PHẦN II. CÁC VĂN BẢN KHÁC

BỘ NGOẠI GIAO

BỘ NGOẠI GIAO

CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập - Tự do - Hạnh phúc

Số: 15/2011/TB-LPQT

Hà Nội, ngày 29 tháng 3 năm 2011

THÔNG BÁO
Về việc điều ước quốc tế có hiệu lực

Thực hiện quy định tại khoản 3 Điều 47 của Luật Ký kết, gia nhập và thực hiện điều ước quốc tế năm 2005, Bộ Ngoại giao trân trọng thông báo:

Chương trình hợp tác định hướng Việt Nam - Lúc-xăm-bua giai đoạn 2011 - 2015, ký tại Hà Nội ngày 02 tháng 3 năm 2011, có hiệu lực kể từ ngày 02 tháng 3 năm 2011.

Bộ Ngoại giao trân trọng gửi Bản sao lục Chương trình theo quy định tại Điều 68 của Luật nêu trên./.

TL. BỘ TRƯỞNG
KT. VỤ TRƯỞNG
VỤ LUẬT PHÁP VÀ ĐIỀU ƯỚC QUỐC TẾ
PHÓ VỤ TRƯỞNG

Lê Thị Tuyết Mai

VIETNAM - LUXEMBOURG
INDICATIVE COOPERATION PROGRAMME

2011 - 2015

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1. CHAPTER 1: GENERAL FRAMEWORK OF VIETNAM - LUXEMBOURG RELATIONS

1.1. Strategies and Principles of Luxembourg Development Cooperation

The Luxembourg Development Cooperation is strongly committed to eradicate poverty, particularly in Least Developed Countries (LDC). Actions are designed and implemented in the spirit of sustainable development including its social, economic and environmental aspects - with women, children and men at their core.

Luxembourg's cooperation aims primarily to contribute to implementing the Millennium Development Goals (MDGs) by 2015. The main intervention sectors for cooperation are: health, education, including vocational and technical training and access to labour markets, and integrated local development with a strong emphasis on water and sanitation. Relevant initiatives in the field of microfinance are encouraged and supported, both at the conceptual and operational levels.

From a geographic point of view, Luxembourg cooperation has a policy of concentration of interventions in a restricted number of ten partner countries in order to optimize effectiveness and impact. Two out of these ten countries are in Asia, namely Lao PDR and Vietnam, and cooperation with these countries distinguishes itself by a strong sense of partnership with national and local authorities. This spirit of partnership, paired with a strong concern for ownership of cooperation programmes by the partners, is at the heart of the multi-annual development cooperation programmes, the Indicative Cooperation Programmes (ICPs).

Since the year 2000, Luxembourg has been one of the industrialised countries contributing more than 0.7% of their Gross National Income (GNI) to Official Development Assistance (ODA). In 2009, Luxembourg's ODA reached over 297 Million Euro representing 1.04% of GNI. This ODA is channeled through bilateral cooperation, multilateral cooperation, and cooperation through Non Governmental Organisations (NGOs), as well as through programme support.

Besides, whenever natural or man-made disasters occur, Luxembourg strongly supports rapid humanitarian assistance through crisis management and life saving operations. Disaster prevention and post disaster transition work are part of Luxembourg's humanitarian assistance strategy.

In parallel, Luxembourg development cooperation is actively involved in discussions on new quality standards of international development aid. As such, Luxembourg, as the acting Presidency of the Council of the European Union in 2005, was instrumental in the negotiation and adoption of the Paris Declaration on

Aid Effectiveness, and Luxembourg also endorsed the Accra Agenda for Action (AAA) and is committed to the European Code of Conduct on Complementarity and Division of Labor.

The general strategy and principles of Luxembourg Development Cooperation are complemented by ten sector strategies covering the main areas of the Luxembourg global cooperation, namely health, humanitarian action, agriculture and food security, local development, water and sanitation, education, training and employability, environment protection, climate change, gender, governance and microfinance.

Luxembourg's development cooperation and humanitarian assistance policy is characterized by a constant and progressive effort in quantitative and qualitative terms at the service of the poorest. This policy is an expression of true international solidarity and as such an important vector of the Luxembourg's government foreign policy.

