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**INDUSTRIAL RELATIONS
PROMOTION PROJECT**



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Industrial Relations Promotion Project

Quarterly Report: Q1, Year I

October 1, 2009 – December 31, 2009

Contract No. DFD-I-00-05-00220-00 Task Order No. 8

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List of Acronyms

ADR	Alternative Dispute Resolution
APHEDA	Australian Public Health, Education and Development Aid
BWP	Better Work Program (ILO)
CBA	Collective Bargaining Agreement
CIEM	Central Institute for Economic Management
CIRD	Center for Industrial Relations Development
DOLISA	Department of Labor, Invalids, and Social Affairs
FDI	Foreign Direct Investment
FES	Fredrich Ebert Stiftung
FLA	Fair Labor Association
FMCS	Federal Mediation and Conciliation Service
GVN	Government of Vietnam
ICD	International Cooperation Department
ILO	International Labor Organization
ILSA	Institute of Labor and Social Affairs
IPZ	Industrial Processing Zone
IR	Industrial Relations
LAO	Legal Aid Office
LAS	Legal Aid Service
LWD	Labor & Wages Department
LI	Labor Inspectorate
LTTA	Long Term Technical Assistance
MIS	Management Information System
MOLISA	Ministry of Labor, Invalids, and Social Affairs
MPI	Ministry of Planning and Investment
NA	National Assembly
NIRC	National Industrial Relations Commission
NLC	National Labor College
PCI	Provincial Competitiveness Initiative
PIRC	Provincial Industrial Relations Commission
PPP	Public-Private Partnership
PPT	Project Preparation Team
STTA	Short Term Technical Assistance
TOT	Training of Trainers
TDT	Ton Duc Thang University
ULSA	University of Labor and Social Affairs
STAR	Support for Trade Acceleration Project
VCCI	Vietnam Chamber of Commerce and Industry
VGCL	Vietnam General Confederation of Labor
VNCI	Vietnam Competitiveness Initiative

Quarterly Report Narrative Summary

The SIIR project began in mid-October with the arrival of the DAI-based start-up Administrator. The SIIR Chief of Party arrived shortly after. The project staff (the Deputy Chief of Party and Program Specialist) having been identified previously in the proposal process had their employment arrangements finalized. The COP and start-up Administrator interviewed and identified suitable candidates for the Finance and Office Manager and Administrative Assistant positions. By early November the SIIR team was complete, with the start-up Administrator providing training on basic DAI and administrative procedures, as well as specialized financial training for the Finance and Office Manager.

With the COP's concurrence, right after USAID approved the SIIR project, an office space was secured in the same building as the USAID-funded STAR and VNCI projects of DAI. The DAI Project Start-up Administrator and COP then selected the best office interior design of those submitted and ordered the office furniture and equipment. By mid-December the SIIR project staff was ready to move in the new office and an office opening party was held on December 18 with USAID and US embassy officials invited as well as the STAR and VNCI staffs and representatives of international organizations.

Right after his arrival, the COP along with the DAI Start-up Administrator met with the USAID Mission COTR and Alternative COTR and the Regional Contracting Officer (via video conference) and went over the SIIR project contract content and related regulations and other issues. As the main implementing agency for the SIIR project will be the Ministry of Labor, Invalids and Social Affairs (MOLISA), the COTR arranged an introductory meeting with the International Cooperation Department (ICD) of MOLISA to discuss project approval guidelines, design procedures and expectations. Also attending the meeting was the Labor Reporting Officer from the US Embassy Economic Section. Both sides agreed this was a high profile project as it was the first labor related (and governance) activity USAID was supporting in Vietnam, and everyone was looking forward to its implementation. The ICD of MOLISA will be an important role in working with the SIIR team in coordinating the various tripartite parties (including designated departments of MOLISA) and vetting the project design drafts and eventually forwarded the completed project document to the Ministry of Planning and Investment for the approval process.

