International Journal of Science and Research (IJSR)
ISSN: 2319-7064
Impact Factor 2024: 7.101

Enhancing the Legal Policy Framework for Green Economic Development in Contemporary Vietnam

PhD. Pham Thi Huong Lan

Institute of State and Law

This article is the result of scientific research under the Ministerial-level project: "Legal policies on green economic development in Vietnam today," implemented in the 2025 – 2026 period, presided over by the Institute of State and Law.

Abstract: ***The green economy has consistently remained a focal area of the State of Vietnam, aimed at simultaneously promoting economic growth and ensuring environmental protection, thereby orienting the nation toward a sustainable development model. Vietnam maintains a consistent standpoint of not compromising environmental integrity for economic growth. This article analyzes the fundamental aspects of current policies and laws regarding green economic development in Vietnam. Furthermore, it proposes recommendations to contribute to the perfection of the legal policy framework for economic development in general, and the green economy specifically, in the upcoming period.***

Keywords: Green economy; economic development; environment; legal policy

1. Introduction

The green economy is regarded as a pivotal instrument for realizing the Sustainable Development Goals set forth by the United Nations Environment Programme (UNEP), aimed at facilitating the transition toward new economic growth models in both developed and developing nations. The green economy is intrinsically linked to the "greening" of key economic sectors, targeting a growth model characterized by low carbon emissions, efficient resource utilization, and social equity. This is considered the preeminent economic method for achieving sustainable development, fostering income growth and job creation while minimizing pressure on the environment. The core significance of the green economy lies in ensuring economic growth concurrent with the preservation of a pristine and sustainable living environment.

Historically, the law has often been perceived as a tool to "institutionalize" policies within non-legal domains. However, as a form of policy—analogous to economic or educational policy—legal policy possesses distinct values and significance. A comprehensive review of the literature indicates that numerous scholars, particularly within the domestic context, have emphasized the critical role of legal policy for developing nations, where legal systems are influenced by diverse legal traditions.

Concurrently, as the green economy evolves from an economic phenomenon into a legal phenomenon, it is imperative to determine appropriate legal regulatory mechanisms. This necessitates a comprehensive assessment of the need for regulation, regulatory objectives, and the means and measures of legal adjustment regarding green economic relations. These tasks can only be effectively addressed through legal policy research. Green economic development is a process that impacts all facets of social life, thereby diffusing into all legal fields. Legal policy on the green economy plays a role in shaping the legal order for future green economic relations. Consequently, if the law lacks stability or fails to achieve regulatory objectives, it constitutes a barrier to the development of the green economy. The practical reality of hastily integrating foreign or international laws indicates that Vietnam still lacks a legal policy instrument that is sufficiently scientific and appropriate.

The aforementioned analysis demonstrates that research into legal policy regarding green economic development is essential to resolve theoretical and practical issues currently posed in Vietnam. The research results of this project contribute to clarifying the scientific basis of legal policy in general, and legal policy on green economic development specifically, in the context of Vietnam accelerating its sustainable economic development goals.

2. Discussion

Vietnam has promulgated numerous guidelines, policies, and legal documents to promote green economic development—including legal policies on renewable energy development, greenhouse gas (GHG) emission reduction, green finance, and human resource development. Specific analyses are as follows:

First, regarding the establishment of legal regulations on renewable energy development

In recent times, this domain has been promoted to meet the requirements of ensuring national energy security, reducing GHG emissions, and fulfilling international commitments on climate change. The legal system related to renewable energy has been gradually formed and refined, evidenced by the issuance of various strategies, plans, incentive mechanisms, and legal normative documents regulating the investment, development, transmission, and utilization of renewable energy. The State has constructed an important legal basis through the *Law on Electricity*, guiding decrees, and decisions on Feed-in Tariff (FIT) mechanisms for wind power, solar power, and other forms of renewable energy. Furthermore, Decision No. 500/QD-TTg dated May 15, 2023, of the Prime Minister approving the *National Power Development Plan for the period 2021 - 2030, with a vision to 2050* (Power Plan VIII), and the *Renewable Energy Development Strategy* set forth long-term orientations, demonstrating Vietnam's determination to gradually transition to a green, sustainable energy system.

