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# COUNTRY DEVELOPMENT COOPERATION STRATEGY FOR VIETNAM 2014 – 2018

*"President Barack Obama welcomed President Truong Tan Sang of the Socialist Republic of Vietnam to the White House on July 25, 2013. During their meeting, the two Presidents affirmed their commitment to opening a new phase of bilateral relations between Vietnam and the United States" ... "As we increase consultation, increase cooperation, increase trade, and scientific and education exchanges, ultimately, that's going to be good for the prosperity and opportunities of the people here in the United States, as well as good for the opportunities and prosperity of the people of Vietnam."*

Joint Statement by President Barack Obama of the United States of America and
President Truong Tan Sang of the Socialist Republic of Vietnam
The White House
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COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)
FOR VIETNAM
2014-2018

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# I. DEVELOPMENT CHALLENGES AND OPPORTUNITIES

Vietnam defies easy characterizations. An enormous, diverse, resource-rich country and a key partner of the United States, Vietnam faces both unique opportunities and steep challenges in 2013. While economic growth, membership in key multilateral organizations, and its strategic geographic position provide Vietnam with the opportunity to be a global player on issues of strategic importance to the U.S., the country lags far behind its peers on key socio-economic development indices, and challenges have limited Vietnam's ability and credibility to assume the role of full and responsible partner.

## A. Foreign Policy Context

U.S.-Vietnam diplomatic and economic relations remained essentially frozen for more than a decade after the war ended in 1975. Bilateral relations took a major step forward in February 1994, when President Clinton ordered an end to the 19-year old U.S. trade embargo on Vietnam. The following year, the United States and Vietnam settled diplomatic and private property claims opening liaison offices in Washington and Hanoi. We had a U.S. ambassador at Post by April 1997. In March 1998, President Clinton granted a waiver from the Jackson-Vanik amendment that smoothed the way for Overseas Private Investment Corporation (OPIC) and Export-Import Bank support for U.S. business in Vietnam. In December 2001, the U.S. and Vietnam signed the Bilateral Trade Agreement (BTA) which paved the way for Vietnam's successful negations and accession to the World Trade Organization (WTO) in 2007.

Since 2002, common strategic and economic interests have led the United States and Vietnam to improve relations across a wide range of issues. These were matched by a number of expansions of development assistance cooperation with Vietnam, such as the addition of Vietnam as a focus country of the President's Emergency Plan for AID Relief (PEPFAR) in 2004 and the establishment of a USAID/Vietnam Representative Office in 2007. Starting in 2010, the two countries accelerated this process, effectively forming a partnership on several fronts. U.S. Government officials identify Vietnam as one of the emerging partners they are cultivating as part of the rebalancing of U.S. priorities toward the Asia-Pacific region.

| Figure 1: USAID's Collaboration with Vietnam |
| --- |
| **1989** – Disabilities programming through Patrick Leahy War Victims Fund and the Displaced Children and Orphans Fund<br>2001 – U.S.- Vietnam Trade Agreement (BTA) signed and Support for Trade Acceleration (STAR) Project Initiated<br>**2004** – Vietnam becomes 15th PEPFAR Focus Country<br>**2005** –Agreement for Economic and Technical Cooperation signed<br>**2007** – USAID/Vietnam Representative Office established<br>**2010** – USAID/Vietnam reaches full Mission status |

Additionally, the Obama Administration encouraged Vietnam to be a "full partner" in the ongoing Trans-Pacific Partnership (TPP) free trade agreement negotiations and has given a higher priority to cleaning up sites contaminated by dioxin, a by-product of the Agent Orange herbicide used by U.S. troops during the Vietnam War.[1] Over the past several years, the two sides signed a memorandum of understanding on Vietnam's participation in the Megaports Initiative on non-proliferation through the installation of radiation equipment at ports.

Currently, factors generating U.S. interest in the relationship include growing trade and investment flows, the large ethnic Vietnamese community in the United States, the legacy of the Vietnam War, increasing interaction through multilateral institutions, and the perception that Vietnam is

[1] Congressional Research Service Report: U.S.-Vietnam Relations in 2011: Current Issues and Implications for U.S. Policy.

becoming a "middle power" with commensurate influence in Southeast Asia. U.S. goals with respect to Vietnam include opening markets for U.S. trade and investment, furthering human rights and the rule of law within the country, cooperating in multilateral diplomatic forums to uphold international legal principles in and around the East Sea including freedom of navigation, and maintaining if not expanding U.S. influence in Southeast Asia. Vietnam plays a key role in the Obama Administration's rebalance towards the Asia-Pacific as an emerging partner in Southeast Asia.

The rebalance to the Asia-Pacific reflects a profound recognition that the future security and prosperity of our nation will be largely defined by events and developments in the region. Home to two-thirds of the world's population and the world's fastest growing economies, the region offers growing opportunities and challenges for U.S. strategic interests. At a time when the region is building a more robust security and economic architecture to promote stability and prosperity, sustained U.S. commitment is increasingly essential. U.S. leadership will help shape regional architecture and will pay dividends for our security and prosperity well into the twenty first century, just as our post-World War II commitment in Europe helped to build a comprehensive and lasting transatlantic network of institutions and relationships.

## B. Economic Conditions

In spite of remarkable achievements, Vietnam continues to face significant challenges, notably principles for rule of law and human rights, poor regulation quality, widespread corruption and low accountability, inadequate infrastructure, and limited human and institutional capacity. If not properly addressed, these challenges will impede Vietnam's efforts to achieve its goal of becoming an industrialized country by 2020.

**Macroeconomic Conditions and Trade:** Bilateral trade in 2012 was approximately $25 billion, $20 billion of which was exports to the United States. The United States is recognized as Vietnam's largest single export market, although the European Union as a whole registered similar trade numbers in 2012. U.S. exports to Vietnam grew 5 percent in 2012. U.S. exports accounted for just 4 percent of Vietnam's total imports, even while the United States accounted for 18 percent of Vietnam's total exports at last count. Vietnam's inflation rate was relatively stable in 2012, down to 7 percent after spiking to 23 percent in August 2011.[2] Monetary tightening helped stabilize macroeconomic conditions but also contributed to a GDP growth rate of just 5 percent for 2012, Vietnam's slowest rate of growth since 1999. Businesses are hurting not only for lack of credit but also for lack of domestic demand. Growth in exports has been robust, almost all of which has come from foreign-invested firms. Vietnam's economy faces challenges related to its weak banking system, high levels of nonperforming loans, and borrowing costs. Vietnam's economy has traditionally been heavily reliant on official development assistance (ODA) and concessionary lending from international financial institutions. As the country's need for infrastructure build-out surpasses its ability to provide funding, however, public-private partnerships (PPP) may provide alternative financing solutions.

Building on Vietnam's accession to the World Trade Organization in 2007 and its deepening economic integration within the region, the Government of Vietnam (GVN) is currently negotiating the proposed TPP free trade agreement. The GVN's top objective in the TPP negotiations is increased access to the U.S. market, particularly for textiles/apparel and footwear. The GVN seeks a solid market access package to balance the range of TPP obligations Vietnam would assume,

[2] See Economist Intelligence Unit, http://www.eiu.com/index.asp.

including labor, environment, state-owned enterprises (SOEs), and protection of intellectual property rights.

**Labor:** The Vietnamese government will need to create a more enabling environment for operation of associations and enable collective bargaining to successfully close the TPP labor chapter. The congressionally-mandated Trafficking Victims Protection Reauthorization Act (TVPRA) list brought increased attention to the use of child labor and forced labor in Vietnam.[3] The U.S. Department of Labor and Department of State fund eight labor-related projects in Vietnam with the overarching goal of improving working conditions for Vietnamese.

*The poverty rate in Vietnam's rural areas is considerably higher than that of the urban areas. Photo: USAID/Vietnam.*

**Poverty:** The adoption of an "open door" policy, market-based reforms, and integration to international markets have promoted high economic growth and created economic opportunities for the poor in Vietnam. The average poverty rate, calculated using a "basic needs" poverty line, has decreased from 58 percent in 1993 to 14.5 percent in 2008. It was estimated that about 28 million of people have been lifted out of poverty. The poor is characterized by heavy dependence on subsistence agriculture, low education and job skills, exposure to natural disasters, small land holdings or landless, physical or social isolation, and limited access to market and credit.

The growth has not benefited the population equally. The poverty rate in rural areas is considerably higher than that of the urban areas (18.7 percent compared to 3.3 percent in 2008). The poverty rate is also falling much more rapidly for the majority Kinh/Hoa group (from 53.9 percent in 1993 to 9 percent in 2008) than for the ethnic minority groups (from 86.4 percent in 1993 to 50.3 percent in 2008). In addition, the official poverty line is based on 1990s standards, which would show a higher rate of poverty if updated to reflect increased living costs. This disparity and inequality derived from the unequal distribution of incomes as well as different capacity and levels of participation of these groups in the economic development process. To tackle remaining poverty, besides developing and applying appropriate economic structure and policies at the national level, interventions must be made directly with the poor at the local level.

The worldwide economic downturn and Vietnam's prolonged macroeconomic instability and high inflation in recent years have resulted in an economic slowdown which increases the risks of falling back into poverty for people whose incomes are near the poverty line and causes further burden on the poverty and hunger that still persist in many parts of the country. Some regions have a much higher poverty rate than other regions, such as the Northern Mountains and the Central Highlands with their significant ethnic minority populations, representing an emerging concern in recent years.

**Education:** The shortcomings of the Vietnamese higher education system are myriad, while the demands of the highly competitive global economy require a mix of knowledge, skills, and abilities that are not consistently being developed by Vietnam's higher education system.

[3] U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor, September 2012.

USAID conducted assessment work that identified tertiary workforce development as a strategic goal, falling in line with some of Vietnam's most pressing needs. Priority areas include more access for underserved and disadvantaged groups, improved quality of tertiary education and improved relevance and quality of work force development programs.

*A mechanical lab in Ho Chi Minh City University of Technical Education. Photo: USAID/Vietnam.*

As Vietnam's industrial economy grows, there is a clear need to develop an approach for a high quality, flexible, multi-tiered, and industry-driven training for young people in general skills and areas of specialization relevant to current industry needs, including opportunities for self-employment.

Although the GVN's stated objectives for the reform of the higher education sector are bold and far-reaching, their ability to operationalize their strategic goals by addressing broad governance issues (i.e. legal and financial frameworks, institutional capacity building, developing autonomous institutions and programs, accreditation and testing, etc.) remains a challenge, especially while simultaneously promoting local higher education institution-level modernization. No matter what standard one applies – supporting the achievement of next-stage economic growth, meeting labor market needs, providing access to underserved populations, fostering valuable research, generating a culture of innovation, collaborating effectively with the private sector – Vietnam's higher education institutions are inadequate and there are significant opportunities for educational development assistance.[4]

**Figure 2: Key Challenges and Opportunities in the Education Sector**

| Challenges | Opportunities |
|---|---|
| Low matriculation in secondary and tertiary education and difficulties balancing the demand for higher student enrollment with quality assurance standards | Curriculum development and professor training |
| Training and remuneration of professors | Tying educational goals to industry needs |
| Weak curriculum development based in theory with little focus on applied instructional methods, innovation, and creative thinking | Private sector engagement |
| Poor management structure | Leadership training and development |
| Gap between education standards and workforce needs and weak linkages between universities and industry | Outreach to underserved populations such as women, minority groups, and low-income students |
| Weak educational governance, legal and financial frameworks, institutional capacity building, developing autonomous institutions and programs, accreditation and testing | Reinforce concepts of academic freedom and autonomy |
| Small lecturer to student ratio 1:28 | |
| Lack of modern laboratory and research facilities | |

[4] Vietnam Education Assessment, Dec 2008

## C. Governance

The United States has strongly supported Vietnam's international economic integration over the past ten years, and USAID assistance has been critical to the development of the legal and regulatory framework for a market economy in Vietnam. Focus in the governance area has broadly included the areas of public administration reform, improvements to the rule of law and strengthening the legislative branch, specifically the National Assembly (NA). USAID has worked in these areas through the Support for Trade Acceleration (STAR) I, II, and Plus projects, and the Vietnam Competitiveness Initiative (VNCI) I and II projects. These projects have yielded concrete changes in Vietnam's regulatory and legal environments, which have been critical to the implementation of the BTA and WTO commitments. In addition, the Legislative Research Program (LRP) has specifically supported the NA's Institute of Legislative Studies (ILS) to improve its service quality, human resources, and management capacity.

As with the BTA in 2001 and WTO Accession in 2007, the successful conclusion of the TPP, currently under negotiation, promises to fuel further transformative growth by dramatically increasing market access. It is expected to spur further action on the difficult economic reforms that still face Vietnam if it is to complete the transition to a fully functioning market economy. Vietnam would benefit economically more than any other TPP partner due to increased U.S. market access.

However, with an economy that is now quite open and integrated into global markets, the quality of economic governance is currently viewed by many to be a significant constraint to Vietnam's long-term competitiveness and sustainable economic growth. Economic growth has empowered citizens to seek greater government responsiveness, as one analyst notes, "While legislators continue to support an expansive role for the state, they have begun to advocate for a greater degree of government responsiveness and accountability to the people. For the government, ensuring that other important debates take place through official channels will only be more critical for the country's socio-economic stability in coming decades."[5] As the summary of a recent Harvard seminar for senior Vietnamese government leaders concluded, "to truly achieve long-term stability in Vietnam, leaders must not only implement a list of policy reforms and restructuring changes, but also explore a more expansive philosophical shift towards economic and governance practices." It will mean, first and foremost, imposing discipline on both public and private sector entities through greater transparency and accountability." Vietnam must move towards international standards of economic governance, including a clear separation between regulators and market participants, an unswerving commitment to a judicial system that is independent of politics, public finance, and fiscal policy reforms based on clearly enunciated rules and complete transparency.[6]

## D. Health and Human Development

While Vietnam has experienced impressive economic growth over the past decade, a number of vulnerable groups throughout the country have not reaped the benefits. In particular, people with disabilities, orphans, ethnic minorities, and poor, rural households continue to struggle to be included in mainstream society, gain access to adequate social services, and benefit from improved economic opportunities. Development efforts aim to improve human welfare and increase access to quality services, including Vulnerable Populations, Higher Education, and Adoption. Rural areas in Vietnam such as the Central Highlands, where one-third of the population is an ethnic minority, continue to suffer from higher than average poverty rates.