1.2. Development Strategy Summary of Vietnam

Viet Nam is in the progress of completing its Socio-Economic Development Strategy 2001 - 2010 and the Socio-Economic Development Plan 2006 - 2010. Although the country is suffering from the recent global economic crisis, the country's economy still keeps growing at a fairly good speed compared with many other countries. Viet Nam has been crossed out of the list of low income countries. The average GDP growth of the five - year plan 2006 - 2010 is estimated to reach 7%. In 2010 GDP per capita is estimated to be 1,200 USD. Poverty reduction gets special attention by the Government and poverty reduction programmes are implemented effectively. By the end of 2005, the proportion of poor households of the country was 20.2% (that is approximately equal to 3.6 million households). In 2010, this proportion is estimated to decrease to less than 10% (equal to 1.7 million households). Viet Nam receives strong support and commitment from the international donor community for its economic development track record. Commitments in ODA by the donor community have been continuously increasing throughout the years. This expresses the trust of the donor community in the short and long term development of Viet Nam's economy.

Viet Nam is in the progress of drafting the 10 year Socio-Economic Development Strategy 2010 - 2020 and the 5 year Socio-Economic Development Plan 2011 - 2015. The key development orientations in this period are:

- Fast and sustainable growth in order to meet the requirement in narrowing the gaps with other countries and at the same time to ensure the stable development of the economy;

- Development of the economy that is going along with social security, especially in mountainous areas, meeting the needs of ethnic minorities and other areas with difficulties;

- Development of the economy that integrates with natural resource management and environment protection for a sustainable development;

- Development of human resources is considered as a top priority and one of the key factors in the development of the country;

- Mobilization of different sources of income, both inside and outside the country;

- Enhancement of international cooperation and integration.

1.3. Strategic Objectives of ICP 2011 - 2015

The ICP 2011-2015 is a second consolidation programme with stronger geographic and sector concentration, pro-poor and aligned on the Socio-Economic Development Plan (SEDP) 2011 - 2015. It also focuses on the needs of a lower middle income country and the new challenges of an emerging market economy in areas in which Luxembourg has a comparative advantage.

The ICP targets poverty reduction through support to social sectors and, responding to the needs of a middle income country, to key economic areas through institutional capacity building and human resource development in the banking and finance sector and the hospitality and tourism industry.

Whereas previous ICP support more specifically targeted infrastructure development and provided equipment in areas such as health, education, tourism and rural development, the present ICP gives particular attention to consolidating these investments in a sustainable way through Technical Assistance support for institutional capacity building and human resource development, thus strengthening local governance, public accountability and service delivery quality at a sub-national, decentralized level.

In the health sector, Luxembourg's decade long investments in cold chain equipment will be assessed and consolidated to build improved national capacities in managing this equipment and ensuring sustainable quality service delivery. Similarly, education infrastructures supported in previous ICPs, such as the Bac Kan Vocational Training School and the tourism and hospitality vocational schools, will be consolidated by strengthening staff management, operational capacities and curriculum development and by pursuing a pro-jobs and market oriented approach.

Support to local/rural development in the two geographic focus areas of Bac Kan and Cao Bang Provinces and Thua Thien Hue Province will be consolidated by strengthening capacities at a sub-national level for improved social service delivery with an emphasis on the poor. Support to Thua Thien Hue province, one of the two geographic focus areas, will have a strong environmental component targeting disaster mitigation and preparedness activities in the low-lying disaster prone districts.

1.4. Past and Present Bilateral Agreements between Vietnam and Luxembourg

• General Cooperation Agreement, signed in Luxembourg on 24 September 2002;

• First Indicative Cooperation Programme (2002-2005, Budget: 35 million EUR), signed in Luxembourg on 24 September 2002;

• Agreement on Cooperation in the Fields of Culture, Higher Education and Research, signed in Luxembourg on 21 May 2003;

• Second Indicative Cooperation Programme (2006-2010, Budget: 50 million EUR), signed in Luxembourg on 8 March 2006.

2. CHAPTER 2: COUNTRY ASSESSMENT

Vietnam, like many other countries throughout the world, is more than two-thirds of the way to fulfilling the Millennium Declaration and the Millennium Development Goals (MDGs), and is putting a lot of effort into achieving the MDGs by 2015. Vietnam is regarded by the international community as one of the developing countries which has made outstanding achievements in economic reform targeting growth and poverty reduction. During the past ten years, Vietnam's economy has been growing fast yet steadily. The average GDP growth rate per annum reached 7.2 percent during the period 2001 - 2010. The average GDP per capita in 2010 is expected to reach USD 1,200, three times what it was in 2000. As a result, Vietnam is now moving from being one of the poorest countries to lower middle income status.

