or mandatory approach for S/GPP implementation based on other complementary program such as Eco Label, Green Label, Viet Energy Label, price preference to women owned enterprises, Micro industries, etc. However, irrespective of the choice of approach, the country needs to prioritise sustainability areas and sectors/products/services/works based on national ambitions, priorities and commitments. To identify and prioritise sustainability areas and sectors/products/services/works, it is essential to carry out prioritization and market studies focusing on high sustainability impacts areas/sectors to derive maximum sustainability outcome with limited resources.
- The Government (PPA and CPS (PPA)) needs to develop and provide specific guidelines and tools on sustainable bidding for balancing economic, social and environmental aspects in all contractor selection processes: from the planning stage to selecting contractors (, contractor selection plan, preparing bidding documents, evaluation, signing and managing contract implementation. Sustainability factors can be, but not limited to (1) Environmental factors such as environmental pollution prevention, environmental protection, sustainable use of resources, mitigation and adaptation to climate change etc; (2) Social factors such as health, social welfare, labor safety, etc; (3) Economic factors such as the sustainability throughout the supplier's entire supply chain, life cycle costs of services or goods etc. For effective implementation, it is advisable to develop S/GPP Implementation Guidelines detailing various legal provisions, step by step approach for identifying sustainability risks and mitigating those risks during procurement process and good practices.
- The Government needs to find reasons for poor uptake of Eco Label and other such labels within public procurement and take measures to link it with ongoing sustainable public procurement reforms. Implementing S/GPP on a national level can send strong demand to market for adopting various green labels, including Eco Label, Green Label. Depending on the national priorities, MONRE needs

to strengthen existing products and services criteria and further invest in developing ecolabel criteria for additional products and services that can benefit most to the society in mitigating environmental impacts and maximize social outcomes of government operations. The selection of products/sectors should also take into consideration the critical initial phase of S/GPP in Vietnam, opportunity to mitigate impacts, complexity of products/services and market availability of such products/services.

- To build capacity for State Audit Office of Vietnam through developing and providing a specific training programme for auditors in the field of S/GPP to sensitise them on sustainability and value for money in public procurement.
- To arrange adequate funding sources in accordance with the priority level of each industry and sector for the effective implementation of S/GPP. At the same time, it is necessary to integrate sustainability into the annual budget estimation process of agencies using the state budget. Review, amend and supplement policies on the management and use of state budget expenditures (including investment and recurrent expenditures) in the direction of promoting green public procurement.

4.2. The recommendations on promoting the market for environmentally friendly products and services.

According to a survey by the National Center for Socio-Economic Information and Forecast, there are several main reasons why businesses do not invest in innovative technology to produce green, environmentally friendly goods²⁰, those reasons are the large initial cost (24%) and the lack of awareness about the production of environmentally friendly products (19% have no information and 10% unnecessary); the remaining causes of lack of incentive policies, equipment suppliers, environmentally friendly technology, etc. share an equivalent impact of about 7%-9%.

Based on the reasons analyzed in the early stages of the process of forming a market for environmentally friendly products and services, and based on the interviews with national associations and private sectors, the specific recommendations for promoting the market for environmentally friendly products and services are as below:

- Create a scalable and attractive market to attract the private sector to invest in the production and supply of environmentally friendly products and services, through prioritizing, allocating budget, and developing mandatory legal regulations for public procurement in certain fields (analysis section 4.1.1).
- Strengthen dialogue between the public and private sectors in identifying the needs of the Government, as well as the private sector providing information on market-friendly products to the Government, creating connections between the public and private sectors as the basis for the private sector to shift investment to produce and provide environmentally friendly products and services.
- Raise awareness of businesses and consumers about the production and consumption of eco-labeled products.
- Promote application and mastery of clean production technology, environmentally friendly technology, wastewater treatment technology, solid waste, hazardous waste, exhaust gas, and recycling technology waste with features and prices suitable for Vietnam's conditions. Develop, apply and transfer advanced technology and modern equipment to recycle waste, sustainably use resources and restore the environment; carbon capture and storage technology in thermal power plants and other carbon-emitting manufacturing facilities.
- Support MOIT to implement the SCP Action Plan which focus on: (1) Management, sustainable exploitation and use of natural resources, and development of renewable resources, (2) Ecological design, sustainable design and design for recycling, (3) Promotion of sustainable production, development of environmentally friendly products, promotion of the application of sustainable models and associations along with the product life cycle chain, (4) Development of sustainable distribution system, (5) Promotion of ecological labelling and certification, (6) Promotion of sustainable marketing, (7) Promotion of green public procurement and sustainable procurement, (8) Strengthen education, implementation of sustainable lifestyles and sustainable tourism development, (9) Promotion of application of the circular economy models.

