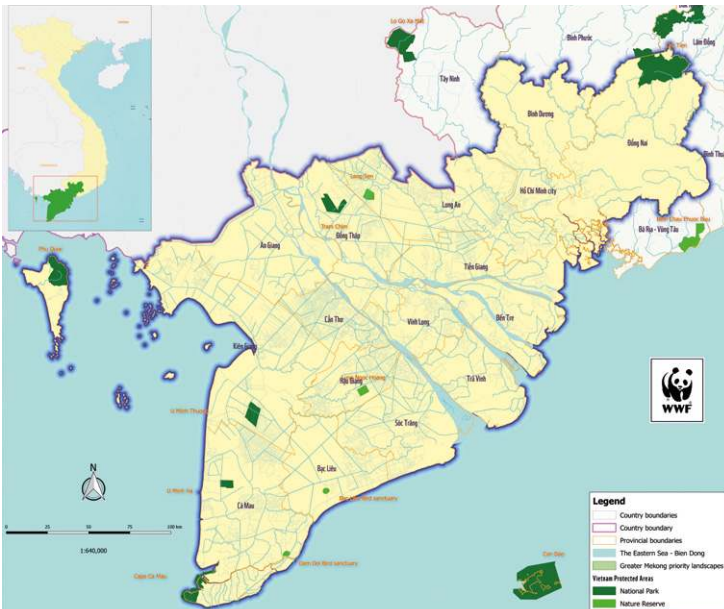




# GREATER MEKONG DELTA VIETNAM



WWF's programme in Vietnam focuses on the national level and in the Mekong Delta, fostering the industrial sector transformation and the conservation of the local ecosystem.

The project covers two interconnected areas, the Mekong delta including Cantho City and 12 provinces with the total area of 40,000 km<sup>2</sup> and Dong Nai delta including Ho Chi Minh City, Binh Duong and Dong Nai provinces with a total area of 10,000 km<sup>2</sup>. The total population of the Mekong delta is 17.7 million, while 13.5 million people live in the Dong Nai delta.

Country	Vietnam
Region	Mekong and Dong Nai river deltas
Population	31,2 million
Area	50,000 km <sup>2</sup>

## TEXTILE SECTOR

Vietnam is among the top five garment exporters in the world. This industry has long been a crucial sector for the Vietnam economy: the total export value of textiles and garment products was US\$36.8 billion in 2018, which accounted for 15% of the country's total export value and made the industry the country's top export sector in that year. The main markets for Vietnam's apparel exports between 2007 and 2017 were the United States (40%), the EU (12%), Japan (11%), China (11%) and South Korea (10%). The Greater Mekong Delta Area (our project region) hosts 62% of Vietnam's textile and apparel factories, and contributes more than 40% of the country's GDP.

### CHARACTERISTICS OF VIETNAM TEXTILE AND GARMENT SECTOR



**> 7,000  
factories**



**82% owned by  
the private sector\***

\*Domestic (41%), Foreign Direct Investment (41%) and State owned companies (18%)