However, the legislative process regarding renewable energy still exhibits certain limitations, such as instability in policy changes regarding pricing mechanisms, delays in issuing technical guidelines and investment procedures, and the incomplete formation of a competitive renewable energy market. These limitations necessitate the continued perfection of policies and laws to ensure a transparent and stable investment environment, while simultaneously promoting the robust and sustainable development of renewable energy.

Second, current legal policies on greenhouse gas emission reduction

Recently, Vietnam's framework has been refined towards convergence with international standards, while ensuring suitability with the country's socio-economic conditions. The centerpiece of the current legal system is the *Law on Environmental Protection 2020*, which for the first time comprehensively stipulates GHG emission reduction, including GHG inventory, sectoral emission reduction, the development of a domestic carbon market, and mechanisms for exchanging carbon credits with the international community. This constitutes a significant stride, marking a strong transformation in Vietnam from a voluntary approach to a mandatory approach with specific roadmaps and standards.

The Government has also promulgated Decree No. 119/2025/ND-CP amending and supplementing a number of articles of Decree No. 06/2022/ND-CP dated January 7, 2022, stipulating the mitigation of GHG emissions and protection of the ozone layer; along with circulars specifying the list of facilities subject to GHG inventory, calculation methods, the Measurement, Reporting, and Verification (MRV) process, as well as mechanisms for allocation and exchange of emission quotas. This policy system has created a relatively synchronous legal framework to control emissions in key sectors such as energy, transportation, industry, agriculture, and waste management.

Nevertheless, legal policies on GHG emission reduction are still in the process of perfection and face certain challenges. Many technical regulations and MRV standards require specific concretization; management capacity of ministries and localities remains uneven; and the readiness of enterprises to comply with inventory and emission reduction obligations remains limited. Furthermore, the legal framework for the carbon market is in its nascent stage, requiring perfection regarding trading mechanisms, credit registration, and market surveillance.

Despite these difficulties, the general trend indicates that Vietnam is gradually building a comprehensive, modern legal system consistent with international commitments, particularly the goal of achieving "net-zero" emissions by 2050. The continued perfection of legal policies towards stability, transparency, and scientific grounding will serve as a crucial foundation for Vietnam to effectively implement the GHG emission reduction roadmap.

Third, policies and laws on green finance

The legal framework on green finance in Vietnam is being perfected towards convergence with international practices while adapting to domestic socio-economic realities. The State clearly recognizes that mobilizing sustainable financial resources is a vital pillar for developing a green economy, responding to climate change, and implementing "net-zero" commitments in the long term.

The focus of the green finance legal framework lies in establishing incentive mechanisms for green credit, issuance of green bonds, as well as the classification of "green" investment projects (green taxonomy). The *Law on Environmental Protection 2020* served as a turning point by acknowledging the concepts of "green credit" and "green bonds," creating a legal basis for financial institutions to evaluate loans and investments based on environmental criteria. Based on the *Law on Environmental Protection*, the *Law on Public Investment* (2019), the *Law on Investment* (2020), and the *Law on State Budget* (2015), the Government promulgated Decree No. 08/2022/ND-CP, detailing articles related to green finance, including the roadmap for green credit incentives and conditions for issuing green bonds. Recently, the Prime Minister issued Decision No. 21/2025/QD-TTg, stipulating environmental criteria for certifying investment projects belonging to the green taxonomy. This is critical as it creates a transparent and unified assessment basis for "green" projects, assisting banks and investors in clearly identifying projects eligible to access green capital sources.

In practice, many banks have developed green financial products, issued green bond frameworks, or granted green credit for renewable energy projects. Regarding taxation, the State has utilized tax instruments to encourage green activities. Corporate income tax policies have been adjusted to offer incentives to enterprises investing in renewable energy, clean technology, and environmental protection. Simultaneously, public spending has been adjusted towards a greener direction, with increased budget expenditure for waste treatment and environmental activities.

However, alongside significant progress, legal and practical challenges persist. Enterprises and financial institutions still lack clear green classification criteria, leading to difficulties in identifying "green" projects. Additionally, the State's incentive system, despite having a conceptual framework, lacks a universal and robust support mechanism (e.g., budget, guarantees, risk assessment). Another issue is the development of the carbon market. While combining the carbon market with green finance can create a strong impetus for green investment, the legal framework for the domestic carbon market still requires further perfection regarding classification, monitoring, and quota exchange.