[5] Why Vietnam's Legislative Debate Matters", By Phuong Nguyen, CSIS, July 19, 2013.
[6] Harvard Ash Center, 2012.

To address this disparity, the GVN is working to improve development and delivery of social services, particularly to rural communities. U.S. assistance includes livelihood support targeting vulnerable rural populations in the Central Highlands. Another vulnerable group in Vietnam that benefits from U.S. assistance is people with disabilities, many of whom face significant challenges such as social discrimination, lower quality of life, higher unemployment, and lower salaries than their non-disabled peers. Persons with disabilities have limited access to services, partly due to physical barriers of inaccessibility to schools, offices, and public buildings. USAID/Vietnam programs supported the drafting of the disabilities law and are now supporting its implementation, providing a holistic and comprehensive service model to persons with disabilities for improving their health, education, and economic and social integration needs.

### *HIV/AIDS*

Vietnam has a concentrated epidemic among injecting drug users (IDUs), men who have sex with men (MSM), and sex workers (SW) and their clients. National HIV prevalence rates among the general population of 15-49 year olds is 0.43 percent. The 2009 HIV/STI Integrated Behavioral and Biological Survey (IBBS) Round II and sentinel HIV surveillance estimate that as many as 40 percent of the estimated 220,000 (range: 100,000-335,000) injecting drug users (IDUs) are infected with HIV. Injecting drug use is the leading driver in the transmission of HIV in Vietnam. There is also growing recognition of the HIV epidemic among MSM, with HIV prevalence among MSM in Hanoi and Ho Chi Minh City being estimated as high as 16 percent.

*USAID and PEPFAR supports an outdoor concert to promote Vietnam's national action month for HIV/AIDS. Photo: USAID/Vietnam.*

While Vietnam's economy recently achieved lower-middle-income status, the national healthcare system remains significantly under-developed with inequitable resource distribution. The GVN does not allocate significant resources to the national HIV/AIDS response, with HIV/AIDS spending representing just 2 percent of total national health spending. By 2015, the country is almost certain to reach its Millennium Development Goals 4 and 5 related to child and maternal health. However, it is unlikely to achieve its targets for MDG 6, combating HIV/AIDS.

**Donor Environment:** The PEPFAR program continues to be the largest in the HIV/AIDS sector. Vietnam's second-largest source of funding for HIV/AIDS programs is the Global Fund, which was approved for $119 million for HIV/AIDS through 2013. A renewal grant which will continue through 2015 was recently submitted for approximately $92 million. The U.S. Government provides one-third of the total global funding for the Global Fund, thus the effective use of GF monies is closely linked to other USG HIV/AIDS support through PEPFAR.

**Challenges:** Though Vietnam has a good legal and policy environment providing a framework for the national HIV/AIDS response, there are a number of overlapping policy and regulatory documents. For example, there are considerable policy barriers in establishing and scaling-up effective harm reduction interventions such as Needle and Syringe Programs (NSP) and 100 percent Condom Use Programs (100 percent CUP) at the local level in some provinces.

Vietnam's technical and management capacity to oversee and expand the HIV/AIDS response remains limited. Vietnam's health sector is governed at the central, provincial and district levels and remains fragmented. Ministries and departments implementing HIV/AIDS services operate independently, which makes it difficult to efficiently deliver a comprehensive range of services across different government authorities. Stigma and discrimination against people living with HIV and key affected populations is an ongoing challenge, as is the policy of remanding drug users to compulsory centers for mandatory detoxification and "labor therapy".

Additionally, the role of civil society organizations and private sector engagement in the national HIV response is limited. Vietnam continues to struggle with involving civil society. Though some progress has been made, there continues to be limited opportunities for dialogue and engagement.

**Vietnam's Health Sector Priorities:** Key priorities for Vietnam are to successfully implement the National Strategy for HIV/AIDS Prevention and Control to 2020 with a Vision to 2030. As part of the National HIV/AIDS strategy, Vietnam aims to reduce the HIV prevalence rate in the general population to less than 0.3 percent, reducing the impact of HIV/AIDS on socio-economic development. Other key priorities are to increase understanding of HIV/AIDS, reduce HIV/AIDS prevalence among injecting drug users to below 15 percent reduce prevalence among sex workers to below 5 percent and among MSM to below 10 percent. The GVN also seeks to strengthen the capacity of the provincial HIV/AIDS prevention and control systems.

As donor funding decreases a key priority is to build greater country ownership involving all stakeholders–government, private sector and civil society including people living with HIV/AIDS and other affected populations. A key component of our plan is the development of a transition plan with the government to increase its financial support for HIV/AIDS commodities, including ARVs, methadone and human resources. PEPFAR currently supports 65 percent of adults on ARV treatment in Vietnam, nearly 100 percent of patients on MMT and approximately 5,600 workers, including part-time government health workers.

During the emergency phase of PEPFAR, the HIV/AIDS response was developed as a stand-alone vertical program with limited integration into the existing health care system. As funding declines, it is imperative to integrate this model with the nation's health system to cut costs and use the government systems such as workforce, supply system and information system for long-term sustainability. One of the biggest challenges for PEPFAR, besides supporting country stakeholders to mobilize funds, is to transition from this vertical model to an integrated model while avoiding disruption of services to Most-At-Risk Populations (MARPs). This requires a good understanding of the decentralized health system in country and the incentives and disincentives at play to deliver quality services within the national health system.

A series of neoliberal health reforms (e.g. legislation of private medical practice, liberation of pharmaceutical industry and introduction of user fees at public health facilities) since the early 1990s has affected the delivery and financing of health services transforming publicly funded and universal health services to a highly unregulated private-public mix system. Integrating a largely donor-funded HIV/AIDS response, which was insular to forces of an unregulated health system, poses significant challenges.

### *Disability*

Vietnam's disability population accounts for approximately 15 percent of the population.[7] The country has made significant strides in developing policy to ensure the integration of people with disabilities into all aspects of Vietnamese society. However, despite significant progress, key weaknesses exist. For example, the National Coordinating Council on Disability has limited authority to influence ministries beyond the Ministry of Labor, Invalids, and Social Affairs, thus limiting government-wide coordination on the issue. Additionally, disability policies meant to further integrate and advance the needs of people with disabilities are neither adequately enforced once passed into law nor disseminated to local government offices and officials. Additionally, funding and government capacity remain an issue and disability programs that do exist in Vietnam, cover persons with mobility, vision, and hearing impairments, but are new to the issues of developmental disabilities.

*Vietnam's disability population accounts for about 15 percent of the population. Photo: USAID/Vietnam.*

There has been a burgeoning movement of self-help groups of persons with disabilities. These groups are a significant source of support and empowerment, and such groups help their members achieve individual self-confidence and personal life satisfaction. However, the development of the movement is hampered by the bureaucratic procedure for obtaining legal status for disabled persons organizations, thus the groups themselves suffer from a dearth of skilled and energetic leadership.

Children with disabilities face significant barriers in the GVN's ability to provide comprehensive education to its citizens, such as: poorly trained teachers; attitudinal barriers; and lack of resources, adapted curricula, assistive technologies and devices, and the problems of accessibility. Some schools for children with disabilities have been established in cooperation with international NGOs, which have served about 21,000 children countrywide. However, the rate of enrollment of children with disabilities in special schools is only around 2percent of the total number of children who could benefit from such educational opportunities. Although the GVN promotes inclusive education and sees it as a means toward future full inclusion of persons with disabilities, social discrimination, resource constraints and the inflexibility of educational activities have hampered access to education as well as inhibited the social attainment of children with disabilities. In terms of employment, the traditional vocational training programs in Vietnam are limited in general and do not effectively serve persons with disabilities. There is a very high unemployment rate among persons with disabilities. The Vietnamese Law on Disabled Persons encourages businesses to hire individuals with disabilities; however, the barriers to employment remain high largely due to negative social attitudes toward persons with disabilities' working capability and the limited education including soft-skills education of persons with disabilities. Many of the employment opportunities for persons with disabilities tend to be centered on traditional low-paid employment (e.g. crafts, woodwork). Persons with disabilities have little if any access to technology training or technology jobs, key components of full integration into society as Vietnam moves more fully into a market economy. While employment options are very bleak for persons with disabilities, they view work as their path to economic independence and social acceptance.

[7] An issue in Vietnam is the dearth of reliable data. The disabilities rate in Vietnam varies from as low as 7.8% (2009 Census) to 15.3% (2006 Vietnam Household Living and Standards Survey).

Disabled persons have limited access to services, partly due to the physical barriers in place at schools, offices, and public buildings. Provincial policies concerning the rights of persons with disabilities are poorly developed and enforced leading to lower access to education and employment. More than 30 percent of children with disabilities are not participating in any education program and a very limited number of persons with disabilities have earned vocational training certificates and have gained skills leading to employment. Persons with disabilities are subject to high unemployment (over 56 percent) and those that are employed often see salaries lower than that of their non-disabled peers. Low levels of education, poorly designed physical structures of many workplaces, a lack of assistive devices, and negative attitudes about employees with disabilities are key barriers to the employment of persons with disabilities in the area.[8]

### *Pandemic Influenza and Other Emerging Threats*

*Vietnam is considered a "hot spot" for avian influenza and the emergence of other diseases. Photo: USAID Vietnam.*

Vietnam is one of four countries globally with endemic highly pathogenic avian influenza (HPAI) causing regular outbreaks in poultry (over 3,000 outbreaks and more than 40 million poultry culled to-date) and dangerous human cases (123 of which 61 have been fatal). The HPAI virus continues to evolve and pose a public health, animal health and economic threat.

Almost three-quarters of all new, emerging, or reemerging diseases affecting humans at the beginning of the 21st century originated in animals, including HIV and SARS. The speed with which these diseases can emerge and spread presents serious public health, economic, and development concerns. It also underscores the need for the development of comprehensive disease detection and response capacities, particularly in those geographic areas where disease threats are likely to emerge. In this regard, Vietnam is considered a "hot spot" for avian influenza (AI) and the emergence of other diseases.

The Ministry of Agriculture and Rural Development (MARD) along with the Ministry of Health (MOH) lead the national effort under a 2011-2015 multi-ministerial plan, which USAID helped develop. In addition to the 20 million private sector farmers and producers who are affected by HPAI, key development partners include the World Bank, ADB, FAO, WHO, UN, EU, AusAID, JICA, mass organizations, various institutes, universities and associations. For USG, USAID has been the largest contributor in this area (totaling over $50 million since 2005) followed by U.S.-CDC and NIH.
.

Vietnam is often considered a global success in terms of addressing HPAI, reducing poultry outbreaks and human cases drastically from 2004 to present. Key factors in these successes include a national multisectoral coordination structure, strengthened surveillance system, greater diagnostic capacity in human and animal health laboratories, infection control and other regulations established, launching of an expansive food safety law, pandemic preparedness plans tested and improved, growing awareness and understanding of zoonotic diseases, substantial progress on meeting International Health Regulations, a framework for coordination with the GVN

[8] Vietnam Disability Assessment Final Report, USAID, May 2005.

with pockets of strong donor coordination, and the creation of a strategic and long term One Health university network (looking at the animal-human-environment interface), among other achievements.

Despite these successes, HPAI remains endemic and many challenges remain, most notable of which is a farming and food supply system conducive to fostering the emergence of a lethal animal virus or pathogen to become easily transmitted among humans. Within this context are multiple concerns to Vietnam: the continued mutation of viruses and lack of a suitable poultry vaccination; fledgling and externally driven epidemiology programs in animal and human health; limited coordination between sectors and donors; weak biosafety and quality assurance and control in laboratories across the country; a lack of understanding of the role wildlife plays in disease emergence and how to address it; and the difficult to control cross border transmission of diseases by traded and smuggled animals. In addition, Vietnam's farming system is composed of millions of small scale farms, slaughterhouses and markets which are difficult to reach and improve, yet the demand for protein from animals is growing exponentially. MARD's capacity has improved in this area but the system remains weak and unable to adequately address the challenges of existing and emergent diseases. Finally, the importance of remaining vigilant for HPAI needs to be balanced with the need to address broader system strengthening efforts addressing both normative diseases and emerging pandemic threats while bolstering Vietnam's economic and social development.

### *Tuberculosis*

Vietnam ranks 12th among the World Health Organization's list of 22 countries comprising 80 percent of the global TB burden. It is estimated that Vietnam has 180,000 new TB cases per year and 29,000 annual TB deaths; approximately 80 deaths every day[9]. The TB case detection rate is 54 percent far below the global target of 70 percent [10]. Approximately 100,000 TB patients are provided with TB treatment services each year and 43 percent of these patients were tested for HIV/AIDS, with 8 percent reporting positive[11]. Each year there are 3,500 new cases of Multi-Drug Resistant TB[12] (MDR-TB).

Challenges in the TB sector include inadequate funding and capacity for human resources to detect and treat TB at all levels, especially at the district and commune levels and in prisons. Case detection is still low due to the use of passive case finding. Many patients seek services in the private sector and referrals from private clinics and pharmacies to the public sector are weak. Resistance to first-line TB drugs is increasing and there is growing prevalence of TB, MDR-TB and TB/HIV in closed settings.

The primary goals of the Vietnam National TB Program for 2011-2015 are to decrease TB prevalence by 50 percent compared to reference estimates from 2000, and to prevent an increase in MDR-TB prevalence from the levels reported in 2010. Other priorities include increasing case detection, expanding new diagnostic techniques, strengthening engagement with private health providers, and increasing reach to populations who may have difficulties accessing TB services, such as people in closed settings, children and people living with HIV. A final key priority is to strengthen the TB health system ensuing adequate financing, a skilled work force and a functioning TB supply chain.

[9] Global Tuberculosis 2011, WHO (2011).
[10] The STOP TB Strategy, WHO (2006).
[11] Review of The National Tuberculosis Control Program for the period 2007–2011 and Development plan for the period 2011–2015, The National Tuberculosis Control Program (March 2012).
[12] Anti-Tuberculosis drug resistance in the world, Fourth Global Report, WHO (2008).

## E. Climate Change, Environment and Biodiversity

### *Climate Change*

Over the past last decade, Vietnam has experienced rapid economic growth and has risen to the status of an emerging economy. Meanwhile increased pollution and unsustainable use of natural resources are important growing concerns for the country, intensified in the face of climate change.

