Development Plans: A Comparative Review

Lessons for North Macedonia

Contents

Introduction

There is much for North Macedonia to learn from reviewing how other countries have created and implemented their long term plans (whether called National Development Strategies or not). The purpose of this review is not to provide a comprehensive analysis of each or any of the countries, but to surface key lessons that can inform the NDS writing process and structure in North Macedonia. It covers 7 counties, and is split into 3 sections.

Section 1 looks at the *processes* that were used in writing both Slovenia and Croatia's NDS'. This focus is helpful given the relatively similar developmental stage, institutional structure and size (in the case of Slovenia); the common objectives of the NDS; and their recent creation. Key lessons include planning for *early* public participation, and using the NDS as an opportunity to build new institutional frameworks that enable collaboration.

Section 2 looks at the development of Green Development planning in Europe: Germany, the Netherlands (by focusing on Amsterdam) and the UK. COVID has revealed the need to build *resilience* to future climate threats, a focus of the UK's recent Integrated Review; but also has provided a once in a generation opportunity to 'build back better' by directing the massive government spending necessary to support the economy towards green jobs and projects, as Germany has sought to do.

Section 3 looks at what can be learnt from the successes of the two very different development trajectories in Estonia and Vietnam. The rise of e-Estonia has been a remarkable success story, but unpacking the history shows the importance of non-State actors and collaboration, requiring population wide digital skills. Although Vietnam's economic boom is on the surface a very different beast, it too has been made possible by an emphasis on broad inclusion - in this case, of marginalised groups in social programmes.

Across all three sections, some clear themes emerge. Most obviously, success is a shared endeavour - requiring the involvement of not just different parts of the national government, but local government, business, civil society and the general public. But this isn't a given: skills need to be proactively nurtured and opportunities to develop them found.

Secondly, directionality is important. Structural transformation requires the government to take a view on the desired destination. Whilst improving general skills and government services is necessary, it's not enough - investment needs to also flow through a modern industrial strategy, linked to a clear vision of what North Macedonia will look like in the future.

Finally, as COVID has shown, we are operating in a world of complexity and fundamental uncertainty. The NDS cannot be a prescriptive long term plan - the directionality mentioned above has to be complemented with flexibility, which requires developing the skills within government to constantly make sense of what is happening. Navigating towards the vision is not a set of directions to be followed to the letter; rather, it's a north star and a well trained crew.

Section 1: National Development Strategy Process

Slovenia

Structure of the development strategy

In 2017, Slovenia published its development strategy *Slovenia 2030*. Two years in the making, it sets out a **vision** centred around a **high quality of life for all**. The summary paragraph reads:

> *In harmony with our environment and our era, we have achieved a balanced, high-quality standard of living. By learning throughout our lives, we are well-equipped to take on the biggest challenges. We are innovative and translate ideas into actions. We create positive relationships based on trust and are building a society of solidarity and tolerance. With confidence, we open Slovenia to partners willing to cooperate. We are proud that our cultural uniqueness makes a difference around the world.*

The vision is wide ranging and holistic, intending to touch on every part of life in Slovenia. In order to make it a reality, the development strategy lays out five '**strategic directions**' that will underpin all of the work they do. They are:

- An inclusive, healthy, safe and responsible society;
- Learning for and through life;
- A highly productive economy that creates added value for all;
- Well-preserved natural environment;
- High level of cooperation, competence and governance efficiency.

The strategic directions are not intended to be mutually exclusive areas of work - rather they are seen as overlapping and reinforcing, to be implemented through 'various interconnected and interdependent areas.' These are reflected in the strategy's 12 '**development goals**' - specific domains of work (see Figure 1 below). Each of these goals is then further mapped to a set of key performance indicators and to the UN Sustainable Development Goals.

The detailed content is structured around those 12 development goals, with the strategy laying out the problem and opportunity space, as well as the focus areas that will need to be addressed in order to achieve the goal. For instance, within 'A healthy and active life' the strategy notes the need to adapt social subsystems to the changed age structure of the population, provide access to high quality healthcare, raise awareness about healthy lifestyles, address health risks from pollution, manage social diversity, and enable a balance between work, care and leisure.

Figure 1: Linking of development goals with strategic orientations

A high quality of life for all	Inclusive, healthy, safe and responsible society	Highly productive economy that creates added value for all	Learning for and through life	Well-preserved natural environemnt	High level of cooperation, competence and governance efficiency
Goal 1: Healthy and active life	●		●	●	
Goal 2: Knowledge and skills for a high quality of life and work	●	●	●		
Goal 3: Decent life for all	●				●
Goal 4: Culture and language as main factors of national identity	●		●		
Goal 5: Economic stability		●			●
Goal 6: Competitive and socially responsible entrepreneurial and research sector		●	●		●
Goal 7: Inclusive labour market and high-quality jobs	●	●	●		
Goal 8: Low-carbon circular economy	●	●	●	●	
Goal 9: Sustainable natural resource management	●	●		●	
Goal 10: Trustworthy legal system	●	●			●
Goal 11: Safe and globally responsible Slovenia	●	●		●	●
Goal 12: Effective governance and high-quality public service		●	●		●

Source: Slovenia 2030

Implementation

The strategy recognises that in the past there has been ‘insufficient implementation of strategic documents’ and notes the importance of policy coherence, cross departmental cooperation, and a rigorous monitoring framework to address this. To provide this coherence, underneath the development strategy there is a 4 year National Development Policy Programme (NDPP) and various horizontal and sectoral strategic documents. The NDPP is linked to a medium term fiscal strategy - a useful reminder that government investment is a critical part of the development strategy.

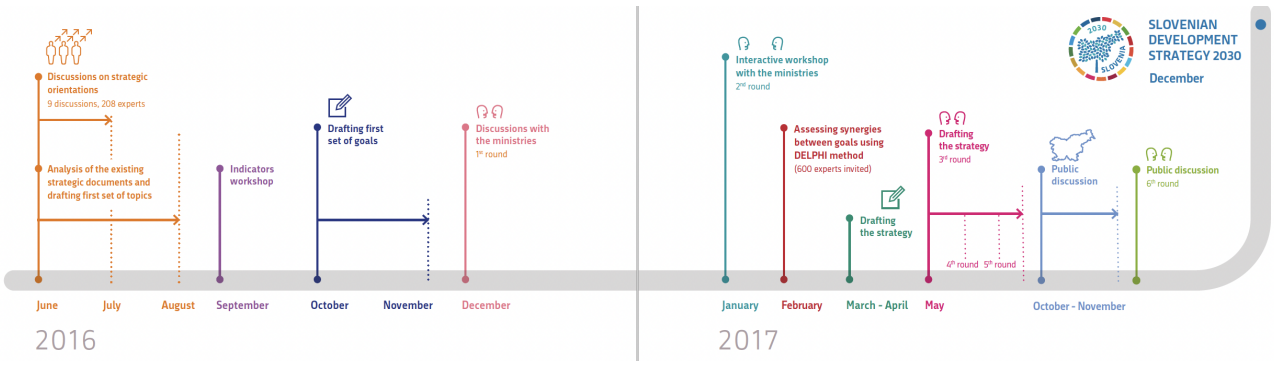
Spotlight on: Process and participation

A National Development Strategy is by its nature long term, spanning many political cycles. Slovenia recognises the importance of 'achieving a consensus regarding the direction of the country's… development' in that context - without which there would be a significant risk of change under new political leadership. To achieve that consensus required **'the widest possible circle of stakeholders.'** The process followed aimed to be inclusive and interactive, to encourage cooperation and take various points of view into account.

Slovenia 2030 wanted to 'change the established practice of drafting development documents' - but participation has been a feature in the drafting of many countries' development strategies. However, the nature of that participation varies, both in terms of the breadth (who is involved?) and the type (how much influence do they have?). The European Sustainable Development Network (ESDN), in an analysis of 94 participatory mechanisms, found that the overwhelming majority (73%) were 'consultative', whilst 17% were 'informative' and only 10% were 'decisional.' Coupled with the fact that only 2% directly involved citizens, it's clear that whilst governments have recognised the need to open up their work to others, there is still a reticence about 'letting go' too much.

To some extent, this dynamic is also apparent in the *Slovenia 2030* process. Whilst the public did have a chance to feed into the drafting of the Vision in a series of interactive workshops, only 600 individuals did so (plus a small online survey of 1000). In the drafting of the actual strategy document, the views of experts were sought early on and a lot of effort was made to ensure that there was cross departmental alignment within the government. But it wasn't until the last two months of the two year process that the public were invited to discuss the document (see Figure 2 below). Given the huge amount of work that had already gone into it at that point, it's not clear that participation at that point would have led to meaningful change. Nonetheless, the Slovenia Development Strategy was written following a more open process that is usual, and provides a good starting point for thinking about how to enable broad and deep participation.

Figure 2: Timeline of the drafting of the Slovenian Development Strategy 2030



Source: Slovenia 2030

Critique

The NDS sets out an aspirational vision, was built in a collaborative, cross departmental way and takes a holistic and progressive view of development, with well being at its core. It manages to bring together the wide set of development goals in interdependent strategic orientations and link them to the SDGs, as well as providing detailed monitoring plans and policy priorities under each one. Those are all notable successes that can be used as inspiration for North Macedonia. However, there are also at least 3 risks to the strategy's ability to deliver on its aims.