Once the initial meeting with the ICD of MOLISA was held and letters were sent to various identified tripartite stakeholders of the project, the planning and project design process began, with the SIIR team holding meetings with the main stakeholders: designated sections of MOLISA (Legal Division, Labor Inspectorate and Labor and Wages department), the Vietnamese General Confederation of Labor (VGCL) and Vietnam Chamber of Commerce (VCCI) and Industry. In the meantime, the ICD of MOLISA began identifying the Project Preparation Unit (PPU), which will be the official body SIIR works with on project design. Other international organizations which conduct labor-related activities were identified and introductory meetings were also held. In addition, the SIIR project team has started to make internal domestic trips to potential project sites and meet local and provincial stakeholders. On December 15, the PPU for SIIR was officially formed, but prior to that project design-related work had already begun.

The first component of the SIIR project is termed as a needs assessment and basically incorporates the project design process. The SIIR project brought in a consultant currently with the US Federal Mediation and Conciliation Service in order to facilitate this process. This FMCS consultant, who had recently completed five years of managing a similar industrial relations project in Vietnam, worked with the SIIR project team and through his knowledge of labor issues and previous work of the tripartite stakeholders was able to provide advice and guidance in drafting the entire project document and set up meetings with key tripartite stakeholders as well as produce a preliminary needs assessment report.

By the end of the quarter, the SIIR office was firmly established and considerable progress had been made in completing the project design document required for approval from the Vietnam government. Some illustrative examples of SIIR project related work thus far:

- **Labor Law Reform:** While the SIIR project will not focus on the actual drafting of the Labor and Trade Union laws that is currently underway as other international projects are already providing technical assistance (including the USAID/DAI STAR project), the SIIR project is an active observer in the process as Year II activities will in part incorporate education and dissemination of the new labor laws. To this end, the SIIR staff is in close contact with the Legal Department of MOLISA and reviewing the drafts of each law as they are produced and disseminating copies (especially English translations) to concerned stakeholders. In addition SIIR project officers have attended workshops on labor law development hosted by STAR and ILO.
- **Cooperating with STAR:** In addition to labor law-related activities, the SIIR project team has worked with the STAR program to provide advice and inputs into the Vietnamese labor delegation program to the US and a potential training program for targeted MOLISA and VGCL that might include key Vietnamese counterparts participating in the SIIR program.
- **Cooperating with VNCI:** The SIIR team has discussed with VNCI how to provide technical assistance with both their Regulatory Impact Assessment program as it relates to the draft Labor and Trade Union laws and to the inclusion of labor-related issues (including labor skills and industrial disputes) into the Provincial Competitiveness Index and Project 30. To that end, SIIR project staff has participated in the collection of labor data in a selected province (which may be one of the target areas of the SIIR project activities).
- **Continual Dialogue with the ICD:** Numerous meetings have been held with members of MOLISA's ICD do discuss all aspects of the program – from project design to USAID and DAI guidelines to project activity sites to clarification on project document submission formats. There has been a constant flow of written communications between the SIIR project team and ICD with considerable time spent on each written note from SIIR to ensure that no misunderstandings may arise. Although officially the SIIR project team should not be meeting with separate MOLISA departments until the PPU was formed, ICD facilitated preliminary meetings.
- **MOLISA departmental meetings:** Beginning in mid-November through the end of the year, the SIIR team has spent considerable time working with the designated departments of MOLISA that would make up the PPU as well as be the project partners. These departments are Legal, Labor Inspectorate, and Labor and Wages. In addition there were meetings with the Center for Industrial Relations it may also may play a role in the SIIR project. In some cases, the what a particular department wanted to do under the SIIR project was fairly straightforward, but most often, the SIIR team and MOLISA counterparts have had to work spend time designing what exactly could be accomplished given various ground realities and the original project task order.
- **Tripartite Stakeholder meetings:** Aside from working with MOLISA counterparts, the SIIR team has also been engaging with both the VCCI and VGCL in Hanoi and HCMC to learn what their priority areas for this project and to develop appropriate responses through designed activities.
- **International organizations conducting labor activities in Vietnam:** In order to gain perspective and insights into ongoing labor-related developments in Vietnam and to learn how others experienced project design and implementation, the SIIR team has developed working relationships with other international organizations operating in Vietnam. These include

Australia Union Aid Abroad (APHEDA), Fredrich Ebert Stiftung (FES), Fair Labor Association (FLA), ILO/IFC Better Work Program, and the ILO Industrial Relations Project. SIIR has also been able to learn what areas others are working in to avoid any duplication, overlap or over-extending local partners. In addition areas of potential collaboration or leveraging of other project support have also been identified. To that end, meetings have also been held with AmCham in HCMC.

