

Reforming Economic Institutions to Build a Foundation for Sustainable Development in Contemporary Vietnam

Hoang Thi Thu Huyen, Nguyen Thi Hien

Faculty of Political Theory and General Education, University of Labour and Social Affairs, Campus II
- Ho Chi Minh City, Vietnam

DOI: <https://doi.org/10.47772/IJRISS.2026.100400072>

Received: 29 March 2026; Accepted: 03 April 2026; Published: 27 April 2026

ABSTRACT

In the contemporary development context, sustainable development is no longer viewed merely as a policy goal of a guiding nature; rather, it has become an intrinsic requirement of the organization and functioning of the national economy. In Vietnam, alongside the significant achievements of the renovation process, development practice has also generated an imperative to further reform economic institutions in order to address bottlenecks in resource allocation, improve the quality of growth, ensure social progress, and strengthen adaptive capacity in the face of environmental, technological, and international integration challenges. Against this backdrop, the article focuses on clarifying the role of economic institutions in sustainable development, while also analyzing the historical context that has given rise to the need for economic institutional reform in contemporary Vietnam. On that basis, it assesses the current state of economic institutional reform within Vietnam's sustainable development strategy and proposes several solutions for further improving economic institutions in a coherent, modern, and effective manner, consistent with the country's objective of achieving rapid and sustainable development.

Keywords: sustainability, reform, economy, development, institutions.

INTRODUCTION

Vietnam is undergoing deep integration into the global economy, not only through participation in free trade agreements but also through its engagement in international organizations, the promotion of economic cooperation, and the attraction of investment from developed countries. In this context, sustainable development has become a central objective in the national development strategy, aimed not only at ensuring stable economic growth but also at advancing social equity and environmental protection. Achieving sustainable development requires Vietnam to undertake fundamental changes in its economic institutions, particularly through the reform of policies and governance mechanisms, in order to create a fair, efficient, and transparent business environment.

To accomplish this goal, it is essential to build a strong, flexible, and effective economic institutional framework. Economic institutions not only determine the stability of the economy but also shape a country's competitiveness in the context of globalization. A robust institutional framework helps ensure the effective implementation of public policies, reduce corruption, improve administrative reform, and create a favorable investment climate for both domestic and foreign enterprises. However, Vietnam's economic institutions still face a number of unresolved challenges. These limitations affect not only the effectiveness of economic development but also the investment environment and the quality of life of the population. Therefore, in order to achieve sustainable development and integrate more effectively into the global economy, Vietnam needs to further reform its economic institutions, address existing shortcomings, and establish a solid foundation for long-term growth.

LITERATURE REVIEW AND RESEARCH METHODOLOGY

Literature Review

A substantial body of domestic and international scholarship has examined economic institutions and institutional reform. In his seminal work *Institutions, Institutional Change and Economic Performance*, North,

D. C. (1990) analyzes the role of institutions in economic development, explaining how institutions evolve over time and shape the economic performance of nations. He emphasizes that economic development depends not only on capital and labor, but also critically on the effectiveness of institutions; when properly designed, institutions can create favorable conditions for sustained economic growth. Similarly, in *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Daron Acemoglu and James A. Robinson argue that differences in economic and political institutions—rather than geography, culture, or climate—are the primary determinants of national prosperity or poverty. They further contend that sustainable economic development cannot rely solely on natural resources or international aid, but must be grounded in continuous institutional reform and innovation.