> *"President Obama and President Truong Tan Sang welcomed increasing bilateral cooperation to reduce greenhouse gas emissions in Vietnam through promotion of clean energy, energy efficiency, and sustainable forestry, and to strengthen Vietnam's resilience to climate change, rising sea level and natural disasters, including through the United States Agency for International Development's (USAID) Clean Energy Program and Forests and Deltas Program."*
>
> Joint Statement by President Barack Obama of the United States of America and President Truong Tan Sang of the Socialist Republic of Vietnam
> The White House
> July 25, 2013

Vietnam is a relatively small emitter now, but unless measures to promote green development are implemented, projected future emissions from energy production, agriculture, transportation and industry are significant. For example Vietnam's carbon dioxide emissions are expected to grow by more than three-fold between 2012 and 2030. Vietnam's forests remain under pressure, while restoring those offers opportunities to sequester carbon.

From the global perspective, Vietnam is among the five most vulnerable countries to climate change, and at the highest risk of facing flooding, sea level rise and food crisis. The country's large population centers and key agricultural sectors are exposed to rising sea levels and increased storm risks in low-lying deltas and on its long coastline. Increasing temperature and worsening droughts and floods threaten food security, livelihoods, and lives. Adaptation and disaster risk reduction measures will be central to Vietnam's economic growth progress. A USAID-funded assessment has shown that only a small minority of Vietnamese enterprises have in place measures to prepare for disasters, such as business continuity plans, highlighting the strong need to safeguard assets and secure livelihoods.

*Forest degradation in Vietnam. Photo: USAID/Vietnam.*

Due to extreme vulnerability to climate change impact, the GVN views climate change as one of its central development challenges and has identified climate change as a priority area for development assistance. GVN's climate change National Target Plan focuses largely on adaptation. It prioritizes water, agriculture, marine and coastal systems as most sensitive, and in particular prioritizes the need for adaptation action in the Mekong and Red River Deltas. The National Strategy for Climate Change Adaptation, ratified in 2011 has objectives to ensure there is enough food and water, while reducing poverty and gender inequality and protecting natural resources; enhance the stakeholders' awareness, responsibility, and capacity to cope with climate change; and have Vietnam contribute to the international community's efforts to deal with climate change.

Vietnam was identified as a priority country for the U.S. Government's Enhancing Capacity for Low Emission Development Strategies (EC-LEDS) program. Separately, President Obama and his European Union counterparts launched a Development Dialogue at the President's first US-EU Summit in 2009. They agreed to increase coordination at both the policy and field level in a few specific areas – including food security, climate change, and health –identified eight pilot countries where coordination would be intensified. Vietnam was one of three countries targeted with respect to climate change. Further, Vietnam passed the Green Growth Strategy in 2012 that reflects Vietnam's commitment to sustainable growth and transform Vietnam into a low carbon economy.

### *Agent Orange/Dioxin Contamination*

One of the most significant remaining Vietnam War legacy issues is Agent Orange. Former U.S. airbases, including Danang, Bien Hoa, and Phu Cat have been referred to as dioxin "hot spots" due to high dioxin concentrations remaining decades after large volumes of Agent Orange and other defoliants were handled at these sites during the Vietnam War. High-level U.S. foreign policy objectives in Vietnam include resolving the Agent Orange issue, and in 2008, the USG and the GVN agreed, as their top priority on remediation efforts, to focus on Danang.

*Areas at Danang International Airport have been referred to as a dioxin "hotspot" due to the high dioxin concentrations in soil and sediment. Photo: USAID/Vietnam.*

An environmental assessment conducted in 2009 at Danang determined the size and scope of the contamination and weighed all containment and remediation options. After intense discussions on the cleanup approach, a thermal treatment remediation strategy was selected and agreed upon by both the GVN and USG. Approximately 73,000 cubic meters of contaminated soil and sediment is present at the Danang Airport site and requires remediation. The implementation was officially launched in August 2012. The remediation strategy involves constructing a large containment structure on airport grounds, excavating and transporting the soil and sediment to the containment structure in two phases, and heating the soil and sediment to high temperatures that destroy the dioxin. The technology has been successfully demonstrated in the United States and in other countries.

The GVN has recently developed its nation-wide dioxin remediation program and expects support to increase Vietnam's capacities for environmental assessments and remediation activities.

### *Biodiversity*

The geographic diversity of Vietnam, together with its dense network of rivers and tropical monsoon climate, provides favorable conditions for a diverse and abundant plant and animal assemblage. The country is in fact one of the most biologically diverse, with 10 percent of the world's mammal, bird, and fish species found here. There are more than 275 species of mammals, 800 species of birds, 180 species of reptiles, 80 species of amphibians, 2,470 species of fish, and 5,500 species of insects. The country also exhibits the highest degree of endemism among countries of the Indo-Malayan region.

A high number of plant species have been domesticated in Vietnam and are thus culturally and

economically important. Many of these crops have supported agriculture in the country (and the region beyond) for thousands of years. New strains are continually being selected through crossbreeding to increase yield or to select for traits that reduce production costs (e.g., pest resistance, drought tolerance). The preservation of genetic diversity – for domesticated species of both plants and animals – will be increasingly important for helping to maintain resiliency in the face of projected climate change.

### *Tropical Forests*

As of 2005, approximately 37 percent (12 million ha) of the country's total land area was classified as forested land, including roughly 10 million ha of natural forest and two million ha of plantation forest. Natural forest vegetation has declined dramatically in quantity and quality during the past 50 years. Government recognition of this trend led to new efforts at forest protection in the mid-1990s and has resulted in an increase in forest cover in recent years. However, a majority of recently reforested area is in monoculture plantation forest; intact primary forest remains today only in small, isolated remnants in the high mountains. Vietnam has a system of protected areas – which it designates as 'special-use' forests – including 126 sites with a total area of approximately two million ha. The country has five Ramsar sites, two UNESCO Natural World Heritage Sites, eight UNESCO Biosphere Reserves, and four ASEAN Heritage Parks. With these efforts, Vietnam has placed each of its major forest ecosystem types under protection. Despite these encouraging efforts, deforestation continues at rates not reflected in official statistics and illegal logging continues with large tracts of forests being lost.

*Tropical forests in Vietnam. Photo: USAID/Vietnam.*

### *Social and Economic Context*

Agriculture, aquaculture, fisheries, forestry, mining, tourism, and water (in support of all of these and to generate hydropower) are major contributors to Gross Domestic Product (GDP) in Vietnam. The country's population is the world's 13th largest, and is growing by 1 million annually. A majority of these people live within two economically important regions – the Red River and Mekong deltas. It is estimated that the urban population will increase by 45 percent by 2020. This rapid urbanization has increased pressure on tropical forests and biodiversity. Furthermore, Vietnam's industrial sector has grown rapidly in recent years. Industrial activities and the construction of infrastructure are two significant causes of increased pollution.

Although the urbanization and industrialization rates are rapid, nearly three-quarters of the population (and 90 percent of those below the poverty line) live in rural areas heavily dependent on agriculture, non-timber forestry products, and fishing. The GVN recognizes the need for farming and grazing land as the biggest driver of natural resource consumption. The conversion of land has and will continue to impact biodiversity and tropical forests within the country. Many poor people who live in remote and high diversity areas depend on natural resources for their livelihoods. These same people often have a low awareness regarding the importance of tropical forests and biodiversity conservation.

### *Government Programs and Other Efforts*

The GVN has laid a good foundation for understanding the global and national significance of its biodiversity and forests, and has set itself on a path towards meeting its obligations as a member of the WTO and as a responsible partner among countries of the Indo-Malay peninsula. The GVN has made continued strides to develop and refine national policy, legislation, and the institutions responsible for developing and implementing regulations pertaining to the conservation of tropical forests and biodiversity. Vietnam has also signed on to or ratified all of the major international and regional conventions and agreements towards protection of the environment and biological resources.

Considerable donor investments are being made in Vietnam to protect biodiversity, tropical forests, and the environment in general. The GVN engages the Forestry Sector Support Partnership to fund and implement sustainable forestry and biodiversity conservation activities. Many donors are also implementing biodiversity programs which focus on agro-biodiversity, the establishment of Gene Management Zones and Protected Areas, and combating the illegal wildlife trade. In addition, more than 15 bilateral and multilateral donors are carrying-out climate change activities which will in turn protect the country's forests and biodiversity.

## F. Gender

While Vietnam has made strong normative progress towards achieving gender equality on many levels, significant disparities remain, especially at a sub-national level and in rural and remote areas, especially for ethnic minority women and their children. Vietnam passed the Law on Gender Equality in 2006 and the Law on Preventing and Combating Domestic Violence in 2007. Equal rights for men and women including the right to work, to equal wages, property rights, inheritance and the right to choose a marriage partner or divorce are guaranteed under various laws including the Labor Code, the Land Law, and the Marriage and Family Law. However, discriminatory provisions do exist in some laws, such as an unequal retirement age in the Labor Code with 55 for women and 60 years for men, which restricts women's opportunities.

- **Implementation of Laws:** Vietnam has passed numerous laws and policies to improve gender equality, however, implementation remains limited. This is, in part, due to a lack of knowledge of existing laws and capacity among responsible ministries.
- **Cultural norms:** Gender norms around masculinity and the subordinate role assigned to women by society are pervasive. Women continue to face an unequal burden of unpaid work which limits their involvement in the workplace and in civic society.
- **Sex Ratio at Birth (SRB):** The 2009 Census indicates that the SRB for Vietnam is 110.6 males per 100 females, with the richest quintile of the population at 133.1. UNFPA predicts a 10 percent surplus of men in 2035.
- **Gender-based Violence:** In 2010 UNFPA in partnership Vietnam's Women Union (VWU) completed the first comprehensive national survey on domestic violence, which illustrated that 32 percent of married women experience some form of physical violence in their lifetime.
- **Lesbian, Gay, Bisexual and Transgender (LGBT):** LGBTs as a community are marginalized in Vietnamese society and have limited rights, face significant gender inequalities, in terms of access to health care, social, economic and legal services, and are the target of stigma, discrimination and violence because of their sexual orientation and identity.

- **Health:** Gender roles influence men and women's response to ill health and their burden of care. The factors to consider include how men and women admit to being ill, how they seek treatment or treatment is sought for them, their authority and ability to make decisions regarding their health and how all of these are shaped by their roles and responsibilities.
    - **Child health:** Despite remarkable progress, the largest proportion of under-one mortality is neonatal mortality, which accounts for almost 70 percent of all deaths in children under one and 52 percent of all deaths in children under five. Studies reveal that disparities in neonatal mortality exist across regions and amongst different groups in the country. The death rate in mountainous rural areas is 2 to 2.5 times higher than in urban and plain rural ones. Newborn survival is closely linked to maternal health thus making motherhood safer is critical to saving newborns. Many women in rural mountainous areas do not have access to basic health services, including pregnancy checkups, delivery support, post-natal care, vaccinations and access to routine care and treatment.
    - **HIV/AIDS:** The only MDG Vietnam is at risk of not achieving by 2015 is MDG 6 to control HIV/AIDS, malaria, tuberculosis and other diseases. The HIV epidemic in Vietnam continues to be contracted among injecting drug users, sex workers and their clients and men who have sex with men (MSM).
    - **Avian influenza:** Women are often responsible for managing small-scale backyard poultry farms, and to a lesser extent, for medium-scale poultry enterprises (ownership is mostly with men). Women are also involved in poultry marketing and often employed on large-scale farms as laborers.
- **Trafficking in persons (TIP):** TIP continues to be a pressing issue in Vietnam and includes both sex and labor trafficking of women, children, and men. Vietnam is currently categorized as Tier II for TIP by the State Department.
- **Disabilities:** The prevalence of disability in Vietnam is slightly higher among girls/women at 8.4 percent as compared to 7 percent for boys/men five years or older.
- **Women's Leadership and Public Decision Making:** Women's political representation in the National Assembly currently stands at 24.4 percent which is high for the region but lower than in each of the last four electoral terms and far below the targets set in the National Plan of Action.
- **Economic Growth:** Women continue to face barriers to economic empowerment due to low levels of education, lack of access to assets and financial resources, time constraints due to heavy responsibilities for traditional roles in agricultural and household labor and childcare, segmentation into lower paid jobs with little growth potential, and lack of leadership and mentorship programs in higher education, management positions, leadership and science and technology. There is also a lack of information about the needs of women entrepreneurs.
- **Education:** While the gender gap in primary schools has been eliminated and women are on par with, and in some areas have even surpassed, men in terms of attaining college degrees, there remains a gender disparity in access to educational opportunities among ethnic minority groups, with fewer women in these groups attending or staying in school. There is also a gender gap in higher education in the engineering, math and sciences fields.
- **Global climate change:** There are currently no gender responsive approaches to DRR and this is of particular concern given women's vulnerability to climate change, and their active

role in disaster preparedness. Furthermore, vulnerability to climate change varies among groups and is particularly worrisome among poorer, rural women, including those from ethnic minorities, who tend to rely on natural resources and climate-sensitive livelihood activities.

## G. Vietnam's Development Priorities & Donor Coordination

The GVN's development vision for the next decade is laid out in its Socio-Economic Development Strategy (SEDS) 2011-2020. The SEDS gives attention to structural reforms, environmental sustainability, social equity, and macroeconomic stability. It defines three "breakthrough areas" including: (i) promoting human resources/skills development (particularly skills for modern industry and innovation), (ii) improving market institutions, and (iii) infrastructure development. The overall goal is to lay the foundations for Vietnam to become a modern and industrialized country by 2020. The Socio-Economic Development Plan (SEDP) 2011-2015, approved by the National Assembly in November 2011, elaborates the objectives of the SEDS and identifies the specific measures and resources that are needed for its implementation. During the first two or three years of the plan, the GVN will concentrate on stabilizing the macro-economy and ensuring social security in connection with renovating the growth model. In the last two or three years, the GVN will complete the economic restructuring effort for fast and sustainable development and the harmony between growth and stability.

Over the last 20 years, development partners, including both bilateral and multilateral, have been providing regular assistance programs to Vietnam. These programs have significantly contributed to Vietnam's infrastructure development, economic growth, socio-economic service improvement, and poverty reduction. Vietnam's newly acquired status as a middle income country (MIC) reflects the country's new stage of development and the changing development partner landscape in Vietnam. Development partners have therefore adjusted their agendas in order to meet the needs of the new circumstance.

