

Data Sheet

USAID Mission:	Vietnam
Program Title:	Accelerated Transition to a Market-Based Economy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	440-006
Proposed FY 2004 Obligation:	\$3,000,000 DA
Prior Year Unobligated:	\$249,000 DA
Proposed FY 2005 Obligation:	\$4,500,000 DA
Year of Initial Obligation:	FY 2000
Year of Final Obligation:	FY 2007

Summary: This economic growth strategic objective seeks to deepen liberalization of trade and investment regimes required for the implementation of the Government of Vietnam (GVN)'s commitments in the Bilateral Trade Agreement (BTA) with the United States; and to support the development of the Vietnamese private sector by enhancing its competitiveness in the market economy.

Inputs, Outputs, Activities:

FY 2004 Program:

Support for Trade Acceleration Program (STAR-Vietnam) (\$3,000,000 DA). USAID will continue to move forward with a range of technical assistance to support the GVN's efforts to deepen trade and investment reforms and to finalize legal and policy reforms in a number of areas for the sound implementation of its BTA obligations. The focus will be placed on analytical support in amending laws and regulations that aim at meeting the commitments phased in over the first 36 months of the BTA. Funds will be used to provide support for overall BTA implementation efforts covering legal analysis of BTA requirements, economic assessment of the BTA's economic impacts, and comments on laws and regulations that need to be revised to comply with BTA requirements. This activity is undertaken by IBM Business Consulting Group (formally Price Waterhouse Coopers).

Trade and law exchange and partnership program. Under this program, USAID will use resources previously appropriated to continue to support study missions that link key GVN policy makers and lawmakers with appropriate U.S Government counterparts to discuss key issues in BTA relevant to WTO membership. The discussions will cover the main themes of the BTA chapters in financial services, transparency, investment relations, and dispute solving mechanisms. These policy dialogues and exchanges aim at promoting vibrant public-private partnerships and provide the GVN's officials with insights into the BTA commitments, and key tools and expertise needed to make sound policy decisions crucial to BTA implementation. The Educational Forum of the U.S-Vietnam Trade Council is managing this program.

Vietnam competitiveness initiative. Through the provision of technical assistance and training, USAID will help the Vietnamese private sector overcome impediments that constrain its development and growth, specifically in the areas of government regulation, access to business development services and information, and credit. Addressing these constraints will help promote further development of the private sector, create a more robust job market, and spur Vietnam's successful integration into the global economy. USAID will utilize Development Credit Authority facilities to mobilize private capital to finance the growth of small- and medium-sized enterprises and business and management skill training. Funding for these activities was obligated in FY 2003. Development Alternatives Inc. is conducting this activity in partnership with The Asia Foundation.

Program administration (\$249,000 DA Prior Year Unobligated). USAID will use prior year unobligated funds for program administration and management under this program.

FY 2005 Program:

BTA implementation support (\$2,500,000 DA). Given that Vietnam has pledged to implement by December 2005 - i.e., within four years after entry into force - virtually all commitments under the BTA, USAID may extend the current BTA support program to continue on-going technical assistance activities and expand the program to include other activities that respond to the emerging needs of various GVN counterpart agencies as they follow through on BTA commitments. The IBM Business Consulting Group will be involved in implementation of this activity.

Competitiveness (\$2,000,000 DA). USAID plans to continue support to strengthen and expand the domestic private sector; improve the regulatory environment to make it more conducive to private sector development; build the capacities of business associations; enhance the competitiveness of industry clusters and business incubators; and improve private sector access to information, training and credit. Development Alternatives Inc. will continue to implement this project.

Performance and Results: Over the last year, STAR-Vietnam has helped strengthen the legal framework crucial for BTA implementation. With its assistance, the GVN has changed numerous laws and developed key implementing regulations in compliance with BTA standards in many realms of commercial relations, legal transparency, IPR protection, dispute settlement, market access for trade in services, foreign investment, customs procedures, and business facilitation. Since the STAR-Vietnam Program began, approximately 6,000 GVN officials, lawyers, and business representatives have been involved in BTA training, legal education, and policy consultations and study missions to the United States. Since the ratification of the BTA in December 2001, there has been a robust upsurge in the two-way trade flow between the United States and Vietnam. In 2002, Vietnamese exports to the United States more than doubled, and U.S. exports to Vietnam were up almost one third. The trend remained strong in the first nine months of 2003. Through the Vietnam Competitiveness Initiative, USAID has helped related business associations build long-term partnerships for the pilot industry clusters of software, fine art ceramics, and fruits. More than 100 businesses in these industries benefited from public-private partnerships and collaboration, and continue some level of competitiveness work on their own.

Progress toward this objective by FY 2007 will be demonstrated by:

- Facilitating a broader set of changes in the legal framework to bring it into full compliance with BTA requirements and in support of private sector development;
- Building institutional and skill capacities of the GVN bodies charged with implementing and enforcing the new and revised laws and policies effectively;
- Creating links between the public and private sectors to facilitate policy dialogue on directions for further reforms; and
- Enhancing the capacity of the private sector to take advantage of trade and investment liberalization.

US Financing in Thousands of Dollars

Vietnam

440-006 Accelerated Transition to a Market-Based Economy	DA	ESF
Through September 30, 2002		
Obligations	12,147	1,239
Expenditures	2,791	1,239
Unliquidated	9,356	0
Fiscal Year 2003		
Obligations	5,617	0
Expenditures	4,713	0
Through September 30, 2003		
Obligations	17,764	1,239
Expenditures	7,504	1,239
Unliquidated	10,260	0
Prior Year Unobligated Funds		
Obligations	249	0
Planned Fiscal Year 2004 NOA		
Obligations	3,000	0
Total Planned Fiscal Year 2004		
Obligations	3,249	0
Proposed Fiscal Year 2005 NOA		
Obligations	4,500	0
Future Obligations	5,000	2,000
Est. Total Cost	30,513	3,239