In Vietnam, economic institutions have attracted considerable scholarly attention from multiple perspectives. Notably, Luong, X. Q., & Do, Đ. B. (2010), in *Economic Institutions of the State in the Market Economy and International Integration in Vietnam*, clarify fundamental concepts of economic institutions while analyzing both achievements and limitations in the process of institutional reform. Based on this analysis, they propose policy recommendations aimed at further improving the socialist-oriented market economy framework. Approaching the issue from the relationship between institutions and economic development, Tran, P. K. T., & Truong, T. T. (2021), in *Institutions and Economic Development: Evidence from Vietnam*, systematize the theoretical foundations of institutions and highlight their role in economic growth. According to the authors, institutions influence growth by creating a stable environment that reduces uncertainty and transaction risks, ensuring the effective functioning of market mechanisms, protecting the legitimate rights and interests of economic actors, and establishing incentive structures within the economy. Building on this framework, the study evaluates the current quality of institutions in Vietnam in comparison with selected regional economies and proposes solutions to enhance institutional quality, thereby contributing to growth model transformation and sustainable economic development. More recently, Nguyen, H. H., & Pham, T. T. H. (2025), in *Breakthroughs in Economic Institutional Reform in Vietnam Today*, underscore the significance of institutional reform as a strategic breakthrough for enhancing national competitiveness in the context of globalization and advancing sustainable development. Their study assesses both the achievements and persistent limitations in Vietnam's institutional reform process and proposes several breakthrough solutions for the coming period.

Overall, these studies have made important contributions to clarifying the theoretical foundations, empirical realities, and policy orientations related to economic institutions in Vietnam. However, most existing research has primarily focused on institutions from the perspectives of economic growth, competitiveness, or the functioning of the market economy. The relationship between economic institutional reform and the requirements of sustainable development, particularly within a socialist-oriented framework, remains insufficiently explored and warrants further in-depth analysis.

RESEARCH METHODOLOGY

The article is conducted on the basis of the methodology of dialectical materialism and historical materialism, combined with methods of analysis and synthesis, logical–historical approach, comparison, contrast, and document analysis. It focuses on examining the relationship between economic institutional reform and the requirements of sustainable development in the context of developing a socialist-oriented market economy in Vietnam.

Main Content

The Concept and Role of Economic Institutions in Sustainable Development

Economists have proposed various approaches to the concept of economic institutions, yet they generally converge on one point: economic institutions are of critical importance to socio-economic development. According to North, D. C. (1990), economic institutions are the “rules of the game” in society, functioning to shape the behavior of economic actors and thereby contributing to economic growth. By contrast, Acemoglu and Robinson (2012) distinguish between two basic types of economic institutions: inclusive institutions and extractive institutions. In their view, inclusive institutions create conditions for individuals and firms to participate in the market on a relatively fair basis, encourage innovation, protect property rights, and promote competition. Extractive institutions, on the other hand, primarily serve to preserve the power and interests of a

narrow group within society, thereby weakening competition and constraining the incentives for innovation.

From the perspective of political economy, the *Textbook of Marxist–Leninist Political Economy* defines economic institutions as “a system of rules, laws, managerial apparatuses, and operating mechanisms intended to regulate the behavior of economic actors, production and business activities, and economic relations” (Ministry of Education and Training, 2021, p. 187). Under this approach, economic institutions encompass not only legal regulations but also the broader organizational and governance mechanisms that shape economic life. In a similar vein, Nguyen, H. H., & Pham, T. T. H. (2025) argue that “economic institutions are the totality of elements necessary for carrying out economic activities, including laws, rules, economic norms, state agencies responsible for economic management, economic organizations, business culture, and the mechanisms governing the operation of the economy.”

Building on the foregoing perspectives, economic institutions may be broadly understood as the totality of rules, norms, and mechanisms governing the organization and operation of economic activities, thereby enabling economic actors to participate in economic life and to effectively realize their capabilities, talents, and values. Economic institutions encompass not only formal arrangements—such as constitutions, laws, and economic policies—but also informal elements, including customs, ethical norms, and business culture, all of which exert a direct influence on actual economic behavior. Over the course of economic history, different institutional models have emerged, reflecting distinct modes of organizing and governing the economy. Three prominent models may be identified: traditional economic institutions, market-based economic institutions, and mixed economic institutions. Each model has its own defining characteristics. While market-based institutions emphasize competition, innovation, and growth incentives, mixed institutions seek to combine economic efficiency with the objective of social equity. Traditional economic institutions, although now less common, continue to exist in certain small communities and less developed regions.