Firstly, there is a default to **incrementalism** in the setting of some of the Key Performance Indicators (KPIs). For example, the ambition to increase the proportion of the population with tertiary education from 30.4% to 35%, or the ambition to remain in the top quartile of EU countries, do not seem to require deep change. The same is true of the aim to reduce the proportion of people at risk of social exclusion from 18.4% to 16%, or increase the share of renewable energy from 22% to 27%. These targets envisage change being driven by incremental improvements to the current systems, rather than making the case for transformational system change.

Secondly, there is limited detail on building dynamic **public sector capabilities.** Whilst there is an appreciation of the need to strengthen the ability to work between departments, there is little on the new mindsets and capabilities that politicians and civil servants at both national and local levels will need in order to respond to the emergent risks and opportunities of the next 20 years such as system analysis, policy co-design, and co-benefit accounting, among others. As Kate Raworth makes clear, Doughnut Economics is about more than just the goal: it requires thinking 'like a 21st century economist.'

Thirdly, it relies on an analytical approach that **doesn't recognise complexity.** This is particularly evident in the 2019 supporting work from OECD *Prospects, challenges, and policy options to achieve the main objectives,* which develops a long term macro model out to 2050. This 'machine thinking' approach makes the assumption that economic cause and effect chains are stable, that drivers operate independently, and therefore that forecasts over that timeframe are meaningful. In this paradigm, the sequence 'analyse, plan, act' makes sense. An 'ecosystem thinking' approach, by contrast, emphasises the importance of relationships between elements, recognises the adaptive nature of the system, and therefore takes a view of the distant future that is inherently uncertain and unknowable. This paradigm priotises continuous learning and improvement, and so a sequence 'test, learn, improve' makes sense.

Croatia

Process of drafting the NDS

As highlighted by the World Bank's report, Croatia's NDS was novel in three ways. It was the first time that Croatia used a participatory, bottom up approach to create an evidence based national strategy. The combination of sectoral diagnostics with recommendations on areas of reform and policy actions for the next decade is also new; finally, there is a new strategic planning system (see legislative framework and institutional framework below).

The process took multiple years. The official Government programme for 2016 - 2020 included the drafting and adoption of a new National Development Strategy (NDS) for the period 2020 – 2030. On September 27, 2017 the Government reached the decision to form the NDS Steering Committee and Executive Working Group. The draft document was published in November 2020. Funds for the preparation of the NDS were secured in both the Ministry of Regional Development and EU Funds (MRDEUF) budget and the European Regional Development Fund programme "Competitiveness and Cohesion."

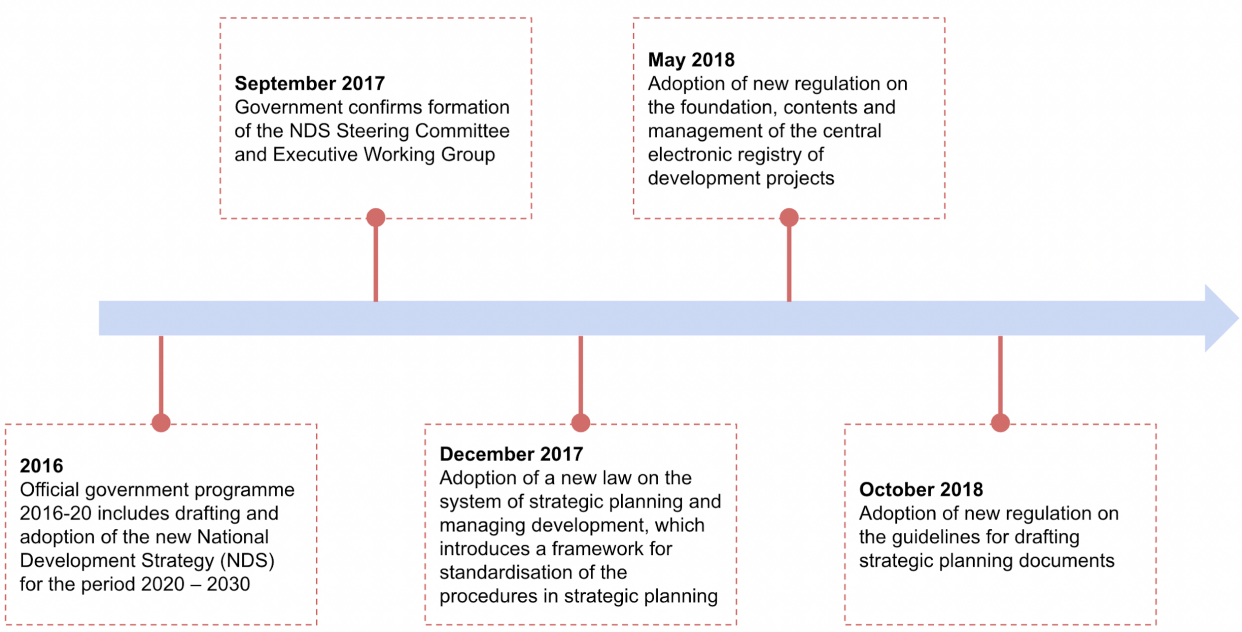
Legislative framework

New legislation was introduced to enable the creation of the NDS. In December 2017, the "Law on Amendments to the Law on Regional Development of the Republic of Croatia" was passed, which introduced a framework for standardisation of strategic planning processes, set up a clear hierarchy between strategic planning and links to the budget, and strengthened institutional capacity for systemic monitoring of the implementation of the NDS.

According to the Law, the NDS represents an umbrella strategy to which all the sectoral and territorial (county) strategies and programmes with direct links to the budgets need to be aligned. The following by-laws were adopted to streamline the drafting process and the implementation:

- May 2018: Regulation on the foundation, contents and management of the central electronic registry of development projects;
- October 2018: Regulation on the guidelines for drafting strategic planning documents;
- Guidelines for users of the strategic planning and development management system;
- Regulation on deadlines and procedures in monitoring and reporting the implementation of national strategic planning acts at regional and local level.

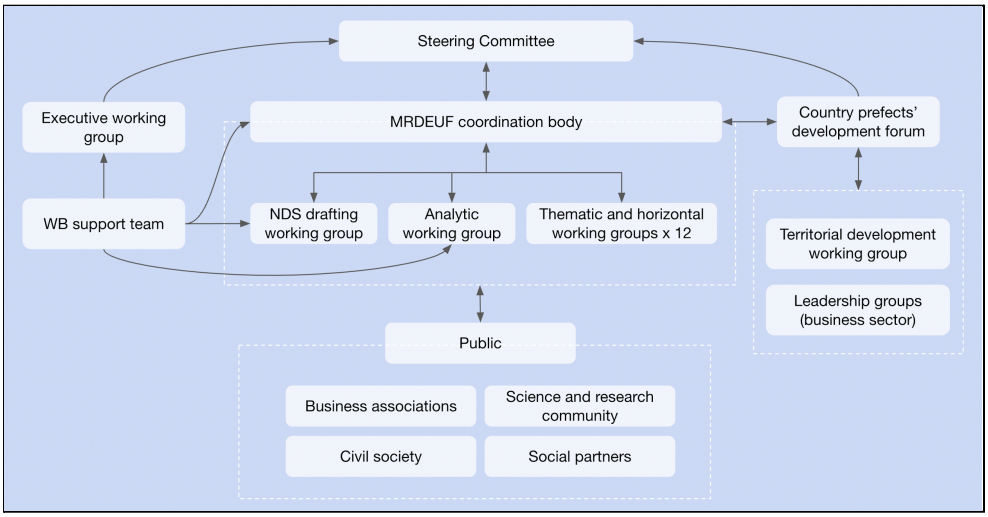
Figure 3: Timeline of the NDS process



Spotlight on: Institutional framework for writing a National Development Strategy

Writing the NDS required an institutional framework that could incorporate broad expertise, work across departments, engage with multiple levels of government, and communicate to the public - Figure 4, below, shows the overall structure.

Figure 4: Institutional framework for NDS development



The **Steering Committee** is the key decision making body, officially in charge of drafting and monitoring the implementation of the NDS. It includes the Government (including the Prime Minister), representatives of the Parliament, associations of counties, cities and municipalities, associations of employers and crafts, Croatian chamber of commerce, national trade unions, central bank and Academy of arts and sciences. Its main responsibilities are:

- Steering the process of drafting the NDS;
- Deciding on key elements of the contents, the methodology and the dynamics of the process;
- Confirming the vision, the development scenarios, strategic objectives, implementation mechanisms and indicators;
- Deciding on development projects contributing to the strategic objectives;
- Ensuring support in the process of drafting, adopting and presenting the NDS to the public;
- Monitoring the implementation of the NDS according to the indicators;
- Deciding on changes and amendments to the NDS.

The **Executive Working Group** is the main advisory body to the Steering Committee, consisting of up to 30 independent experts. They are appointed by the Steering Committee based on proposals from ministerial departments, based on their previous experience in drafting and/or implementing strategic planning acts.

The **Executive Working Group**:

- Participates in the development of analytical bases for defining the strategic framework of the NDS;
- Shapes the vision, key development scenarios, strategic objectives and the development indicators for Croatia until 2030;
- Participates in the dialogue with Croatian public and interest groups;
- Participates in the consultations process;
- Participates in drafting of the materials submitted to the Steering Committee;
- Reports to the Steering Committee;
- Distributes information to other participants involved in drafting of the NDS.

The **NDS Drafting Working Group** coordinates and monitors the work of thematic and horizontal working groups & approves the results. It prepares materials and decisions for the Executive Working Group and the Steering Committee, and coordinates work with the institutions involved in preparing the NDS 2030 and the WB experts group. It is staffed by civil servants from all ministries.

