

Vietnam

The Development Challenge: Vietnam is a low-income country in transition from a centrally-planned to a market-oriented economy. After a decade of reform, Vietnam has achieved remarkable progress in both social and economic spheres. Unfortunately, although the "internal drivers" of development have been strengthened, the global context has worsened, threatening Vietnam's economic goals of faster growth and poverty reduction, as well as other development targets. Despite some fairly notable improvements to the Foreign Direct Investment (FDI) legal regime, FDI flows to the country have slowed significantly in recent years. The road to integration into the global economy, including the accession to the World Trade Organization (WTO), also poses numerous challenges for Vietnam. The emerging private sector has seen robust growth for the last two years, however, the business environment for its operation is not conducive to healthy competition and equity. Slow progress in restructuring of state-owned enterprises (SOEs) has impeded the liberalization process and threatens the growth of the private sector. The legal framework and administrative structure inherited from the central planning economy are not well adapted to the market-oriented economy. Weak competitiveness of the economy, a high population growth rate, poverty and underemployment are significant barriers to sustainable growth and development. Even though reforms have led to sharp reductions (33 percent) in poverty over the last ten years, sustainability of such gains is not assured. The number of very poor households in Vietnam in early 2001 still accounted for over 17 percent (or 2.8 million) of the population. Most of the poor live in rural areas, where natural disasters such as floods and droughts occur frequently and cause severe damage. The gap between rural and urban areas is likely to increase, as is the gap between those who benefit from economic growth and globalization and those who are left behind. HIV/AIDS has appeared in all 61 provinces and cities of Vietnam. Over the last ten years, the number of reported HIV/AIDS cases rose at 7 percent per annum. More than 50,000 people had been detected to be infected with HIV in the country as of mid-2002. The World Health Organization (WHO) estimates that the prevalence of HIV/AIDS is around 0.29 percent among adults.

U.S. national interests in Vietnam are to: maintain Vietnamese cooperation on POW/MIA accounting and freedom of emigration; encourage compliance with international standards of human rights and the rule of law; support economic reform and opportunities for U.S. companies; and promote regional stability. Economic and social development will help create a more prosperous and confident Vietnam that is prepared to play an increasing role in the regional and international community.

The USAID Program: USAID will obligate \$12,456,000 (DA and CSH) in FY 2003 and \$11,200,000 (DA and CSH) for FY 2004. USAID provides assistance to Vietnam to enhance the environment for trade, investment, and private sector growth; to increase access to services for vulnerable groups; and to improve urban and industrial environmental management. In helping the Government of Vietnam liberalize its economy and deepen its trade and investment reforms, USAID helps assure Vietnam's execution of its commitments under the Bilateral Trade Agreement (BTA), strengthens the Vietnamese private sector, and assists Vietnam in meeting some of the requirements for accession into the WTO. New health efforts are expected to begin in FY 2003 for ethnic minority children in the Central Highlands. This effort is in addition to the other humanitarian, health, and disaster assistance provided through USAID's regional and global programs.

Other Program Elements: USAID's Bureau for Democracy, Conflict Prevention, and Humanitarian Assistance provides assistance to improve access to services for selected vulnerable groups through the Leahy War Victims Fund and the Displaced Children and Orphans Fund. The Regional HIV/AIDS and Infectious Disease program helps Vietnam to strengthen its capacity to address diseases such as HIV/AIDS, tuberculosis, and malaria through surveillance, behavioral change, training, research, and community-based care and support. Finally, USAID provides rehabilitation services to women and children rescued from trafficking with State/EAP Women's Fund support.

Other Donors: Cumulative donor pledges during 1993-2001 amounted to nearly \$20 billion. Japan remained the largest donor in 2001 despite a significant decline in disbursements, followed by the World Bank, Asian Development Bank, and the IMF. Japan continued to boost financial assistance for large

scale transport and power projects, private sector promotion, state-owned enterprises reform, training, health and economic management. World Bank allocated most of its resources to infrastructure and rural development programs, modernizing the banking system, and reform of state-owned enterprises. The Asian Development Bank focuses its assistance to infrastructure projects including transport, industrial reform, energy, and financial sector programs to encourage stronger private sector development, greater enterprise efficiency and rural development. The United Nations Children's Fund (UNICEF), United Nations Development Program (UNDP), United Nations Fund for Population Activities (UNFPA), and the World Health Organization (WHO) support health activities, disaster preparedness, institutional development, education, and rural development. Other major bilateral donors include France, Denmark, South Korea, Sweden, the United Kingdom, the Netherlands, Australia, Germany, which direct their assistance mainly to human resource and social development, health, and natural resource management. Major donors involved in the health sector include UNAIDS, the World Bank, Asian Development Bank, the Netherlands, Sweden, and Australia.