Economic institutions play a foundational role in guiding, regulating, and ensuring the stable functioning of the economy. A well-designed institutional system not only generates momentum for growth but also helps mitigate risks arising in the course of development. By establishing an appropriate legal and policy framework, economic institutions provide the basis for economic activities to proceed in an orderly, efficient, and transparent manner. Such a framework includes provisions governing property rights, principles of competition, and the operation of market mechanisms, while also shaping the formulation and implementation of fiscal and monetary policies. As a result, the economy is better positioned to adapt flexibly to changing conditions, control inflation, stabilize exchange rates, contain public debt, and preserve macroeconomic stability, thereby promoting intensive growth rather than mere quantitative expansion. More broadly, an appropriate economic institutional framework also provides the foundation for sustainable development by ensuring a balance between economic growth, environmental protection, and social progress and equity.

In addition, the stability and robustness of economic institutions constitute a critical condition for the formation of a transparent, secure, and predictable investment and business environment. Such an environment serves as a prerequisite for the effective mobilization and allocation of key resources, including capital, labor, technology, and social knowledge. When legal frameworks are clearly defined, consistent, and enforceable, economic actors are better able to reduce transaction costs, proactively formulate production and business strategies, and enhance operational efficiency. In the context of globalization and digital transformation, this role becomes even more pronounced. An advanced institutional framework not only safeguards property rights and intellectual property rights but also fosters a fair competitive environment, prevents monopolistic practices, and encourages innovation. These factors collectively contribute to higher labor productivity, greater integration into international markets, more effective utilization of opportunities arising from economic integration and free trade agreements, and ultimately, enhanced national competitiveness.

Beyond its function in promoting economic growth, a modern economic institutional framework must also guide development toward a green and sustainable trajectory. This is reflected in the design and implementation of policies that incentivize the adoption of clean technologies, the expansion of renewable energy, the efficient use of resources, and the reduction of greenhouse gas emissions. Instruments such as tax incentives, financial support schemes, emission standards, pollution taxes, and regulations limiting excessive resource exploitation

demonstrate that economic institutions not only regulate market behavior but also shape development pathways toward greater environmental sustainability. In doing so, they help mitigate the negative impacts of production and consumption on ecosystems, while simultaneously creating momentum for the transition to a more sustainable economy in the long term.

Finally, a well-functioning economic institutional framework plays a crucial role in promoting social equity and ensuring social welfare across different segments of the population. Its value lies not only in fostering economic growth but also in its capacity to organize the distribution of resources in a more equitable manner, thereby reducing inequality and improving overall living standards. Through policy instruments such as taxation, social transfers, wage regulation, and income redistribution mechanisms, economic institutions can help narrow income disparities and support balanced development among social groups. At the same time, a progressive institutional framework must establish effective mechanisms to protect the legitimate rights and interests of workers, expand social protection systems, and mitigate risks associated with unemployment, poverty, and excessive social stratification. In this sense, economic institutions function not merely as tools for organizing and managing the economy, but as essential mechanisms for linking economic growth with social progress and equity. The integration of economic efficiency with social justice and welfare thus provides the foundation for a stable, inclusive, and sustainable society.

The Historical Context Underlying the Need for Economic Institutional Reform in Contemporary Vietnam

In the current context, Vietnam faces an urgent need to reform its economic institutions in order to adapt to the transformation of its growth model, enhance labor productivity, promote innovation, and strengthen resilience to the increasingly complex fluctuations of the global economy. This is not merely a technical requirement of development governance, but a structural condition for ensuring sustainable growth, reinforcing national competitiveness, and improving the quality of international integration. The pressures driving economic institutional reform in Vietnam today arise from multiple interrelated factors, most notably the inherent limitations of the traditional growth model, the rise of the digital economy, the increasingly profound impact of the Fourth Industrial Revolution, and the new demands generated by the process of international economic integration.