The **Analytic Working Group** is responsible for statistical analysis and helps to define the indicators that will be used to measure the performance of the NDS. It:

- Collects statistical and other data as inputs for analytical bases;
- Coordinates harmonization of the positions between the sectors;
- Develops sets of indicators and the framework for monitoring the implementation of the NDS;

- Provides expert opinions on the content, methodology, dynamics and proposed indicators;
- Prepares explanatory and other materials upon request by the Steering committee and the NDS drafting working group.

There are 12 **Thematic and Horizontal Working Groups** that bring together the representatives of public administration (incl. those from the Executive working group), the academia, business and employers, unions, chamber of commerce, clusters, R&D sector, civil society and local and regional administrations. Their tasks are:

- Preparing position papers defining the key developmental challenges and opportunities in their respective areas, in cooperation with the World Bank experts;
- Defining strategic objectives and development scenarios;
- Proposing “policy mixes” and “flagship projects” where appropriate;
- Identifying potential sources of funding for the proposed measures.

The groups are:

- Sectoral:
    - Health and quality of life;
    - Energy and sustainable environment;
    - Transport and mobility;
    - Security;
    - Food & bio-economy;
    - Digital society;
    - Tourism and creative society;
- Horizontal:
    - Macroeconomic policies, judiciary and good governance;
    - Territorial development;
    - Science, education and human resources development;
    - Demographics and social policies;
    - Competitiveness, industrial development and entrepreneurship development.

The **MRDEUF Coordination Body** coordinates the whole process of drafting the NDS 2030, including setting up guidelines for developing the vision, priorities, objectives, indicators, baseline analyses, developmental challenges and potentials, and estimation of resources necessary for implementation.

Finally, the **WB Support Team** provides advisory services through three components:

- Support in setting-up the strategic planning system and development steering;
- Support in drafting the NDS 2030;
- Education of coordinators for strategic planning and regional coordinators.

Further lessons

One of the clear lessons from the Croatian NDS is that a key value of having created it is to establish points of consensus about the direction and growth of the country. As the World Bank wrote:

> The previous national goals of independence, integration into the international community and accession to the EU have served as anchors for citizens' aspirations and goals of policy making for over two decades. After these goals were achieved, and after the economy recovered from the protracted slump that followed the global financial crisis in 2008, **Croatia now needs new goals and a new social consensus that will guide the economy and society through the next decade. The preparation of the development strategy is an obvious opportunity to advocate for a new common ground, new common vision and new social consensus on the type of future Croatia wants for itself.**
>
> Source: World Bank (emphasis added)

For North Macedonia, this reiterates the importance of working across different political parties and building a genuinely participatory approach that can establish that new 'social consensus.' However, it is important to recognise that full consensus will never be possible, and so the process needs to also be able to accommodate disagreement.

The World Bank was a key partner for Croatia in the development of their strategy, writing 22 reports on a wider variety of sectors and cross cutting issues, such as Public Administration Modernisation. However, some of the suggestions appear to be quite firmly rooted New Public Management and 'Washington Consensus' type thinking, such as:

> "The policy focus in the upcoming period will therefore have to be on rebalancing expenditures, reducing the tax burden and improving the management of public debt."
>
> Source: World Bank (emphasis added)

The document on Public Administration Modernisation highlights a more cost effective and efficient public administration, and accountability, as two key themes from the last ten years of EU public administration changes. While these have undoubtedly been prevalent trends, it's not clear that this is the only approach. Although clearly waste and lack of accountability are problems to be addressed, the NPM 'playbook' - for example, of cuts and performance related pay - may undermine public administration in the long run. There is recognition of the growing importance of digital, and of 'whole of government approaches' but little attention is paid to the wider set of capabilities that might be needed for 21st century governing: collective sensemaking, facilitation and partnership working, understanding systems, and managing strategic risks, for example.

In a similar vein, the World Bank argues that “reducing the State footprint in the economy would lead to a more efficient allocation of resources” - with the assumption that State ownership is impairing growth given lower allocative efficiency. Again, this approach seems to lack some nuance - rather than a blanket aspiration to reduce the State footprint, it might help to ask where State ownership can be beneficial, and what alternative forms of ownership might be desirable (for example, co-operatives, employee own firms, restoring the commons) given the need to mitigate the risks identified by the Doughnut.

Section 2: Europe and Green Development

Amsterdam

History of the Amsterdam Doughnut

Amsterdam has a long history of working with Kate Raworth, after she began working with Marleen Stikker (founder of Waag, a research institute for social innovation and technology) and attended the PICNIC festival of social innovation in 2013. When *Doughnut Economics* was published in 2017, it generated a lot of momentum in the Netherlands, and over the next two years many organisations, workshops and events started looking at how 'Doughnut thinking' could be applied in the city. In 2019, recognising that there were many organisations working on the same thing but not connecting, the Amsterdam Doughnut Coalition was formed, with the aim of stimulating collaboration, creating the conditions for change, and demonstrating progress.

That coalition now contains 37 organisations, ranging from design agencies and neighbourhood initiatives to universities, think-and-do tanks, social enterprises and the Municipality; it also features 60 projects, from hyper local doughnut neighbourhood strategies to initiatives to ensure local wood is available as a raw material and social enterprises helping minimise food waste.

The 'Amsterdam City Doughnut' was created with members of this coalition, supported by Doughnut Economics Action Lab, and used as the key input into the creation of the City's *Circular Strategy 2020-25* (see Figure 5 below). The bottom-up nature of the work is important to recognise - Amsterdam did not 'impose' a Doughnut model top-down, but rather used the thinking, ideas and energy already in the city.

Figure 5: Overview of the relationship between the strategy, the implementation programme, the monitor and the city doughnut.

Source: Amsterdam Circular Strategy 2020-25

Framework

The *Circular Strategy 2020-25* recognises the impact of production and consumption on the climate, arguing that a circular economy can prevent two thirds of greenhouse gas emissions. The overarching framework that Amsterdam has developed is the '**ladder of circularity**,' which covers the full product lifecycle and is shown below in Figure 6. As the strategy describes:

> *The three options at the top (refuse, rethink, reduce) relate to the changing use and design of the product and also to the business models around it. Examples [include] avoiding plastic cups at a coffee machine, renting and sharing cars and producing the same products with fewer raw materials.*
>
> *The next four options (reuse, repair, refurbish, remanufacture) relate to the use phase of the product. These are aimed at prolonging the lifecycle as much as possible. Second-hand stores and repair centres play a role here.*
>
> *The bottom three options (repurpose, recycle, recover) cover the end of the product's life: components can be repurposed, materials recycled and, as a last option, incinerated with energy recovery*

Figure 6: Amsterdam's circular processing ladder

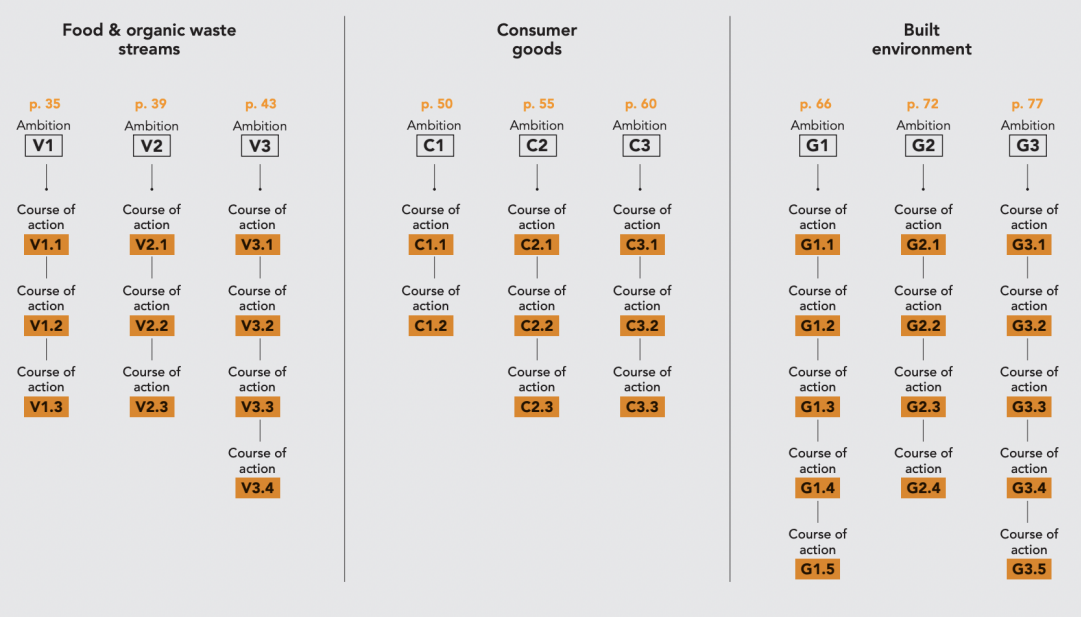
Source: Amsterdam Circular Economy Strategy 2020-25

Policy domains

As shown above in Figure 5, the *Circular Strategy 2020-25* is focused on three value chains: Food, Consumer Goods, and Built Environment. It notes the exclusion of the other two value chains recognised by the National Raw Material Agreement - Manufacturing and Plastics - is driven by their lesser importance within the city's economy.

Each of these value chains has a number of 'ambitions' with associated 'courses of action' (see Figure 7 below). For example, the first ambition with the Food value chain is 'Short food chains that provide a robust sustainable food system' and the courses of action include giving food production space within the city, changing procurement practices within the City administration, and improving collaboration between parties working on sustainable chains.

