

Abstracts

**Institutional challenges for a Sustainable Development in Coal Mining in Vietnam:
A Partnership between Government, Industry and Local Community**

Paper to be presented at the 8th International Greening of Industry Conference
The Kenan-Flagler Business School
The University of North Carolina at Chapel Hill
Chapel Hill, North Carolina USA
November 14-17, 1999

By

Bach Tan Sinh
National Institute for Science and Technology Policy and Strategy Studies
Ministry of Science , Technology and Environment Visiting Address: 38 Ngo Quyen,
Hanoi, Vietnam
Tel (84.4) 8256511.
Fax: (84.4) 8252873
Email: nistpass@hn.vnn.vn

Hanoi, July 1999

Abstract of paper

The recent development strategy of Vietnam has been supporting labour-intensive industries. While this development policy could help Vietnam to reduce poverty and raise living standards, industry development is also likely to bring with it direct and indirect adverse impacts on natural resources and environment quality.

The economic reform starting since 1986 has raised issues concerning institutional arrangements, such as decentralisation of decision-making. In order to cope with this challenge accompanied by new institutional arrangements, there is an increasing need to redefine a new institutional framework which shapes the way that government and industry come to a partnership and alliance for a sustainable development of the country.

The coal mining in Vietnam will be used as a case study to present the institutional challenges on the new emerging relationship between the governmental agencies responsible for coal mining and environment, the Vietnam National Coal Corporation (VINACOAL) which is in charge of the coal mining business and local community which is effected by the coal industry.

Coal industry is an important economic sector in Vietnam due its foreign exchange earning capacity. But this sector has created a major environmental impact. The government has adopted a regulatory approach in enforcing the coal mining enterprises

to compliance with environmental standards. However, these regulations seems to fail in achieving environment objectives due to the weak enforcement and monitoring capacities. The establishment of VINACOAL is an effort of the coal industry to operate more profitably and to pay more attention to environmental protection. However, the process of moving VINACOAL closer to a market-oriented firm has revealed the difficulty that arises sometimes in market economies in relying in market to protect environment. On the other hand, government has recently changed its approach from relying mainly on regulatory instruments to applying some market-based instruments for management of natural resources and environment. But it is not enough if there is no local participation of local community in monitoring the environmental performance of coal mining.

The paper is to address the following topics:

1. Examine the current relationship between government, business (coal mining sector) and local community, and their role in dealing with the environmental problems associated with coal mining activities.
2. Identify the institutional challenges towards having the new partnership between government, business and local community in pursuing a sustainable development of coal mining in Vietnam.