Vietnam PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2001 Actual	FY 2002 Actual	FY 2003 Prior Request	FY 2004 Request
Child Survival and Health Programs Fund	2,494	4,106	4,006	7,200
Development Assistance	2,999	6,950	8,450	4,000
Total Program Funds	5,493	11,056	12,456	11,200

STRATEGIC OBJECTIVE SUMMARY

440-006 Trade and Investment				
DA	2,999	5,450	5,950	3,000
440-007 Assistance to Vulnerable Groups				
CSH	2,494	4,106	506	1,200
DA	0	1,500	1,500	0
1/ 440-XXX 498-009 U.S. - Asia Environmental Partnership (US-AEP)				
DA	0	0	1,000	1,000
2/ 440-YYY 498-022 ANE Regional Stabilize Population Growth and Protect Human Health				
CSH	0	0	3,500	6,000

1/ USAID plans to obligate \$1,000,000 in FY 2003 and \$1,000,000 in FY 2004 under the regional U.S.-Asia Environmental Partnership (498-009) for activities in Vietnam.

2/ USAID plans to obligate \$3,500,000 in FY 2003 and \$6,000,000 in FY 2004 under the regional Stabilize Population Growth and Protect Human Health program (498-022) for HIV/AIDS activities in Vietnam.

Data Sheet

USAID Mission:	Vietnam
Program Title:	Trade and Investment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	440-006
Status:	Continuing
Proposed FY 2003 Obligation:	\$5,950,000 DA
Prior Year Unobligated:	\$96,000 DA
Proposed FY 2004 Obligation:	\$3,000,000 DA
Year of Initial Obligation:	FY 1997
Estimated Completion Date:	FY 2005

Summary: Through the provision of technical assistance, USAID assists the Government of Vietnam (GVN) to formulate and implement trade and investment reforms consistent with the GVN's commitments under the U.S.-Vietnam Bilateral Trade Agreement (BTA). These reforms are expected to increase Vietnam's capacity for trade and foreign direct investment, as well as strengthen its emerging private sector. USAID also provides technical assistance through its US-Asia Environmental Partnership (US-AEP) to improve Vietnam's regulatory framework for urban and industrial environmental management, promote "clean" technologies and international best practices, and strengthen civil society partnership programs.

Inputs, Outputs, Activities:

FY 2003 Program:

Support for Trade Acceleration (STAR Program) (\$2,000,000 DA). USAID will continue to provide technical assistance to the GVN to deepen reforms in trade policy, laws, and procedures and strengthen the capacities of various GVN agencies to meet BTA commitments, with particular emphasis on those being phased-in over the first 24 months of the Agreement. STAR provides general assistance and training programs that include legal analysis of BTA requirements, economic analysis of the impacts of the BTA, enhancement of public understanding of the BTA, and legal education on general BTA topics. Technical assistance and training also target specific issues of the BTA such as trading in goods and services, intellectual property, transparency, investment relations, and business facilitation. USAID will provide technical and financial support for an estimated 40 policy seminars and training workshops that will serve approximately 4,000 participants from GVN agencies and private businesses. Also, USAID will fund selected study missions to the U.S for GVN officials who are involved in specific technical issues related to the BTA implementation.

Private Sector Strengthening (\$3,950,000 DA). Through the provision of technical assistance and training, USAID plans to address the policy, financial, and informational constraints to the development and expansion of Vietnam's private sector. USAID will explore use of its Development Credit Authority (DCA) to overcome problems of access to financing by small and medium enterprises, and work with business associations to increase the number and quality of services they offer to their business clients.

As part of its regional US-Asia Environmental Partnership, USAID will continue to help the GVN improve its regulatory framework for sustainable environmental management. This will be achieved by promoting international best practices and testing innovative policy initiatives. Other activities will include assistance to the GVN to privatize the collection and disposal of solid waste, strengthen the delivery of clean water to urban areas, and improve urban air quality through the Clean Air Initiative for Asian Cities, and help in development of environmental management plans for industrial zones. The Civil Society Partnership, jointly administered by the Asia Foundation and US-AEP/Vietnam, focuses on the disclosure of environmental information, the application of clean technologies and the enhancement of civil society.

FY 2004 Program:

Support for Trade Acceleration (STAR) (\$2,000,000 DA). USAID, through its technical assistance partners, plans to continue and strengthen on-going activities and expand the program to include new ones in response to emerging needs identified by various GVN technical ministries. BTA commitments that are due over the first 36 months of the Agreement are expected to be the focus of some technical assistance.

Private Sector Strengthening. (\$1,000,000 DA). Training and technical assistance will continue to support private sector development and expansion, build the regional competitiveness of industries, and incubate businesses.