In the period of the One Plan 2012-2016, the United Nations (UN) will work with the government and people of Vietnam to ensure a balance between economic, human and sustainable development objectives, directing its efforts to supporting the GVN to achieve: (i) inclusive, equitable and sustainable growth; (ii) access to quality essential services and social protection, and (iii) enhanced governance and participation. The World Bank's 2012-2016 Country Partnership Strategy (CPS) program will support GVN efforts to: (i) strengthen governance, (ii) promote gender equality, and (iii) improve resilience in the face of external economic and climatic shocks. In 2012-2015, the ADB will support Vietnam to rise to upper MIC status through three pillars including inclusive growth, enhanced economic efficiency and environmental sustainability. The Japan International Cooperation Agency (JICA), for the period of 2010 to 2020, plans to support Vietnam to move from an underdeveloped country to become a middle-income country by 2010 and a modern industrialized country by 2020. To achieve these ends, JICA will implement the cooperation activities along four pillars, including (i) promotion of international competitiveness; (ii) improvement in living and social conditions and corrections of disparities; (iii) environmental conservation; and (iv) strengthening of governance.

Donor coordination is carried out through numerous and frequent fora in Vietnam that provides USAID ample opportunity to exchange information, agree on common priorities, develop plans for advocating issues before the GVN, and otherwise ensure the most appropriate use and targeting of USG resources.

Key GVN Strategies that relate to the CDCS include:

- **Vietnam Socio-Economic Development Strategy** (SEDS) for the period 2011-2020 (April 2012, Decree No.10/NQ-CP)
    - Objective: As Vietnam's strive to become a modern industrialized country by 2020, this SEDS sets the objectives by 2020 to achieve fast and sustainable development with average Gross Domestic Products (GDP) per capita of US$3000, build up a united and democratic society with rules, equality and civilization, and have its human development index (HDI) ranked among the medium high group in the world.

- **Vietnam Socio-Economic Development Plan** (SEDP) for the period 2011-2015 (November 2011, Resolution No. 10/2011/QH13)
    - Objective: The SEDP aims to contribute to achieving the goals set by the Socio-Economic Development Strategy (SEDS) for the period 2011-2020. During the first two or three years of the plan, the targets are to concentrate on stabilizing the macro-economy, assuring social security, growing at a reasonable rate and strongly renovating the growth model by restructuring the economy towards raising quality, effectiveness and competitiveness. During the subsequent two or three years, the targets are to basically complete the economic restructuring for fast and sustainable development and achieve the harmony between economic growth, macro-economic stability and social security objectives.

- **National Green Growth Strategy** for the period 2011-2020 with a vision to 2050 (September 2012, Decision No. 1393/QĐ-TTg)
    - Objective: Green growth, as a means to achieve a low carbon economy and to enrich natural capital, will become the principal direction in sustainable economic development; reduction of greenhouse gas emissions and increased capability to absorb greenhouse gas are gradually becoming compulsory and important indicators in socio-economic development.

- **Master Plan on Economic Restructuring** in association with conversion of the growth model towards improving quality, efficiency and competitiveness during the 2013-2020 period (February 2013, Decision 339/QD-TTg)
    - Objective: Economic restructuring is carried out in association with the conversion of the growth model in line with a roadmap with proper steps so as to form an in-depth model of growth by 2020, guarantee growth quality, and improve the economy's efficiency and competitiveness.

- **National Strategy on Climate Change** (December 2011, Decision 2139/QĐ-TTg)
    - Objectives: To bring into play the whole country's capacity in simultaneously taking measures of adapting to impacts of climate change and cutting down greenhouse gas emission in order to secure people's safety and property as well as for the sake of sustainable development;
    - To strengthen people and natural systems' adaptability to climate change while developing a low-carbon economy in order to protect and improve quality of life, guarantee national security and sustainable development in the context of global climate change, and proactively work with the international community in protecting the earth's climate system.

- **National Strategy on Gender Equality** for the 2011-2020 period (December 2012, Decision 2351/QD-TTg)
    - Objective: By 2020, substantive equality between men and women shall be basically ensured in opportunity, participation and benefits in the political, economic, cultural and social domains, contributing to fast and sustainable national development.

Objectives, interventions, and performance measures will be coordinated with these strategies to ensure the sustainability of interventions and alignment with other donor activities.

## II. DEVELOPMENT HYPOTHESIS

Our strategy is based on a careful analysis and integration of development challenges and opportunities, foreign policy priorities, constraints and vulnerabilities, USAID Agency policy priorities, and budget realities. The analysis and consultations undertaken in support of the CDCS leads us to this summary of the development challenges and opportunities and, consequently to the formulation of the development hypothesis and goal.

### A. Summary Development Challenges and Opportunities

Vietnam has made significant development progress over the past decade and has increasingly integrated into the world economy. The government has strong ownership of its development agenda and has demonstrated an effective use of development assistance. Vietnam has reduced poverty at an unprecedented rate: the number of Vietnamese living on less than US$1.25/day fell from 64 percent in 1992 to less than 20 percent in 2010 (applying the 2005 purchasing power parity standard).[13] The gross domestic product grew by an estimated 6.8 percent(2010 est.), 5.9 percent (2011 est.), and 5 percent (2012 est.) over the last three years despite a global downturn.

> *"In the last decade, thanks in large part to the work of USAID, our exports to Vietnam increased by more than 700 percent."*
>
> Secretary of State John Kerry Remarks at the University of Virginia, Charlottesville, VA, February 20, 2013

Vietnam's success is reflected in markedly improved social indicators. The country has already met the Millennium Development Goals to eradicate extreme poverty and hunger and to improve maternal health. Vietnam cut child mortality rates by half between 1990 and 2007 and is expected to achieve universal primary school enrollment soon. The United Nations Development Program ranks Vietnam 127 out of 187 countries on its 2012 human development index. This low ranking is explained in part by some sectors of the population—particularly the rural poor and ethnic minorities—not equally benefiting from economic growth. Further, both the International Monetary Fund (IMF) and the World Bank have identified Vietnam as highly vulnerable to the effects of the global downturn due primarily to trade, investment, and remittance shocks.

Although Vietnam's political system is dominated by a single party, there are some signals that prospects for greater government transparency and accountability are growing, such as participatory and inclusive approaches to public consultation for the ongoing reform of the Constitution[14] and better public financial management. Land reform in Vietnam is proving to be a central issue in improving government transparency and accountability in the protection of property rights. Improved public accountability has been most evident in the workings of the National Assembly.

Despite advances in economic growth, the IMF lowered its projection for Vietnam's growth to 5.2 percent this year from 5.8 percent previously, and to 5.2 percent in 2014 from 6.4 percent. The reduction of this year's forecast is the biggest cut among Southeast Asian countries after Singapore, while the 2014 cut is the biggest downward move for any Asian country. Vietnam's transition to a

[13] 2012 Vietnam poverty assessment - Well begun, not yet done: Vietnam's remarkable progress on poverty reduction and the emerging challenges (English), World Bank, January 2013.

[14] In surprise move, Vietnam asks citizens for public comment on their constitution, Mike Ives, Correspondent / March 26, 2013. http://www.csmonitor.com/World/Asia-Pacific/2013/0326/In-surprise-move-Vietnam-asks-citizens-for-public-comment-on-their-constitution

lower-middle income economy is bringing about new and more complex challenges, for example, the need for deeper and broader legal and regulatory reforms for continued equitable growth. Such reforms are also necessary for Vietnam to promote well-functioning markets and a sound investment climate. Concurrently, Vietnam's ongoing decentralization of public finance accounts and service delivery is placing greater demands on provincial-level governments, as they are relatively weak.

Based on analyses conducted in support of the CDCS, USAID/Vietnam identified these development challenges and opportunities as the most pressing in consideration of USG foreign policy priorities, USAID policy and strategic considerations, and USAID's comparative advantage.

### Figure 3: Summary of Development Challenges, Opportunities, and Priorities for Vietnam

| Development Challenges | Development Opportunities | USAID Policy Priorities |
|---|---|---|
| • **Economic**<br>• 18 million people live below $1.25 per day<br>• Regulatory mire and state intervention in the economy is a drag on growth and investment<br>• **Governance**<br>• Corruption<br>• Accountability<br>• Institutional capacity<br>• **Health**<br>• The MDG target for HIV/AIDS is off track and the target for sanitation could be missed<br>• Health Expenditures are low<br>• Avian & pandemic disease is endemic<br>• **Environment**<br>• Climate change is a real threat; Vietnam is in the top five countries most affected by sea level rise<br>• **Marginalized Populations**<br>• Ethnic minorities suffer constraints to economic and social inclusion<br>• **Women and Girls**<br>• Low level of women's empowerment | • National Assembly role in law-making and accountability<br>• Consistent high rates of growth propelled the country to lower middle-income status in 2010<br>• Most of the Millennium Development Goals are achieved or within reach, particularly in health and education<br>• Vietnam is becoming a prominent player in regional affairs, e.g. as chair of the Association of South East Asian Nations (ASEAN)<br>• Interest in regulatory/rule of law reform driven by desire/need to grow trade and investment<br>• Civil society organizations are playing an increasing role in areas ranging from government policy processes to health sector service delivery | • **Foreign Policy Priorities**<br>• War legacies: Agent Orange, disabilities<br>• Economic growth and the Trans-Pacific Partnership<br>• Governance and the rule of law<br>• **USAID Policy Priorities**<br>• Global Climate Change Initiative<br>• Global Health Initiative/PEPFAR<br>• Gender Equality and Female Empowerment Policy<br>• **USAID/Forward**<br>• Global Development Alliance (GDAs)<br>• Direct Engagement<br>• Local Solutions<br>• Evaluation<br>• Innovation/S&T |

## B. Goal and Development Hypothesis

This CDCS seeks to strengthen U.S.-Vietnam partnership – including our government-to-government bilateral relationship –and address fundamental development challenges through this Goal:

**VIETNAM'S CONTINUED TRANSFORMATION INTO A RESPONSIBLE, MORE INCLUSIVE PARTNER**

The **Goal Statement** is informed by Vietnam's growing partnership with the United States in key areas such as security and economic cooperation, while acknowledging the challenges the country faces to be a responsible international player due to limitations in its system of governance that limit participation and also overlook opportunities to be more inclusive of vulnerable populations

who have not benefitted from economic growth. The goal also recognizes that Vietnam is in a period of great change and transformation, having achieved Middle-Income Country (MIC) status last year. The international community expects Vietnam to take on a greater share of the responsibility and financing for socio-economic development and continue the process of reform.

*The **Development Hypothesis** of this CDCS is that:*

- ***For DO1, if** governance is enhanced by improving policy- and rule-making, particularly in areas relevant to inclusion, and improved accountability, **then** Vietnam will make greater gains in broader-based, sustainable growth for its citizens;*
- ***For DO2, if** human and institutional capacity are strengthened, **then** Vietnam will be better positioned to protect and improve health and well-being and increase inclusiveness, particularly for key populations; and*
- ***For SpO, if l**egacies such as Agent Orange/dioxin are addressed, **then** the U.S.-Vietnam Partnership will continue to grow.*
- ***For the Goal, if** the strategy achieves the target outcomes in governance, capacity, and in addressing historical legacies, supported by effective diplomacy, **then** Vietnam will continue to transform into a responsible, more inclusive partner of the United States.*

**Inclusiveness** in the development literature is increasingly being used to convey both political and economic participation. The ADB paper, a *Framework of Inclusive Growth Indicators 2012*, defines inclusive growth as economic growth with equality of opportunity and notes that policies for inclusive growth are supported by good governance and institutions (Note: See graphic below. Although the Mission does not anticipate integrating all aspects of the model into the CDCS, it provides a good basis for the linkages between inclusiveness, growth, and good governance). Importantly, this model links good governance and human capacity as essential elements of inclusive growth. The ADB has shown, for instance, that good governance (as measured via the CPI or other indicators) is correlated with inequality in incomes and educational attainment. Additionally, inclusive development partnerships are a key element of the Busan Partnership Document and in the localization of those principles through the Vietnam Partnership Document (VPD). The VPD contains perhaps the best description of inclusive development, defining it in terms of expanding partnerships with civil society, expanding partnerships with the private sector, ensuring gender equality and women's empowerment.

*A school child in the Central Highlands province of Dak Lak. Photo: USAID/Vietnam.*

USAID/Vietnam's CDCS is consistent with these uses of "inclusive" and find that the term captures the highest level goal of the strategy in expanding economic and socio-political opportunity for Vietnamese individuals and organizations.

The CDCS results framework contextualizes governance and capacity, sectoral development challenges, and foreign policy considerations through two development objectives (DO) and one special objective (SpO):

- **DO 1: GOVERNANCE ENHANCED TO FACILITATE BROADER-BASED, SUSTAINABLE GROWTH.** DO1 identifies broader-based, sustainable growth as the economic engine of Vietnam's progress towards the goal of becoming a responsible, more inclusive partner, focusing on the governance constraints to that growth as the principal development problem that USAID will focus on during this five-year strategy period.[15] Despite the challenges, there is strong evidence that identifies areas where demand for improved governance is sought and where institutions are incrementally supporting reform while seeking technical assistance to make those changes.[16]

- **DO 2: CAPACITY STRENGTHENED TO PROTECT AND IMPROVE HEALTH AND WELL-BEING.** Strengthening host country capacity to provide for human health and wellbeing is integral to the USG's efforts in supporting Vietnam's continued transformation into a responsible, more inclusive partner and ensure sustainability of development interventions. It is consistent with the Paris Declaration on Aid Effectiveness, signed by more than 100 bilateral donors and developing countries, which states that the: "capacity to plan, manage , implement and account for results … is critical for achieving development objectives." Vietnam needs develop the capacity of its people and institutions to respond to a wide range of development challenges, boost country ownership, and rely less on external resources to provide temporary, unsustainable solutions.

- **SPO 1: LEGACIES ADDRESSED TO ADVANCE THE U.S.-VIETNAM PARTNERSHIP.** Resolution of "war legacy" issues underpins the development of future relations with Vietnam's government and people. Former Secretary Clinton called the ongoing Agent Orange issue "a legacy of the painful past we share" and also "a sign of the more hopeful future we are building together." USAID programs have been central to creating an enabling environment that improved U.S.-Vietnam relations. These challenges also represent a great opportunity for development-diplomacy efforts that harness our diplomatic resources to address development challenges and that by solving development challenges provide for strengthened diplomatic ties with Vietnam.

## C. Linkages among the Goal Statement, Development Objectives, and Intermediate Results

The Goal statement describes a Vietnam that is a more responsible and inclusive partner for the United States with indicators that look at areas including economic freedom, human development, and Vietnam's engagement with international organizations. "Responsible" captures the values and approaches to governance and accountability that are consistent with strong partners of the United States. "Inclusive" acknowledges both the political and economic shortcomings of Vietnam's development of the past 20 years and the need to ensure that all groups in Vietnam see a growth in economic opportunity and that the government adopts a more participatory and transparent approach to decision making, resource allocation, governance, and the protection of rights.