Vietnam's traditional growth model, which has largely relied on the exploitation of natural resources, low-cost labor, and the attraction of foreign investment, made significant contributions to economic growth in earlier stages of development. However, under the conditions of a new development context, its limitations have become increasingly apparent. Heavy dependence on resource extraction not only depletes non-renewable assets but also generates serious environmental consequences, directly affecting quality of life and long-term development prospects. At the same time, an economic structure heavily dependent on processing, assembly, and imported technologies has resulted in low value added, limited technological mastery, and only marginal improvement in Vietnam's position within global value chains. In agriculture, the continued predominance of raw commodity exports and the low level of deep processing have constrained economic efficiency. In industry, many key sectors remain concentrated in low-value-added segments of global production networks. These realities indicate that the old development model is no longer capable of meeting the requirements of a growth pattern driven by knowledge, technology, and innovation.

The ongoing transformation of Vietnam's growth model requires the establishment of a new institutional framework more compatible with the demands of intensive development. In the current context, the development objective is no longer limited to rapid expansion in scale; rather, it must shift decisively toward improving labor productivity, enhancing resource-use efficiency, fostering innovation, and strengthening resilience to external shocks. This requires economic institutions not only to maintain a stable environment for production and business activities, but also to serve as a driving force for economic restructuring, more efficient resource allocation, the encouragement of innovation, and the formation of new growth drivers. In other words, at the present stage, economic institutional reform constitutes a pivotal condition for Vietnam's transition from a quantity-based growth model to a development model centered on quality, efficiency, and sustainability.

The rapid development of the digital economy is also fundamentally transforming the organization and operation

of the economy, thereby creating an urgent need for institutional adaptation. The digital economy is not merely the digitization of existing economic activities; it also generates entirely new models of production, business, and distribution based on data, digital platforms, and intelligent technologies. The rapid expansion of e-commerce, fintech, artificial intelligence, big data, blockchain, and the Internet of Things is opening up new spaces for growth, while simultaneously exposing significant gaps in the current legal and regulatory system. Issues related to data ownership, personal data protection, cybersecurity, electronic transactions, cashless payments, and the management of digital financial risks all call for a more flexible, modern, and adaptive institutional framework. Put differently, without corresponding institutional reform, the development of the digital economy may be constrained, while businesses and consumers will face growing risks in the digital environment.

The impact of the Fourth Industrial Revolution and the broader process of digital transformation is also intensifying the pressure for economic institutional reform. The rapid development of new technologies is not only reshaping modes of production, governance, and distribution, but also reconfiguring the structure of competition among economies. In this context, continued reliance on natural resources and low-cost labor not only increases vulnerability to external shocks but also slows the transition toward a growth model driven by productivity, technology, and knowledge. To adapt to this trend, economic institutions must create a favorable environment for the application of science and technology, promote research and development activities, support the innovation-driven startup ecosystem, and encourage firms to transform their business models. Only when institutions function as a foundation for innovation and digital transformation can the economy improve productivity, reduce costs, expand its participation in global markets, and generate higher value added.

In addition, the increasingly deepening process of international economic integration constitutes another important driver of economic institutional reform in Vietnam. Participation in new-generation free trade agreements such as the CPTPP, EVFTA, and RCEP not only expands market access and investment opportunities, but also requires Vietnam to comply with higher standards in trade, investment, labor, environmental governance, and intellectual property protection. This means that economic institutions can no longer operate according to outdated modes of thinking; instead, they must be adjusted to become more transparent, more efficient, and more compatible with international norms. Legal reform, administrative simplification, improved market governance, stronger protection of the legitimate rights and interests of enterprises and workers, and enhanced capacity to regulate risks in trade and investment have therefore become urgent imperatives. From this perspective, economic institutional reform in Vietnam today is not merely a response to changes in the development environment, but a prerequisite for transforming the opportunities generated by integration into long-term drivers of sustainable development.

