



## Country Strategy Paper 2011-2015

### Summary

# Vietnam

 Irish Aid  
An Roinn Gnótháí Eachtracha agus Trádála  
Department of Foreign Affairs and Trade

Ireland's  
commitment  
to a world  
without poverty  
and hunger

Ethnic minority women deliver firewood in Dien Bien Province  
Photo: Frank Miller



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# Abbreviations and Acronyms

<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>CSP</b>	Country Strategy Paper
<b>GDP</b>	Gross Domestic Product
<b>HIV</b>	Human Imuno-deficiency Virus
<b>IDEAS</b>	Irish Development Experience Sharing
<b>MDG</b>	Millennium Development Goals
<b>ODA</b>	Official Development Assistance
<b>P135</b>	Programme 135 (for ethnic minorities, difficult communes and mountainous areas)
<b>PRSC</b>	Poverty Reduction Support Credit
<b>VOICE</b>	Village Ownership and Investment for Community Empowerment in Bac Kan Province

# Foreword

Vietnam's recent history has been marked by an economic and social transformation. From a country ravaged by the effects of war and famine, it has made extraordinary progress in reducing poverty and developing a market economy. Rapid growth has brought with it huge improvements in the quality of life for its citizens. However, despite such progress, at least ten million Vietnamese still live in poverty. They are the focus of this Country Strategy Paper (CSP) for 2011-2015.

The formulation, development and sharing of a multi annual strategy lays the foundation for Irish Aid's development cooperation programme with all our partner countries. Ireland has been providing support to Vietnam since 2005, when our Embassy opened in Hanoi. This new strategy is very much based on our first strategy 2007-2010, learning from its successes and ensuring that our support is targeted and effective.

The overarching goal of this strategy is to support the Government of Vietnam's own 2011-2015 Socio-Economic Development Plan. Through this five year national development plan, Vietnam is committed to continuing to reduce poverty, while accelerating economic growth and development. Vietnam values international partnerships and we will share Ireland's experience so that Vietnam's economy can continue to grow inclusively and sustainably.

The 2011-2015 period will be defined by Vietnam's emergence as a lower middle income country and rapid demographic changes. The country's priorities during this time include investing in education, skills and healthcare and building strong and effective public institutions.

Our analysis of the causes of poverty in Vietnam has shown that reducing vulnerability and exclusion is the key challenge. Half of Vietnam's poor are from one of 53 ethnic minority groups and most live in remote rural areas. Five million Vietnamese are living with a disability and over 70% of them live in poverty. The poor are most vulnerable to economic shocks, in particular high inflation.

Our strategy has been developed to address these challenges, and will focus on "***increasing inclusion and encouraging innovation***". It has three priorities – reducing poverty among ethnic minority groups; helping people with disabilities and strengthening economic management and governance.

This new strategy is the culmination of much work and dialogue within Irish Aid itself, with our partners and with the various relevant Ministries of the Government of Vietnam. I want to express my gratitude to all who have contributed to the development of this plan. We will continue our dialogue and cooperation with, a broad range of partners from government, civil society, research institutions, local communities and international agencies over the next five years.

Finally I would like to quote from a Vietnamese proverb "*Một cây làm chằng nên non, ba cây chụm lại nên hòn núi cao*" – three people can build a mountain while one cannot. It is this spirit of genuine partnership and co-operation which guides all our work at the Embassy of Ireland. We are committed to working with Vietnam to build a better future for all the citizens of this dynamic nation.

**Damien Cole**

Ambassador of Ireland to Vietnam  
November, 2011

# 1. About Irish Aid

*Development cooperation is about enabling people to take control of their own lives and providing hope for the future.*

Irish Aid is the Government of Ireland's programme of assistance to developing countries. Ireland has had an official development assistance (ODA) programme since 1974. It has grown steadily over the years. In 2011, total ODA is estimated at €699 million of which approximately €534 million has been allocated to the Department of Foreign Affairs. Ireland's development cooperation policy is central to Ireland's foreign policy.