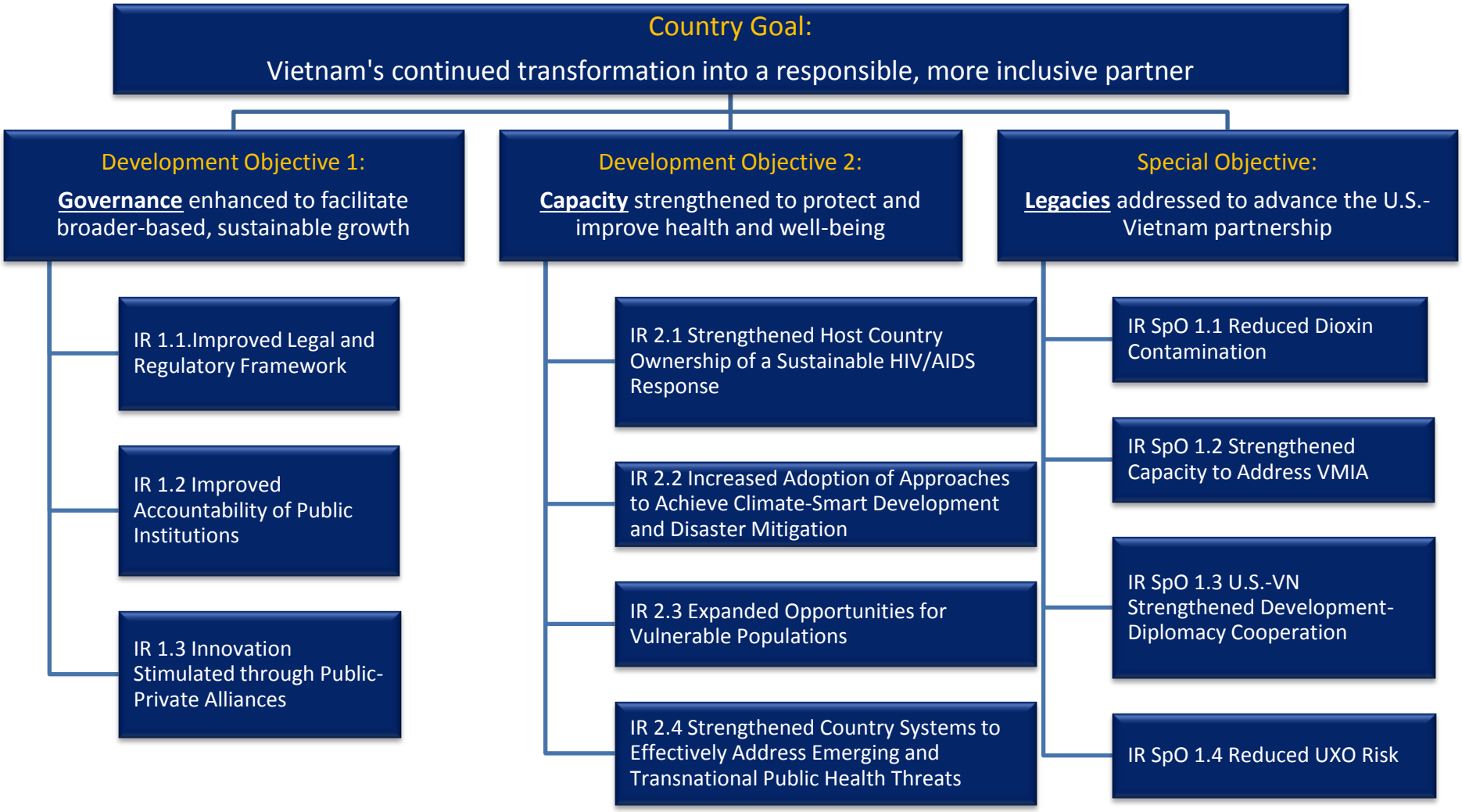
This goal has been broken down into three constituent parts:

[15] Vietnam's Ministry of Planning and Investment Partnership Document. http://oda.mpi.gov.vn/Portals/4/VPD%20Final%20Draft.pdf
The Economist Intelligence Unit notes, "Vietnam's National Assembly (NA, the legislature) has voted to hold regular confidence votes in top officials, including the prime minister, starting next year."

[16] UNDP. International Comparative Analysis of Anti-Corruption Legislation: Lessons on Sanctioning and Enforcement Mechanisms for Viet Nam (2012-12-07). http://www.undp.org.vn/detail/publications/publication-details/?contentId=4609&languageId=1

1. Systems of governance that limit broad-based growth;
2. Capacity of state and non-state actors to address health, social, and environmental challenges; and
3. Historical legacies that limit progress against foreign policy goals and U.S. credibility to advocate and conduct programs that advance development.

## III. THE STRATEGIC RESULTS FRAMEWORK



## DEVELOPMENT OBJECTIVE #1 (DO1): GOVERNANCE ENHANCED TO FACILITATE BROADER-BASED, SUSTAINABLE GROWTH

### *Background and Rationale*

Vietnam's opening to international trade over the last 20 years has been one of the most important drivers of rapid economic growth, political openness, and social development, including significant improvements in household incomes and reaching national lower middle-income status. The successful conclusion of the Trans-Pacific Partnership (TPP) free trade agreement currently under negotiation promises to expand growth by increasing market access. It urges progress on difficult economic reforms facing Vietnam, and offers an opportunity to discuss sustainable, inclusive approaches to reach more Vietnamese.[17] A strong partnership between the United States and Vietnam that produces sustainable, robust and balanced growth is in the United States' interest as our economic well-being is increasingly linked to the prosperity of the Asia-Pacific. Broad-based economic growth is also in the United States' political and strategic interest since substantial, inclusive growth helps promote more stable and prosperous societies and expand U.S. export markets.

Vietnam's momentum has slowed since 2010, going from the developing world's "most successful" emerging economies to a country where a lack of consistent progress on tackling macro-economic reforms has led to repeated bouts of high-inflation, a banking crisis that has dried up credit, an economy burdened by uncompetitive state-owned enterprises, and a public sector increasingly plagued by corruption issues. Even though Vietnam has recorded some success in the restructuring efforts over the last couple of years, the growth in recent years has slowed from a 10 year average of seven percent to barely five percent in 2012-2013, revealing troubling underlying vulnerabilities and inequalities that threaten the sustainability of recent gains. Failure to make the kind of transformation in its economic governance worldview will leave Vietnam vulnerable to further shocks, inflation, and growth that is insufficient to generate necessary new employment opportunities for its population, 20.7 percent of whom have not yet been lifted out of poverty.[18] A continued lack of transparency, accountability, and public participation in the promulgation of laws and regulations that impact social and economic development remains a central challenge. At a minimum, not making the leap to a more efficient, transparent and accountable approach to governance will hinder Vietnam from realizing the huge potential that so many have recognized it possesses.

### *Description of the Development Objective*

DO1 identifies broader-based, sustainable growth as the economic engine of Vietnam's progress towards the goal of becoming a responsible, more inclusive partner, and focuses on the governance constraints to that growth identified above as the principal development problem that USAID will address during this five-year strategy period. With limited resources, USAID will look to create a program that plays a catalytic role in building the capacity of the GVN to improve policy making processes and accountability mechanisms through targeted information for decision making,

[17] Petri, 2012.

[18] See 2012 Vietnam poverty assessment - Well begun, not yet done: Vietnam's remarkable progress on poverty reduction and the emerging challenges (English), World Bank, January 2013. Poverty rates in some regions, notably the West Northern Mountains, exceed 60%. http://documents.worldbank.org/curated/en/2012/01/17207159/2012-vietnam-poverty-assessment-well-begun-not-yet-done-vietnams-remarkable-progress-poverty-reduction-emerging-challenges

greater citizen participation, and increased transparency that results in the quality development outcomes that its citizens increasingly expect. Without such enhanced governance, Vietnam will underperform and will suffer increasing inequality and risk of instability.

### *Operating Principles*

Building on USAID/Vietnam's 12 years of experience under the Support for Trade Acceleration (STAR) and Vietnam Competitiveness Initiative (VNCI) activities, under DO1 we will continue to create a technical assistance based platform for the USG to engage with Vietnam on the most important priorities to the U.S.-Vietnam partnership that are also conducive to higher quality, more inclusive growth, particularly for women. Interagency collaboration, programmatic flexibility, country ownership and direct engagement with the GVN will continue to be cornerstones of USAID's economic governance programs. The small scale of our resources relative to the range and importance of the issues to be addressed presents real challenges and an increased emphasis will be placed on measurable results and effective monitoring and evaluation. USAID will also expand its use of public-private partnerships and advance USAID Forward's Local Solutions Initiative (formerly Implementation Procurement Reform) by increasing our work with local organizations.

### *Geographic Focus*

As a predominantly policy focused DO, USAID will focus on national policy making institutions of the central government, as well as of provincial governments, where relevant. Partnerships will be used to extend the DOs geographic scope to a number of different regions of the country in order to assure that policy work is linked to on the ground realities. For any activities supporting the inclusion, special emphasis will be placed on provinces with the highest poverty and social exclusion levels, such as the Central Highlands.

### *Gender*

While Vietnam has made strong progress on a solid legal foundation for gender equality, significant disparities remain a fact of life in the workplace and household, especially at a subnational level and in rural and remote areas. In the context of DO1, there are three main opportunities to contribute to closing this gap. First, the failure of public institutions to effectively implement laws and regulations related to gender equity will be addressed through improved accountability mechanisms, such as National Assembly oversight hearings. A special emphasis will be placed on women's equal participation in these accountability mechanisms including through capacity building and mentoring. Second, regarding economic empowerment, unequal access to assets and the financial resources they leverage will be directly addressed through policy advocacy by women's organizations in order to contribute to more equality of opportunity. For example, the low level of compliance with the legal requirement to include women's names on land use right certificates and the impact this has on their ability to access credit using the families land as collateral will be addressed through local organization research and advocacy. Third, USAID will promote better gender related data gathering and analysis as a cross-cutting emphasis under DO1 programs, because at the heart of gender equity challenges in Vietnam is a critical lack of good information and sex disaggregated data to inform meaningful dialogue and evidence-based policy making and implementation. For example, with regard to women-owned businesses, it is difficult to measure or evaluate such factors as the degree of access to finance based on available data.

### *IR 1.1 Improved legal and regulatory framework*

**IR 1.1 Improved legal and regulatory framework**

- Illustrative indicators:
  - PM1: Number of PCI Median Score
  - PM2: Percent of Legal Normative Documents that receive online public comment
  - PM3: Quality of policy research informing legal normative documents
  - PM4: Number of laws, policies or procedures drafted, proposed or adopted to promote gender equality at the regional, national or local level.

This Immediate Result (IR) will focus on improving policy making processes in Vietnam in support of an improved regulatory environment and public administration favoring inclusion and sustainability. A root cause of Vietnam's current governance challenges is a legal and regulatory development process that is not always coherent, relatively opaque, and prone to producing unintended outcomes. The GVN is aware of these issues and is attempting to address them through a number of ongoing major initiatives, ranging from revising the constitution to new laws on the organization of the National Assembly and the government and other government-wide initiatives to improve public sector effectiveness. Under IR 1.1, in support of the GVN's own initiatives to address these issues, USAID activities will focus on three main areas in which we can play a constructive role in cooperation with other donors. First, we will provide support to improve the coherence of the legal and regulatory development process. This includes improved information and evidence-based analysis that feeds into the policy making process. Second, USAID will support improved mechanisms for increasing transparency in the policy making process. Third, USAID will strengthen and/or develop mechanisms for public participation in order to provide essential feedback loops on how citizens, nongovernmental organizations, including companies, may be affected by proposed laws and regulations. This work will also include providing targeted technical expertise in support of specific, priority policy issues to the U.S.-VN partnership, which may include, but are not limited to: trade and competitiveness, social inclusion and equality of opportunity for all citizens, the rule of law and justice sector effectiveness, public administration and financial management, land, climate change adaptation, health sector decentralization, and sustainable financing of service delivery.

*USAID supports a consultation workshop with business representatives on Vietnam's revised Customs Law. Photo: USAID/Vietnam.*

### *IR 1.2 Improved accountability of public institutions*

**IR 1.2 Improved accountability of public institutions**

- Illustrative indicators:
  - PM1: Number of NA oversight hearings, audits, and evaluations
  - PM2: Transparency International Corruption Perceptions Index
  - PM3: Provincial Governance and Public Administration Performance Index Median Score

This IR will focus on improving the effectiveness of the implementation of existing laws and regulations in support of an improved regulatory environment and public administration. This will include strengthening mechanisms for monitoring and evaluating the effectiveness of current policy to assure that public institutions are effectively delivering services, as well as complying with the law. A clear assessment of how effectively the public sector is performing and mechanisms for holding institutions and officials who are not performing to account are critical components of an effective state. USAID aims to achieve this intermediate result by focusing on strengthening oversight, performance management and other accountability mechanisms of the government, potentially at sub-national levels. As in IR 1.1., this will be achieved through improved quality of information and analysis, greater transparency and increased opportunities for citizen participation, but with a focus on accountability and the effectiveness of policy implementation. This will include strengthening mechanisms for monitoring and evaluating the effectiveness of current policy to assure that public institutions are effectively delivering services.

### *IR 1.3 Innovation stimulated through public-private alliances*

**IR 1.3 Innovation stimulated through public-private alliances**

- Illustrative indicators:
  - PM1: Number of GDAs and dollars leveraged
  - PM2: Median score on PCI sub-index on labor and training in target provinces (PCI indicator)
  - PM3: Number of target institutions with improved curricula for higher education

This IR recognizes the potential of partnerships and alliances to open and enhance governance through GVN collaboration with domestic and foreign universities and companies, and to deepen Vietnam's connections with the United States. Partnerships also offer a cost-effective mechanism for USAID to contribute to innovation in the areas targeted under the CDCS. This Intermediate Result 1.3 aims to enhance governance by means of alliances for innovation. USAID/Vietnam's higher education alliances are examples of this model. Although most institutions of higher

education in Vietnam are public and suffer from hampered governance, we have learned that university and vocational school leadership yearn to innovate and can find ways to do so.