Figure 7: Structure of value chains, ambitions and courses of action



Source: Amsterdam Circular Economy Strategy 2020-25

For each ambition, the strategy also sets out the context and current policy, the elements of the Doughnut that are relevant (both social foundations and planetary boundaries), the allocation of roles and responsibilities between the City and other partners, and shows an example of an innovative project currently happening. Furthermore, for each 'course of action' it details which policy instruments are likely to be most relevant.

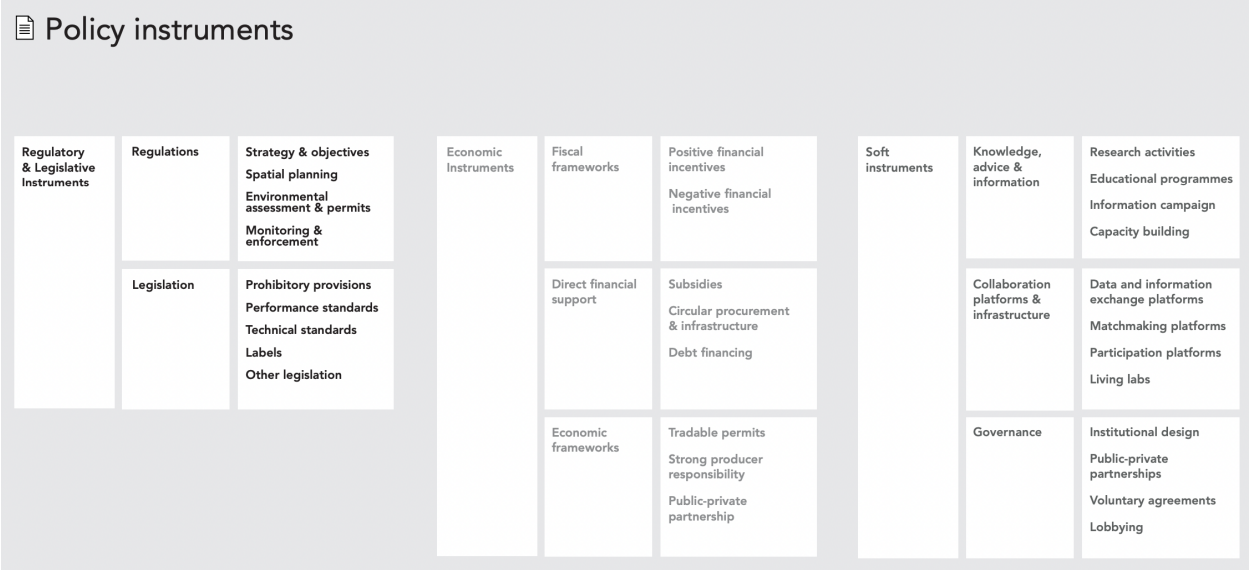
Methodology

Amsterdam recognises that the transition to a circular economy is 'new, challenging, and far reaching.' Given that it hasn't been done before, there is no clear cut path - no best practice from other cities to copy - and so says that **its motto is 'learn by doing.'** This focus on experimentation and action, rather than relying primarily on policy analysis *before* intervention,

puts it in good stead. Thus the objective in the near term is to **discover and create pathways for the transition**, rather than just to deliver the maximum possible change in the shortest possible time. Doing so successfully also means combining top-down approaches from the city government with bottom-up experiments and projects. It is in the interplay between the two – for example, a circular food initiative surfacing a need for a change in policy and regulation – that transformational pathways are most likely to emerge.

Whilst all sustainability strategies set out what they want to achieve and the policy areas they will focus on, Amsterdam have also thought about *how* they are going to do that, laying out the **range of policy instruments** available to them (see Figure 8 below). It would be easy to think these are obvious, or at least well known to those working in city government - but in fact, officials are often not aware of the range of powers that exist in other departments. Clearly setting out what those powers are creates a good foundation for both cross departmental collaboration and enables non-government actors to better understand what is possible.

Figure 8: Policy instruments relevant to the circular economy



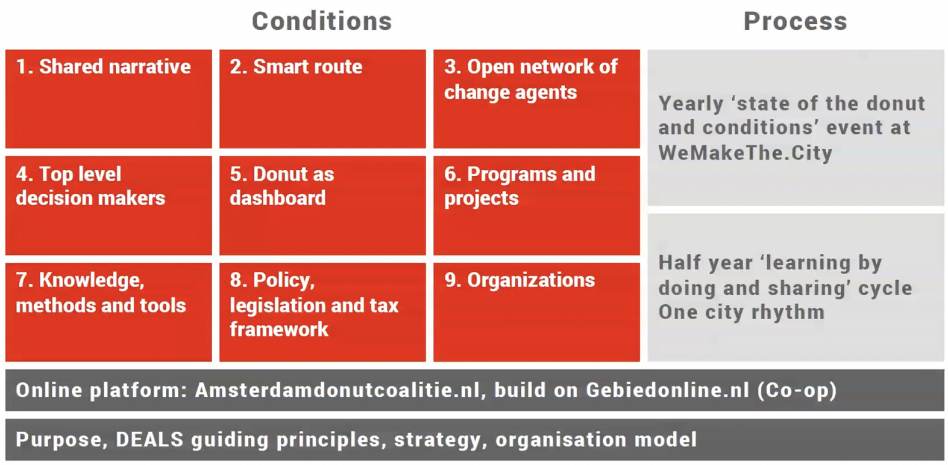
Source: Amsterdam Circular Economy Strategy 2020-25

As a city government, Amsterdam also recognises that there are real limitations to its power. Many powers, regulations and taxes are held at the national or EU level. Whilst this does create some risk that 'frontrunner' cities may get held back, the city is trying to mitigate that by engaging in lobbying and influencing on tax, adaptive regulation, producer responsibility, and local government powers. In general, having **a clear sense of the collaboration that will be required at various levels of government** - from local all the way up to international - will be important in delivering a sustainable development strategy.

Key focus: creating the conditions for change

Amsterdam was able to embrace the Doughnut model because of the collaboration between a diverse set of actors, rather than the city working alone. That coalition, when it began in 2019, had a clear plan: to focus on creating the *conditions for change,* summarised in Figure 9 below. Within the coalition, each of these conditions has one or two assigned 'Ambassadors' and people can sign up to be 'supporters' - both drawn from across the organisations or publics interested in the work. Each area lays out what the goal is, why it is important, what the plans are over the next year and what kind of support they are looking for, thus making it relatively easy to engage new people in useful ways.

Figure 9: Conditions for change



Source: Amsterdam Doughnut Coalition

Whilst all are important, particularly interesting is how they have created an **open network of change agents**. A traditional theory of change recognises the importance of government, corporates and knowledge institutions; we can add into that communities, SMEs and NGOs (see Figure 10). But thinking at the level of the institution is not enough: change is driven by *people.* And very few people are leaders of change; some are followers, needing a little nudge; and most are 'lurkers,' who have other things on their mind and for whom the change is a low priority (Figure 11). The change agents might sit anywhere within their institutions – often they are *not* in the most senior positions, and creating an effective network of change is about finding the creators and connecting them across institutional boundaries (see Figure 12).

The Doughnut provided the **shared narrative** for all of these change agents to work together on. The coalition focused on **connecting what is already there**, rather than trying to convince the most senior people in each organisation to support the movement. In order for the network to be successful, they focused on **creating trust**, recognising that each person came from very different institutional backgrounds and had other relationships (e.g. with their employers) that they had to maintain.

