



20<sup>th</sup> March 2012

## **Highlights of recent achievement from EU Development Cooperation in Vietnam**

### **EU and Vietnam: cooperation since the 90s**

The EU has been supporting Vietnam's sustainable poverty reduction and integration into the world economy since the 90s. Development cooperation between Vietnam and the EU began with support for the return of Vietnamese asylum seekers. Since then, the **European Commission has provided more than 600 million euro in grants for specific projects and programmes**, mainly in the area of education and health, rural development, governance and economic cooperation. Moreover, Vietnam is today European Investment Bank's leading per capita beneficiary in Asia. More than 500 million euro in concessional loans has been agreed in the last 10 years.

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# Health

## Context

The maternal mortality ratio in Vietnam is estimated to be 68 per 100,000 live births. The under-five mortality rate stands at 25 per 1,000 live births and the infant mortality rate is less than 16 per 1,000 live births. Malnutrition rate of children under-five is 18%. Although Vietnam seems to perform quite well, the country is still facing significant disparities in most of the key health indicators between the Northwest and Central Highlands regions, the poorest of the country, and the rest.

## EU intervention

Bilateral EC support in the health sector in Vietnam includes 2 projects, HEMA<sup>1</sup> and SCSP<sup>2</sup>, totaling of 32.75 million EUR, and one recently started sector budget support program, the SPSP<sup>3</sup>, totaling of 39.25 million EUR. In addition, under the GFTAM<sup>4</sup>, of which the EU is the largest donor, 9 projects are implemented in Vietnam, with a total budget of 95 million EUR, of which 4 projects on HIV/AIDS (44.5 million EUR); 3 projects on Tuberculosis (22.5 million EUR); and 2 projects on Malaria (28 million EUR).

The HEMA (2006-2012) is a health financing project designed to support the establishment the Health Care Fund for the Poor. It targets the poorest communities and ethnic minorities in remote areas of 5 provinces in the Northwest and Central highlands regions. The project provides technical support to improve the quality of essential health packages for the poor and financial support for the poor to buy those packages.

## Results:

- So far the HEMA project managed to reach 3,026 poorest villages in 253 communes, 33 districts of 5 poorest provinces of Vietnam, with health care packages being provided to 1,122,078 poor people.
  - The HEMA project provided convincing evidence for expanding the coverage of the health care packages nationwide to include ethnic minorities and other marginalized groups and to expand the content of the benefit package to officially cover food and transportation allowance as well as catastrophic costs.
- Cumulative number of people living with HIV is 280,000 of which so far 49,492 people received antiretroviral therapy and currently, thanks to the 2 on-going HIV/AIDS GFTAM projects, 19,000 people are under ARV therapy.
- TB prevalence is 290,000 of which 4,900 new cases are detected and treated under the 2 on-going TB GFTAM projects, with the treatment success rate of 92%.
  - Under the on-going Malaria GFTAM project, reported malaria cases (probable and confirmed) are 49,186 and about 3,700,000 nets were distributed.

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<sup>1</sup> Health Care Support to the Poor of the Northern Uplands and Central Highlands Project

<sup>2</sup> Health Sector Capacity Support Project

<sup>3</sup> Health Sector Policy Support Programme

<sup>4</sup> Global Fund for Tuberculosis, AIDS and Malaria

# Labour

## **Context**

Viet Nam experienced major boosts of the working age population (15+), which increased by 136.9 per cent (from 26.1 to 61.8 million) from 1975 to 2010. Urbanization emerges as the key fact characterizing the labour market in these years. Employment population ration was 75.2 per cent in 2010. For the next decade, an average of 730,000 labour market entrants is expected every year. Human capital development (skills and competences) need to align with technologies and in this way ensure efficient production.

## **EU intervention**

The Labour Market Project is a € 11.7m project (EU contribution € 10m) which was implemented between 2003 and 2011 with the ILO and the Ministry of Labour, Invalids and Social Affairs. It supported the development of human resources in Vietnam, mainly: (i) developing a Labour Market Information System, to collect analyse and disseminate statistics and to help labour demand and supply sides meet; and (ii) improving the quality of the vocational teacher's training to satisfy the industrial sector's demands for skilled labour

## **Results**

A Labour Market Information System was established for collection, analysis and dissemination of statistics and to equip the "Employment Service Centres" in provinces with data to help them in making labour demand and supply meet.