*Female engineering students in Ho Chi Minh City received scholarships under the Higher Engineering Education Alliance Program supported by USAID and its industry partners. Photo: USAID/Vietnam.*

Vietnam's Micro, Small and Medium Enterprises (MSMEs), which account for almost 85 percent of the 471,000 registered enterprises in Vietnam, have made a substantial contribution to the country's success in poverty reduction and economic development generating most of the new jobs over the last decade. However, there remains a large untapped potential for innovation among MSMEs, higher educational institutions, and social entrepreneurs to bring even greater benefit to the poor and under-served, to bridge the economic and social disparities and contribute to the country's sustainable development and quality of growth in Vietnam.

Low access to and low quality of education and the severe shortage of higher education institutions that respond to the market are significant challenges facing the higher education system in Vietnam. USAID aims to fill these gaps through: improving the quality of teaching and learning to respond to the needs of the increasingly globalized economy; working with the GVN to reform higher education policies; and increasing the private sector's involvement in the higher education system. USAID activities on higher education will be primarily focused on fields/sectors that will make a direct contribution to our overall development objectives in Vietnam, in a way that is synergistic and leverages the Mission's other existing and planned activities.

This IR will advance Vietnam's approaches to higher education and leverage partnerships with the private sector to enhance skills of Vietnamese youth to innovate in Vietnam's economy. This IR will use GDA and other models to ensure that higher educational systems produce workforce ready graduates. This IR will further tap USAID global resources such as Development Innovation Ventures and Grand Challenges to bring Vietnam's talented scientists, innovators, entrepreneurs, and students together to solve development challenges.

*Expected Results for DO1 in 2017*

- ***Country Policy and Institutional Assessment public sector management and institutions cluster average - 2017 Target = 4.6 (1=low to 6=high)***
- ***Country Policy and Institutional Assessment policies for social inclusion/equity cluster average - 2017 Target = 4.5 (1=low to 6=high)***
- ***Doing Business Index - 2017 Target = 89/185***

## DEVELOPMENT OBJECTIVE #2 (DO2): CAPACITY STRENGTHENED TO PROTECT AND IMPROVE HEALTH AND WELL-BEING

### *Background and Rationale* [19]

Over the past decade, Vietnam has made significant yet uneven progress in the economic and social sectors. Achievements in health care and education include increased enrollment in primary education and increased accessibility of public health resources. However, adequate country capacity[20] (human, public sector, private sector, NGO) is one of the critical missing factors in current efforts to meet the Millennium Development Goals (MDGs).[21] Development efforts in many countries will fail, even if they are supported with substantial funding, if the development of sustainable capacity is not given greater and more careful attention. This principle is generally well known and recognized by donor organizations and partner countries alike, and is articulated in the 2005 "Paris Declaration on Aid Effectiveness."

*The country's large population centers and key agricultural sectors are especially exposed to rising sea levels and increased storm risks in low-lying deltas and on its long coastline. Photo: USAID/Vietnam.*

Vietnam's institutions, NGOs, and individual citizens often lack core capacities in areas where the Mission seeks to remedy development challenges sustainably. These human and institutional capacity limitations inhibit the success of USAID's individual projects and the Mission's strategy as a whole. While the basic principles of Human and Institutional Capacity Development (HICD) are applied on an ad hoc basis throughout much of its portfolio, this CDCS seeks to institutionalize a more systematic approach of capacity development advocated by the Agency and replicated in various forms by the OECD, World Bank, UNDP and other organizations. The failure to apply a more structure capacity development approach—especially as Vietnam takes greater ownership over program implementation with the attainment of middle-income country status—means that USAID/Vietnam has been falling short on efforts to tap indigenous capacity in achieving development objectives. A focused DO will allow the Mission to bring that rigor to the breadth of the Mission's programs

[19] World Health Organization, Western Pacific Region Health Databank.

[20] The *capacity for development* is the availability of resources and the efficiency and effectiveness with which societies deploy those resources to pursue their development goals. This involves a process of socio-political, policy-related, and organizational change which is driven by changes in how knowledge and information are applied at various levels of a society (by learning). This process leads to the second concept, capacity development. This refers to a locally driven process of learning by leaders, coalitions and other agents of change that brings about changes in socio-political, policy-related, and organizational factors to enhance local ownership of a particular development goal. A variety of instruments can be used to support change processes some of which include technical assistance, external training and analytical studies. Handbook on Capacity Assessment Methodologies (UNDP). Overview of UNDP's approach to capacity development and step-by-step guide to conducting a capacity assessment.

[21] PEPFAR FY 2012 Capacity Building and Strengthening Framework and 2009 HIV/STI Integrated Behavioral and Biological Survey (IBBS) Round II.

As it currently stands, Vietnam is among the five countries most vulnerable to climate change. The country's vulnerability lies in its geography. It has the single highest risk world wide of facing flooding, sea level rise and a food crisis respectively. The country's large population centers and key agricultural sectors are especially exposed to rising sea levels and increased storm risks in low-lying deltas and on its long coastline. Increasing temperature and worsening droughts and floods threaten food security, livelihoods, and lives. Due to extreme vulnerability to climate change impact the GVN views climate change as one of its central development challenges and has identified climate change as a priority area for development assistance. Adaptation, GCC mitigation, and disaster risk reduction measures will be central to the sustainability of Vietnam's socio-economic growth progress.

Climate change is only one of several key areas to which Vietnam's population is vulnerable. The country is currently facing a double burden of disease, with increases in the share of morbidity and mortality from non-communicable diseases, accidents and injuries, along with the continued threat from communicable diseases, which require significant resources from the government. HIV/AIDS prevalence still remains a significant public health issue amongst targeted populations, as has dengue fever prevalence in the Mekong Delta, malaria in the Northern Mountains and Central Highlands, and tuberculosis in the South, including the emergence of multi-drug resistant tuberculosis (MDR-TB). Emerging pandemic threats, such as the currently endemic avian influenza, or the more recent H1N1 influenza outbreak, pose further great challenges to the human and animal health systems.

*A duck farm in the Mekong Delta province of Can Tho. Photo: USAID/Vietnam.*

While Vietnam has made significant strides in developing social protection policies and strengthening the capacity of vulnerable populations such as people with disabilities; LGBT persons; and people who have been trafficked, key weaknesses remain preventing inclusion.

### *Description of Development Objective*

Strengthening host country capacity, which includes elements of government, civil society and private sector, is integral to the USG's efforts in supporting Vietnam's continued transformation into a responsible, more inclusive partner and ensure sustainability of development interventions. Capacity can be defined as the ability of individuals and organizations or organizational units to perform functions effectively, efficiently and sustainably.

Capacity development involves much more than enhancing the knowledge and skills of individuals. It depends crucially on the quality of the organizations in which they work. In turn, the operations of particular organizations are influenced by the enabling environment – the structures of power and influence and the institutions – in which they are embedded. Capacity is not only about skills and procedures; it is also about incentives and governance. In the case of the issues of greatest

importance to the United States vis-à-vis the bilateral relationship with Vietnam – international health, the global environment, disaster mitigation and governance – equally important are the relationships of these organizations and individuals with the U.S. All three dimensions – human and institutional; the enabling environment; and the space for cooperation with the U.S. – all shape the potential for success in addressing these issues.

### *Operating Principles*

In order to protect and improve health and well-being of key populations, USAID will strengthen the capacity of government of Vietnam staff, civil society and the private sector.

USAID will employ the principles of USAID Forward by developing partnerships with local institutions and emphasizing innovation as well as leveraging private finances. Success of DO 2 will also be linked to strong interagency collaboration. USAID will continue to work closely with the U.S. Centers for Disease Control and Prevention in HIV/AIDS, infectious diseases and disabilities.

USAID will also strengthen collaboration with the Department of Defense on civilian-military cooperation in the health and disaster risk reduction sectors.

### *Geographic Focus*

Capacity strengthening interventions will occur at the national and sub-national levels and determined through an evidence-based process.

Due to the transboundary nature of infectious diseases, particularly avian and other influenzas as well as malaria, the IRs, IR 2.4 in particular, take a coordinated regional approach to disease identification, control and response in Southeast Asia. IR 2.4 builds on USAID's highly pathogenic avian influenza work and further strengthens cross border linkages and collaboration with Cambodia, Laos and China. Laboratory work on biosafety, diagnostics and capacity building is carried out in collaboration with regional programs. Disease surveillance and genetic analysis in Vietnam help governments and stakeholders better understand and respond to pathogen movement throughout the region. In addition, USAID will support the establishment of a nationwide Vietnam One Health University Network.

### *Gender*

Gender dynamics play a critical role in health and social services interventions. Gender roles also influence men and women's response to ill health and their burden of care. This requires understanding of social expectations of males and females and the opportunities available to them, the activities in which they engage, and their access to and control over resources. The factors to bear in mind include how men and women admit to being ill, how they seek treatment or how treatment is sought for them, their authority and ability to make decisions regarding their health and how all of these are shaped by their roles and responsibilities. Fundamentally, decision-making power, access to and control over health-related resources (e.g. information and services) and local perceptions of illness and local norms concerning illness and treatment.

For example, women living with HIV/AIDS face unique challenges. Evidence suggests that men who contract the virus through commercial sex or intravenous drug use pass it to their spouses/sexual partners at increasing rates, producing a 'second wave' of infections that is narrowing the gender

gap. Women living with HIV/AIDS face significant barriers regarding sexual and reproductive health. A recent stigma and discrimination study noted that over one-third of HIV positive women have been encouraged not to have children and been advised by a health professional to undergo sterilization.

Women with disabilities are especially disadvantaged and the intersection of their sex and disability status combines to create particular barriers and challenges for this sub-group. Worldwide, women with disabilities are particularly likely to experience a variety of negative outcomes including low levels of education, unemployment, poverty, and sexual violence.

In Vietnamese society, LGBT face challenges as they do not conform to traditional male and female roles. As a result of negative attitudes towards the families of LGBT, many are reluctant to 'come out' as they worry about the "ill reputation for their families" and violence against themselves. As a group, LGBT have few to limited rights, face considerable gender inequalities, particularly in terms of access to health, social, economic and legal services and are targeted for stigma, discrimination and violence based on their sexual orientation and identity.

### *IR 2.1: Strengthened host country ownership of a sustainable HIV/AIDS response*

**IR 2.1: Strengthened host country ownership of a sustainable HIV/AIDS response**

- Illustrative indicators:
  - PM1: Percentage of HIV/AIDS services provided by GVN systems/financing (MDG for HIV/AIDS)
  - PM2: HIV/AIDS prevalence among adults ages 15-49
  - PM3: Level of stigma and discrimination

Vietnam has a concentrated epidemic among injecting drug users (IDUs), men who have sex with men (MSM), and sex workers (SW) and their clients, herein referred to as key populations. National HIV prevalence among the general population of 15-49 year olds is 0.43 percent. Injecting drug use is the leading driver in the transmission of HIV in Vietnam, where it is estimated that as many as 40 percent of the estimated 220,000 injecting drug users (IDUs) are infected with HIV. There is also growing recognition of the HIV epidemic among MSM, with HIV prevalence among MSM in Hanoi and Ho Chi Minh City being estimated as high as 16 percent. The social status of people living with HIV/AIDS (PLHIV) and key populations in Vietnam renders them particularly vulnerable. There is little investment placed in ensuring robust HIV prevention, care, support, or treatment programs for this segment of the population. Civil society organizations with the ability to advocate for HIV/AIDS-oriented services lack the formal stature necessary to ensure that those most vulnerable can share in the country-led response to HIV/AIDS.

USAID will work through the PEPFAR Partnership Framework with Vietnam, in coordination with the U.S. Centers for Disease Control and Prevention (CDC), Department of Defense (DOD), and the Substance Abuse and Mental Health Services Administration (SAMHSA). All PEPFAR programs

support the prevention, care, and treatment priorities of the GVNwith the ultimate aim of creating an AIDS-Free generation. PEPFAR Vietnam supports the principles for collaboration that are aimed at strengthening country ownership and sustainability. The U.S. PEPFAR Interagency Team works with the Vietnam Administration for HIV/AIDS Control in Ministry of Health; Ministry of Labor, Invalids and Social Affairs; Ministry of National Defense; and Ministry of Education and Training to ensure that programs we support meet Vietnam's needs. PEPFAR further coordinates with UNAIDS, UNODC, World Bank, World Health Organization, and health development partners to promote high levels of collaboration across all partners engaged in Vietnam's HIV response.

USAID's contribution to the interagency efforts to fight HIV/AIDS will be focused in three areas:

*USAID supports methadone maintenance treatment in Dien Bien. Photo: USAID/Vietnam.*

1. Effective and quality HIV/AIDS prevention, care and treatment services delivered through strengthened host country capacity. HIV/AIDS prevention activities will focus on intensifying access to counseling and testing for key populations through outreach, behavior change communication, promotion of prevention commodities and expansion of methadone maintenance therapy. HIV/AIDS care and treatment activities will improve the quality of life for PLHIV and their families through the provision of antiretroviral therapy and community home-based care and support. As treatment reduces the infectivity of PLHIV, it will have the added benefit of reducing the spread of HIV. Care and treatment services also include treating HIV/TB co-infection and referral to other health services and livelihoods support.

2. Key populations access prevention and care services under a favorable enabling environment. An accountable and responsive GVN is essential to sustain an effective HIV and AIDS response. USAID will partner with the GVN, CSOs and private sector to contribute to an improved enabling environment and will continue to advocate for effective implementation of laws and policies to ensure that key populations are treated with dignity and afforded access to quality HIV and AIDS services. As recognition of the valuable role played by civil society in Vietnam's national HIV/AIDS response increases, it will be critical to ensure that PLHIV and key populations are afforded effective and accountable representation. USAID will support the CSOs to create demand for effective representation, ensure representatives are able to consult with and reflect the input from their constituents while simultaneously promoting the involvement of CSOs in coordination and decision making mechanisms. USAID will also work at the structural level to create an environment that is conducive to greater participation. Efforts will be directed at influencing agenda-setting, policy-making, decision making and representation and advocating for policy alignment to enable services to operate effectively.

USAID will also support the civil society sector to strengthen their capacity to engage in policy dialogues and advocacy for health as a human right at the national and provincial levels.

3. Increased stewardship through systems strengthening in the financial, governance, human resources and supply chain arenas.