Through the regional U.S.-Asia Environmental Partnership program, USAID expects to strengthen on-going activities and develop new ones that focus on improvement of the regulatory framework, industrial and urban environmental management, and civil society partnerships for environmental management.

Performance and Results: The STAR program has had a substantial impact over the past year. STAR completed a comprehensive analysis of the Vietnamese laws and regulations that needed to be amended to comply with the provisions of the US-Vietnam Bilateral Trade Agreement (BTA). This assessment has helped the Government of Vietnam prioritize hundreds of actions it will need to take to comply with the BTA. STAR provided advice to the National Assembly and the Ministry of Justice on comprehensive draft amendments to the Vietnamese Law on Laws and the Ordinance on Commercial Arbitration to bring their provisions into compliance with the BTA. As a direct result of USAID assistance, the Government of Vietnam decided to publish all laws and regulations in the country's Official Gazette, the equivalent of the U.S. Federal Register. The STAR program has provided focused training to Official Gazette and other government staff on publishing and disseminating both national and provincial laws and regulations.

The STAR program, in collaboration with the Ministry of Justice, trained 400 local judges and 150 Supreme Court judges on key elements of the BTA and its impact on court procedures in Vietnam. Compliance with the BTA will introduce the key principles of transparency of legal systems, equal protection under the law, and due process to the Vietnamese legal system -- principles which will underlie not only commercial law, but also human rights and rule of law in Vietnam.

STAR also provided training in six provincial capitals to introduce 600 business leaders and provincial government officials to opportunities and responsibilities opened up by the BTA.

Principal Contractors, Grantees, or Agencies: Partners include IBM (formally PriceWaterhouseCoopers) and the US-Vietnam Trade Council.

US Financing in Thousands of Dollars

Vietnam

440-006 Trade and Investment	DA
Through September 30, 2001	
Obligations	6,098
Expenditures	455
Unliquidated	5,643
Fiscal Year 2002	
Obligations	4,426
Expenditures	1,617
Through September 30, 2002	
Obligations	10,524
Expenditures	2,072
Unliquidated	8,452
Prior Year Unobligated Funds	
Obligations	96
Planned Fiscal Year 2003 NOA	
Obligations	5,950
Total Planned Fiscal Year 2003	
Obligations	6,046
Proposed Fiscal Year 2004 NOA	
Obligations	3,000
Future Obligations	0
Est. Total Cost	19,570

Data Sheet

USAID Mission:	Vietnam
Program Title:	Assistance to Vulnerable Groups
Pillar:	Global Health
Strategic Objective:	440-007
Status:	Continuing
Proposed FY 2003 Obligation:	\$506,000 CSH; \$1,500,000 DA
Prior Year Unobligated:	\$1,003,000 CSH; \$457,000 DA
Proposed FY 2004 Obligation:	\$1,200,000 CSH
Year of Initial Obligation:	FY 1991
Estimated Completion Date:	FY 2008

Summary: The overall goals of the health and humanitarian assistance program in Vietnam are to prevent the spread of HIV/AIDS and mitigate its effects on those infected and affected by HIV; to assist in the development of opportunities for displaced children and orphans and people with disabilities; to reduce infant, under 5 and maternal mortality; and to mitigate the effects of disasters.

Inputs, Outputs, Activities:

FY 2003 Program:

Vulnerable Children (\$506,000 CSH). USAID will support the implementation of a child survival program for Vietnamese ethnic minority populations in 2 districts in the North Central Highlands Region. Key health practices will be demonstrated and applied in the health centers such as safe motherhood, proper nutrition, and immunization. Efforts will also be focused on increasing service accessibility, service quality, and improving children's overall health status.

Displaced Children and Orphans (\$750,000 DA) and Leahy War Victims Fund (\$750,000 DA). These bilateral programs, which supplement those of the same name funded by USAID's Democracy, Conflict, and Humanitarian Assistance Bureau, continue to provide the majority of USAID's assistance to vulnerable groups in Vietnam. By providing technical assistance and direct support through NGOs, these programs raise awareness at the national, provincial, community, and family levels about the needs and capabilities of children and People with Disabilities (PWDs). Programs also focus on vocational training and job creation for adolescents with disabilities, accessible education for children with disabilities, and the provision of mobility aids and other equipment for the disabled.