Fourth, regarding human resources for green economic development

Policies and laws on human resources serving green economic development are currently being shaped and gradually perfected. The legal foundation in this field is built upon the viewpoint of human development as the center, regarding high-quality human resources as a key factor to promote innovation in production models and enhance economic competitiveness in the context of the green transition.

Paper ID: SR251119212840 DOI: https://dx.doi.org/10.21275/SR251119212840

The Government has issued mechanisms to support green vocational training, promote job transition in high-emission industries, and develop retraining programs. The vocational education system is being reformed towards integrating environmental and sustainable development criteria into training curricula. At the enterprise level, policies encouraging the application of green labor standards and green skills have been promulgated.

However, the legal framework remains not truly synchronous; the integration of green skill training into education curricula remains scattered. The capacity to forecast green human resource demand is weak, leading to a supply-demand disparity in fields such as renewable energy and carbon management. Furthermore, coordination mechanisms between ministries remain loose, and many enterprises lack the motivation to invest in green training.

Despite challenges, Vietnam is gradually building a more comprehensive policy system to develop human resources meeting the requirements of the green transition. Perfecting legal regulations towards synchronicity and conformity with international standards will create a solid foundation for Vietnam to implement green growth strategies.

3. Recommendations for Perfection

3.1 Constructing and perfecting legal policy on renewable energy development

This is a central task to promote the transition to a green economy. The legal framework must ensure synchronicity, transparency, and conformity with socio-economic development orientations and international commitments. Policies should focus on encouraging investment, supporting research, and developing clean energy sources (solar, wind, biomass, small hydro, green hydrogen). Preferential financial mechanisms, reasonable electricity pricing, and tax/green credit policies are necessary to attract the private sector and foreign investors.

To achieve this, a stable and unified legal framework is required to limit sudden policy changes. Timely promulgation of technical standards and simplification of investment procedures are urgent. Vietnam also needs to focus on upgrading transmission infrastructure. Furthermore, the development of a competitive electricity market, Direct Power Purchase Agreement (DPPA) mechanisms, and a renewable energy certificate system will foster market transparency. International cooperation in technology transfer and enhancing state management capacity are also critical.

3.2 Constructing and perfecting legal policy on greenhouse gas emission reduction

To effectively promote GHG emission reduction, continuing to perfect policies is urgent. First, it is necessary to stabilize the overall legal framework, including specific regulations on inventory, reporting, and verification (MRV), while integrating carbon market mechanisms transparently. The framework must ensure synchronicity among ministries to minimize overlap.

Enhancing management and supervision capacity is decisive for enforcement. This includes training staff, building MRV data systems, and strengthening inspection. Encouraging private sector participation through green credit and green bonds is essential. Policies need to ensure social equity and promote community awareness.

3.3 Constructing and perfecting legal policy on green finance

First, a synchronous and transparent legal framework on green finance must be promulgated to unify "green" criteria and resolve current fragmentation. *Second*, the capacity and management responsibility of state agencies and financial institutions must be enhanced regarding environmental-social impact assessment and risk management. *Third*, incentive and guarantee mechanisms (tax incentives, interest rate support, risk guarantees) need to be perfected to encourage private capital mobilization. *Fourth*, the development of the green capital market and carbon market should be accelerated, including mechanisms for trading, credit registration, and surveillance.

3.4 Constructing and perfecting legal policy on human resources for green economic development

First, a synchronous legal framework or national program on green human resource development should be promulgated, defining objectives, green skill criteria, and job transition roadmaps. *Second*, content and training methods in education and vocational training must be reformed to integrate green skills. *Third*, incentive mechanisms supporting enterprises in training and utilizing green human resources (financial support, tax incentives) should be perfected. *Finally*, international integration in green human resource training should be expanded to access advanced models and standards.

4. Conclusion

In the forthcoming period, the construction and perfection of legal policies on green economic development constitute an urgent requirement to meet the demands of transforming the growth model towards sustainability and environmental friendliness. The system of policies and laws regarding renewable energy, finance, green human resource training, and greenhouse gas emission reduction must create a solid foundation for the sustainable economic development of Vietnam in the new era.

References

[1] *Law on Environmental Protection*.
[2] *Law on Public Investment*, dated June 13, 2019.
[3] *Law on Investment*, dated June 17, 2020.
[4] *Law on State Budget*, 2015.
[5] *Decree No. 08/2022/ND-CP* of the Government dated January 10, 2022, detailing a number of articles of the Law on Environmental Protection.