20 Data source: Communist Magazine's website: <https://www.tapchicongsan.org.vn/web/guest/lanh-te/-/2018/827803/phantrien-thi-truong-hang-hoa-green-o-viet-nam.aspx>

Annex 1: Detailed missions of related stakeholders

Presiding agency or organization	Coordinating agencies and organizations	Legal grounds	Mission
<p>The National Assembly/ Government/ Ministry of Finance is the lead agency (State Assets Management Department; Public Administration Department)</p>	<p>Ministries, central and local entities, organizations that manage and use state assets and relevant parties according to regulations.</p>	<ul style="list-style-type: none"> - Law on management and use of public assets No. 15/2017/QH14 dated June 21, 2017; - Decision No. 50/2017/QD-TTg dated December 31, 2017 regulating standards and norms for the use machinery and equipment; - Decision No. 2183/QD-BTC dated October 20, 2015 promulgating the action plan of the finance sector to implement the National strategy on Green growth until 2020. 	<ul style="list-style-type: none"> - Issue regulations on public procurement (authority, public procurement process, etc.), including: centralized procurement, distributed procurement. - Promulgate standards and norms for the use of machinery and equipment. Norms for the use of the working office and non-business establishments. - Issue regulations on green public procurement, in which procurement spending using state budget resources must prioritize eco-labeled goods, recyclable goods, and motor vehicles purchased with Public funding from 2017 must meet Euro emission standards, with priority given to vehicles using clean fuels (electricity, liquefied petroleum gas) and hybrid vehicles; (State Assets Management Department); - Review, amend and supplement policies on management and use of state budget expenditures (including investment and recurrent expenditures) in the direction of promoting green growth, including achieving the goal of purchasing Green public procurement (Department of Public Administration).

Presiding agency or organization	Coordinating agencies and organizations	Legal grounds	Mission
<p>The National Assembly/ Government/ Ministry of Planning and Investment is the lead agency (National Steering Committee for Green Growth; Procurement Management Department)</p>	<p>Ministries and central agencies; People's Committees of centrally-run provinces/cities, organizations with public procurement activities, research institutes, universities; business community.</p> <p>and relevant parties according to regulations.</p>	<ul style="list-style-type: none"> - Law on Bidding, guiding documents (Circular No. 08/2022/TT-BKHDT dated May 31, 2022; Circular No. 10/2022/TT-BKHDT dated June 15, 2022; - Decision No. 1051/QD-TTg dated September 7, 2022 of the Prime Minister, promulgating the regulations on operation of the National Steering Committee on Green Growth; - Decision No. 826/QD-BKHDT dated May 15, 2023 of the Minister of Planning and Investment on the functions, tasks, powers and organizational structure of the Bidding Management Department. - Decision No. 882/2022/QD-TTg dated July 22, 2022 of the Prime Minister approving the national action plan on green growth for the period 2021-2030. 	<ul style="list-style-type: none"> - The Ministry of Planning and Investment is the national focal point for green growth (including the goal of purchasing green public tires), responsible for presiding and coordinating with relevant ministries, entities and the People's Committee of provinces and centrally run cities organize and implement the Green Growth Action Plan; guide, supervise, evaluate, inspect and summarize the implementation situation; Chair and coordinate with the Ministry of Finance and relevant ministries and entities to identify and allocate domestic financial sources and coordinate foreign funding sources, mechanisms and policies to promote the implementation of the Action Plan to increase economic growth. green growth. (National Steering Committee for Green Growth) - Develop legal framework, institutions, policies and regulations on green public procurement; Integrate green procurement criteria into the contractor selection process. Develop and update the national green product list applicable to public procurement. Promote green consumption through e-commerce. - Apply green public procurement and green public services at all levels. Training on green public procurement. - Coordinate, apply, organize professional training, evaluate and summarize the implementation of green public procurement at the national level. - Manage, exploit, supervise the operation and development of the Vietnam National E-Procurement System and e-bidding (Bidding Management Department).