Figure 10: An institutional perspective of key actors in an innovation ecosystem

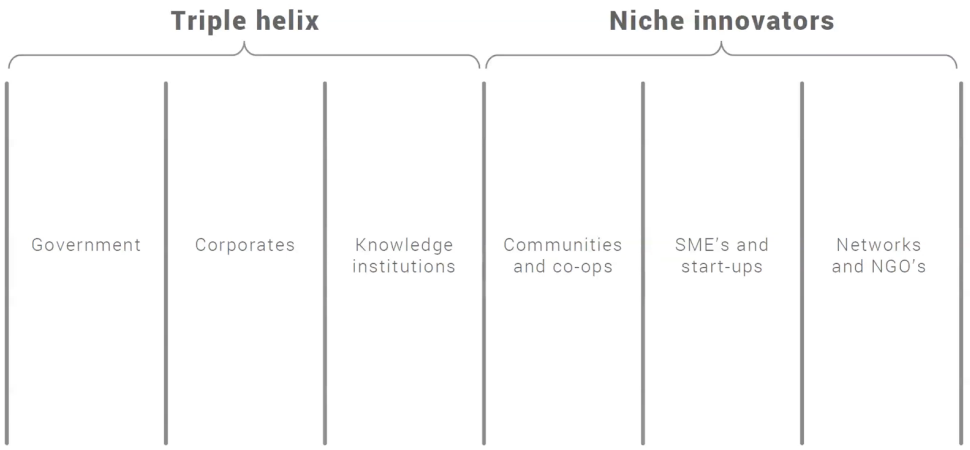


Figure 11: People's appetite for change

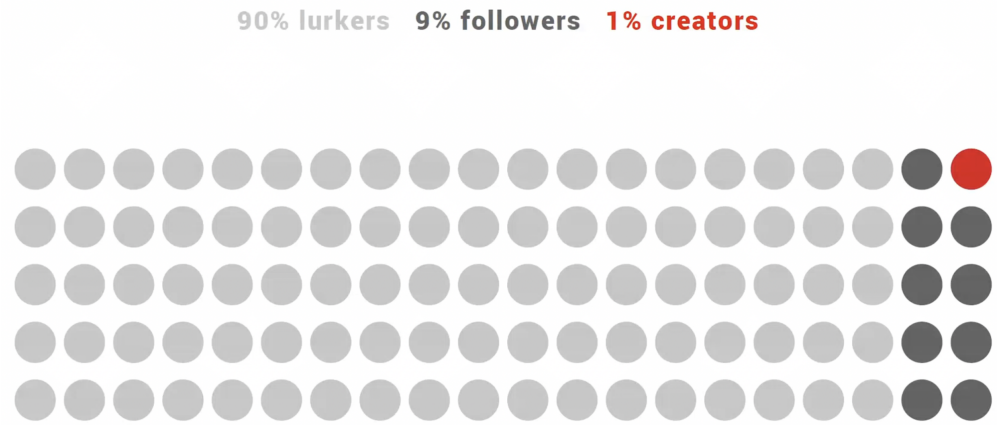
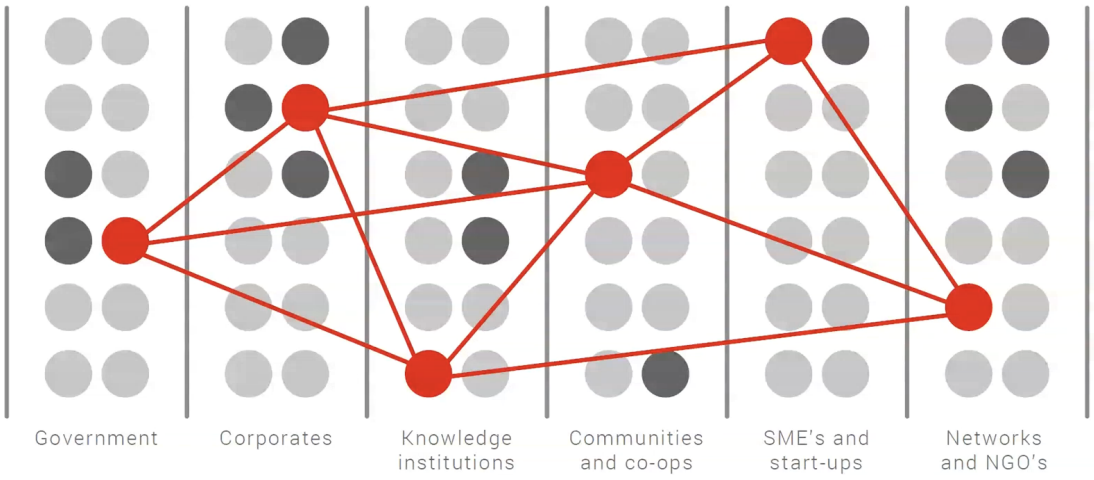


Figure 12: Change agent networks



Critique

The Amsterdam Doughnut, and the circular strategy that is based on it, have drawn praise from the international press (e.g. here and here) and is regarded as one of the leading cases of applied Doughnut thinking. With a deeply participatory approach grounded in a breadth of civic initiatives, a huge level of expertise both in the value chains and in social innovation more broadly, and a supportive political environment, it was well set up for success and has set a high standard to hold itself to account to.

However, there are still limitations with the strategy, which are mainly driven by interpreting the Doughnut *primarily* as a representation of the circular economy. For example, the strategy states that "in a circular economy – also known as a doughnut economy – we make better use of what is already there." That interpretation is mistaken, for two reasons.

Firstly, **making better use of what is there is clearly an important part of living within the 'safe and just space for humanity,' but it is not the only part**. With unchecked growth, even if we make the best possible use of every resource extracted from the Earth, it might still be the case that we are overshooting the planetary boundaries. That Amsterdam doesn't fully recognise this implication is shown, for example, in the city's urban development policy. That shows the city is planning an additional 70,000 homes by 2040, alongside new business parks and office locations. Similarly, the city says it is "working closely with businesses to remove bureaucratic 'red tape' and allow them to renew, expand and renovate shopping centres more quickly."

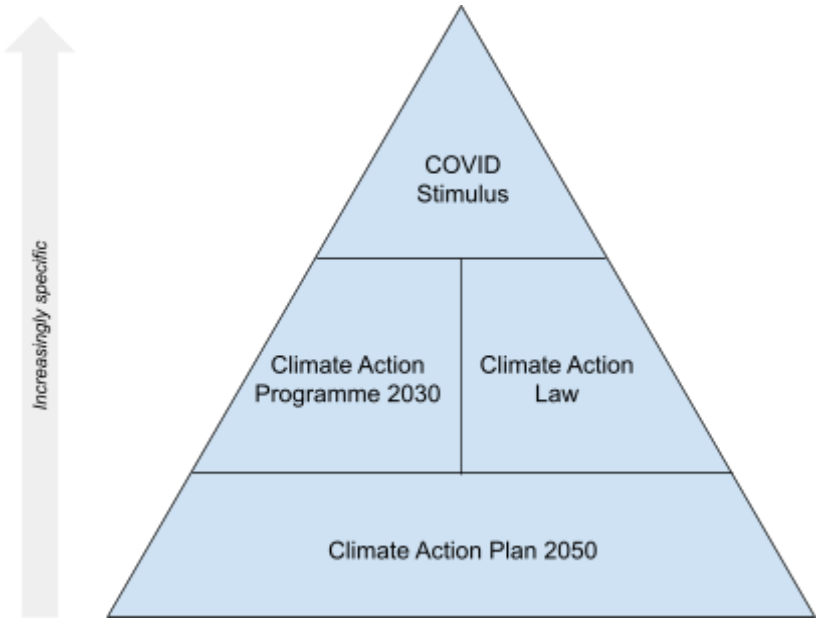
Secondly, **the focus on material flows and the circular economy masks the importance of the other half of the Doughnut - that of the minimum living standards**. Whilst the Netherlands generally does well on most indicators of quality of life, it is nonetheless true that around 18% of Amsterdam children grow up in poverty, and that homelessness in the Netherlands doubled in the ten years to 2019. Overall, the Netherlands still performs extremely well on almost all quality of life indicators, and the circular economy strategy does link its ambitions to those social foundations - but only as a co-benefit of ambitions around material value chains.

Taken together, these criticisms reveal the overall shortcoming of the Amsterdam Doughnut: that **whilst there is huge ambition to reduce the impact of the production and consumption of products in the city, there is little attention paid to changing *what* we value or *how* our quality of life is built**. Central to these questions are a discussion about private, public and commons based *ways of being*. Do we predominantly value private consumption (whether products are new or recycled)? How can we provide access to education, healthcare, and housing in a way that prioritises commons ownership? Can we learn to value and enjoy activities that do not involve the accumulation of *stuff*? To truly embrace living in the Doughnut we need not just different forms of production and consumption, but to move from a consumption based society to one that emphasises other forms of human flourishing.

Germany

Germany, along with other industrialised countries in Western Europe, is focused on national development from the perspective of climate. Over the next 30 years, it has committed to reaching net zero emissions, which will require fundamental changes in production, consumption and day to day life. There are four main pieces of recent legislation that set out how it will do this, as shown in Figure 13.

Figure 13: Components of German Climate Legislation



Climate Action Plan 2050

The broad framework for this is the Climate Action Plan 2050, which sets out a long term vision for each area of action (energy, buildings, transport, industry, agriculture, land use and forestry), as well as emissions targets to 2030 by sector. The framing of climate action is very clearly in terms of modernisation:

> *Climate action is thus tantamount to increased economic performance and competitiveness. Decarbonisation means restructuring industry; it does not mean deindustrialisation.*
>
> Source: Climate Action Plan 2050

Whilst the detailed programme of climate measures is left to the Climate Action Programme 2030 (see below), the Action Plan 2050 sets out a number of strategic measures, including:

- Establishing a commission for growth, structural change and regional development to work with government departments, local government, trade unions, and business / industry representatives;
- A roadmap towards an almost climate-neutral building stock;
- A commitment to building a climate strategy for transport;
- A research and development programme aimed at reducing industrial CO2 emissions;
- Provisions for reduction in fertilisers;
- Expanding Germany's forests;
- Carrying out a review of the tax system to support climate targets.

Climate Action Programme 2030 and Climate Action Law

In December 2019, a climate 'package' was passed that included Germany' first Climate Action Law and the Climate Action Programme 2030. The purpose of the Climate Action Law is to guarantee Germany meets its European and national climate targets, and it enshrines greenhouse gas reductions in law, of at least 55% by 2030 relative to 1990 levels. The law allows for the level of ambition to be raised, but not lowered, and sets emissions budgets per year until 2030 by sector. Responsibility for meeting these budgets is given to the federal minister; if they are missed, then the federal government must buy emissions allocations from other countries and the minister in question must present an action plan to bring emissions back into line with targets. It also establishes an independent five person council to commission, examine and evaluate data; provide opinions and commentary on new emissions budgets and programmes; and undertake special reports at the request of the government.

The Climate Action Programme sets out a suite of more specific policy measures to drive carbon reduction over the next decade. It commits to making the 'climate cabinet' - responsible for coordinating action across ministries - permanent. Some key policies include:

- A national carbon pricing programme with escalating costs per tonne of carbon, with revenue either used to invest in further climate action or returned to citizens;
- Phasing out coal by 2038 at the latest, from two thirds of energy emissions today;
- Supporting the growth of EV through scaling up charging infrastructure and changing tax codes;
- Supporting retrofitting through the tax code;
- Creating a national food waste strategy;
- An enhanced role for the national development bank, KfW.

