

Alfonso Garcia Mora, the International Finance Corporation's regional vice president for the Asia Pacific, told *VnExpress* that Vietnam now faces two major challenges as it has to manage to bring labor productivity to a new level in order to achieve the goal of becoming a rich country while learning to adapt to climate change. "From the above two challenges, we have a common key to solve it through technology and digital transformation. It is no longer an option, it is a must," said Alfonso. He said Vietnam has lots of advantages for digital transformation.

According to World Bank data, the digital sector in Vietnam has expanded by 10 percent per year and could reach over \$200 billion by 2045, a huge figure compared to the size of Vietnam's GDP, which was nearly \$352 billion last year.

The young population rate and high smartphone and Internet coverage are also favorable factors for Vietnam to accelerate digital transformation, Alfonso said.

To enhance innovation and maximize development opportunities for the digital economy, there are four keys - digital entrepreneurship, digital infrastructure, digital skills and digital financial services, he added.

"It's necessary to improve digital skills among the workforce, a step to take the economy to a new level of development and achieving ambitions of high incomes and net-zero emissions," he recommended.

According to a World Bank report, only 40 percent of businesses in Vietnam said they have enough capabilities in terms of information and communication technology and

it is estimated that the market would face a huge shortage of up to one million ICT engineers by 2023. Some large enterprises have already begun adopting digital transformation but the problem is that most of the country's enterprises are small and medium sized and the top challenge is how to help this group go digital.

Alfonso said there must be a clear and credible policy, investment in 4G and 5G technology infrastructure and improvement in digital and technology skills while the government should offer fiscal incentives for small and medium businesses so they are ready for digital transformation.

The IFC expert said many Vietnamese companies have not used digital transformation tools, which poses opportunities for the potential market to develop. Besides, the Covid pandemic in the past two years has helped the Vietnamese economy make leaps in digital transformation that should have taken three to five years to achieve. He said it's high time for Vietnam to push up digital transformation.

In order to achieve successful digital transformation, there needs to be cooperation between the public and private sectors while the government should have a clear strategic vision as to how many percentages the economy would go digital by 2050.

With specific localities in particular and Vietnam in general, digital transformation is only to help the country grow richer but also to reduce risks and boost adaptation to climate change.

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