Together with the fast and steady economic growth, there has been a considerable shift in the economic structure. The proportion of GDP from agriculture, forestry, and fisheries has reduced from 23.2 percent in 2000 to 17 percent in 2009; the proportion from industry and construction has increased from 35.4 percent to 41.6 percent, while the proportion from the service sector has remained at 41.3 percent throughout the same period. This shift in the economic structure has brought about important changes in the labor structure. During this period, the proportion of labour in the agriculture, forestry and fisheries sector declined from 65 percent to about

50 percent, while the proportion in the industry and construction sector increased from 13 percent to 23 percent, and in the service sector from 15 percent to about 27 percent.

Vietnam pays special attention to and places a high priority on fulfilling its commitments toward the international community with regard to the Millennium Declaration and the MDGs. They have been nationalized in accordance to Vietnam's conditions and been mainstreamed into the country's most important socio-economic strategies and plans. The Socio-Economic Development Strategy from 2001 to 2010 sets out the goal of "fast, efficient and sustainable development, economic growth must go in parallel with social advancement and equality, and environmental protection"; the 5-year Socio-Economic Development Plans from 2001 to 2005, and consequently from 2006 to 2010 elaborate further on this attitude towards development, setting out a specific roadmap and policies to implement successfully the tasks and targets for socio-economic development in Vietnam, in line with the process of fulfilling the MDGs by 2015.

These strategic documents have established the groundwork for the development of a system of strategies and development plans covering different sectors. The Comprehensive Poverty Reduction and Growth Strategy (CPRGS), approved in 2002, closely combined the targets for economic growth and poverty reduction, ensuring social equality and sustainable development. The CPRGS also emphasizes that "poverty reduction is not only one of the fundamental social policies receiving special attention from the Government of Vietnam, but it also forms an indispensable part of the overall development goal"; CPRGS also emphasizes the goal of "pursuit of reforms and promotion of fast economic growth coupled with the implementation of poverty reduction and hungher eradication efforts and social equality in order to limit the gap between the rich and the poor in different population groups and regions". In particular, this Strategy puts forward development goals specific for Vietnam (referred to as the Vietnam Development Goals VDGs), which support the promotion and enhancement of the MDGs implementation.

Vietnam has been able to mobilize considerable resources from domestic sources and international donors to support the implementation of the MDGs and VDGs. A number of National Target Programme (NTPs) have been carried out to balance the resources distribution and involve the public in poverty reduction, job creation, universal education, vaccination and combat against malnutrition among children, control HIV/AIDS and dangerous diseases, improve sanitation, clean water supplies, cultural development and expand information networks for the public, etc. In addition,

the Government of Vietnam has also made important strides in realizing MDGs for certain population groups, such as ethnic minorities and the poor in remote areas.

Vietnam has secured important achievements in poverty reduction, employment creation, health care services for the public, especially for women and children, and continued to make significant progress in gender equality. Annual income per capita has increased three times within ten years. In terms of poverty reduction, by the end of 2002, Vietnam had managed to halve the poverty rate from 58.1 percent in 1993 to 28.9 percent in 2002. The poverty rate continued to drop to 14.5 percent in 2008. The proportion of extreme poor (hunger), measured by the food poverty line, decreased from 24.9 percent in 1993 to 10.9 percent in 2002 and to 6.9 percent in 2008. Poverty has been alleviated among all demographic groups, in urban and rural areas, and across geographical regions. The social security system has been gradually expanded. The proportion of the budget expenditure for social welfare in education, health care, retirement pensions and social insurance has increased markedly. Other aspects of the public's material and spiritual life have also experienced major improvements.

Vietnam has achieved or even exceeded many of the goals set for 2010 (See Appendice A). The country, however, still needs to make considerable efforts in order to achieve other goals, such as reducing the maternal mortality rate, ensuring environmental sustainability and controlling the transmission of HIV/AIDS.

3. CHAPTER 3: STRATEGIC AREAS OF ICP 2011-2015

3.1. Intervention modalities

Luxembourg development cooperation, through its multi-year Indicative Cooperation Program, supports bilateral projects and programs, implemented i.a. by Lux-Development, the Luxembourg agency for development cooperation. It also supports multilateral partners, such as the UN system and the European Commission. It co-funds accredited Luxembourg NGOs which are active in development cooperation in Vietnam.