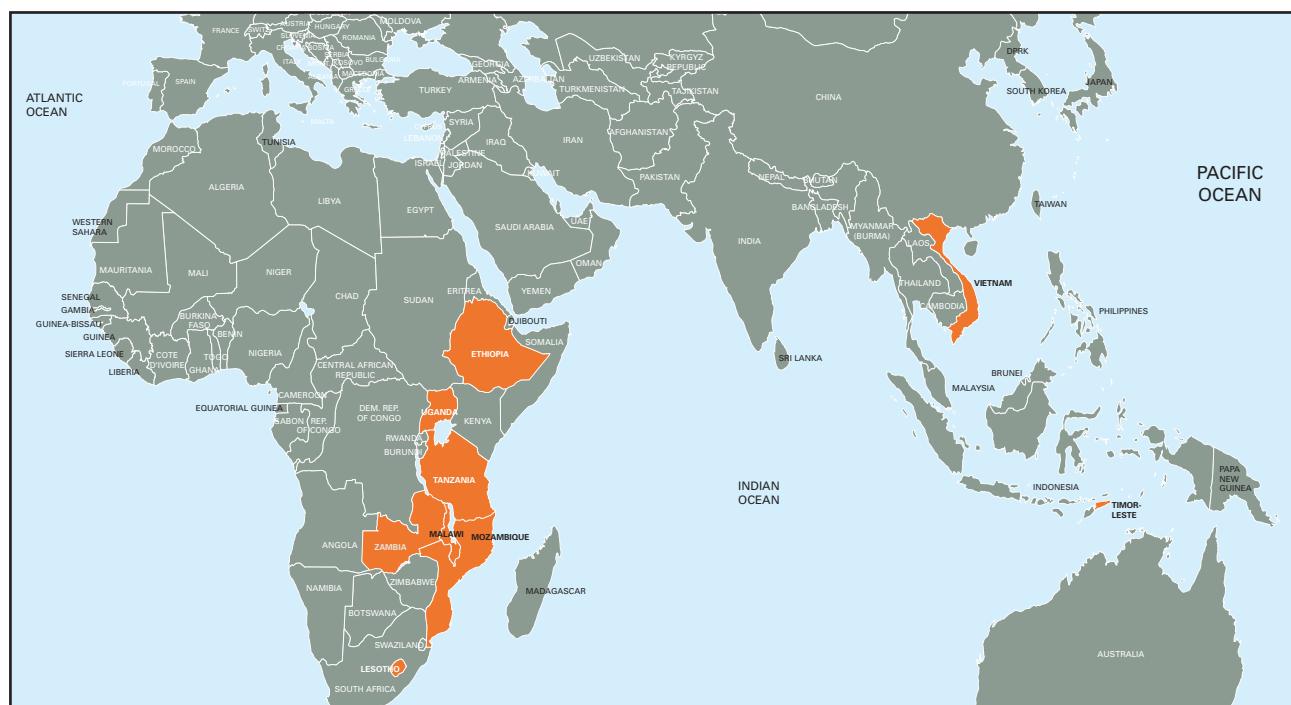
The Irish Aid programme has as its core priority the reduction of poverty, hunger and inequality in developing countries. The Millennium Development Goals (MDGs) are a set of targets established by the world's leaders at the UN in 2000, focusing on the main causes and manifestations of extreme poverty

in today's world. The MDGs underpin the work of Ireland's aid programme.

Irish Aid works in cooperation with a wide range of partners including government and non-governmental organisations, missionaries, UN agencies, international organisations and humanitarian agencies. The primary focus of the Irish Aid programme is on nine programme countries: Ethiopia, Lesotho, Malawi, Mozambique, Tanzania, Timor Leste, Uganda, Vietnam and Zambia.

This document describes Irish Aid's strategy for Vietnam. It sets out a realistic, strategic programme of work over the next five years that will allow Irish Aid to build on the achievements and progress it has made to date in partnership with Vietnam and to respond to the rapidly changing development environment in Vietnam.

## Ireland's Partner Countries



## 2. Vietnam in Context

Vietnam is an exciting and dynamic country in which both economic growth and poverty reduction have shown remarkable results. Average income per year has increased from US\$635 per person in 2005 to US\$1,160 in 2010. However, compared to its neighbours, Vietnam remains a relatively poor country with only a third of the average income of China or Thailand.

	Vietnam	Ireland
Population (million)	88.8	4.5
Life expectancy at birth (years)	75.2	80.6
Average years of schooling for adults	5.5	11.6
Public health expenditure (% GDP)	2.8%	6.1%
Global Human Development Index	128 <sup>th</sup>	7 <sup>th</sup>

*UNDP Human Development Report 2011*

The Socialist Republic of Vietnam is situated in South East Asia. A young population, approaching 90 million people, is concentrated in the country's two great river deltas, the Red River delta in the North, and the Mekong delta 1,500km further south. The majority of Vietnamese are from the Kinh ethnic group. Another 53 ethnic minorities make up 14% of the population and are mainly located in the North West of Vietnam and in the central highlands.

Vietnamese history has been one of resistance and struggle against external powers, most recently China, France, Japan and the United States. The country was reunified under the rule of the Communist Party of Vietnam in 1975, shortly after US military withdrawal. It remained isolated and largely closed to the outside world, having been subject to international sanctions, until the early 1990s.