- **Industrial Relations Education Programs:** One activity area that will potentially reap long-term benefits for creating a better labor relations environment is the development of industrial relations programs in at least two major universities. These programs are still a very preliminary stage, but both MOLISA and VGCL have identified them as areas where international technical assistance is needed to develop professional programs. Vietnam has never had undergraduate, graduate or law programs that are solely focused industrial relations. The SIIR staff has begun to engage with university official of the Ton Duc Thang University (HCMC – VGCL owned) and the University of Labor and Social Affairs (Hanoi – MOLISA owned) as to what role the SIIR project can play in the development of their industrial relations programs.
- **Briefings for US officials:** The SIIR team has provided information and documents in response to queries from USAID and US embassy officials on labor related developments. The SIIR team also briefed visiting a USTR team on labor related issues that were of concern to Vietnam's application for GSP benefits from the US.

Operating Environment: Problems encountered/overcame/outstanding issues

- The Project Office in its discussions with MoLISA has realized that they has not fully understood what a USAID-funded project in a contract agreement entails and that they are not receiving the bulk of funding directly. There seems to be misperceptions and confusion bordering on resentment in this regard. The Project Office has explained to MoLISA what the USAID contract process is like, that this is a technical assistance project, and tried to find ways of presenting a larger activity budget (that will go to local partners), but this will be an issue going forward.
- The original USAID taskorder needed to be more focused and less ambitious, given the original two-year timeframe. While its broadness does give flexibility, the expected impact of the project's outcomes needs to be tempered. It is apparent that the government of Vietnam's approach to labor relations and labor laws will not dramatically change due this project (though the Trans Pacific Partnership may be an important change factor). Even in terms of outputs, it is the government, not an outside project that will decide what is implemented and when (e.g. new systems). Also if something is not specified in labor law (e.g. formation of intra-ministry committees) there may need to be a regulation or directive on this particular feature, which lead to delays. The project office is working with both USAID and MoLISA (and other partners) to manage expectations.
- There are indications there may be delays in the approval process by Vietnam government. This is the first USAID-funded project for MoLISA in which various departments are involved. Consequently, it has taken more time and efforts to build a consensus on project design and project approval procedures. While the approval process is under way, it is difficult to know whether there will be more delays. SIIR will seek ways to begin activities as soon as possible (collaboration with STAR and VNCI, for example), but ideally there would be streamlined official approval of the project.
- There is a strong possibility that the Labor Code and Trade Union Law enactment will be delayed. While the development and adoption of both sets of laws (including pushing the revision of the Trade Union Law up a year) was made a priority by the government, many observers feel that there still are inconsistencies and unresolved items in both draft laws and wonder whether they can be both be synchronized in time. In terms of the technical assistance areas directly related to and affected by the current law revision processes, the SIIR project office assumes that most of main activity areas on the implementation of labor law can proceed albeit there may be some revisions in approaches.
- While most of the main project partners are experienced in working with foreign-funded projects, most seem unaware of the differences between USAID-funded projects and other donor projects and do not know USAID requirements, regulations and restrictions. This has affected the project in various ways. First, on the initial timeline, MoLISA did not fully appreciate that for USAID the project began on October 1, 2009 and not after official approval. For example, based on practices from other donors, some partners may expect time working on project activities to be compensated somehow. The project's insistence on strict adherence to guidelines means that some partners may not want to commit the time needed to fully complete activities (in the absence of compensation). Anticipated attendance or participation in some activities may be affected at times, thus numbers of beneficiaries may decrease and the overall impact of the project diminished. The project has worked with USAID and MoLISA to make sure everyone understand procedures.

Annex I: LEVEL OF EFFORT SUMMARY

Labor Category/Position	Name	Workdays This Quarter	Cumulative Workdays
LTTA			
1. <i>Communications and Reporting, Senior Level</i>	William Conklin (COP)	45	45
2. <i>Deputy Chief of Party</i>	Vu Huu Tuyen	51	51
3. <i>Program Development Specialist</i>	Dang Thi Hai Ha	50	50
Home Office Support			
4. <i>Administrative Support, Junior Level</i>	Allison DiSenso	13	13
	Miriam Counterman	9	9