3.1.1. Bilateral cooperation

Bilateral cooperation constitutes the main implementation modality of the present ICP and is i.a. implemented through Lux-Development, the Luxembourg agency for development cooperation.

3.1.2. Multilateral cooperation

Vietnam is one of the eight pilot countries for the "Delivering as One" reform initiative of the UN system. From the outset Luxembourg has been supportive of this

approach geared towards enhancing delivery and coordination among the UN Funds and Programmes, through the One Plan, the One Fund, the One Leader and eventually the Green One UN House. In the spirit of coherence and with the aim to capitalize on the outcomes of its bilateral cooperation, Luxembourg will support the One Plan 2012 -2016 outcomes in priority sectors (health, local development, vocational training, environment, disaster risk reduction). The multilateral component of the ICP represents up to 20% of the overall budget.

Luxembourg closely collaborates with the European Union Delegation in Hanoi based on the principles of the Paris Declaration, the Accra Agenda for Action and the EU Code of Conduct. In the health sector, Luxembourg has signed a transfer agreement with the European Commission to contribute to the Heath Sector Capacity Support Programme.

This ICP will also give special impetus to environment protection at a regional level by providing support to the Mekong River Commission (MRC) Climate Change and Adaptation initiative for the period 2010-2015.

3.1.3. Cooperation with NGOs

The Government of Luxembourg encourages Luxembourg NGOs to work in Vietnam and continues its cooperation with NGOs already active in the country. The present ICP will be shared with Luxembourg NGOs and will be taken into account when analyzing funding requests submitted by these NGOs

3.1.4. Program Support

Program support is provided through the supply of qualified human resources for development cooperation. This encompasses Junior Professionals to the ONE UN in Vietnam or Junior Experts to the European Union delegation, United Nations volunteers, aid workers and related professionals and interns.

3.2. Priority sectors

1. Rural and local development remains a high priority to reduce the social and economic gaps between rural and urban populations by achieving improved and sustainable capacities at provincial, district and commune levels for improved service delivery. The ICP concentrates its efforts in two geographic target areas, Cao Bang and Bac Kan Provinces in the North and Thua Thien Hue Province in the centre. While adopting a pro-poor approach aimed at improved service delivery capacities, the ICP will pay increased attention to *climate change* in Thua Thien Hue Province, which threatens to exacerbate the scope and threats of natural disasters.

2. Support to the health sector: The ICP aligns with Vietnam's on-going efforts to develop a new strategy for health sector development and continues its assistance to invigorate efforts to apply Hanoi Core Statement/Paris Declaration principles to health sector support. The ICP focuses its assistance in the three main areas, as agreed by the Health Partnership Group in April 2009, namely strengthening country ownership, building more effective and inclusive partnerships for development, and delivering and accounting for development results. Part of Luxembourg's assistance to the health sector will continue to be channeled through the European Union in the form of a so-called "delegated cooperation" agreement.

Furthermore, the ICP will consolidate its assistance in the areas of blood safety and immunization, started in 1996 following the recommendations of an impact assessment study of past and on-going Luxembourg support.

On a decentralized level, ICP support will directly intervene at the province and district levels in Cao Bang and Bac Kan aiming at building capacities for improved social service delivery with a strong pro-poor focus. Possible future interventions will build on the findings and recommendations of the on-going project *VIE/027 - Supporting health care policy for the poor in Cao Bang and Bac Kan*.

Luxembourg will continue its support to Thua Thien Hue province by focusing on small scale interventions aimed at improving the quality of health service delivery.

3. Vocational training and human resource development: ICP support will concentrate in 3 areas: hotel and hospitality industry, formal education, finance and banking. The overall development objective is to increase the adaptability of current and future generations to the profound and rapid economic transformations in Vietnam and to combine access and inclusiveness with relevance and quality of the vocational education and training system.

In the **hotel and hospitality industry,** Luxembourg will continue to strengthen Vietnam's vocational training system for tourism. In the **education sector**, ICP support will consolidate project VIE/021 - Bac Kan Vocational Training and Education and provide the Northern provinces of Bac Kan and Cao Bang with a centre of excellence for market oriented and demand driven technical vocational training. The ICP will also focus on a skills and knowledge sharing program in the **finance and banking sector** in partnership with the Luxembourg Agency for Transfer of Financial Technology (ATTF) and other centres of excellence in the financial sector. This program will focus on the priorities set out in the SEDP 2011-2015 and will respond to the needs of an emerging market economy in support of banking sector

reforms, new regulatory frameworks and fast growing capital markets, and in line with Vietnam's WTO commitments.

