STATE-OWNED ENTERPRISES AND THE GOAL OF SUSTAINABLE DEVELOPMENT

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Abstract: ***In the modern socialist-oriented market economy, the role of State-Owned Enterprises (SOEs), and of enterprises in general, has shifted from that of a dominant "core engine" to that of a policy instrument. In practice, this means that rather than exerting control across all sectors of the economy and determining the country's development trajectory, SOEs now concentrate on a limited set of strategic sectors and areas that can significantly influence overall economic development. They implement clearly defined objectives and tasks under close government oversight, with particular emphasis on ensuring the achievement of sustainable development goals.***

• Keywords: *state-owned enterprises; sustainable development; role.*

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Sustainable development is commonly defined as a process that meets the comprehensive needs of present society while ensuring the ability of future generations to meet their own needs. In other words, it seeks to balance economic growth, environmental protection, and social equity.

The three core pillars of sustainable development are:

Economic: Sustainable economic growth aims to create prosperity and macroeconomic stability without exhausting natural resources or causing long-term negative externalities.

Social: Social equity and broad-based community participation, ensuring access to education, healthcare, and employment opportunities within a stable and fair society.

Environmental: Protecting and conserving the environment for the future, including reducing pollution, conserving biodiversity, and using natural resources efficiently.

As a policy instrument of the State, SOEs operationalize sustainable development across three dimensions: the economy, society, and the environment.

1. Economic Dimension: Roles Performed by SOEs

1.1. SOEs serve as a pivotal force in the economy, contributing to macroeconomic stabilization, helping ensure key national balances, and thereby underpinning sustainable development.

Although, as of 31 December 2024, SOEs accounted for only around 0.4% of the total number of operating enterprises nationwide, they continue to hold significant resources: 7% of total assets and 10% of total owners' equity of all enterprises in the market; approximately 25.78% of total production and business capital; and 23.4% of fixed assets and long-term financial investments among enterprises with positive business results. Vietnamese SOEs occupy substantial market shares in sectors such as energy, telecommunications, and banking, and contribute more than 29% of national GDP.

Table 1: Number of SOEs in Vietnam, 2020-2024

Year	2020	2021	2022	2023	2024
Enterprises with 100% state capital	459	476	478	473	473
Enterprises with >50% state capital	187	197	198	198	198
Groups, general corporations, parent-subsidiary companies	73	75	77	78	78

Source: Government report

While SOEs account for less than 0.4% of active enterprises, they operate efficiently with the highest labor productivity among all ownership sectors (18.9 times higher). The return on sales (ROS) for the entire enterprise sector is 3.4%, with SOEs recording the highest ROS at 5.8%.

Financial indicators and business performance show consistent improvement, indicating the increasing efficience in SOEs activities. Over 2020-2024, total assets increased from VND 3,674,627 billion (2020) to VND 4,190,529 billion (2024), averaging 2-4% growth per year. Owners' equity

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rose from VND 1,717,379 billion (2020) to VND 1,985,620 billion (2024), averaging 3% per year. Profit before tax increased from VND 162,904 billion (2020) to VND 227,500 billion (2024), averaging around 20% per year. The average pre-tax return on equity over 2020-2024 was 12%.

Table 2: Financial indicators and business performance (Billion VND)

Year	2020	2021	2022	2023	2024
Total assets	3.674.627	3.749.867	3.927.466	4.010.306	4.190.529
Owners' equity	1.717.379	1.795.451	1.845.505	1.882.674	1.985.620
Profit before tax	162.904	205.045	247.905	217.788	227.500
Pre-tax ROE	9%	11%	13%	12%	12%

Source: Authors' compilation from Ministry of Finance reports.

1.2. SOEs play a core, leading role in several strategic sectors of the economy such as finance and banking, oil and gas, electricity, coal, mining, basic chemicals, telecommunications, digital infrastructure, transportation, and the supply of fuel and essential commodities thereby providing the backbone for production and business activities across other industries, and meeting public consumption and export demand..