In 1986, Vietnam embarked upon a government-led process of reform known as Doi Moi or 'renovations'. This process involved freeing up private sector

activities and opening up the economy. The ongoing reform process has contributed significantly to reducing poverty and raising living standards.

In Vietnam, there is a high degree of community life with broad participation of individuals in social and cultural organisations. Irish Aid has worked with Vietnamese and international organisations to gain an understanding of local priorities, to raise the profile of vulnerable populations and to build the capacity of the non-government sector. Working with civil society is recognised as a strength of the Irish Aid programme in Vietnam and internationally. Six of the eight Millennium Development Goal (MDG) targets set for 2015 are on track or have been met in Vietnam and the country was recently nominated for the United Nations MDG achievement award.

- 97% of boys and girls enter primary school and the vast majority complete five years of schooling;
- Women make up over a quarter of national assembly members;
- The number of children dying before their fifth birthday was halved between 1990 and 2006;
- The number of mothers dying in childbirth has dropped from 233 deaths per 100,000 live births in 1990 to 69 deaths in 2009;
- Treatment is now available to over half the people living with HIV in Vietnam, up from a third in 2007.

Poverty in Vietnam is becoming concentrated in certain areas and social groups. Half of Vietnam's poor are from one of Vietnam's 53 ethnic minority groups. Most live in rural areas. Over five million Vietnamese live with a physical or mental disability, of which over 70% live in poverty. Two thirds of people with disability are of working age but fewer than 3% have undergone any vocational training, few are in formal employment.

Although Vietnam is one of the world's top rice exporters, many ethnic minority families do not have enough food to eat for four months of the year. A combination of climate change and deteriorating forests, rivers and soils leave over one million people a year in remote mountainous and coastal villages exposed to storms, floods and droughts. A fifth of the country is affected by unexploded bombs.

Significant government resources are invested in health and education and in initiatives designed to tackle poverty and poor infrastructure in remote regions. Vietnam is working towards

a social welfare system. Access to benefits has increased but still only one million people, just over 1% of the population, are receiving regular social assistance.

Vietnam's financial and administrative systems need to modernise to face the challenges of growth and integration into the global economy. High inflation and rising property prices affect the poor and discourage investment.

Civil society's role and influence continues to grow, opening up opportunities and space for more policy and social debate.



Access in mountainous areas remains difficult.

Photo: To Ngoc Anh

### 3. Ireland's contribution to development in Vietnam

Ireland supports the government and people of Vietnam in achieving poverty reduction and growth through a number of partnerships. In addition to untied grant funding, Ireland offers valuable lessons from its own development experience.

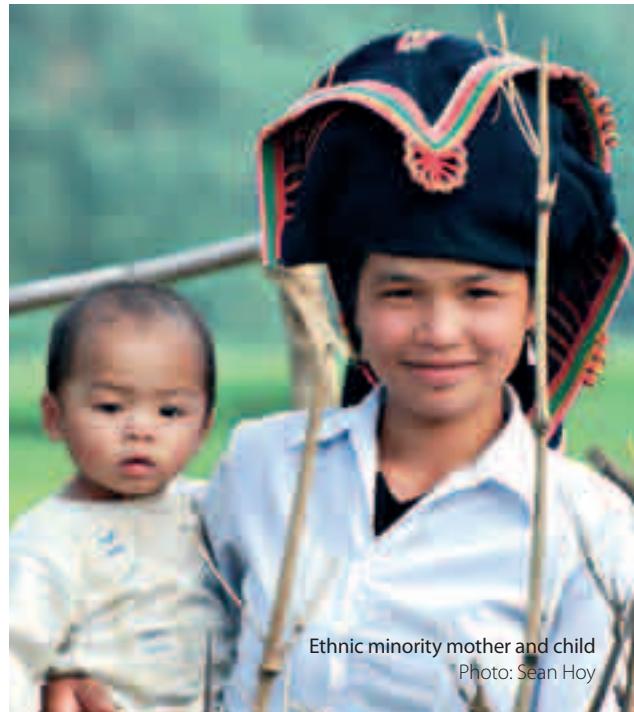
Four strengths of Irish Aid have been highlighted in independent reviews:

- A strong and clear poverty focus;
- Working with civil society;
- Working with the UN and UN reform, and
- Building capacity of Vietnamese partners using Ireland's experience exchange model.