During the first phase of PEPFAR, the HIV/AIDS response was developed as a stand-alone vertical program with limited integration into the existing health care system. The emergency response of phase 1 also emphasized expansion of HIV prevention, care and treatment services almost regardless of cost; resulting in the establishment of high quality services which cannot be directly transferred to Vietnamese funding. As funding declines, it is imperative to revise the vertical model to a level that is affordable to and sustainable in Vietnam. Integration will also more effectively utilize established government systems such as workforce, and commodity supply and information systems for long-term sustainability. One of the biggest challenges for PEPFAR, besides supporting country stakeholders to mobilize funds, is to transition from this vertical model to an integrated model while avoiding disruption of services to key populations. This requires a good understanding of the decentralized health system in country and the incentives and disincentives at play to deliver quality services within the national health system. Government and development partners agree that a robust and well-coordinated program of technical assistance for capacity building is necessary to begin meeting the needs that have been identified.

### *IR 2.2: Increased adoption of approaches to achieve climate-smart development and disaster mitigation*

**IR 2.2: Increased adoption of approaches to achieve climate-smart development and disaster mitigation**

- Illustrative indicators:
  - PM1: Number of stakeholders implementing risk reducing practices/actions to improve resilience to climate change
  - PM2: Quantity of greenhouse gas emissions, measured in metric tons of CO2 equivalent, reduced or sequestered as a result of USG assistance
  - PM3: Capacity to respond and mitigate impacts of natural disaster like floods and storms

Over the past last decade, Vietnam has experienced rapid economic growth and has risen to the status of an emerging economy. Meanwhile increased pollution due to rapid energy sector expansion and unsustainable use of natural resources are important growing concerns for the country, intensified in the face of climate change. Rapid growth comes at a cost in Vietnam; the country is experiencing a soaring rate of increased energy consumption mainly from gas and coal, and thus feeds into the root causes of global climate change (GCC). Without mitigating greenhouse gas (GHG) emissions Vietnam will only become increasingly more vulnerable to the often devastating and expensive effects of climate change. "The country is already experiencing changes in fundamental climatic elements as well as extreme weather phenomena such as storms, heavy rains, and droughts. Its coastal areas bear the brunt of tropical storms arising from the East Sea, with an average of almost 7 storms yearly. It has been observed that tropical cyclone frequency has

increased by 2.15 events per 50 years, and the sea level has risen between 20cm per 50 years."[22] Disaster risk reduction assistance will continue to be an important USAID contribution under this IR.

Vietnam is a relatively small emitter now, but unless measures to promote green development are implemented, projected future emissions from energy production, agriculture, transportation and industry are significant. For example, Vietnam's carbon dioxide emissions are expected to grow more than three-fold between 2012 and 2030. Vietnam's forests remain under pressure, while restoring those offers opportunities to sequester carbon. By helping Vietnam anticipate climate change impacts and mitigate the causes of those impacts through early and smart programmatic decisions USAID can be a catalyst for change and support the GVN in addressing this challenge with solutions that have long lasting environmental and development benefits.

Addressing the challenges of an integrated approach to climate change mitigation and adaptation will be one of the priority issues for USAID during the next five years. USAID/Vietnam planned interventions in this area will further accelerate Vietnam's transition to climate resilient and low emission sustainable economic development in accordance with USAID's Global Climate Change and Development Strategy (2012) and Vietnam's Strategy on Climate Change.

USAID's assistance will improve climate change analytical capabilities, strengthen and help translate climate change and green growth related policies in practice and take action to reduce GHG emission and to build resilience to long-term climate change. The Mission will continue work that supports the principles of the EC-LEDS in its mitigation efforts, and it is advancing promising discussions with the European Union's delegation in Hanoi on the prospects of enhanced cooperation on climate change under the auspices of the 2009 EU-U.S. Summit Declaration, which prioritized such cooperation.

### *IR 2.3: Expanded opportunities for vulnerable populations*

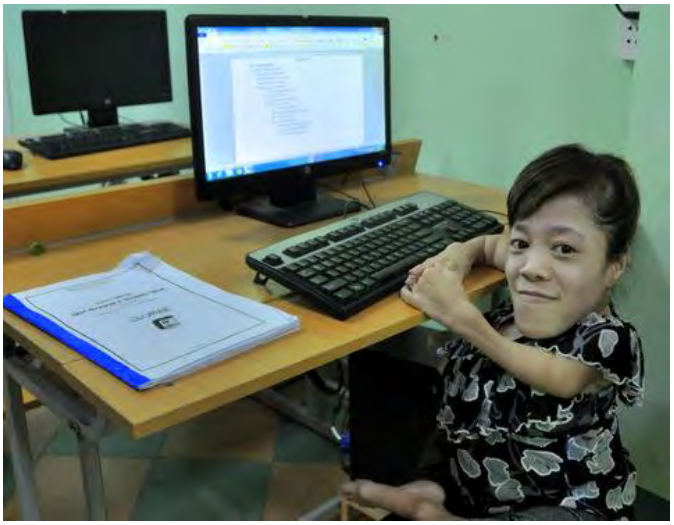
**IR 2.3: Expanded opportunities for vulnerable populations**

- Illustrative indicators:
  - PM1: Number of people with increased access to social and economic opportunities
  - PM2: Number of GVN policies developed and operationalized to support inclusion of those most affected by disease, disability
  - PM3: GVN capacity to provide social services
  - PM4: Number of laws, policies, or procedures drafted, proposed, or adopted with USG assistance designed to improve prevention or response to sexual and gender based violence at the regional, national or local level

Vietnam has made significant achievements towards the MDGs, and is on track to achieve most of the targets set by the MDGs by 2015. But progress at the aggregate level masks significant disparity between different populations and regions. Expanding opportunities for ethnic minorities, disabled

[22] Vietnam Assessment Report on Climate Change, ISPONRE (2009, with UNEP support).

persons and other groups underrepresented in economic activity will help bridge Vietnam's growth gap through inclusion. But significant challenges in the areas of human and institutional capacity confront approaches to the problem. These capacity challenges are also closely linked with governance and policy challenges captured more broadly under DO1. Vulnerable populations cross a number of sectors of health (e.g. HIV/AIDS), disability, those with more limited access to economic opportunity (e.g. women and minority ethnic groups), as well as those affected by stigma and discrimination (e.g. LGBT populations).



*The USAID-supported training program for people with disabilities has trained approximately 1,000 young Vietnamese with disabilities on IT skills, soft skills, and job search skills; 85% of the students trained in advanced IT skills have found jobs. Photo: USAID/Vietnam.*

Persons with disabilities account for as much as 15 percent of Vietnam's population.[23] A vast majority of persons with disabilities live in rural areas and attend school at rates far below those of non-disabled persons. Literacy rates are much lower for adult persons with disabilities than those without disabilities. In the world of work, few persons with disabilities have stable jobs and regular incomes. As a group, they have lower labor participation rates and higher unemployment rates in both rural and urban areas than people without disabilities. The National Coordinating Council on Disability has limited authority to influence other ministries beyond MOLISA thus limiting government-wide coordination on what should be identified as a cross-cutting matter. Additionally, disability policies meant to further integrate and advance the needs of persons with disabilities are neither adequately enforced once passed into law nor disseminated to local government offices and officials. Additionally, funding and government capacity remain an issue and disability programs that do exist in Vietnam, cover persons with mobility, vision, and hearing impairments, but are new to the issues of developmental disabilities.

Farmers and their families in rural, central Vietnam profit from cocoa farming with USAID-sponsored training and support. Photo: USAID/Vietnam.

Most minority groups remain the poorest of Vietnam's poor. As stated in a development partner document, "Although Ethnic Minority (EM) groups make up less than 15 percent of the population, they accounted for 47 percent of the poor and 68 percent of the extreme poor in 2010 – and the gap between minority populations and the Kinh majority continues to widen. The task of poverty reduction and achievement of inclusive growth will remain incomplete unless poverty among ethnic minorities [and land issues] are given sustained and focused attention." Under IR 2.3, USAID will also engage in partnerships with the

[23] Estimates vary from 7.8 % (VHLSS 2006) to 15.8% (2009 Census).

private sector to expand market based, economic opportunities for vulnerable populations, including ethnic minorities, the poor, particularly poor women and youth, as well as people living with disabilities or infected with HIV. This may include workforce skills development, access to finance, Micro-and-Small Enterprise technical assistance and other private sector value chain-based initiatives. With respect to this work with ethnic groups, our approach and focus is consistent with the three-year emphasis on ethnic minorities being adopted for the Vietnam Development Partnership Forum.

*USAID supports early childhood development and kindergartens in the Central Highlands. Photo: USAID/Vietnam.*

Although Vietnam has made significant progress in reducing stunting over the past 10 years, stunting among children under five remains unacceptably high at nearly 30 percent (2.1 million children); this is particularly concerning in a middle income country. Stunting is caused by long-term insufficient nutrient intake and frequent infections. Stunting generally occurs during the period of gestation to 24 months post-delivery, and effects are largely irreversible. These include delayed motor development, impaired cognitive function and poor school performance.

In February 2012 the GVN approved the National Nutrition Strategy (NNS) for 2011-2020 with a Vision towards 2030. A key objective of the strategy is to improve the nutrition status of mothers and children, specifically to reduce the rate of stunting in children under 5 years old to 26 percent by 2015, and to 23 percent by 2020.

### *IR 2.4: Strengthened country systems to effectively address emerging and transnational public health threats*

**IR 2.4: Strengthened country systems to effectively address emerging and transnational public health threats**

- Illustrative indicators :
  - PM1: Public and GVN awareness and understanding of zoonotic diseases
  - PM2: Capacity for surveillance, detection, and response of selected pathogens
  - PM3: Number of provinces with quality pandemic preparedness plans tested and improved.

Almost three-quarters of all new, emerging, or reemerging diseases affecting humans at the beginning of the 21st century originated in animals, including HIV and SARS. The speed with which these diseases can emerge and spread presents serious public health, economic, and development concerns. It also underscores the need for the development of comprehensive disease detection and response capacities, particularly in those geographic areas where disease threats are likely to emerge. In this regard, Vietnam is considered a “hot spot” for avian influenza and the emergence of other diseases.

Vietnam is one of four countries globally with endemic highly pathogenic avian influenza (HPAI) causing regular outbreaks in poultry (over 3,000 outbreaks and more than 40 million poultry culled to-date) and dangerous human cases (123 of which 61 have been fatal). The HPAI virus continues to evolve and pose a public health, animal health and economic threat. HPAI remains endemic and many challenges remain, most notable of which is a farming and food supply system conducive to fostering the emergence of a lethal animal virus or pathogen to become easily transmitted among humans. Critical to combating these challenges will be to continue strengthening the capacity of the Ministry of Agriculture and Rural Development and Ministry of Health to build systems that adequately address the challenges of existing and emergent diseases.

*USAID supports the upgrade of Hoa Mac poultry market in Ha Nam province. Photo: USAID/Vietnam.*

Tuberculosis and malaria also represent a key public health threat. Vietnam ranks 12th globally for TB with an estimated 180,000 new TB cases per year and 29,000 annual TB deaths; approximately 80 deaths each day. This CDCS will seek address TB sector weaknesses including inadequate funding and capacity for human resources to detect and treat TB at all levels, especially at the district and commune levels and in prisons. Case detection is still low due to the use of passive case finding. Many patients seek services in the private sector and referrals from private clinics and pharmacies to the public sector are weak. Resistance to first-line TB drugs is increasing and there is growing prevalence of TB, MDR-TB and TB/HIV in closed settings. Capacity to prevent and treat malaria in cross-border regions in the Northern Mountains and Central Highlands will also be an essential element of this IR.

USAID supports provision of rapid TB detection equipment and training in Dien Bien. Photo: USAID/Vietnam.

USAID will work in cooperation with U.S. Department of Defense (DOD) Cooperative Threat Reduction (CTR) Cooperative Biological Engagement Program (CBEP) and the Defense Threat Reduction Agency (DTRA) to build disease detection and surveillance capacity and develop laboratory capabilities tied to biological safety and security in conjunction with appropriate GVN ministries including the Ministry of Health and the Ministry of Agriculture and Rural Development. The skills and resources DTRA provides will strengthen existing relations with GVN ministries and local authorities to prevent and remedy public health threats.

*Expected Results for DO2 in 2017*

- ***Strengthened surveillance system for greater diagnostic capacity and quality assurance in human and animal health laboratories***
- ***Development of an effective case-management/social work capacity with referral system for persons with disabilities***
- ***Reduction in HIV/AIDS prevalence***
- ***Relevant host country institutions strengthened at the central and provincial levels to lead, manage and oversee the HIV/AIDS response***
- ***Greenhouse gas emission from forestry sector and energy sector reduced***
- ***Governance system and capacity for adaptation and disaster risk reduction action planning strengthened***

## SPECIAL OBJECTIVE #1 (SpO1): LEGACIES ADDRESSED TO ADVANCE THE U.S.-VIETNAM PARTNERSHIP

### *Background and Rationale*

Secretary Clinton noted that fifteen years after the establishment of diplomatic relations, "it is clear that our countries have reached a level of cooperation that would have been unimaginable just a few years ago." The U.S.-Vietnam relationship has blossomed into an emerging partnership which supports many of the USG's top foreign policy goals, including export promotion, climate change, combating pandemic disease, environmental degradation, and non-proliferation. Two way trade has increased 17-fold since 1997, 20 percent in the last year alone, to reach $18 billion and fifteen thousand Vietnamese students are studying in the United States. Much of this progress has been facilitated by cooperation in recent years on war legacy issues which seeks to mitigate their continuing impacts on the health and socio-economic wellbeing of Vietnamese persons. Given the rapid pace of Vietnam's social, -political, and economic development, the U.S. Mission in Vietnam has an unprecedented but narrow window of opportunity to shape Vietnam's trajectory towards becoming a more prosperous and better governed partner for the United States.

> *Today's ceremony marks the start of a project between Vietnam's Ministry of National Defense and the U.S. Agency for International Development, USAID, to clean up dioxin contaminated soil and sediment at the airport left from the Vietnam War. As Secretary of State Hillary Clinton remarked while visiting Vietnam in October 2010, the dioxin in the ground here is "a legacy of the painful past we share," but the project we undertake here today, hand-in-hand with the Vietnamese, is "a sign of the hopeful future we are building together."*
>
> Remarks by U.S. Ambassador David B. Shear at the Environmental Remediation of Dioxin Contamination at Danang Airport Project Launch Ceremony, Danang, Vietnam, August 9, 2012.