SOEs is currently holding a core role in several strategic sectors of the economy

SOEs in Digital Technology Sector: VNPT and MobiFone have demonstrated leadership in national digital transformation by developing digital infrastructure for central and local government bodies, organizations, and enterprises, and by deploying successful customer-facing digital services. Viettel is pursuing its strategy to become a global technology group, spearheading digital transformation, shaping a digital society, and serving as the core of a high-tech defense industrial complex.

SOEs play a leading role in Energy Security. According to the Electricity Regulatory Authority (Ministry of Industry and Trade), power plants owned by state economic groups EVN, PVN, and TKV account for roughly 87% of Vietnam's generation mix. By end-2024, key transmission projects were completed (e.g., 500 kV Nam Dinh I Thermal Power Plant - Pho Noi line; 500 kV Quang Trach - Pho Noi, 3rd circuit), while several large projects were under implementation (e.g., Nhon Trach 3 & 4 Thermal Power Plants; Hoa Binh Hydropower Expansion; Ialy Hydropower Expansion; Quang Trach I Thermal Power Plant; and the Block B gas-power project chain).

SOEs in Petroleum distribution: Petrolimex holds about 50% of the retail market. Other SOE groups and general corporations account for most of the remainder PVOil (22.5%), Saigon Petro (6%), Thalexim (6%), the Military Petroleum Corporation (6%), with other firms making up 15%.

SOEs in Transport & Logistic: Major projects include the Ben Luc - Long Thanh Expressway; Container Terminals No. 3 and 4 at Lach Huyen (Hai Phong); Passenger Terminal T2 at Cat Bi International Airport; Passenger Terminal T3 at Tan Son Nhat International Airport; and Component Project 3 of Long Thanh International Airport (Phase 1).

SOEs in Finance and banking: The system of state-owned commercial banks has promptly supplied credit to the economy and provided core banking services. The total assets of five state-owned commercial banks Agribank, Vietcombank, VietinBank, MB, and BIDV are approximately VND 10,590,000 billion, accounting for 46.5% of the total assets of Vietnam's credit institutions.

In addition, SOEs are actively involved in high-tech, frontier fields with elevated risk profiles. In the current period, they constitute an essential material instrument enabling Vietnam to achieve the "dual objective" of economic development in tandem with social policy implementation.

1.3. SOEs are central to building and expanding critical economic-social infrastructure especially transport, agriculture and rural development, energy, and telecommunications. Many state economic groups and general corporations are mandated to deliver public policy tasks, support macroeconomic stabilization, and implement price-stabilization measures.

In the context of the Fourth Industrial Revolution, SOEs help lead and catalyze development across economic sectors, support competitiveness upgrading among enterprises, and foster value-chain linkages consistent with the country's industrialization and modernization agenda.

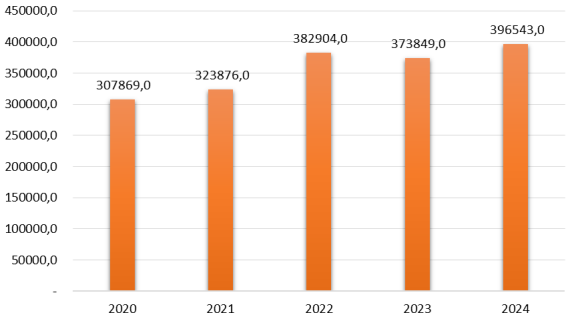
State economic groups and general corporations continue to maintain their core position and role, fulfilling their principal and leading functions in numerous key industries and sectors of the economy. They meet consumer demand and supply essential goods to the population, contribute to the country's economic development, and ensure national defense and security particularly in matters related to energy security. Their production and business performance has remained stable, helping to secure major macroeconomic balances and provide critical products

and services for the economy, such as electricity, coal, petroleum, and basic chemicals.