Irish Aid support to the government's national poverty reduction programme, P135 Phase II, has contributed to reducing the overall poverty rate in poor, mountainous and ethnic minority areas. Between 2006 and 2010, this programme built much needed infrastructure (roads, schools, clinics, commune centres, kindergartens) in 1,800 poor communes and over 3,000 poor villages of Vietnam.

Irish Aid supported lesson learning in Programme 135 through a pilot programme called VOICE in Bac Kan province. By 2010, 659 out of a total of 2,251 households assisted by VOICE had moved out of poverty. Ten of the twelve communes benefitting from VOICE can now manage investment projects without assistance from districts and provinces.

Ireland directly funds and supports civil society organisations in Vietnam. Irish Aid's civil society partners work with the most vulnerable groups in society. Projects aim to increase public information and accountability and to test new approaches to poverty reduction. Irish Aid supports local groups with grants and also links them with international partners overseas (including in Ireland). Irish Aid is proud of the results achieved through this scheme, including greater acceptance of people living with disability and people living with HIV & AIDS.



Ethnic minority mother and child  
Photo: Sean Hoy

Ireland's IDEAS programme (Ireland's Development Experience Sharing) allows intellectual exchange between Ireland and Vietnam at a high level. The programme has created linkages between Vietnamese officials and their Irish counterparts in areas such as banking regulation and economic forecasting. Scholarships have been awarded for postgraduate management courses in Ireland. An Ireland-Vietnam business forum, organised through Enterprise Ireland, links into Irish Aid's work. The forum has introduced Irish companies to Vietnamese partners and provided mentoring for Vietnamese entrepreneurs.

The Ireland-Vietnam Blood Borne Virus Initiative (IVBI) has built Vietnam's skills and capacity to diagnose four common blood-borne viruses. The programme included construction of modern facilities and provision of equipment for in-country viral testing as well as training for ten Vietnamese staff in Ireland. The laboratory and staff are now being assessed as a regional training centre for South East Asia.



HMong women enjoy market day in Lai Chau province  
Photo: To Ngoc Anh

Ireland provided grant funding to the Mekong Private Sector Development Facility (MPDF) to support private sector development in Vietnam, Cambodia and Laos. The programme played an important role in reducing red tape for small businesses and increasing access to credit. MPDF

experience in the bamboo sector led Irish Aid to support a project with Prosperity Initiatives. The project worked with bamboo farmers and businesses in North West Vietnam to break down barriers between processors and suppliers of raw bamboo. Over two years, 1,500 households received credit and agreed contracts with local processors.

## 4. The Country Strategy 2011-2015: Increasing Inclusion and Enabling Innovation

This second country strategy for Irish Aid in Vietnam 2011-2015 has as its overall goal **to support the implementation of the government of Vietnam's 2011-2015 Socio-Economic Development Plan.**

The strategy aims to make a solid contribution to poverty reduction focussing on marginal populations and knowledge exchange. It builds upon the experience and successes of Irish Aid since it started work in Vietnam. **Inclusion and Innovation** are the two themes that run through every aspect of the strategy.

### **The goal of the strategy is:**

- ▶ To support the implementation of the Government of Vietnam's 2011-2015 Socio-Economic Development Plan

### **Irish Aid will contribute to two outcomes over the CSP period:**

- ▶ Poverty reduced among the most marginalised groups
- ▶ Economic growth is more inclusive and resilient to shocks

### **Three objectives will shape our work over the CSP period:**

- ▶ To improve local ability to plan and adapt public investment resources to the needs of marginalised groups;
- ▶ To strengthen policy formulation and delivery at central government level in addressing poverty and marginalisation;
- ▶ To strengthen the capacity of central government, research agencies and private sector in economic management.

## 5. Programme Components

### Objective 1:

*To improve local ability to plan and adapt public investment resources to the needs of marginalised groups*

The first objective of the CSP will help at least one million poor households. It will work towards improving the skills of people working at commune level, the lowest level of government in Vietnam, in consulting, planning, decision making, accounting and reporting on funding. Concrete results will include better planning processes with more involvement from local people, more decisions made at local level and more money managed at local level.

**Inclusion** of community groups, businesses and non government organisations in the design and implementation of programmes is a key issue for Vietnam. Responding to the needs of ethnic minorities and people with disability requires knowing more about who they are and what interventions will work for them. **Innovation** will include providing grants directly to communes, allowing communes to make purchases and manage contracts locally and setting up partnerships with local businesses and civil society organisations to test new initiatives.



### Objective 2:

*To strengthen policy formulation and delivery at central government level in addressing poverty and marginalisation*

The government of Vietnam and its partners realise that the large scale poverty reduction programmes which have worked so well over the past twenty years will not adequately target the needs of the remaining poor in Vietnam. Poverty is now concentrated in particular groups with specific difficulties. In order for appropriate support to reach these individuals, it is important to develop a good understanding of who they are, what barriers they face and what their priorities are.