An Employment Portal, supported by the Project, provided links to Employment Service Centres and Job Bazaars in 63 provinces. This has had an impact on the ability of jobseekers to find an employment through these centres.

To date, there are more than 600.000 vacancies published through the Employment Portal since its establishment in 2011.

The Employment Service Centres in Vietnam provide now annually 400.000 new vacancies every year, and approximately 300.000 result in a successful recruitment.

# Trade-Related Assistance

## Context

Trade expansion has been one of the main drivers of Vietnam's economic growth. Over the past years, export grew over 20% every year (33% in 2011) and represents today approximately three fourths of GDP. While the EU is the biggest export destination and Vietnam enjoys today with the EU a US\$ 9 billion trade surplus, overall Vietnam records a US\$ 9.5bn trade deficit. Furthermore, the regulatory environment (and its enforcement) did not grow at the same pace of Vietnam's economic integration. Vietnam joined WTO in 2007 and is likely to start soon negotiations for an EU-VN FTA.

## EU intervention

The EU has been supporting Vietnam with three phases of the Multilateral Trade - Related Assistance Project (MUTRAP I, II and III). MUTRAP III, the ongoing project ending in 2012, will be taken over by a new funding for Trade Policy and Investment Support (EU-MUTRAP). The total value of our support with these four projects is over 50 million euros.

MUTRAP III supports Vietnam's capacity to implement WTO commitments, conduct multilateral, regional and bilateral trade negotiations, and ensure fair competition in the domestic markets and consumer protection. MUTRAP III also strengthens the capacity of business associations and universities, for instance by strengthening universities' curricula on international trade law.

## Results

Since the beginning of MUTRAP III, the Ministry of Industry and Trade has prepared and enacted around 120 trade-related executive acts (mainly circulars, decisions and decrees).<sup>5</sup>

In January 2012, the EC published the application for Protected Designation of Origin (PDO) of "Phú Quốc" (for the well known fish sauce produced in the Vietnamese island of Phu Quoc)<sup>5</sup>

One university in Viet Nam, the University of Economics and Business, Viet Nam National University, which benefited from technical support from MUTRAP, was awarded by the WTO with a "WTO Chair"<sup>5</sup>

MUTRAP III organised 227 workshops/ PNS (56 in 2009, 82 in 2010 and 89 in 2011), attended by more than 23,000 participants have been organized on different trade-related legislations/issues.

A foreign market information portal has been set up and 7 workshops have been organized to train business people to use it. In 2011, Trade Offices and other organizations posted 3,579 articles and documents on the Portal (11 articles per day, on average). In 2010, 240,000 visitors and in 2011 221,000 visitors accessed the Portal.

A Viet Nam export Portal has been set up in 2009. In 2010, around 52,000 visitors and in 2011 34,000 visitors accessed the Portal

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<sup>5</sup> While MUTRAP III contributed to these achievements, direct attribution is difficult to establish

# Tourism

## Context

The number of foreign tourists visiting the country grew from 92,500 in 1988 to more than 6 million in 2011. The tourism industry currently accounts for nearly 5% of the country's GDP and is employing approximately 10% of the labour force in service sectors. The main challenges concern a better regulated investment in infrastructure and in quantity and quality of human resources to serve the tourism sector. New emerging challenges include environmental erosion, negative impact at community level, regional competition, visa and migration policy.

## EU Intervention

The Human Resources Development in Tourism Project (2005-2010, EU contribution € 10.8m) assisted the Vietnamese Government for to develop a sustainable pool of skilled human resources for the tourism industry. The project supported the curricula development, the set-up of assessment centres in quality institutions and the establishment of a certification body to ensure training quality and intra-industry mobility of human resources.

The EU funded last year two new projects in the tourism sector, the Environmentally and Socially Responsible Tourism Capacity Development Programme and the “High Impact Tourism Training for Jobs & Income”, bringing the total **EU contribution to more than € 22m**

## Results

Institutional support framework for the national recognition system has been created through a certification body and a pool of 123 accredited assessors was established.

More than 200 teachers were trained to improve teaching and language skills;

A skill recognition system has been established with a pool of more than 3000 trained and certified trainers in the industry and hospitality schools;

Equipment has been provided to hotels and tourism schools and 12 assessment centres were established and fully operational.