The imperative of sustainable development is also a historically significant factor that underscores the urgency of economic institutional reform. In earlier stages, economic growth was often treated as the primary policy priority, while environmental concerns, social equity, and the quality of development did not receive adequate attention. However, development practice has demonstrated that an economy relying solely on growth speed, without due regard for institutional quality, the distribution of development outcomes, environmental protection, and adaptive capacity, is unlikely to achieve sustainability. For this reason, contemporary economic institutional reform must be linked to the improvement of mechanisms for equitable resource allocation, the promotion of green production, the encouragement of innovation, the protection of the environment, and the enhancement of people's quality of life. In this sense, economic institutional reform is no longer merely a requirement for growth; it has become a central requirement of a new development model in which efficiency, equity, and sustainability constitute the core criteria.

The Current State of Economic Institutional Reform within Vietnam's Sustainable Development Strategy

In order to promote the development of a market economy along a sustainable trajectory, Vietnam's legal system has continued to be refined so as to create more favorable conditions for businesses, particularly in the field of green investment. Important reforms in relevant legislation have contributed to improving transparency and efficiency in business operations, investment activities, and sustainable economic development. Specifically, the 2020 *Law on Investment* (as amended) introduced significant revisions aimed at encouraging enterprises to invest

in renewable energy, clean technology, and low-emission production. The inclusion of these sectors in the list of investment-incentive industries has not only helped attract both domestic and foreign capital but has also contributed to mitigating negative environmental impacts. At the same time, the law introduced provisions to shorten the investment licensing process and simplify administrative procedures, thereby creating more favorable conditions for green enterprises to operate and expand.

In addition, Vietnam has undertaken important reforms to simplify procedures for business establishment and enterprise governance. The time required for business registration has been reduced from 15 days in 2008 to 3 working days from the date of receipt of a valid application dossier (Clause 1, Article 33 of Decree No. 01/2021/ND-CP). The institutional framework also includes support measures for small and medium-sized enterprises (SMEs) in areas such as taxation, finance, technology, and training. SMEs are entitled to support of up to 30% of the value of consulting contracts, capped at VND 150 million per year for medium-sized enterprises and VND 200 million per year for medium-sized enterprises owned by women, employing large numbers of female workers, or operating as social enterprises (Decree No. 80/2021/ND-CP). These measures help reduce legal barriers and foster entrepreneurial dynamism, particularly in innovation-driven sectors. Moreover, the law provides policies to support social enterprises and sustainability-oriented businesses through tax and financial incentives. Such reforms not only encourage firms to adopt environmentally friendly business models but also contribute to the broader development of the economy.

To promote sustainable development, Vietnam has introduced important adjustments to its economic institutional framework, particularly in the field of public procurement. Recent policy reforms have prioritized projects incorporating green criteria and encouraged enterprises to adopt modern, environmentally friendly technologies in order to minimize adverse impacts on natural resources and ecosystems (Article 10, *Law on Bidding* 2023). In addition, procurement procedures have been reformed to enhance transparency and strengthen the accountability of relevant stakeholders. These new regulations not only help curb fraud and waste, but also create opportunities for capable enterprises with credible commitments to sustainable development to participate in public projects. Such adjustments contribute not only to economic efficiency but also to the construction of a greener and more environmentally responsible economy. In this way, Vietnam is not only developing modern infrastructure but also laying a solid foundation for long-term development closely associated with social responsibility and environmental protection.

In the context of climate change and resource depletion, Vietnam is gradually reforming its economic institutions to promote a green economy and a circular economy model. The 2020 *Law on Environmental Protection* established important criteria for advancing the circular economy, requiring enterprises to apply clean technologies, reuse materials, and minimize waste generation. Under the new regulations, enterprises that manufacture and distribute products with a high risk of causing pollution—such as plastics, packaging, and electronic goods—are required to assume responsibility for collection and recycling. This not only helps reduce environmental pressures but also creates opportunities for the development of the recycling industry.