SOE investment in strategic sectors and localities has reduced pressures on the state budget in executing large economic-social development projects, and contributed to economic restructuring and growth-model transformation.

1.4. SOEs make important contributions to the state budget and social welfare. During 2020-2024, their contribution to the state budget rose steadily, and SOEs contributed roughly 28% of GDP.

Figure 1: Taxes and other payments to the State Budget (Billion VND)



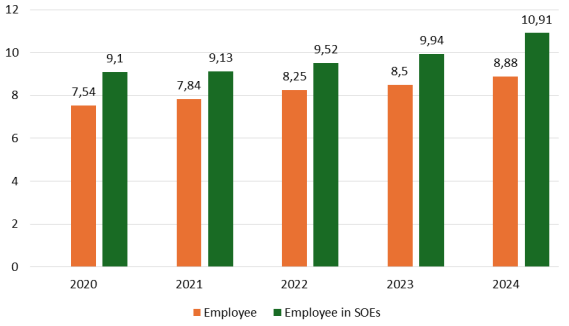
Source: Government report

2. Social Dimension

Fulfilling social welfare obligations is an essential component of corporate social responsibility, particularly for SOEs. In recent years, SOEs have consistently taken the lead in social welfare programs.

2.1. SOEs play a significant role in ensuring social welfare.

Hình 2: Average monthly wages in SOEs (Million VND/month)



Source: Ministry of Labour - Invalids and Social Affairs data

SOEs provide employment and generate income for workers: The state sector was once a major employer, but in recent years its workforce has declined sharply and is expected to undergo further significant changes. From 2010 to 2024, the number of employees in the state sector fell from 5.025 million to 4.047 million, equivalent to a decrease from 10.2% to 7.8% of the total national workforce. According to data compiled by the Ministry of Labour, Invalids and Social Affairs from reports of 1,166 enterprises comprising 84 parent companies (economic groups and General Corporation 91/TTg), 582 member companies of economic groups and General Corporation 91/TTg, and 500 enterprises under provincial People's Committees the total workforce in 2024 was approximately 844,500 people.

The results show that, in terms of workers' wages, the average monthly salary was 9.1 million VND in 2020; 9.13 million VND in 2021; 9.52 million VND in 2022; 9.94 million VND in 2023; and 10.91 million VND in 2024.

SOEs implement social welfare programs: SOEs also carry out numerous social welfare initiatives, such as developing social housing and providing support for the poor, people with meritorious service, and persons with disabilities.

HUD (Housing and Urban Development Corporation), a state-owned enterprise under the Ministry of Construction, regards the development of social housing as a core political mandate and has allocated significant resources to proactively implement related projects nationwide.

To date, HUD has handed over and put into use approximately 3,500 apartments. From now until 2026, HUD will implement social housing projects totaling 2,800 apartments and is aiming for 17,500 apartments by 2030, contributing to the Prime Minister-approved program to develop at least one million social-housing units for low-income households and industrial park workers during 2021-2030.

Viglacera Corporation is implementing 10 social-housing projects with a total of 17,200 apartments; 5,500 have been handed over to Hanoi for use.

Vietnam Electricity (EVN) has demonstrated its social responsibility through numerous social welfare activities, with substantial contributions in recent years. During the 2010-2019 period, EVN contributed nearly 960 billion VND to social welfare programs, including support for building schools, gratitude houses, disaster prevention, and healthcare facilities.

2020-2021: amid COVID-19, EVN implemented five rounds of electricity-price reductions totaling more than VND 16,950 billion to support customers; EVN and its subsidiaries contributed about VND 560

billion to pandemic response, including VND 400 billion to the national COVID-19 Vaccine Fund and VND 60 billion to the "Internet and Computers for Children" program.

The Military Industry and Telecommunications Group (Viettel) is one of Viet Nam's leading state-owned enterprises, pioneering not only in the technology sector but also actively fulfilling its social responsibility through numerous practical social welfare programs.