Key focus area: COVID Stimulus for Green Investment

In the aftermath of COVID, and the damage it has done to economies around the world, many governments have passed fiscal stimulus packages. The discourse has often focused on the need to 'build back better,' recognising that the political, economic and social institutions of the world before the pandemic were struggling. High inequality, environmentally damaging industries and low social trust and cohesion provided the impetus for change. In particular, there

is an opportunity to use the significant investments that governments are making to enable a shift towards a climate friendly economy.

Germany's COVID budget built on the priorities outlined in the Climate Action Plans 2030 and 2050, putting significant funding behind some of the key proposals. The package includes:

- €15bn for Electric Vehicles, including grants for EV purchases, upgrades to infrastructure, investment for E-mobility manufacturers. Notably they have not provided support for traditional car manufacturers, unlike the post-2008 stimulus;
- €2.5bn for public transport and €5bn for Deutsche Bahn rail;
- €7bn towards developing the Hydrogen strategy: to establish industrial-scale electrolysis plants with a capacity of 5GW, with a goal of a further 5GW possibly until 2035 and not later than 2040; plus a further €2bn funding for international Hydrogen projects, with the aim of making Germany a world leader in the emerging Hydrogen market;
- €2bn for an extensive retrofitting programme;
- €2.5bn on R&D for other green and digital projects;
- There are also calls to adjust development spending in line with climate goals - the Minister for Development has called for a 'Green Deal for Africa'.

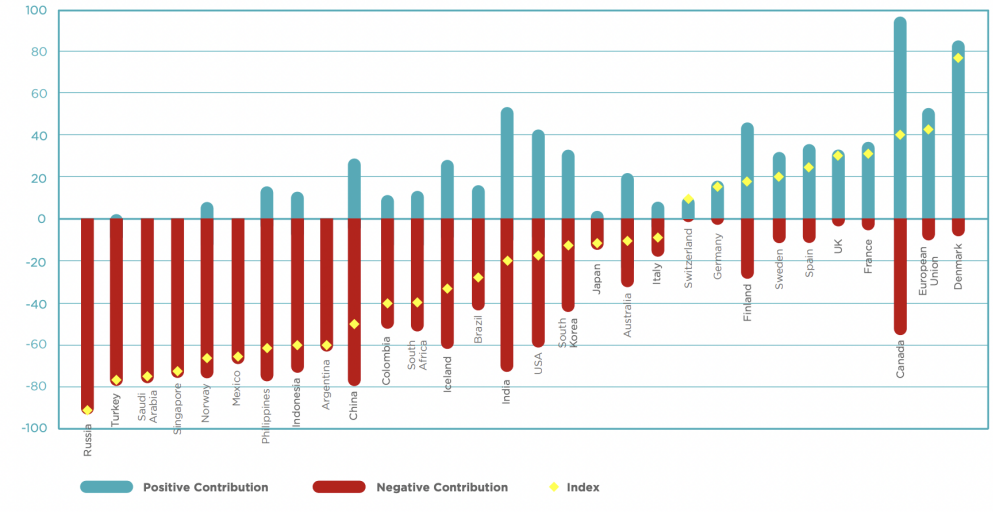
As the World Resources Institute argues, the interesting thing about Germany's budget is the recognition that climate action entails structural change of the economy - climate policy is industrial policy:

> "These measures aimed at forging new low-carbon industrial sectors, along with digitalization, are particularly noteworthy. The recognition that economies need to shift in this direction — and the acknowledgement that this will entail large-scale changes to the structure of the German and wider EU economies — already underpins the EU's Green Deal plans. The European Commission sees this as the route for Europe to remain globally competitive through the 21st century, as well as lower GHG emissions and create a less resource-intensive circular economy"

Analysis from Vivid Economics suggests that Germany's stimulus package ranks in the top half of 'Greenness' of stimulus (see Figure 14 below). Although other countries outperform it on that measure, Germany is unique in the scale of stimulus it has passed whilst still remaining climate 'positive' overall (see Figure 15). The only other countries that have spent more are the USA and Japan - both of which have a negative climate impact.

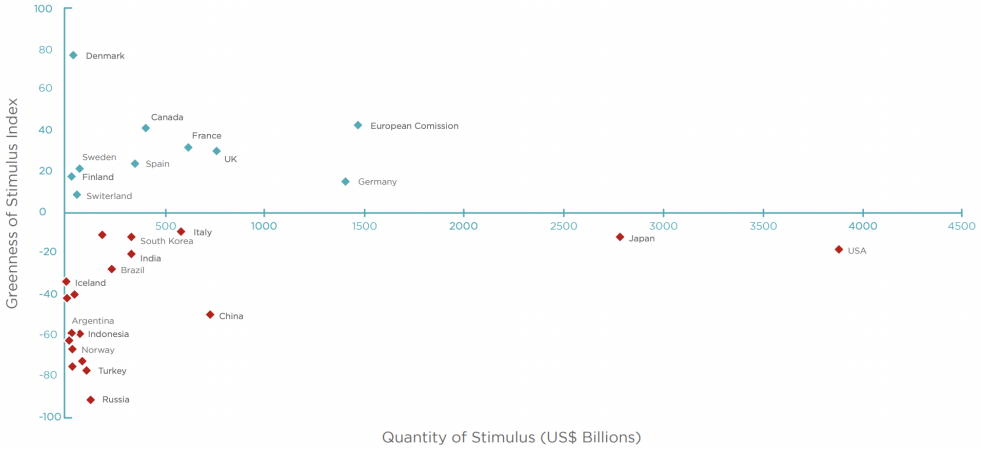
The most substantial *negative* impact of Germany's stimulus is the bailout of three airlines (TUI, Lufthansa, Condor) without any strings attached. However, the Lufthansa bailout included the German government taking a 20% stake in the company, so may yet lead to change.

Figure 14: Vivid Economics Greenness of Stimulus Index



Source: Vivid Economics

Figure 15: Greenness of Stimulus vs Quantity of Stimulus



Source: Vivid Economics

Critique

Germany's stimulus package is one of the most significant climate investments in Western Europe, and sends a clear message about its priorities (including for working with other countries). However, much of the overall stimulus wasn't focused on environmental transition, and the Climate Action Plan 2030 has been criticised for lacking ambition. In particular, Germany's ongoing reliance on coal, and the relatively long deadline to phase that out (in 2038) is at odds with its ambition to be a climate leader. It also imports fossil fuel derived energy, for example from Poland, outsourcing the emissions problem across the border. Furthermore, the stimulus package's green elements focus primarily on transport, and to some extent energy - there is little mention of agriculture or food, or discussion of wider economic or lifestyle changes that might be required to meet net zero targets.

United Kingdom

Context

The United Kingdom has of course recently left the EU. Therefore, at first glance, it may not be an example of a country for North Macedonia to draw lessons from on its pathway towards greater alignment with the EU and in particular with regards to transition to net zero, the European Green Deal strategy. However, the UK provides an excellent example of how resilience building can become the central aspect of national strategy in response to ever emerging, complex and interconnected domestic and global threats. Moreover the UK, in re-assessing its regional and global role and in light of the domestic and international challenges ahead, has placed climate action at the heart of Government policy. Indeed, the Government has pledged to see the UK become a global leader in climate action to 'build back better' after the pandemic and create new green jobs and lift productivity post-pandemic.

It is crucial to note here that despite the polarisation of domestic politics in recent years, particularly around Brexit, the response to the pandemic or increasing inequalities, the need for climate action is one policy area around which there has been cross-party consensus, as well as significant public support. Whilst support for climate action amongst young people is often well documented, the United Nations Development Programme's January 2021 *The Peoples' Climate Vote*, the largest survey of public opinion on climate change ever conducted, found that even 78% of over 60s polled in the UK believed in the climate emergency.

Spotlight on: The Integrated Review

On 16 March 2021, the UK Government published *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy* ("The Integrated Review"). It sets out the government's overarching national security and international policy objectives to 2025. These will inform future policy-making for all government departments and inform future Spending Reviews.

The first goal of the Integrated Review is stated as building national resilience, so that the UK is able to reduce the impact of acute shocks and longer-term challenges on lives and livelihoods. It recognises that the interconnected nature of global threats such as climate change will make the UK far more vulnerable. Crucially, this review integrates resilience, as well as science, technology and digital into foreign policy, security, defence and economic development strategy. The Government will develop a comprehensive national resilience strategy in 2021, in partnership with different levels of Government, the private sector and the public. Under this strategy, priority actions include:

- Establishment of a 'whole-of-society' approach to resilience, so that individuals, businesses and organisations all play a part in building resilience across the UK;
- Integration of national security with economic, health and environmental policy, and taking an approach that covers the full lifecycle of risk;