Alongside legal reforms, the Vietnamese Government has also promulgated the *National Green Growth Strategy for the 2021–2030 Period*, aimed at reducing greenhouse gas emission intensity, improving resource-use efficiency, and promoting a greener economy. The strategy sets targets to reduce greenhouse gas emission intensity by 15% by 2030 and by 30% by 2050 through expanded use of renewable energy, the development of sustainable transport systems, and improved energy efficiency in industrial production. It also seeks to advance the green economy by supporting enterprises in transitioning toward circular production models, reducing pollution, and encouraging sustainable consumption. At the same time, it aims to improve resource efficiency, reduce waste in production, and expand waste recycling so as to generate economic value rather than environmental degradation.

Through continuous economic institutional reform, Vietnam has advanced sustainable development by balancing economic growth, environmental protection, and social progress. During the period 2010–2023, the Vietnamese economy maintained a relatively stable GDP growth rate of approximately 6–7% per year, reflecting strong and sustained development (General Statistics Office, 2023). Notably, Vietnam is gradually moving away from a growth model based on natural resource exploitation and low-cost labor, transitioning instead toward an economy driven by innovation, green technology, and digital transformation. This shift has contributed to

improvements in labor productivity, increased value added, and the mitigation of negative environmental impacts.

At the same time, the Government has strengthened policies aimed at pollution control, particularly in the areas of industrial emissions, water pollution, and forest resource protection, in order to ensure sustainable development and reduce the impacts of climate change. In addition, institutional reforms have facilitated the attraction of substantial investment into environmentally friendly sectors, thereby supporting sustainable growth. Green bonds and green credit instruments have been increasingly developed, enabling enterprises to access preferential financing for investments in clean technologies, renewable energy, and low-emission production models.

Moreover, foreign direct investment (FDI) has continued to expand, especially in sustainable manufacturing sectors, with the participation of major multinational corporations such as Samsung, Apple, and Lego, which have committed to using 100% renewable energy in their operations in Vietnam in the future. Alongside the attraction of foreign capital, policy support for innovation-driven startups has fostered the emergence of numerous green technology enterprises, offering solutions to reduce pollution, optimize resource use, and promote the circular economy. These achievements not only enable Vietnam to sustain economic growth but also orient its development toward a modern, green, and sustainable model.

Despite the progress achieved, Vietnam's process of economic institutional reform continues to face significant limitations.

First, the legal and administrative framework remains insufficiently coherent, lacks transparency, and is subject to frequent change, resulting in uncertainty in the application of laws and regulations. This partly stems from the country's transition from a centrally planned economy to a socialist-oriented market economy. Because this institutional model has not yet been fully completed, legal loopholes and regulatory overlaps across sectors continue to persist.

Second, administrative reform has not been fully carried through. Although Vietnam has undertaken considerable administrative reforms, administrative procedures remain complex and, in many cases, insufficiently transparent. Coordination among state agencies is still limited, leading to inefficiencies in implementation, delays in problem-solving, and at times the shifting of responsibilities among institutions. In addition, the lack of clarity regarding the authority and responsibilities of state agencies has contributed to ambiguity in law enforcement and increased the risk of misuse.

Third, the economic institutional framework has not yet given sufficient emphasis to environmental protection and sustainable development. Policies intended to promote investment in clean technologies and renewable energy have not been implemented with adequate strength or consistency. As a result, enterprises continue to encounter difficulties in adopting environmentally friendly production models. Although the demand for financing for sustainable development projects is increasing, there remain too few support packages and financial incentives strong enough to attract enterprises and investors to this field. This has constrained the scaling up and broader application of green technologies in production, particularly among small and medium-sized enterprises. Moreover, policies on electricity pricing, power purchase mechanisms, and transmission infrastructure remain incomplete, thereby limiting the expansion of clean energy projects, despite Vietnam's significant potential for renewable energy development, especially in solar and wind power.

Fourth, Vietnam's process of economic institutional reform has not yet been fully aligned with international standards. Vietnam pursues a socialist-oriented market economy model, whereas most developed countries operate under liberal market economy models. This represents a fundamental difference in the organization and functioning of market mechanisms and public policies. Consequently, Vietnam faces challenges in adapting to international standards related to free trade, transparency in economic activities, and deeper global integration.

