

MINUTES OF WORKSHOP

"ENVIRONMENTAL MANAGEMENT UNDER THE LAW AND SOCIAL RESPONSIBILITY OF SMALL AND MEDIUM ENTERPRISES IN VIETNAM"

1. Time and location

- Time: 8h-12h April 28, 2017
- Location: Army Guest House, 33C Pham Ngu Lao, Hanoi

2. Participants: 31 delegates from business institutes, universities, enterprises, and media units.

3. Content

a. Opening

- Director of Center for Environment and Community Research (CECR) Ms. Nguyen Ngoc Ly: This workshop is an introduction to the training program of small and medium enterprises (SMEs) that was piloted by CECR in Khac Niem Ward, Bac Ninh province in April, 2017. The workshop's purpose is also to discuss about how to support for SMEs in environmental management and compliance with environmental law through training.

- Director of SME Research Institute, Mr. Pham The Hung: The rate of SMEs in Vietnam is about 95% similar to other countries in the world such as Japan, Poland, Korea and Czechoslovakia. Vietnam in the industrialization phase has created many conditions for the development of SMEs. SMEs in Vietnam are very diversified in the fields of agriculture, industry, handicrafts. In fact, these enterprises face many difficulties in business, such as inefficient business and creating environmentally harmful effects. The state of the environment in which enterprises operate is very polluted: wastewater discharged directly to ponds, lakes, rivers, streams; and piling solid waste. SMEs also face challenges in technology as they lack the capacity to grasp technology (e.g: in fisheries: fish business requires water treatment technology for input and output water, as well as storage and transport technology). At present, foreign enterprises are eager to transfer technology to SMEs in Vietnam, but there are many barriers of legal procedures. Therefore, Vietnam government should provide policy support for SMEs; and SMEs must be aware of the importance of environmental management and compliance with law through training programs.

- Mr. Truong Manh Tien: With nearly 40 years of experience working with

Vietnamese enterprises, awareness raising for SMEs on environmental management for enterprises is very necessary. SMEs have made important contributions to the process of industrialization and modernization in Vietnam. However, the current production is limited to processing crude raw materials which generates low profit. Enforcement of environmental legislation in enterprises is low, resulting in many environmental problems. This is partly due to the current fragmented environmental legislation with only one framework law, not specific to any environmental components (water, air, land,...). Hopefully in the coming years, the government and The Ministry of Natural Resources and Environment (MONRE) will consider issuing a Clean water and Clean air laws to improve the enforcement and compliance of environmental law of businesses. Businesses can receive loan incentives to purchase environmentally friendly technology from the Environment Fund. In addition, environmental training programs, such as the one provided by CECR, are being implemented to raise awareness and change the way the business is operating. This effort needs to be replicated and attract more business.

b. Present the results of the SME training course in Khac Niem Bac Ninh

Presented by Dinh Thu Hang-CECR

c. General Discussion

- Mrs Nguyen Ngoc Ly: At present, it is difficult for SMEs to come to an environment training class, they are willing to pay for tax and accounting training classes but with a free environment training class, many businesses are not excited to participate. This is due to the fact that environmental law enforcement is low in SMEs. Therefore, with a training program on environmental management for SMEs, it is important to identify the right needs of the business.

Discussion questions:

- + How to attract SMEs to participate in a training program on environmental management in accordance with the law?
- + Recommendations for SME support
- Mr. Dang Huy Hoang, Vietnam Healthy Lifestyle Alliance: A good benefit when the enterprises implement environmental management is the health benefit and safety of the employees. When businesses are not enthusiastic about environmental training, one reason is that the training does not meet their needs. In particular, the needs of each type of business will be different (medium, small, micro enterprises have different needs). The training program can target other participants such as managers, scientists, investors, and community. Environmental training can be integrated with

tax training to save costs and get close to the needs of the business. The training method should be based on the problems encountered by the business (Problem Base Learning). It is possible to use the online teaching method to save time and cost for trainees. In addition, training programs should target startups enterprises.

- Mr. Nguyen Minh Duc, lecturer of Environmental Science Department, Water Resources University: In order to attract trainees who are entrepreneurs, the title and content of the training should provide the economic benefits that enterprises will gain when undertaking environmental law enforcement (clean production practices). Need to conduct enterprise needs survey to determine the environmental problems that businesses are experiencing so that to develop the syllabus for the right purpose (can be surveyed online). In the classroom, the method of teaching should be discussed through much discussion with the lecturer and the student, using a variety of tools to increase interaction among the students.
- Mr. Vu Cong Thang, V-Green Vietnam company: enterprises always considered profit as the most important goal. Many businesses still consider the implementation of environmental management measures will increase costs and reduce corporate profits. For SMEs, the investment in waste treatment facilities is relatively large compared to the investment capital of the business. Meanwhile, if not comply with the law, enterprises can be severely penalized under the new Circular on dealing with administrative violations in the field of environment (Circular 155/2016). Therefore, to attract enterprises to training courses on environmental management, it is necessary to point out the economic benefits that enterprises will gain when implementing good environmental management. To help SMEs with a lack of capital to invest in waste treatment systems, the training can be combined with environmental consulting companies in the form of technology transfer.
- Mr. Van Hong Son, Fused Magnesium Fertilizer Joint Stock Company: An enterprise that implements environmental protection measures is primarily derived from economic benefits. Fused Magnesium Fertilizer Company was listed as one of the most polluting enterprises by Prime Ministerial Decision No.64 with a solid waste removal of 35% (currently 100 thousand frequencies) used heavily, and cooling water (currently 14 million m³ of groundwater per year). The company has researched and came up with many initiatives to dispose waste in an environmental friendly way. The company has therefore received patents on energy saving technology. The measures that businesses are taking to manage the environment have brought huge profits: the elimination of wastewater discharged in 2004-2006 and being removed from the list of enterprises causing serious environmental pollution.
- Ms. Nguyen Thi Ha, environmental research specialist: In order to attract enterprises to training courses, besides external pressure from industrial cluster management and local authorities, there needs to be internal motivation: to Resolve regulatory

pressures. The trainings need to show the benefits of environmental health, and the responsibility for administrative sanctions. In terms of human resources for businesses, there is a need for career orientation for environmental students to meet the needs of environmental management companies.

- Mr. Vu Dang Vien, Dabaco Bac Ninh company: If enterprises comply with environmental law, the law should be strengthened. It is important to raise awareness for the business of the health and economic benefits of implementing environmental management.
- Ms. Nguyen Tram Anh, project Ecological Industrial Park - Ministry of Planning and Investment: micro-enterprises often have backward technology, and again encountered major challenges in capital. Training programs need to approach each enterprise, guide them to implement solutions to protect the environment. For example, a very small company, through many exchanges, persuasions and guidance, has participated enthusiastically in the program due to being aware of the financial and legal benefits. One content that needs to support the business is to transfer new technology and guide businesses to use technology effectively.

4. Conclusion

- The demand for training in environmental law and environmental management in compliance with the law of small and medium enterprises in Vietnam is huge.
- There are very few institutes and companies that can organize training courses that meet the needs of small and medium enterprises, as a high quality training program required: Understanding the legal system for small and medium enterprises (especially environmental law); Technical understanding in the field of environmental management; And understanding of corporate governance.
- When developing training programs for SMEs, it is necessary to build separately program for microenterprises (less than 10 employees) and small and medium enterprises (10-300 employees)
- Vietnam should issue policy to help SMEs to fulfill their social responsibilities in the environment, comply with environmental legislation and environmental management in accordance with the law, and be also able to obtain benefit of economic.