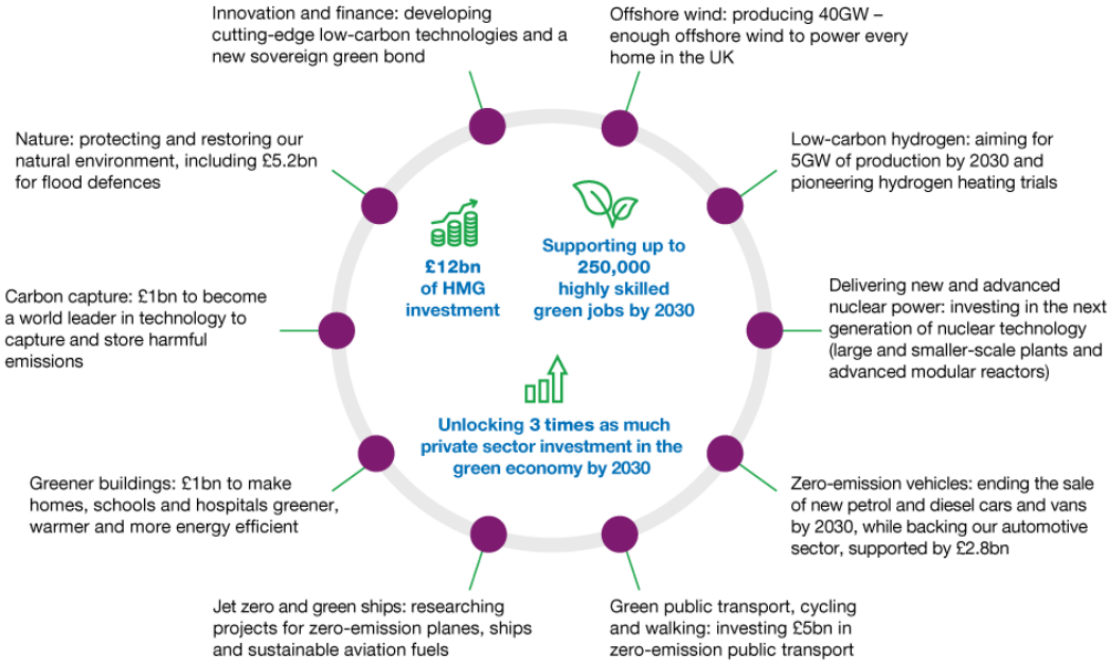
- Capabilities development, in particular digital enhancement. As with the Croatian development strategy, less attention has been paid to the wider set of capabilities that might be needed for 21st century governing;
- A review of risk assessment;
- Strengthening of analytical, policy and operational tools - including the collection and use of data - to better assess cross-cutting, complex risks. A new Situation Centre will be established in the Cabinet Office to provide live data and rapid analysis, supporting collaboration across government and informing crisis decision-making.

Alongside its planned strategy that sets long-term objectives, the Integrated Review calls for an adaptive approach. It is a clear mandate for adaptive working across government, where organisations rely on the stability of a strong strategic centre while enabling small, experimental teams to innovate. Essential to this is deeper integration across government, building on the Fusion Doctrine introduced in the 2018 National Security Capability Review. A more integrated approach supports faster decision-making, more effective policy-making and more coherent implementation.

The second goal of the Integrated Review is to tackle climate change and biodiversity loss. This will be the UK's foremost international priority, building on its domestic commitment to reach net zero by 2050. Priority actions include:

- Acceleration of the UK's transition to net zero by 2050, including through the ten-point plan for a green industrial revolution launched in November 2020;
- Investment in nature and a 'nature positive' economy, integrating biodiversity into economic decision-making in response to the findings of the February 2021 Dasgupta Review on the Economics of Biodiversity. The Dasgupta Review is the first time that a national finance ministry has issued a full review on the importance of nature to the economy and calls for: (a) urgent and transformative change in how we think, act and measure economic success to protect and enhance our prosperity and the natural world; and (b) collective and sustained action to transform the systems that underpin our engagements with nature.This is of course in line with the Doughnut model's emphasis on adopting a systems approach.

Figure 16: The Ten Point Plan for a Green Industrial Revolution



Source: The Integrated Review

The policies and plans in the Integrated Review have been called “extensive, diverse and very ambitious” by experts at the Royal United Services Institute (RUSI), the world’s oldest and the UK’s leading defence and security think tank and “a set of positive and laudable intentions” by the initiative Resilience First. They will need to be carefully prioritised with robust machinery established to oversee implementation if the government’s intentions are to be realised. Further, it is to be recognised that those involved in the preparation of the Integrated Review did so during some of the most challenging periods for the country with first Brexit and then the pandemic. No other review since 1945 has taken place in such demanding circumstances.

Critique

There is some caution to be applied around the government’s stated aim to prioritise resilience, given that in the past the UK has not properly sustained investment to make that a reality. For example, the Integrated Review’s precursor, the 2015 Strategic Defence and Security Review (“SDSR”) highlighted pandemics as a national security risk, which led to a National Biosecurity Strategy, and the Threats, Hazards, Resilience, and Contingencies cabinet subcommittee, which was abolished only six months before the pandemic hit. In addition, the UK has been promising to put prosperity at the heart of national security since the 2015 SDSR, yet it has often struggled to match that ambition with a strategy. So whilst some might see an alignment between the ambitions for resilience in the Integrated Review and the Government's agenda for “levelling-up” economic opportunities across the country, implementation has often failed to

match the political rhetoric. The implementation of intentions is confined to just two-and-a-half pages at the end of the Integrated Review.

Furthermore, other than the commitment to accelerate the ten-point plan for an industrial revolution, the sections on domestic climate action are thin.There needs to be a better sense of where the UK will lead after 2021 and after the G7 and COP26 Presidency. This issue is further exacerbated by the fact that since its launch, the Government has been light on detail on its ten-point plan to build back better post pandemic and to invest in making the UK a global leader in green technologies. Other policy choices - such as approving a new coal mine and reducing the air duty on internal flights - seem to undermine the commitment to climate action.

Section 3: Putting it into Practice

Estonia

Estonia's transformation since independence - with the highest GDP per capita, exports and FDI growth of post-Soviety countries - has generally been considered a success. Over that time, it has integrated with NATO and the EU, and has bounced back from the global financial crisis in 2008/09.

On top of this, Estonia has earned a reputation for having the most advanced digital public services in the world. There has been significant media attention - with The New Yorker, New York Times, The Guardian and the Financial Times all having written about the 'digital republic.' Citizens can vote online; doctors can access medical histories; and everyday services such as completing tax returns are easier and faster.

From a technical point of view, two key components underpin Estonia's digital system. First, there is a near-universal E-Identity system - every person is uniquely identifiable, through a combination of a chip card and pin code. This enables Estonia to see digital signatures as legally equivalent to analogue versions, and allows sensitive services - such as dealing with medical or financial matters - to move online. Second, there is an integration layer between all departments known as x-road - this enables each agency database to pull information from any other. This has a security advantage - there is no one database that holds all information about a particular citizen - and improves the user experience, by ensuring that you never have to tell the government the same information about yourself twice.

Understanding how Estonia got to this point has useful lessons about the development of capabilities on a national scale.

The development of e-Estonia

Interestingly, the transformation to a leading digital public sector was not driven by one particular document, or a bundle of programmes. Nor is there a central office for digital transformation, akin to the UK's Government Digital Services. However, a cornerstone of the work has been widespread cross-party support for the digital agenda, as a symbol of leaving the Soviet past behind and as a key component of the new Estonia's identity.

Andreas Kutt, Estonia's Chief (digital) Architect believes that there were four key enablers for Estonia's transformation. **First is a high level of trust** between citizens, businesses and the government. In particular, policy makers trusted the engineers working on digital solutions; but the trust that citizens have built up in digital services is also vital - having had internet banking since the late 1990s has helped make that possible.

Second is the ubiquitous nature of the E-ID system: coverage is near complete, driven by programmes such as Tiger Leap and Look @ World in the late 1990s which massively expanded the digital infrastructure, educated a new generation on computer literacy, and built a culture with a high degree of familiarity and comfort with the internet.

Third is a level of 'breathing room' - the ability to change the operating model with reasonable ease because there is not a fixed way of doing things. To an extent, then, progress required 'a controlled level of chaos.' The role of 'crazy ideas' showed up in economics policies - such as introducing a flat tax rate - and relied upon the enthusiasm of 'amateur politicians' (the Prime Minister Mart Laar had previously taught History), who were able to take greater risks because of their naivete.

Fourth is the critical competencies that the government needed: to be able to procure development and operations, and provide cyber security. Engineering and technology skills were widespread in the population, in part a legacy of the Soviety focus on STEM education; Kutt points out that many of the banks built their own banking core in house rather than procuring them. These historical forces meant that the government had a wide pool of talent to draw from.

Spotlight on: collaboration and networks

There are further lessons from Estonia around digital development - particularly around their focus on leapfrogging rather than trying to catch up, and their principle of frugality, which encouraged government departments to build their own solutions in house rather than buying from large vendors. But the key focus area for North Macedonia is the way in which developments were driven by collaboration through a network, rather than kept within government alone.

One important person in this network was Linnar Viik, who was ICT advisor to Prime Minister Laar in his second term. As the digital experiment went on, the focus was more about hiring talented IT people to work for the government than it was about policies. As the x-road developed in the early 2000s, Viik (and others) were able to tap into personal networks in public and private sectors, enabling the public ICT infrastructure to work in public-private networks to access competencies and increase legitimacy.

In Estonia's ICT sector "the networks and exchanges between the private sector and government operations rely heavily on each other's advice and guidance." Belonging to those networks was more important than having a government role. This networked governance approach enabled the government to draw on a wider knowledge base than would otherwise have been possible. Whilst this has managed to remain relatively scandal free, there is clearly a corruption risk to note here.

The broad set of digital capabilities now in the private sector exist in large part because of the *Tiger Leap* programme of the late 1990s. Cofunded between the public and private sectors,

Tiger Leap rolled out Internet access to all Estonian schools, meaning young people were given access to digital education from a very early age. ICT was seen as a general-purpose technology; emphasis was put on ensuring it was widely used and adopted, rather than confined to experts. Delivery was through a legally private foundation (rather than the government), which allowed banks to be a key part of the rollout - building the basis for the public-private networked governance that would come later. The background of working together on projects delivering public value meant that those networks had aligned values and a good understanding of each other.