**70% are  
garment factories**



**64% have less  
than 50 labours**



**> 3 million labourers  
in the sector and steady  
export growth**

## Main Challenges in the Basin

## Potential Impacts from the Sector

## Implications for Business

DELTA IS SINKING	Upstream hydro dams development, sand mining, and overexploitation of groundwater are causing the delta to sink and shrink (land subsidence and erosion) by 0.5 – 2.0 cm per year in the last 25 years.	Government restriction on groundwater extraction will force factories to look for alternative sources of water supply or transform production to be more water efficient.	Interruption on supply from groundwater sources may happen due to limited availability or poor quality of groundwater. Disruptions in supply may cause delays in delivery and affect the quality of the products.
WATER QUALITY	Water pollution from industrial and urban settlements (especially large cities) are causing serious water quality issues in downstream cities, affecting also aquatic ecosystems and biodiversity.	Pollution from wet processing and other high impact processes are often discharged without treatment by smaller, less regulated or locally owned sites.	Factories could face restrictions on expansion plans or refusal of permits extension due to perceptions of poor performance. There is also reputational risk which may lead international buyers to move supply chains away from Vietnam.
WATER QUANTITY	Being dependent on water from upper (mostly transboundary) basins, the country is particularly vulnerable to impacts from upstream hydropower development and groundwater over-extraction.	Surface water supply is highly dependent on the water management and development decisions made by upper basin countries with direct implications on the availability of water for the textile factories.	Factories could see their water supply diminished, experience limitations or interruption of surface water supply, causing potential shut downs or limits in production. Potential regulation on groundwater extraction will further diminish water supply and threaten water-intensive segments of sector supply chain.
WATER GOVERNANCE	Vietnam's water governance framework is continually evolving and has regulatory responsibilities shared across numerous government agencies. This often causes inconsistencies and confusion. Moreover, enforcement and monitoring are not uniform for locally owned and internationally owned sites, and this may generate negative environmental impacts.	Governance issues create an uncertain and challenging business investment environment, which will eventually affect the planning and growth of the industry. It also prevents a level playing field for all actors.	Inconsistent water and wastewater regulation, and limited compliance and enforcement (especially in tier 3 and 4), create reputational issues for the sector as well as exacerbate impacts and operational risks.
ENERGY	Vietnam will likely face power shortages in the period 2020-30, which could affect the production of textiles companies and slow or stop completion of orders. Environmental taxes and the industry's high dependence on coal, whose prices are increasing, considerably add complexity to the challenges in the basin.	Energy use can drive up the demand for coal and worsen the water situation regarding hydropower in Vietnam and the Mekong region.	Increase in energy demand and controls on greenhouse gas emissions will lead to more stringent policies for textile sector. In addition, increase in electricity tariff could reduce the competitiveness of the whole sector.

## PROJECT INFORMATION

The textile project's vision is ***“transforming the textile sector in Vietnam and engaging sectoral and environmental governance in order to bring social, economic and conservation benefits to the country and the entire Mekong region”***. This vision will be achieved by making textile businesses more active participants in the Mekong River resource planning and management, as well as in the sustainable energy planning, by working directly on impact reduction and financial solutions to scale best practices, and by creating an opportunity for these businesses to discuss collective action to achieve sustainable investment and development in the textile sector.

## INTERNATIONAL PARTNERS

HSBC ■ Tommy Hilfiger ■ H&M ■ Swiss Development Cooperation (tbc) ■ China National Textile and Apparel Council (CNTAC) ■ Lancang-Mekong Cooperation Environmental Center (LMEC)

## NATIONAL, REGIONAL AND LOCAL PARTNERS

Vietnam Textile and Apparel Association (VITAS) ■ Vietnam Business Council for Sustainable Development ■ Vietnam Chamber of Commerce and Industry (VBCSD / VCCI) ■ Vietnam Banks Association (VNBA), Department of Energy Saving and Sustainable Development ■ Ministry of Industry and Trade (MOIT), Department of Water Resources Management ■ Ministry of Natural Resources and Environment, (MONRE) ■ Vietnam River Network (VRN) ■ Women's Union.

## ACTIVITIES

Type of activity	Outcomes	Action plan	Key Performance Indicators
<b>Trans-boundary cooperation</b>	Business sector (particularly SMEs) and CSOs are a strong force to support public sector on regional river management and governance and related decision making.	Through a multi-stakeholder regional platform, anchored in the Lancang-Mekong Cooperation, discuss challenges in regional river governance and contribute to better river management within the Belt and Road investment by promoting sustainable Chinese textile investment in the Mekong region.	<ul style="list-style-type: none"> <li>Regional platform is created to promote more sustainable investments in the Mekong (using one sector as demonstration).</li> <li>At least 2 regional lessons sharing/training events are organized so countries (including China) can learn from each other's experience and capacities can be built at regional level.</li> </ul>
<b>Site level</b>	By 2022, target SMEs applied practices and technologies to improve water and energy efficiency and reduce polluted water discharges.	Conduct baseline study and audit on water and energy in targeted factories engage key stakeholder for awareness raising activities and promote BMP/technology solutions to SMEs.	<ul style="list-style-type: none"> <li>10–20 SMEs audited (at least 15% women owned) and 5 of those applying better management practices (at least one woman owned) on water and energy efficiency.</li> </ul>
<b>Financial solutions for scaling up activities</b>	By 2022, the business case for green financing is demonstrated with the financing sector providing funds for water and energy stewardship investments to SMEs.	Mainstream environmental, social and governance criteria into commercial bank lending policies and create dedicated credit line to allocate financing that supports water and energy improvements.	<ul style="list-style-type: none"> <li>A green financing mechanism/dedicated credit line is in place.</li> <li>5–10 of bankable projects are implemented to support SMEs in the transformation towards cleaner production.</li> </ul>
<b>Policy advocacy and collective action</b>	By 2022, through implementing water stewardship, collective actions amongst SMEs, CSOs and public sector at national/sector level are forged and national policies/strategies/regulations are improved and/or newly enforced to provide the enabling environment for continued sustainable actions by SMEs.	Support the development of the Textile Green Vision, through the creation of a Textile Alliance with multi-stakeholder participation (e. g. line ministries, associations, brands, factories).	<ul style="list-style-type: none"> <li>Green textile vision is in place.</li> <li>Water stewardship working groups established (within the Textile Alliance).</li> </ul>





