Eco-Industrial Park Initiative for Sustainable Industrial Zones in Vietnam
Industrial Zones in Vietnam

Over the last ten years, Vietnam has experienced rapid economic growth driven mainly by the processing and manufacturing sectors. To facilitate the establishment of new industries, the government created industrial zones (IZs), which account for 40% of the national industrial output and 49% of the total export value of the country. However, industrial activities have also caused negative impacts on the environment and on human health. Inefficient management of resources has increased greenhouse gas (GHG) emissions and has caused water and soil pollution. Despite efforts made by the Vietnamese government, many barriers have yet to be overcome to address industrial pollution in the country.

70% of the effluent discharged from industrial zones in Vietnam is untreated

20% of industrial waste is hazardous

In 2014, there were 295 industrial zones in Vietnam
Eco-Industrial Park Initiative

Project Overview

**Budget:** USD 4.5 million

**Donors:** Global Environment Facility (GEF), Swiss State Secretariat for Economic Affairs SECO and United Nations Industrial Development Organization (UNIDO)

**Main partners:** Ministry of Planning and Investment (MPI) of Vietnam, relevant Ministries and provincial authorities of Ninh Binh, Da Nang, Can Tho

**Duration:** 3 years

The project aims to transform existing IZs into eco-industrial parks (EIP), in which companies cooperate with each other and with the local community to reduce environmental impacts and production costs. In addition, clean and low-carbon technologies and practices will be demonstrated within the industries to minimize GHG emissions, the release of persistent organic pollutants (POPs) and land based water pollution.
Shifting from Industrial Zones...
**Location of project activities**

The industrial zones (IZs) are located within the catchment areas of the two largest rivers in Vietnam, namely the Mekong River and Red River, representing a threat to their rich biodiversity and to the subsistence of riparian communities.

**Benefits of the project**

- **Improved resource efficiency** through the reduction of the use of raw materials, water and energy
- Reduced production costs
- Improved competitiveness and profitability
- **Minimized GHG emissions**, release of POPs and use of toxic chemicals
- Reduced waste through the promotion of Cleaner Production and the 3 R’s (Reduce, Reuse and Recycle)
- New and more employment opportunities
- Improved workers’ health and safety as well as quality of life of communities
- Better access to new technologies and financial instruments

**Beneficiaries**

- Companies and industries
- Workers and employees
- Local communities
- Environment
- National and local government

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**Hanoi**
- (Khanh Phu industrial zone)

**Ninh Binh**
- (Khanh Phu industrial zone)

**Danang**
- (Hoa Khanh industrial zone)

**Can Tho**
- (Tra Noc 1&2 industrial zone)
Financial mechanisms

Participating companies are supported in accessing financial resources when implementing clean & low carbon technologies. The project has partnered with four institutions that offer preferential access to financial resources, such as investment aid and loans:

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<th>Available Financial Models</th>
<th>Form of Assistance</th>
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| **Green Credit Trust Fund** | · Partial refund if environmental targets achieved  
· Collateral guarantor |
| **Vietnam Environment Protection Fund** | Loan  
(soft loan, investment credit)  
| · Low interest rate  
· Long payment terms  
· Low own capital |
| **Vietnam Development Bank** |  |
| **National Technology Innovation Fund** |  |

Companies are additionally encouraged to consider other available government funding or local bank technology investment schemes. The project also aims for a close partnership with the International Finance Cooperation (IFC), so that companies and IZ developers can benefit from the IFC funding mechanism.

For more information about the four financial mechanisms:
- Green Credit Trust Fund:  
- Vietnam Environment Protection Fund:  
- Vietnam Development Bank:  
- National Technology Innovation Fund:  
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