Presiding agency or organization	Coordinating agencies and organizations	Legal grounds	Mission
<p>The National Assembly/ Government/ Ministry of Natural Resources and Environment is the lead agency (Department of Environmental Pollution Control)</p>	<ul style="list-style-type: none"> - Enterprises and business organizations participating in the production of environmentally friendly products. - Agencies and organizations subject to greenhouse gas declaration. 	<ul style="list-style-type: none"> - Law on Protection and Environment; Decree No. 08/2020/ND-CP guiding the Law on Environmental Protection; - Criteria for products labeled with Vietnamese eco-labels: (1) Decision No. 2186/QD-BTNMT dated September 11, 2017 (03 criteria for Vietnamese eco-labels); (2) Decision No. 154/QD-BTNMT dated January 25, 2014 announcing 14 criteria for Vietnamese green labels); - Decision No. 3026/2022/QD-BTNMT dated November 7, 2022 regulating the functions, tasks, powers and organizational structure of the Department of Environmental Pollution Control. 	<ul style="list-style-type: none"> - Develop, promulgate and inspect the implementation of Vietnam Ecolabel criteria; guide and inspect the assessment of conformity of environmentally friendly products and services; Announce and update the list of products and services certified with Vietnam Ecolabel; Sign an agreement and announce the contents of mutual recognition agreements on certification of environmentally friendly products and services with international eco-label certification organizations; Develop and implement programs to support the development of environmentally friendly products and services and certification of the Vietnam Ecolabel. - Develop and organize the implementation of activities to promote sustainable and environmentally friendly production and consumption. - The decision to certify the Vietnam Ecolabel for environmentally friendly products and services is valid for 36 months from the date of issuance. - Climate change policy: <ul style="list-style-type: none"> + Greenhouse gas inventory and measurement, reporting, appraisal of greenhouse gas emission mitigation at national level, industry level, field level and relevant facility level; + Check compliance with regulations on greenhouse gas inventory, mitigation of greenhouse gas emissions, implementation of mechanisms and methods of cooperation on mitigation of greenhouse gas emissions;

Presiding agency or organization	Coordinating agencies and organizations	Legal grounds	Mission
<p>Ministry of Industry and Trade (Department of Energy Saving and Sustainable Development)</p>	<ul style="list-style-type: none"> - Science and technology; Ministry of Transport and other central ministries and entities; local; - Enterprises and business organizations participating in the energy labeling product market 	<ul style="list-style-type: none"> - Decision No. 14/2023/QD-TTg dated May 24, 2023 of the Prime Minister promulgating the lists of low-efficiency equipment subject to elimination and low-efficiency generating sets banned from development and application roadmaps - Decision No. 04/2017/QD-TTg dated March 9, 2017 of the Prime Minister promulgating on the list of equipment and appliances to which the mandatory energy labeling and minimum energy efficiency standards are applied, and the roadmap to their implementation - Decision No. 882/2022/QD-TTg dated July 22, 2022 of the Prime Minister approving the national action plan on green growth for the period 2021-2030. 	<ul style="list-style-type: none"> - Coordinate with the Ministry of Science and Technology to develop and review national standards on energy efficiency and minimum energy efficiency levels of energy-intensive vehicles and equipment. - Promulgate national technical regulations and national standards in the field of economical and efficient use of energy, response to climate change, green growth and sustainable development; Implement management, inspection and supervision of energy efficiency testing laboratories; preside over inspection and assessment of the capacity of testing, inspection and certification organizations in the fields of economical and efficient use of energy, response to climate change, green growth and sustainable development; - Preside and coordinate with relevant ministries and entities to submit to the Prime Minister an additional list of energy-using equipment and appliances to which the mandatory energy labeling; - Develop and deploy solutions to support the implementation of the energy labeling roadmap.