## MAIN ACHIEVEMENTS TO DATE

### Case 1: A detailed analysis on Textile and Garment Sector in Vietnam: Water Risks and Solutions

was launched in November 2018.

Based on the results of the assessment, the report outlines 12 recommended actions

for the Vietnamese textile industry to take in order to mitigate water risks. Key roles were identified for factories, NGOs, brands, government entities and other enabling organisations such as development agencies, donors, and investors. Report is available [here](#)

### Case 2: A policy, initiative and stakeholder mapping of Vietnam's textile sector

was carried out and a synthesis report to inform WWF's textile project implementation was completed. Report is available [here](#)

### Case 3: International Workshop on Greening Vietnam Textile and Garment Industry

In November 2018, VITAS and WWF brought together key textile sector players, financial institution and international organization representatives through an international event on Greening Vietnam Textile and Garment Industry. This event aimed to collectively discuss and refine a roadmap to tackle Mekong regional river risks, governance and sustainable planning and investment challenges, with specific focus on Vietnam's textile sector.

### Case 4: Climate Action Training

WWF in collaboration with UN Global Compact and five German fashion brands – Adidas, Hugo Boss, Otto Group, PUMA Group and VAUDE – mobilized 80 participants from 30 supplier factories for a 2.5 day training in Ho Chi Minh City in October 2018. The training was delivered by Sustain Consulting and financed by GIZ on behalf of the German Federal Ministry for Economic Cooperation and Development. Report is available [here](#).

## BENEFITS FOR PARTNERS

This project is critical to advance on WWF's strategy to engage key private sector actors to improve river governance and mitigate climate impacts. It creates a framework which brings together multiple partners and financial and technical resources to achieve rapid change – and to replicate these successes to other sectors in the Mekong.

- **Government ministries:** This project will facilitate a dialogue between a range of public and private stakeholders to collectively set a green textile industry vision aiming to achieve broader government goals under Vietnam's Green Growth Strategy, National Determined Contributions and SDG Action Plan.

- **Textile and garment factories:** Companies will collectively work towards turning Vietnam into a sustainable supply sourcing destination by improving sustainability, mitigating environmental impacts and addressing operational, regulatory and reputational risks while sustaining profitability.

- **Brands:** The programme aims to significantly reduce the risk of sourcing from Vietnam, by addressing many of the operational and regulatory risks faced by Vietnamese producers and their customers. Taking Vietnam onto a path for sustainable apparel production will also help brands confidently source from Vietnam whilst demonstrating progress on their own sustainability goals.

- **Investors (and lenders):** The programme aims to de-risk and open up highly profitable new investment and lending opportunities within Vietnam's apparel industry, providing not only attractive returns but also positive and quantified sustainability benefits.

- **Development partners:** The plans to support a green transition for the apparel industry in Vietnam will influence of sector to bear on broader sustainability and development challenges in the region. Ultimately this has the potential to add value across a large range of development priorities.

## THIS PROJECT CONTRIBUTES TO THE ACHIEVEMENT OF:

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS



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