Irish Aid will work with government and partners in Hanoi and in the provinces to **include** these groups in key policy processes. There is very little data available which captures the experiences, opinions and realities of poor Vietnamese families and individuals of all ages. Irish Aid will fund research to record their views. The evidence gathered will improve the design of existing programmes and will be used to develop new strategies. It will help ensure that government resources reach people who need them. **Innovation** will be required in order to introduce new thinking and approaches into government programmes. Examples might include household grants or rotating credit schemes.

### **Objective 3:**

*To strengthen the capacity of central government, research agencies and private sector in economic management*

The third objective of this CSP will contribute to critical analysis and public debate in Vietnam using Ireland's own experience in economic management and independent studies from national research bodies. Sharing Ireland's experience of rapid growth, economic transition and high foreign direct investment is a key strategy.

Vietnam wants to learn from Ireland's development experience. Building up the capacity of key national institutions and civil society organisations to generate, question and analyse data for evidence-based policy development will be an important contribution to the reform process. Increasing the number of skilled Vietnamese graduates coming through Irish institutions opens up avenues

to apply international experience to Vietnam. Training events with Irish entrepreneurs and their Vietnamese counterparts will allow the exchange of ideas as well as the development of new skills such as marketing and market analysis, attracting venture capital and managing talent.



**Inclusion** involves reaching people who have not benefitted to date from Vietnam's rapid development. Inclusion starts with including the voices and views of all citizens in policy-making and decision making at all levels of government.

**Innovation** involves generating new ideas that will contribute to Vietnam's reform and modernization agenda. Ireland's continued support for national poverty programmes, civil society initiatives, research, conferences, study grants and experience exchange are all intended to stimulate and inform the development debate in Vietnam.

## 6. Indicative Budget 2011-2015

The Embassy of Ireland in Hanoi has an annual business plan focusing on its four principal functions: trade promotion; delivery of the bilateral development cooperation programme; consular assistance and cultural promotion.

The Embassy is accredited to Lao People's Democratic Republic and the Kingdom of Cambodia and manages Irish Aid funding in the region of €0.5 million per year in each of the two countries.

Objective	2011	2012	2013	2014	2015	Total	% CSP Total
1. Sub-national ability to plan and adapt public investment resources to the needs of marginalised groups	8.1	6.7	5.9	5.9	5.9	32.5	59%
2. Policy formulation and delivery at central level in addressing poverty and marginalisation	2	2.7	2.9	2.9	2.9	13.4	24%
3. Capacity of central government, research agencies and private sector in economic management	0.9	1.6	2.2	2.2	2.2	9.1	17%
<b>Totals</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>55</b>	<b>100%</b>

Table 6-1 Proposed Vietnam Country Strategy Paper Budget by Objective (€ millions)



## Irish Aid's Partners in Vietnam

Irish Aid in Vietnam is committed to working with a variety of partners to deliver this country strategy. These include the government of Vietnam, mass organizations, non-governmental organisations, academics, research institutions, UN agencies, bilateral and multilateral donors and Irish universities and institutions.

On the government side, Irish Aid works with the Ministry of Planning and Investment, the Committee for Ethnic Minority Affairs and other ministries and agencies involved in the Programme 135 Partnership Committee and the IDEAS programme.

As well as providing support directly to the government of Vietnam, Irish Aid provides financial assistance to Vietnamese and international organizations and institutions working in areas related to the thematic focus of the CSP. Irish Aid also supports the joint plan of United Nations agencies in Vietnam.

New Vietnamese and Irish partners will be explored over the course of the next five years.

## Sharing Ireland's Development Experience

The Irish Development Experience and Sharing (IDEAS) initiative responds to a key interest and demand from Vietnamese government partners.

The IDEAS programme has been running since 2009 following a series of exchanges between Vietnam and Ireland which began in 2007. Visits to Ireland and Vietnam by officials on both sides allow for an exchange of knowledge and experience in macroeconomic governance. Lessons learnt from the Irish economic experience are also shared through workshops, conferences, scholarships and an entrepreneurship training component.

Thematic areas of interest are agreed through a joint Ireland-Vietnam steering group which meets twice a year. A review in 2010 concluded that the IDEAS programme was valued by Vietnam and should continue. The areas to be addressed will evolve over time to take into account Vietnam's changing needs and Ireland's capacity to respond.



H'Mong family in Dien Bien province  
Photo: Frank Miller

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