HIV/AIDS. With resources from the regional HIV/AIDS fund, USAID will continue to help address the spread of HIV/AIDS in Vietnam. Funds will be used to provide technical assistance and training to develop the capacity of Vietnamese institutions at central, provincial and district levels and across sectors in addressing HIV/AIDS issues; to improve behavioral surveillance; to expand prevention programs to a wider range of at-risk populations by strengthening training, education, policy, advocacy and condom social marketing for the prevention of HIV/AIDS and related sexually-transmitted diseases. Research and interventions will be conducted on stigma and discrimination directed at people living with HIV/AIDS, as well as assessments of care and treatment within the Vietnamese context. Behavioral surveillance will monitor trends among populations at risk of HIV/AIDS, especially among high-risk groups and mobile and migrant populations. To assess the risk of HIV/AIDS expansion to the general population, studies will investigate links between persons who engage in high-risk behavior and those who do not.

FY 2004 Program:

Vulnerable Children (\$1,200,000 CSH). USAID plans to continue to support programs in the Central Highlands that introduce and implement improved health practices and services among ethnic minority villagers.

Due to lack of expected funding at this time, Displaced Children and Orphans Fund (DCOF) and Leahy War Victims Fund (LWVF) programs will continue with funds from USAID's Democracy, Conflict and Humanitarian Assistance Bureau only (\$2,400,000 DA total for both funds). Funding will support inclusive education programs, vocational training for adolescents with disabilities, and prevention of disabilities among children. LWVF will continue to support policy implementation, capacity building for Vietnamese institutions, provision of prosthetics and orthotics devices and technical training, and expansion of self-help groups.

HIV/AIDS. With increased regional HIV/AIDS resources, USAID anticipates expanding activities in prevention, care and support and mitigation of its impacts, including stigma reduction, policy development, condom social marketing, behavioral surveillance, and replication of successful behavior change interventions.

Performance and Results: The HIV/AIDS program has effectively reached over 3,000 injecting drug users (IDUs), about 1,000 prostitutes, and more than 148,000 men with messages about safe behaviors and harm reduction for HIV/AIDS prevention through innovative one-to-one peer education outreach activities using peer educators in the workplace (e.g., training IDUs, prostitutes, barbers, shoeshine boys, and motorbike taxi drivers as volunteer HIV/AIDS educators). Millions of Vietnamese were reached with HIV/AIDS prevention, care and support messages through USAID-supported TV, radio and newspaper mass media BCC campaigns in four focus provinces. USAID's support of DKT International's condom promotion work for HIV/AIDS prevention has resulted in the opening of over 1,000 non-traditional outlets for condom distribution in six target provinces and a record number of condoms being sold and distributed throughout Vietnam (43 million). USAID's partner Family Health International has also trained over 1300 pharmacists and private physicians in Sexually Transmitted Infections (STI) skills, including counseling, diagnosis, STI management and prescription skills, prevention efforts, referrals and follow-up, and partner notification.

The rights and needs of People with Disabilities (PWDs) have been increasingly recognized and respected in Vietnam as a result of USAID-funded programs. The Barrier-Free Access Code and Standards was recently institutionalised, under which all new construction and major renovations must be accessible for PWDs. Training of prosthetics and orthotics technicians and technical assistance for the two national prosthetics and rehabilitation workshops in Hanoi helped to increase Vietnam's capacity to provide quality services to PWDs. A pilot project in inclusive education, in addition to showing social and academic gains, clearly illustrated that mainstreaming children with disabilities provided the Vietnamese government with a cost savings of nearly 86 percent: \$58 per annum versus \$400 in institutional-based settings. As result of this pilot, as well as DCOF-supported development of local infrastructures for inclusive education and improved quality of teaching for all students, the Vietnamese Ministry of Education has adopted inclusive education as part of its national education strategy. Over 814,000 children have been screened for hearing impairments. Over 1,140 teachers and officials have been trained to assist hearing-impaired and deaf children and their families. Ninety percent of adolescents with disabilities who have completed an informal vocational rehabilitation program remain gainfully employed.

US Financing in Thousands of Dollars

Vietnam

	CSH	DA
440-007 Assistance to Vulnerable Groups		
Through September 30, 2001		
Obligations	6,603	7,064
Expenditures	3,932	4,925
Unliquidated	2,671	2,139
Fiscal Year 2002		
Obligations	5,344	1,129
Expenditures	1,891	1,757
Through September 30, 2002		
Obligations	11,947	8,193
Expenditures	5,823	6,682
Unliquidated	6,124	1,511
Prior Year Unobligated Funds		
Obligations	1,003	457
Planned Fiscal Year 2003 NOA		
Obligations	506	1,500
Total Planned Fiscal Year 2003		
Obligations	1,509	1,957
Proposed Fiscal Year 2004 NOA		
Obligations	1,200	0
Future Obligations	0	0
Est. Total Cost	14,656	10,150

Data Sheet

440-XXX: No Summary and/or Pillar information entered for this SO.

Data Sheet

440-YYY: No Summary and/or Pillar information entered for this SO.