As the bilateral relationship deepens, resolution of "war legacy" issues continues to underpin the development of future relations with Vietnam's government and people. Dioxin, a contaminant in Agent Orange, remains one of the most salient issues in the bilateral relationship. U.S.-Vietnam cooperation on remediation of dioxin contamination at "hot spots" where Agent Orange was stored during the Vietnam War has had a measurable impact on the broader bilateral relationship.

*Ribbon Cutting at the Environmental Remediation of Dioxin Contamination at Danang Airport Project Launch. Photo: USAID/Vietnam.*

Decades after U.S. engagement in armed conflict ended in Vietnam, hundreds of thousands of Vietnamese soldiers remain unfound or unidentified. The GVN estimates 650,000 soldiers are still missing in action. The U.S. Government has committed resources to helping the GVN locate or identify these lost persons.

Explosive Remnants of War (ERW), predominantly of U.S. origin, continue to contaminate large swathes of Vietnam's territory. The USG has invested in a broad spectrum of programs not only to locate, remove and destroy Explosive Remnants of War -- unexploded ordnance (UXO), landmines, and other explosive materials -- but also to address the effects of UXO on the health and livelihood of Vietnamese living in affected areas. Vietnam has developed a national strategy to address the

complex and challenging problems associated with ERW with USG support.

*The pile structure for thermal desorption treatment of dioxin contamination at Danang Airport. Photo: Tetra Tech.*

Actions taken to address these legacy issues are both informed by and impact diplomatic relations between the two countries. Activities to further strengthen diplomatic cooperation between the two countries will serve to further facilitate USAID engagement throughout Vietnam.

### *Description of Special Objective*

Addressing legacies of the Vietnam War including dioxin or Agent Orange, Vietnamese Missing in Action (VMIA), and Unexploded Ordnance, is the means by which USAID will promote diplomatic ties with Vietnam and understanding between our peoples, enabling the U.S.-Vietnam partnership to move forward in all other areas identified in the strategy. Addressing these legacies also benefits populations impacted by the presence of dioxin and UXO as environmental health and economic threats. In addition, by building capacity to remediate dioxin, USAID helps enable the GVN to address other forms of environmental contamination. USAID seeks to strengthen this partnership as Vietnam is an economically, politically, and geographically strategic ally in the region. Activities under this SpO will facilitate engagement under the other two DOs.

### *Operating Principles*

To achieve SpO1, USAID will work through the following principles: 1) a strong diplomatic partnership with the GVN will lead to economic and social gains for both countries; 2) working through war legacies will lay the groundwork for forging this strong diplomatic partnership; and 3) enhancing the capacity of the GVN to take on these roles in the future is key to moving forward to future stages in this partnership.

### *Geographic Focus*

USAID will focus its work anywhere legacy issues persist—in the case of UXO the issue is most pronounced on both sides of former demilitarized zone where munitions use was heaviest during the Vietnam War. However, dioxin remediation activities will focus on the Danang and Bien Hoa airbases.

### *Gender*

Vietnam has a strong legal framework for gender equality. Men and women are legally entitled to equal rights with respect to economic opportunities, political participation, land tenure, property ownership, marriage and family. However, issues pertaining to war legacies have serious impacts on women's health and well-being.

The gender segregation of the labor market results in women concentrated largely in low skilled, low paying and flexible occupations. A majority of women, particularly ethnic minority women, work on rural farms which is where the most of UXOs are found. Increased awareness of UXO safety must reach this population particularly.

Because of this increased risk to women's health and well-being, and due to the importance of the U.S.-VN cooperation regarding development and diplomacy, it is even more crucial to support women's engagement on the political front. Women comprise 24.4 percent of the National Assembly which is one of the highest participation rates of women in national legislatures in the region. However, there has been a steady decline in the percentage of women deputies from a high of 27.3 percent during the 2002-07 period to 25.76 percent in 2007-11 and to 24.4 percent since 2011.

### *IR SpO 1.1 Reduced dioxin contamination*

**IR SpO 1.1 Reduced dioxin contamination**

- Illustrative indicators:
  - PM1: Number of m^3 soil remediated
  - PM2: Capacity of GVN and other stakeholders on environmental assessment and remediation processes (or activities).

The environmental and health impact of dioxin, a toxic contaminant of the defoliant Agent Orange, has been one of the more sensitive and divisive issues in U.S.-Vietnam relations. The USG and GVN have agreed that several former U.S. bases in Vietnam where Agent Orange was loaded, stored, and transferred, including Danang and Bien Hoa, have dioxin soil and sediment concentrations that exceed the maximum acceptable levels recommended by the U.S. Environmental Protection Agency and World Health Organization.

*Soil sampling on the Environmental Remediation of Dioxin Contamination at Danang Airport Project site. Photo: USAID/Vietnam.*

USAID will continue to work with its GVN counterparts to complete remediation of the Danang Airport site, as well as conduct a site-wide, comprehensive study of the Bien Hoa site. In harmonization with capacity- building activities, USAID's dioxin projects will alleviate tension around the Agent Orange issue while building relevant competency in Vietnam with regard to environmental assessments and remediation activities.

### *IR SpO 1.2 Strengthened capacity to address Vietnamese Missing in Action (VMIA)*

**IR SpO 1.2 Strengthened capacity to address VMIA**

- Illustrative indicators:
  - PM1: Capacity of GVN staff to identify VMIA
  - PM2: Number of VMIA cases resolved

The GVN's Ministry of Labor, Invalids, and Social Affairs (MOLISA) estimates about 650,000 Vietnam People's Army soldiers still need to be located or identified of which about 350,000 unnamed remains have been found and relocated to 2,908 government military cemeteries throughout the country. There is a strong need to identify these 350,000 unnamed remains so that they can be returned to their families and interned in family or community cemeteries. Although statistics are not available, evidence suggests a significant number of Vietnamese who fought for the Army of the Republic of Vietnam (South Vietnamese Army) are also missing or unidentified. In this context, USAID/Vietnam plans a technical assistance program to assist the GVN efforts to identify the unidentified remains of Vietnamese soldiers on both sides of the conflict missing during the war. The program is also an effort to open a new area of cooperation between Vietnam and the United States.

### *IR SpO 1.3 U.S.-VN Strengthened development diplomacy cooperation*

**IR SpO 1.3 U.S.-VN strengthened development diplomacy cooperation**

- Illustrative indicators:
  - PM1: Improved Coordination with regional initiatives
  - PM2: Percent of Technical Assistance (TA) for multi-country cooperation
  - PM3: Quality of the GVN's Results Frameworks
  - PM4: Vietnamese attitudes to U.S.-Vietnam cooperation
  - PM5: Provisions of international trade agreements implemented and enforced

This IR draws particular focus to the need of the CDCS to leverage the diplomatic assets and other programming resources of other agencies to achieve the CDCS Goal. The bilateral relationship between the United States and Vietnam continues to mature through increased defense and security cooperation, expanded economic ties, and robust education and health programs. The legacy of Agent Orange; Vietnam's path to WTO accession and ongoing TPP negotiations; and Vietnam's work to address infectious disease all serve as opportunities and challenges to our partnership and Vietnam's ability to be an effective contributor to stability and economic prosperity in the region. These and other issues require a strong alignment of our diplomatic and development policies and expertise to be successful. It also requires a coordinated approach to strategic planning, monitoring and evaluation, project design, alliance building (with the GVN, private sector, and other partners), and program execution.

### *IR SpO 1.4 Reduced UXO risk (State Department-managed program)*

| IR SpO 1.4 Reduced UXO risk | • Illustrative indicators:<br>• PM1: Public knowledge of UXO<br>• PM2: Km^2 of territory cleared<br>• PM3: Number of UXO-related injuries and fatalities |
|---|---|

The USG has invested over $37 million in a broad spectrum of programs not only to locate, remove and destroy ERW, UXO, landmines, and other explosive materials -- but also to address the effects of UXO on the health and livelihood of Vietnamese living in affected areas and to build the Vietnamese government's own capacity to manage and implement these operations.

*A Vietnamese soldier demonstrates UXO detection and clearance in Danang. Photo: USAID/Vietnam.*

Vietnam has established a national-level strategic framework to address the complex and challenging problems associated with ERW with U.S. support. The U.S. continues to support direct service delivery for removal and disposal of UXO, risk education for vulnerable populations, and assistance to impacted persons in Vietnam's most heavily contaminated regions along the former demilitarized zone (DMZ). This direct support addresses immediate needs while modeling a proven comprehensive approach to dealing with ERW for the Vietnamese government. We also support enhancing the capacity of Vietnam's national authorities to plan, manage, and implement Vietnam's self-funded efforts to address ERW contamination.

### *Expected Results for SpO1 in 2017*

- ***Danang Site remediated***
- ***Bien Hoa site assessed***
- ***VMIA cases resolved and capacity of GVN to resolve cases strengthened***
- ***Territory cleared of UXO and public knowledge of UXO/UXO safety increased***
- ***Increased engagement with regional initiatives***

## ANNEX: Key Terms and Acronyms

| | |
|---|---|
| ADS | Automated Directives System |
| AI | Avian Influenza |
| AO | Assistance Objective (formerly called Strategic Objective) |
| APs | Administrative Procedures |
| API | Avian and Pandemic Influenza |
| APR | Administrative Procedures Reform (APR-Project 30) |
| ASEAN | Association of South East Asian Nations |
| BOD | Biological Oxygen Demand |
| BTA | U.S. – Vietnam Bilateral Trade Agreement |
| CBET | Cooperative Biological Engagement Program |
| CBPP | Center for Budget Policy and Priorities |
| CDCS | Country Development Assistance Strategy |
| CRS | Congressional Research Service |
| CPR | Contraceptive Prevalence Rate |
| CS | Civil Society |
| CSH | Child Survival and Health |
| CSOs | Civil Society Organizations |
| CTR | Cooperative Threat Reduction |
| DMZ | Demilitarized Zone |
| DO | Development Objective |
| DOD | U.S. Department of Defense |
| DOJ | U.S. Department of Justice |
| DOS | U.S. Department of State |
| DTRA | Defense Threat Reduction Agency |
| ECCE | Early Childhood Care and Education |
| ECON | U.S. Embassy Economic Growth section |
| EPA | U.S. Environmental Protection Agency |
| EPT | Emerging Pandemic Threats |
| ESTH | Environment, Science, Technology and Health |
| ERW | Explosive Remnants of War |
| FAS | U.S. Foreign Agricultural Services |
| FCS | U.S. Foreign Commercial Services |
| FTC | U.S. Federal Trade Commission |
| GCC | Global Climate Change |
| GDA | Global Development Alliance |
| GDP | Gross Domestic Product |
| GSO | Vietnam General Statistics Office |
| GVN | Government of Vietnam |
| HCMC | Ho Chi Minh City |
| HDI | Human Development Index |
| HEAAP | Higher Engineering Education Alliance Program |
| HERA | Higher Education Reform Agenda |
| HEIs | Higher education institutions |
| HHS/CDC | U.S. Department of Health and Human Services/Center for Disease Control |

| | |
|---|---|
| | and Prevention |
| HICD | Human and Institutional Capacity Development |
| HIV/AIDS | Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome |
| H1N1 | “Swine Flu” |
| H5N1 | Avian Influenza |
| IDs | Infectious Diseases |
| IDU | Injecting drug users |
| ILS | National Assembly’s Institute for Legislative Studies |
| INGOs | International Nongovernmental Organizations |
| IR | Intermediate Results |
| IWRM | Integrated Water Resource Management |
| JICA | Japan International Cooperation Agency |
| LGBT | Lesbian, Gay and Bisexual Transgender |
| LRP | Legislative Research Program |
| MARD | Ministry of Agriculture and Rural Development |
| MARPs | Most-At-Risk Populations |
| MCH/FP | Maternal Child Health/Family Planning |
| MDG | Millennium Development Goals |
| MDR –TB | Multiple Drug-Resistant Tuberculosis |
| MIC | Middle Income Country |
| MOs | Mass Organizations |
| MONRE | Ministry of Natural Resources and Environment |
| MOH | Ministry of Health |
| MOJ | Ministry of Justice |
| MOLISA | Ministry of Labor, Invalids and Social Affairs |
| MOU | Memorandum of Understanding |
| MPI | Ministry of Planning and Investment |
| MRC | Mekong River Commission |
| MSM | Men Who Have Sex with Men |
| MSP | U.S. Mission Strategic Plan |
| MOET | Ministry of Education and Training |
| NA | National Assembly |
| NOAA | U.S. National Oceanic and Atmospheric Administration |
| NTP | GVN’s National Target Program |
| OOG | Office of the Government |
| OYB | Operating Yearly Budget |
| PEPFAR | President’s Emergency Plan for AIDS Relief |
| PLWHIV | People Living with HIV/AIDS |
| PPP | Public-Private Partnership |
| PRSC | World Bank’s Poverty Reduction Support Credit Program |
| PWDs | Persons with Disabilities |
| RDMA | Regional Development Mission/Asia |
| SAMHSA | Substance Abuse and Mental Health Services Administration |
| SEC | U.S. Security and Exchange Commission |
| SEDP | Socio-Economic Development Plan 2006-2010 |
| SPC | Supreme People’s Court |
| SpO | Special Objective |

| | |
|---|---|
| SRO | Self Regulatory Organizations |
| SSC | State Security Commission |
| STAR | USAID-funded Support for Trade Acceleration project |
| TB | Tuberculosis |
| TIFA | Trade Investment Framework Agreement |
| TIP | Trafficking in Persons |
| TPP | Trans-Pacific Partnership |
| TRIM | WTO Agreement on Trade-Related Investment Measures |
| TVET | Technical-Vocational Education and Training |
| UN | United Nations |
| UNDP | United Nations Development Program |
| UNIFEM | United Nations Development Fund for Women |
| U.S. | Unites States of America |
| USAID | United States Agency for International Development |
| USDOI | U.S. Department of Interior |
| USFS | U.S. Forest Service |
| USG | United States Government |
| USGS | U.S. Geological Survey |
| USTR | U.S. Trade Representative |
| UXO | Unexploded Ordnance |
| VASI | Vietnam Administration for Seas and Islands |
| VBF | Vietnam Bar Federation |
| VCP | Vietnamese Communist Party |
| VLA | Vietnam Lawyers' Association |
| VNCI | Vietnam Competitiveness Initiative |
| VNGOs | Vietnamese Nongovernmental Organizations |
| VPD | Vietnam Partnership Document |
| VTF | Vietnam Public Utility and Telecommunications Fund |
| WB | World Bank |
| WTO | World Trade Organization |