As of 2022, Viettel had contributed approximately 15,000 billion VND to social responsibility activities, focusing on areas such as education, healthcare, and sustainable poverty alleviation.

Notable contributions in 2024 include: 530 billion VND allocated by Viettel to humanitarian social welfare programs; 100 billion VND in support for people affected by storms and floods of which 20 billion VND was contributed to the Ministry of National Defense's fund and 80 billion VND provided in the form of services to affected communities; and 10 billion VND donated to the "Eradicating Temporary and Dilapidated Housing" campaign in response to the Prime Minister's call.

Social welfare disbursement: VNPost has established 13,491 payment points in communes and wards nationwide to serve social protection beneficiaries and people with meritorious service to the nation. To date, VNPost has disbursed 5,800 billion VND in preferential allowances to such beneficiaries through the postal system.

Implementation of a social welfare credit product: On January 19, 2024, VNPost, in cooperation with Vietnam Public Joint Stock Commercial Bank (PVcomBank), launched a social welfare credit product. This product is designed to help workers continue contributing to Social Insurance in order to qualify for pensions and old-age benefits.

VNPost has developed a comprehensive digital transformation plan for social welfare disbursement, including the digitization of payment data, the deployment of the PostPay e-wallet, and the Social Welfare Disbursement Management System (ASXH). The objective is to enhance efficiency, ensure accurate payments to the right beneficiaries, and minimize fraud.

2.2. SOEs provide essential products and services for the nation. These include electricity, water, petroleum, and telecommunications. They play a major role in producing and delivering public utility services such as clean water supply, waste collection and treatment, street lighting, and urban greenery. SOEs are also key contributors to the construction and development of vital socio-economic infrastructure, particularly in transport, agriculture, rural development, energy, and telecommunications. Many state economic groups and general corporations undertake socio-political tasks, implement economic regulation policies, stabilize the macroeconomy, and help anchor prices serving as an extension of the State in executing policies, stabilizing the economy, ensuring food security and social welfare, and maintaining stable livelihoods, especially in remote areas and in sectors where the private sector is absent (such as forestry enterprises in strategic locations).

2.3. SOEs support production and improving livelihoods

SOEs coordinate the dissemination and training activities for the implementation of Government Resolution No. 30a to all residents in impoverished districts. They provide financial support for planning and developing agricultural, forestry, and fishery production, as well as for restructuring crops and livestock to suit local conditions. This is achieved through assistance in science and technology, product preliminary processing machinery, product off-take agreements, promotion and marketing; along with the provision of seeds and investment capital to gradually develop production and increase incomes for farmers in disadvantaged areas.

SOEs support for production capital and preferential loans: hrough appropriate credit policies and government support mechanisms, banks within the central state-owned enterprise (SOE) sector have actively disbursed interest-subsidized loans to help farmers invest in afforestation and the processing of agricultural, forestry, and fishery products. Thanks to preferential loan policies, people have effectively and purposefully used borrowed funds, focusing primarily on crop cultivation, livestock development, job creation, and income generation. This has had a positive impact on socio-economic development, gradually improving living standards particularly for poor households towards poverty reduction and sustainable social welfare.

***2.4. SOEs' contributions to social insurance, health insurance, and unemployment insurance*:** Each year, SOEs contribute approximately 100 trillion VND to social insurance, health insurance, and unemployment insurance for their employees.

2.5. SOEs finance essential infrastructure in poor districts and communes; support the eradication of substandard housing; and donate to border and island programs, as well as to families of officers, soldiers, and seafarers.

3. Environmental Dimension

3.1. SOEs take the lead in adopting green technologies:

SOEs are at the forefront of green technology adoption in Viet Nam, with a focus on renewable energy, environmental treatment, and sustainable development:

They invest in renewable energy to promote sustainable growth and reduce greenhouse gas emissions a necessary trend to ensure sustainable economic development, cut emissions, and meet international commitments on climate change. Key investment areas undertaken by SOEs include: Wind power: Onshore and offshore wind power projects, particularly in coastal provinces such as Bình Thuận and Ninh Thuận.