Presiding agency or organization	Coordinating agencies and organizations	Legal grounds	Mission
Ministry of Construction		Decision No. 882/2022/QĐ-TTg dated July 22, 2022 of the Prime Minister approving the national action plan on green growth for the period 2021-2030.	Completing and monitoring regulations, standards, and norms for green buildings that have energy efficiency and resilience in climate change, natural disasters, and multiple natural disasters; low carbon emission works, PTR0 (net zero emission) works (high priority): - Regulations, standards, norms on energy consumption in construction works; technical regulations and standards on energy efficient buildings, green buildings, low carbon emission buildings, PTR0 buildings, environmental quality inside construction projects; Standards, sets of criteria and guidelines for evaluation and certification of construction material products (energy saving; green, environmentally friendly; low carbon emission) used for projects green.
Ministries in charge of the following fields: Ministry of Culture, Sports and Tourism, Ministry of Agriculture and Rural Development, etc.	Enterprises and business organizations participate in the energy labeling product market	Decision No. 882/2022/QĐ-TTg dated July 22, 2022 of the Prime Minister approving the national action plan on green growth for the period 2021-2030.	Program for labeling environmentally friendly products: Ministries and entities in charge of each field promulgate: Ministry of Culture, Sports and Tourism for the Green Lotus label; Ministry of Agriculture and Rural Development for agricultural labels (eco, green, low carbon) for agricultural products and green OCOP products.
Purchasing entities: Ministries and ministerial-level agencies; People's Committees of provinces and centrally run cities; Government agencies: Apply green procurement and green public services for state agencies; coordination Unit.		- Law on Bidding	Based on standards and norms for using public assets, state agencies need to purchase assets in two ways: - Centralized procurement; - Decentralized procurement.
Inspection and supervision public procurement and green public procurement activities.			
Agencies with authority to decide on procurement: Ministries, central agencies, Provincial People's Committees.			Supervise the implementation of framework agreements and contracts of selected contractors; Receive and process feedback from agencies, organizations and entities directly using assets.

Presiding agency or organization	Coordinating agencies and organizations	Legal grounds	Mission
State audit, state inspection, inspection agencies under ministries and industries		<ul style="list-style-type: none"> - Law on State Audit No. 81/2015/QH13 dated June 24, 2015; - Law on Inspection No. 11/2022/QH15 dated November 14, 2022 	Auditing and inspection activities according to prescribed functions and tasks.

Annex 2: List of documents consulted

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Annex 3: List of stakeholders met

European Union Delegation to Vietnam

- Mr. HOANG Thanh (EEAS-HANOI)
- Ms. NGO Thu (EEAS-HANOI)
- Ms. TRAN-THUY Duong (EEAS-HANOI, Budget Support Programme)

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

- Ms. Wilasinee Poonuchaphai - Project Co-director, GIZ BKK
- Mr. Vu Truong Tan - Project Coordinator, GIZ Vietnam
- Ms. Sita ZIMPEL -Team Leader

Public Procurement Agency (PPA), Ministry of Planning and Investment (MPI)

- Mr. Pham Hung Anh - Head of International Cooperation (Public Procurement Agency-PPA)
- Mrs. Ngo Chi Linh (Deputy Head of Procurement Policy Department)
- Mrs. Do Thi Nguyet and Ms. Ngo Le My Linh (Experts of Procurement Policy Department)

Center for Procurement Support (CPS), Ministry of Planning and Investment (MPI)

- Ms. Pham Minh Yen, vice director of the Center for Procurement Support (CPS)
- Mr. Le Duy Cuong, Head of Procurement Support Dept
- Ms. Nguyen Quynh Phuong, Expert of Procurement Support Dept

Ministry of Industry and Trade (MoIT)

- Mr. Trinh Quoc Vu - Vice Director of Energy Efficiency and Sustainable Development Dept (EESD)
- Ms. Bui Hien, SCP focal point, expert of EESD
- Ms Hang expert of EESD
- Mr. Tran Huy Hoan - Principal Official, Department of Planning and Finance

Ministry of Natural Resources and Environment (MoNRE)

- Ms. Nguyen Thi Thien Phuong - Vice General Director of PCD
- Ms. Hanh - Expert in Ecolabel and GPP, PCD)
- Ms. Quynh - Officer, PCD

National Associations and companies in construction and agricultural sectors

Annex 4: Introduction of Policy Support Component and the research team

General introduction: Public procurement provides governments with a powerful tool to achieve their sustainable development objectives. The estimated global value of public procurement is approximately US\$11 trillion, representing 12 percent of global GDP. In many developing countries, the government is the single largest purchaser for many categories of products and services. Green public procurement (GPP) uses the public sector's purchasing power to achieve environmental objectives. GPP is part of a broader sustainable public procurement (SPP) agenda that addresses economic, social, and environmental concerns.¹ S/GPP is an important and globally recognised tool to implement sustainability. It is stated as a target in the Sustainable Development Goal 12 targets (SDG 12.7). Furthermore, S/GPP is a complex multi-stakeholder issue, where the government needs to collaborate with and incentivise the private sector and other actors to effectively re-define the procurement system and implement it to achieve procurement of required public goods, works and services with a lower environmental impact.