Solutions for institutional reform of the economic system toward sustainable development in Vietnam

Based on the achievements attained and the limitations that persist, the authors propose several recommendations and policy solutions for economic institutional reform aimed at advancing sustainable development in Vietnam.

Improving the legal framework and support policies for economic activities is a fundamental prerequisite for promoting sustainable development, as it provides a transparent, coherent, and internationally compatible legal foundation. First, legal provisions relating to intellectual property rights should be further revised and strengthened in order to protect the intellectual assets of individuals, organizations, and enterprises, thereby creating a more favorable environment for innovation. At the same time, greater harmonization between domestic law and international commitments, particularly those embedded in free trade agreements (FTAs), is necessary to ensure transparency and fairness in international economic transactions. Environmental regulations should also be further refined in line with international standards, such as the Paris Agreement on climate change. This includes strengthening legal provisions on environmental protection in resource exploitation, establishing clear environmental standards for enterprises in the use of natural resources and waste treatment, and developing robust monitoring mechanisms together with strict sanctions for violations.

Promoting the transition from an extensive growth model to intensive development is essential for Vietnam's long-term sustainability. This requires reforming the institutions governing management and resource allocation in order to optimize the use of labor, capital, and natural resources with a view to improving productivity, quality, and production efficiency, rather than merely expanding economic scale. The government should adopt policies that encourage investment in and development of key sectors such as information technology, electronics, clean industry, and renewable energy. It is equally important to create a favorable environment for digital transformation across the economy and to incorporate emerging models such as the green economy and the circular economy, both of which can contribute significantly to sustainable national development. In addition, appropriate institutional mechanisms and policy incentives should be established to facilitate technology transfer from abroad and to foster domestic innovation ecosystems.

Reforming investment policies to promote sustainable enterprise development is another important pillar of institutional reform. Investment policy reform plays a critical role in steering the economy toward a sustainable development model by creating favorable conditions for enterprises to adopt clean technologies, implement green production, and participate in sustainable value chains. The list of investment-incentive sectors should be expanded to include fields such as renewable energy, environmental technology, and circular production, thereby attracting both domestic and foreign investment. Tax incentives and exemptions should be strengthened for enterprises that adopt low-emission technologies, use clean energy, and integrate into sustainable supply chains. In addition, policies should be introduced to support the development of eco-industrial parks, in which enterprises receive assistance in land access, infrastructure, and finance when they commit to environmentally friendly production models. At the same time, cumbersome administrative procedures should be reduced, and the time required for investment licensing in projects meeting sustainability criteria should be shortened. A one-stop administrative mechanism should also be established to enable enterprises to access support policies and complete investment procedures more quickly and efficiently. The application of digital transformation in investment management is equally necessary to provide a transparent and accessible platform for registration and licensing processes.

Promoting green finance reform is a strategic priority for advancing sustainable development. Green finance serves as a critical instrument for facilitating the transition of enterprises and the broader economy toward green and circular economic models, while also reducing emissions. In the context of ongoing economic institutional reform in Vietnam, green finance reform is essential for directing capital flows toward environmentally sustainable sectors. Accordingly, Vietnam should introduce preferential tax and interest rate policies for enterprises and investment projects in renewable energy, clean technologies, and sustainable agriculture. Specific measures may include corporate income tax reductions for investments in renewable energy (such as wind, solar, and small-scale hydropower) and clean technologies; tax incentives for startups operating in green technology and energy-efficient production models; and exemptions or reductions in import duties for clean technology and renewable energy equipment. In addition, value-added tax reductions for renewable energy products and sustainable agricultural goods should be considered. The issuance of green bonds should be encouraged to mobilize capital for investments in sustainable infrastructure, renewable energy, and green transport systems. Expanding green credit and facilitating access to preferential loans for enterprises investing in circular production models and carbon emission reduction is equally important. Furthermore, guarantee mechanisms and interest rate subsidies for green projects should be established to lower capital costs and attract private investment.