3.2. SOEs develop green infrastructure: SOEs in Viet Nam are actively engaged in developing green infrastructure, with specific projects focused on transportation, urban development, energy, and the environment. Beyond their critical role in infrastructure development, SOEs are pioneers in advancing green infrastructure aimed at reducing emissions, conserving resources, and creating sustainable living spaces for communities. These efforts contribute to the national strategy for sustainable development and the Net Zero 2050 target.

3.3. SOEs reducing the environmental impact of production: Heavy industries such as coal, chemicals, and steel are required to adopt environmentally friendly technologies and reduce toxic emissions. Table 3 below is a list of state-owned enterprises (SOEs) that are implementing measures to mitigate the environmental impact of their production, along with notable initiatives and projects::

***3.4. Promoting the circular economy*:** SOEs promote recycling, reuse, and the efficient utilization of surplus materials. They play a vital role in advancing the circular economy in Viet Nam by adopting sustainable production models, recycling resources, and utilizing waste effectively.

***3.5. Financial support for environmental projects*:** Large SOEs with strong financial capacity can fund community projects. In Viet Nam, state-owned enterprises play an important role in financing environmental initiatives through sponsorships, investments, and the provision of capital for sustainable projects.

Table 3: Representative environmental projects by SOEs

No.	Field	Project(s)	Implementing SOE(s)
1.	Renewable energy	Sesan 4 Solar Power Plant Phuoc Thai 1 Solar Power Plant	EVN
		Thai Hoa Wind Power Project Ninh Phuoc 1-2 Solar Power	EVNGENCO3
		Hoa Hoi Solar Power Plant Mat Troi Do Solar Power	PVN
2.	Environmental pollution treatment	Canal pollution treatment in Ho Chi Minh City Membrane Bioreactor (MBR) wastewater treatment Non-revenue water reduction programs	SAWACO
		Nam Son landfill waste treatment Waste segregation at source project in Ha Noi; Hazardous waste treatment using advanced technology at the plant in North Thang Long Industrial Park	URENCO
		Electrostatic precipitators (ESP) and flue-gas desulfurization (FGD) Use of coal ash and slag for construction materials	EVN
		Mine wastewater treatment Soil remediation at mining sites Modern underground coal-mining technologies	TKV
3.	Green infrastructure	North-South Expressway Long Thanh - Dau Giay Expressway	VEC
		North-South high-speed railway (targeting renewable electricity) Green-certified depots and station upgrades	VNR
		Long Thanh International Airport (green airport design) Rooftop solar at Noi Bai and Tan Son Nhat Airports	ACV
		Smart grid Environment-friendly substations and transmission systems	EVN
4.	Reducing production impacts	Green cement production NO_x emission control systems	VICEM
		Wastewater treatment CO_2 recovery Application of environmentally friendly technologies in rubber and plastic production	Vinachem
		Associated gas recovery Advanced treatment of drilling mud and oil waste Investments in carbon capture, utilization and storage (CCUS)	PVN
5.	Circular economy	Sludge recycling Wastewater reuse Reducing water loss in the water supply system	SAWACO
		CO_2 recovery from fertilizer production Recycling of plastic and chemical waste Construction of wastewater recycling systems	Vinachem
		Steel scrap recycling Waste heat recovery Steel slag treatment	VNSteel
6.	Financial support for environmental projects	Funding for renewable energy projects Support for wastewater and solid waste treatment Provision of low-interest loans to enterprises implementing environmental projects	VDB
		Funding research on carbon capture, utilization, and storage (CCUS) Support for renewable energy projects Environmental protection fund for the petroleum sector	PVN

In sum, Vietnamese SOEs play an essential role not only in the economy but also across social and environmental spheres collectively contributing to the country's sustainable development../.

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