By 2022, the SWITCH-Asia SCP Facility had provided technical support on Sustainable/Green Public Procurement (S/GPP) to India, Indonesia, Mongolia, and Thailand. For [India](#), it supported the Ministry of Railways on GPP policy analysis, action plan and training development. It supported the Ministry of Environment and Tourism of [Mongolia](#) (MET) in reviewing and revising National SPP Action Plan and developing SPP criteria for three selected product categories (furniture, computers and paint). For [Indonesia](#), the technical support prepared plans for two pilot sectors (wooden furniture and paper industry). In [Thailand](#), the support was for the development of the Green Integration Policy, National Green Directory Framework, and a vendor list registration system to support the implementation of green procurement. The SWITCH-Asia Regional Policy Advocacy Component, implemented by UNEP, also published three reports in 2022 reviewing the status of GPP in three Southeast Asian countries, namely [Malaysia](#), [Philippines](#), and [Indonesia](#). UNEP also supported GPP in Asia through the Asia Pacific GPP Network that amplified the messages of the One Planet SPP Programme in Asia-Pacific.

While S/GPP attracts a lot of attention, its potential remains underutilised. Three main strategic challenges have hampered the progress of S/GPP.

First, S/GPP is often not linked to national development objectives, is not part of the financial planning and budgeting process and, generally, remains the domain of Ministries of the environment. The business case for S/GPP will typically need to link reforms to environmental and development objectives, lay out indicators that monitor performance, and prioritize the application of S/GPP efforts in those areas with the most promise for success and impact. In relation to this, if a country lacks a multi-ministerial cooperative mechanism, it can create an obstacle to S/GPP implementation.

Secondly, S/GPP is often limited to products and bypasses services and works. The focus on important yet limited product ranges such as paper or stationery diverts from the more important procurement needs, such as transportation, selection of buildings (offices and other government facilities), construction and public works.

Thirdly, Governments need to plan and sequence these changes well for the private sector to develop and commercialise green/sustainable products and services.

Objective:

This intervention has the ambition to make the environmental dimension of a product or service an explicit requirement in the procurement specification, so that offers that do not meet minimum environmental requirements are disqualified.

It also aims for providers of clean products/services to have much wider access to public procurement procedures. Finally, it aims for these ambitions to foster greater transparency in public financial management.

Actions:

The team seeks to - scope the possibilities for broader governmental buy-in for S/GPP, stronger and more strategic regulatory frameworks, partnerships with the private sector and peer-to-peer learning - understand better specific targets, safeguards, technology policies, financing policies and innovation policies that would foster stronger and more ambitious S/GPP practices leading to transformation of markets of products and services. As some of these aspects will be very contingent on national contexts and regulatory frameworks, this engagement would be followed-up by more concrete interventions at sub-regional level.

This country-led initiative will:

- Elevate the discussion of S/GPP in prioritised countries of the target region by engaging with bodies that have overarching strategic planning responsibilities in Government at national or sub-national level.
- Move beyond the narrow sectors of application of S/GPP to more ambitious ones, such as investment, construction, and public works.
- Foster closer coordination with ongoing EU-funded budget support programmes addressing procurement and transparency in the region, i.e., as well as EU and Member State programmes active in public finance management.

SWITCH-Asia is a programme funded by the European Union (EU). Active since 2007, it seeks to promote Sustainable Consumption and Production (SCP) in the region. Through its 2019 EU Green Deal and Global Gateway, the EU has further committed to supporting the transition of countries to a low-carbon, resource-efficient and circular economy.

The SWITCH-Asia Policy Support Component provides direct support to regional organisations, national governments and related implementing agencies in charge of policies and regulatory frameworks relevant to SCP. This is done in the form of on-demand advisory on scaling up SCP policy and implementation as well as through creating a platform for knowledge exchange, and building capacities of regional institutions. All activities rely on the strong engagement of partner countries and organisations in co-creating the requested policies, processes and other deliverables.

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