Developing high-quality human resources is another essential pillar of economic institutional reform. Beyond improvements in legal and policy frameworks, sustainable development requires a skilled workforce equipped with a comprehensive understanding of sustainability principles. Vietnam should adopt appropriate policies to reform its education and training systems, including updating curricula and teaching methodologies, improving the quality of teachers, expanding access to education and vocational training, and strengthening the linkage between education and labor market demands. Particular emphasis should be placed on promoting interdisciplinary training, especially in fields such as science and technology, innovation, and environmental and resource management. To fully leverage intellectual capital, Vietnam should implement policies to attract and retain talent by offering competitive incentives to international experts and highly skilled overseas Vietnamese professionals to engage in research, teaching, and policy advisory activities. In addition, policies should be developed to promote high-tech zones and modern innovation centers where experts can work under internationally standardized conditions. Establishing collaborative research programs between domestic and international experts will further facilitate knowledge exchange, experience sharing, and the transfer of advanced technologies, thereby contributing to sustainable development.

CONCLUSION

Economic institutional reform constitutes a key factor in addressing bottlenecks in Vietnam's development process and serves as a strategic condition for building a long-term foundation for sustainable development. Recent reform efforts have gradually generated positive transformations in the economy, contributing to enhanced national competitiveness, increased attraction of green investment, and the orientation of economic development toward a more modern and sustainable trajectory. However, the process of institutional reform continues to face significant challenges, particularly the lack of policy coherence, limitations in implementation capacity, and the gap between policy intentions and practical outcomes. Therefore, in the coming period, Vietnam needs to further intensify economic institutional reform in a more coordinated, transparent, flexible, and effective manner, ensuring that institutions function as a genuine driver of development rather than merely as a regulatory tool. Only on this basis can the economy sustain its growth momentum, strengthen its resilience to emerging global uncertainties, and progressively realize the goal of building a prosperous and inclusive society.

REFERENCES

1. Acemoglu, D., & Robinson, J. A. (2012). *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. Crown Publishing Group.
2. General Statistics Office of Vietnam. (2023). *Statistical Yearbook*. Statistical Publishing House, Hanoi.
3. Government of Vietnam. (2021). Decision No. 1658/QĐ-TTg approving the National Green Growth Strategy for the period 2021–2030, with a vision to 2050. Hanoi.
4. Government of Vietnam. (2021). Decree No. 01/2021/ND-CP on Enterprise Registration. Hanoi.
5. Government of Vietnam. (2021). Decree No. 80/2021/ND-CP on Detailed Regulations and Implementation Guidelines for Certain Articles of the Law on Support for Small and Medium-Sized Enterprises. Hanoi.
6. Luong, X. Q., & Do, Đ. B. (2010). *State Economic Institutions in the Market Economy and International Integration in Vietnam*. National Political Publishing House (Sự Thật), Hanoi.
7. Ministry of Education and Training. (2021). *Marxist–Leninist Political Economy (for non-specialist undergraduate programs in political theory)*. National Political Publishing House (Sự Thật), Hanoi.
8. National Assembly of Vietnam. (2020). *Law on Environmental Protection*. Hanoi.
9. National Assembly of Vietnam. (2023). *Law on Bidding*. Hanoi.
10. Nguyen, H. H., & Pham, T. T. H. (2025). Breakthroughs in economic institutional reform in Vietnam today. *Journal of Science and Development Research*, 4(1), 26–34. <https://doi.org/10.58902/tcnckhpt.v4i1.209>
11. North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge University Press.
12. Tran, P. K. T., & Truong, T. T. (2021). Institutions and economic development: Evidence from Vietnam. *Ho Chi Minh City Open University Journal of Science – Economics and Business Administration*, 17(1), 31–44. <https://doi.org/10.46223/HCMCOUJS.econ.vi.17.1.1357.2022>