Critique

Broadly speaking, Estonia's digital transformation has been a success - saving up to 2% of GDP on administration costs, according to some estimates, and increasing the ease of accessing public services and doing business in the country.

The most substantial critique is that despite this, the public services themselves have not undergone significant reform. Citizen satisfaction with services such as healthcare and education remains low - even if the ease of access has increased. Similarly, despite the introduction of and widespread confidence in e-voting, there has been little innovation in using digital tools to increase citizen participation more broadly.

Vietnam

Doi Moi reforms

Vietnam is widely held up as one of the international development success stories of the last 30 years. Starting in 1986, the government introduced a series of reforms known as Doi Moi, which transitioned the country from a planned economy to a socialist-oriented market economy. Since then, poverty has fallen dramatically, health outcomes have improved, real GDP has trebled, education levels have risen, and almost the entire country is connected to electricity.

As an example of some of the changes that have taken place:

- The percentage of the population using electricity as their main source of lighting has increased from 14% in 1993 to 99%;
- Access to clean water has increased from 17% to 70% over the same period(for urban areas it is above 95%).

Vietnam is also experiencing rapid demographic and social change. Its population reached 97 million in 2019 (up from about 60 million in 1986) and is expected to expand to 120 million by 2050. 55.5% of people are under 35, but the population is aging.

Vietnam's particular history meant that there were a certain set of favourable conditions when the reforms kicked in the late 1980s. To begin with, Vietnam already had a history of investing in its people. In 1990, the adult literacy rate was already 94%, and 87% women. Vietnam had also invested in higher education, as a result of which there was a set of well trained officials - especially in agriculture and engineering.

Further, the de-collectivisation of the land in the North, which was a core part of the Doi Moi land reforms, started from the basis of relatively equal peasant holdings compared to many developing countries. This meant that de-collectivisation provided real incentives to increase output. Finally, Soviet investment in the North and American investment in the South mean that there was an infrastructure basis on which they could build.

Agriculture

As noted above, a foundational element of the reforms was the abolition of agricultural collectives, with the land distributed among small farmers with 20-year leases. Price controls on agricultural goods were removed as farmers and industrial producers were allowed to sell their goods at a profit. As in China, de-collectivization was accompanied by other measures. In the case of rice, whose output increased by 50% over the 1990s, considerable state intervention continued.

Integrating into world economy

Becoming part of global supply chains has been a key part of the Vietnamese growth strategy.

Trade agreements played an important role - especially before joining the WTO in 2007. Vietnam secured access to the European Union under a bilateral trade agreement in 1992, and was also given GSP (generalized system of preferences) access to the EU. However, the most important agreement for the country is AFTA, the Association of South East Asian Nations (ASEAN) Free Trade Area.

Trade reform was also important, and Vietnam made it much easier to export. Crucially, this did not take the form of simple import liberalisation towards a free trade regime. In common with many other East Asian countries, Vietnam developed its exports while protecting its domestic market from imports. However, in order to support integration into often complex global supply chains, it reduced tariffs on inputs *used by* exporters. The experience in Vietnam shows that import liberalisation is not always a necessary step to drive export growth.

Vietnam's export development has been a pattern of successive diversifications - for example, into footwear, and now into electronics. Those exports have been driven to a large extent by direct foreign investment - foreign-invested enterprises accounted for 58% of Vietnam's total merchandise export earnings.

The role and power of global buyers is also important in developing a strong export market. In certain product categories - such as clothes and shoes - the buyers drive the location and nature of the value chains; production is organised and controlled by those buyers, who have no production capabilities of their own. Buyers also follow each other - so if a country establishes itself with some large buyers, others are likely to follow.

Despite Vietnam scoring relatively badly on conventional measures of competitiveness and investment climate, it is highly regarded by foreign investors who operate in the country. The stable macroeconomic environment, high quality and low cost labour, and low levels of crime have been more important considerations for investors than the details of bureaucratic procedures which are often included in international surveys.

State owned enterprises & industrial policy

There has been significant infrastructure investment and development. Over the past decade, government capital spending has averaged almost 8% of GDP annually. In addition, state-owned enterprises (SOEs), including large infrastructure providers (such as the electricity company EVN), have invested about 5% of GDP annually.

Since the start of Doi Moi, SOEs have improved their productivity substantially: in the early 1990s they raised their output by over 40% while their employment fell by 13%. The fact that the State share of the economy has only gradually declined whilst the country as a whole has achieved a very high rate of economic growth implies that the performance of those SOEs is reasonable: that level of growth could not have been achieved if they had not improved their productivity.

Spotlight on: Investing for inclusion

Along with broad economic reforms to enable the move from a planned economy to a market based economy, the Doi Moi reforms brought big changes in social programmes, particularly education and health, as well as investment in electricity. A key pillar of their success was their inclusive nature - education, for example, was framed as ‘education for all,’ and similar principles ran through other programmes.

As well as being good in and of itself from an equity point of view, this emphasis on reaching more marginalised groups enables a faster transition as population wide improvements in health, education and infrastructure ultimately drive growth. Local Government had an important role in making this possible: regional authorities were given both resources and accountability for delivering aspects of the programmes in the way that made most sense in their area. The revenue-sharing and transfer arrangements aimed to redistribute revenue collected in richer provinces to poorer ones. Spending responsibilities increased drastically, with local authorities executing over half of total government spending today. Building up local and regional government capability - in particular, their ability to know their local populations well - is an important lesson.

Education

The ‘Education for All’ philosophy came from the recognition that focusing only on children and schools would not be enough: given the long lag time between school level education and those children entering the labour market, there would have to be a focus on older workers as well.

Key elements of the education for all plans included:

- Well-coordinated donor support, with decentralization marking a positive step towards planning of education activities and budget allocation according to provincial priorities;
- Free primary education to allow full access, with special focus given to poor families, disadvantaged children, the 20% hardest to reach, and gender equality:
    - Free supply of textbooks, notebooks, and school supplies for ethnic minority students;
    - The provinces and districts with many ethnic minority groups were provided with boarding and semi-boarding schools, with free access for children of those groups;
- Out of school learning: Education was re-oriented to work along the new needs of economic development, there was emphasis on the importance of vocational education, and a network of continuing education and community learning centres was developed;
- A focus on teachers and educational managers, who were were regarded as the decisive factors in ensuring high quality and effective education;
- A dramatic increase in public education expenditure.

Health

Between 1990 and 2015 the maternal mortality rate declined by 75%, a particularly notable success amongst general improving health and life expectancy metrics. As in education, ‘leaving no-one behind’ was an important mandate in health care.

The health care and pharmaceuticals market were liberalised in the late 1980s and official user fees were introduced at public health facilities to improve financial sustainability of the sector. Health insurance was introduced in 1992, first covering formal sector workers and the poor. In order to improve accessibility to health care services for the poor and other vulnerable population groups, the government implemented policies aiming at providing coverage, either by exempting the poor from paying user fees for services used or by covering them via health insurance.

A rigorous, centrally controlled training of health staff contributed to high capacity in the health sector. All communes were required to have community clinics to provide a wide network of health service access. Centrally administered National Target Programs for health existed since the early 90s, with a focus on vaccination programs, nutrition, and later food safety.

The focus on core health provision was crucial. Public spending was concentrated on access to clean water and sanitation, and priority was given to primary health care and prevention. Preventative services (such as immunisations, hygiene, nutrition, mother and child health care) were free, with health education widely given in schools.

Electricity

Vietnam’s energy sector is among the most noticeable success stories in the developing world: rural household electrification increased from below 50% in 1990 to almost 100% today. By early 2018, 99.9% of communes and 99% of rural households were connected to the grid.

The Government incentivised the private sector - in 2006, they approved a roadmap for establishing a competitive power market, with EVN (the State electricity company) to maintain a monopoly only for power transmission grid infrastructure to ensure national energy security. They also supported private sector financing with tax holidays, and renewable energy investments now benefit from tax reductions, import duty exemptions, and accelerated depreciation.

Once electricity was made locally available, both rich and poor households were equally likely to connect to the grid. This result was partly driven by EVN’s early goals to bring electricity to rural areas and the poor. EVN established a separate rural electrification department to take care of the approval of rural electrification projects, which were implemented by the regional companies, leading to a jump of poor household access from 50% in the mid-90s to 77% in 2001.

Critique

Vietnam's economic transition has been extremely successful - and it has managed to make significant progress on the UN SDGs at the same time. Despite that rapid growth, there is little evidence of rising inequality, with a Gini coefficient in 2016 almost the same as in 1992.

However, that growth has nonetheless had problematic elements. The main concern is the impact on the environment and natural assets. With widespread electrification has come increasing power usage, and given Vietnam's reliance on fossil fuels, the power sector itself accounts for nearly two-thirds of the country's greenhouse gas emissions.

There is an urgent need to accelerate the clean energy transition. Over the past two decades, Vietnam has emerged as the fastest growing per-capita greenhouse gas emitters in the world – growing at about 5%annually. Demand for water continues to increase, while water productivity is low, about 12% of global benchmarks.

These problems aren't just bad for the environment - they are direct risks to Vietnam's future wellbeing and growth. Much of Vietnam's population and economy is highly vulnerable to climate impacts. Unsustainable exploitation of natural assets such as sand, fisheries, and timber could negatively affect prospects for long-term growth. Vietnam is among the 10 countries worldwide that are most affected by air pollution. Water pollution has significant costs on productivity of key sectors and human health. Recognising the threats posed by environmental degradation is a fundamental reason to think in terms of *cascading risks* - understanding how the knock on effects of current development will continue to shape the country.

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