

AID DISBURSEMENT

Since early 1990s, Vietnam has experienced continuous growth reaching average annual growth rates of 6.5%-7% up to 2010. ODA mobilization and use over these years has contributed to the socio-economic development and poverty reduction across the country. ODA has been used for institutional capacity building, technology transfer, urban and rural infrastructure development, research and development and others. The EU and its Member States are leading grant donors in Vietnam, provided €5.8 billion in cumulative commitments from 2007 to 2014, 41% in grants (€2.4 billion) and 59% in loans (€3.4 billion).

For the period 2002-2006, the overall aim of the European Commission's co-operation with Vietnam was to facilitate and accelerate the reduction of poverty in a sustainable manner. Over this five year period, the bilateral budget of EC co-operation was €162 million and the EC's support focused on two priorities:

- Enhancement of human development (€78 million). This was carried out in particular through integrated rural development targeting some of the poorest provinces, and through bilateral projects in the education and health sector aimed at supporting the ministries.
- Integration of Vietnam into the international economy (€46 million) by assisting reform towards a market oriented economy, and Vietnam 's integration into world and regional economic structures.

In addition, Vietnam benefited from a range of regional and thematic programmes, bringing the total volume of grant assistance to over €200 million (or €40 million per year on average for period 2002 - 2006)

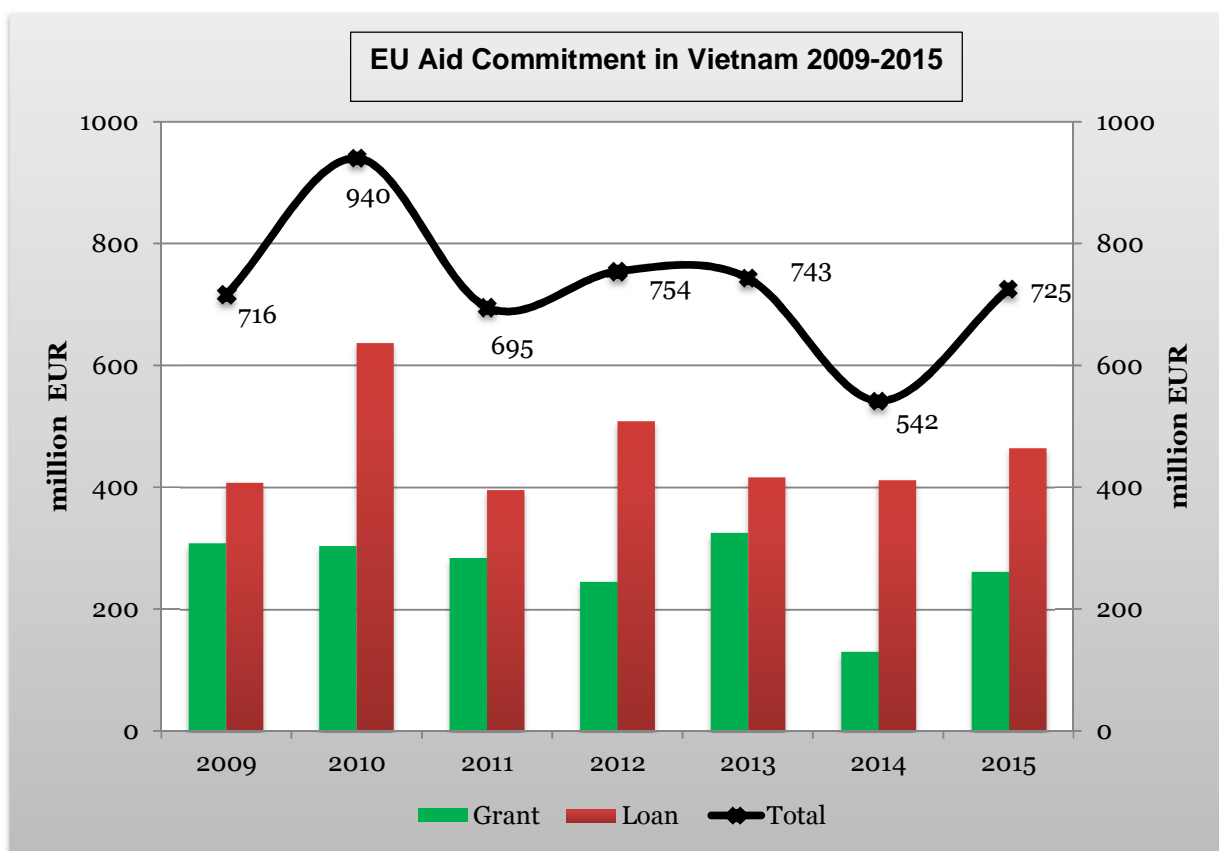
Period 2007-2013

From 2007 to 2013, the EU (European Commission, EIB, EU Member States) disbursed €3.6 billion, 55% or €2 billion in grants and 45% or €1.6 billion in loans. Based on EC's regulatory framework for Development Cooperation (the [Development Cooperation Instrument](#), and on the new European Development Policy laid down in the "[European Consensus on Development](#)", a Vietnam-European Community Country Strategy Paper (CSP) 2007-2013 was adopted by the European Commission on 29 March 2007. An indicative amount of €304 million was allocated for the implementation of the CSP through two successive Multi annual Indicative Programmes (MIPs) which will be allocated €160 million (2007-2010) and €144 million (2011-2013) respectively.

In comparison with the previous CSP 2002-2006, the 2007-2013 strategy focused on a more limited number of sectors allowing concentrating expertise in key areas where the EC considers it has a comparative advantage. Thus, EC mainly provided support to two-focal sectors, namely support for Vietnam's Socio-Economic Development Plan (SEDP) 2006-2010 and support to the Health Sector.

EC assistance in these two focal sectors has been complemented by actions in the field of Trade-Related Assistance, support to the EC-Vietnam Strategic Dialogue and various thematic and regional programmes. Support to those two focal sectors was delivered through using Vietnam's own systems, in particular budget support accompanied by Policy Dialogue in Vietnam's key reform areas, in close association with other donors.

By concentrating EC bilateral assistance on two focal sectors, the 2007-2013 CSP firmly delivered EC's commitments towards increasing Government ownership and leadership, improving impact of assistance, enhancing donor co-ordination and lowering transaction costs; as laid down in the [Paris Declaration](#) on Aid Effectiveness.



Period 2014-2020

The new EU ODA programme for period 2014-2020 was announced in Brussels during the visit of Viet Nam Prime Minister Nguyen Tan Dung to the European Union in October 2014. This has affirmed the important role of Vietnam in the EU's bilateral cooperation through increasing bilateral aid package by more than 30% percent compared to the previous cooperation period of 2007-2013 to a total amount of €400 million (almost €60 million per year); despite the austerity measures in Europe and the tightening of the EU budget.

The total amount of €400 million for the coming 7 years will mainly support Viet Nam's socio-economic development by developing a sustainable energy sector and by strengthening governance and the rule of law. Among which, €346 million (86.5%) will be for the energy sector, and €50 million for the governance rule of law, while 4 million are kept for support measures.