3.3. Geographic concentration

ICP support will concentrate on two geographic areas: Cao Bang and Bac Kan provinces in the North and Thua Thien Hue province in the center. Luxembourg will continue its support on a national level in the health sector through donor coordinated support, the tourism and hospitality industry as well as the finance sector by further strengthening human resources and improving institutional capacities.

3.4. Capacity building

The majority of the total ICP budget will be spent at sub-national levels, with a focus on the two geographic focus areas. The key issue will consist in strengthening capacities at the sub-national level by providing Technical Assistance support to provincial and district technical institutions enabling them to provide improved service delivery.

Projects and programmes will have a strong Technical Assistance component to further strengthen decentralisation, participation and empowerment, considered to be key themes in the Vietnamese national poverty targeted programs.

Human resource development activities in the education (vocational training) and health sectors will specifically pursue improved administrative, operational and financial management skills.

In the finance and banking sector, capacity building activities will be pursued in the form of a skills and knowledge sharing program in response to the needs of an emerging market economy.

4. CHAPTER 4: CROSS-CUTTING ISSUES

4.1. Gender

With reference to the Millenium Development Goals 3 and 5 as well as to the principles of the Paris Declaration on Aid Effectiveness and of the Hanoi Core Statement, which recognize the bonds between effectiveness of foreign aid, development effectiveness and equality man-woman, the two parties take into account gender equality in all their projects and programs. The "Gender" strategy paper of the Luxembourg Cooperation is used as an orientation and the main areas of cooperation with regard to gender issues are identified during the strategic dialogue between Parties, in particular during Partnership Commissions. Gender equality will be integrated during identification, formulation, implementation and evaluation of

projects and programs. Specific actions in favour of one or the other gender can be financed by Luxembourg's cooperation and the equality man-woman can be the subject of a specific evaluation.

Viet Nam has a strong track record of promoting gender equality and women's empowerment, including ratification of the Convention for Elimination of all forms of Discrimination Against Women (CEDAW) in 1982, and passage of the Law on Gender Equality in 2006 and Law on Domestic Violence Prevention and Control in 2007. A National Strategy and National Targeted Programme for Gender Equality, the Vietnamese Family Development Strategy period 2011-2020 and Vision to 2030, and the National Action Plan for Domestic Violence period 2010-2015 and Vision to 2020 are being developed to embed the principles established by these laws. All projects and programmes in the present ICP promote the implementation of these policy commitments made by Vietnam. Specific gender analyses will be conducted in rural/local development projects and programmes during participatory rural appraisals.

4.2. Governance

In partnership with their multilateral partners and civil society and in reference to the strategy "Governance for development" of the Luxembourg Cooperation, the two parties promote during identification, formulation, implementation and evaluation of projects and programs:

- citizen's information and socio-economic and political participation, while paying an special attention with the most vulnerable groups, in particular women, children and ethnic groups;

- social and cultural dynamics likely to favour participatory processes;

- the process of decentralization, in particular through the reinforcement of local capacities and local governance;

- local and central government responsibility;

- the sustainable management of the natural resources;

Projects and programmes specifically favour efforts to improve the quality of Viet Nam's governance and, more specifically, its public administration in order to ensure that citizens are able to fully participate in social and economic life and receive good quality services in areas such as health, education and improved accessibility to economic development. Projects and programmes in the two geographic focus areas

target good local governance for improved service delivery with a specific focus on improved transparent and accountable planning and development at provincial and district levels.

4.3. Environment and Climate Change

In reference to the Kyoto Protocol (1997), to MDG 7 and to the Copenhagen Agreement (2009), the two parties promote policies in favour of sustainable development, safeguarding of natural resources and biodiversity, adaptation to climate change and natural disaster risk reduction. The two parties favor interventions that maximize environmental and social benefits on a local and global level. For this purpose, the strategy paper "Environment and climate change" of the Luxembourg Cooperation is taken into account during identification, formulation, implementation and evaluation of projects and programs, including in procurement. Where appropriate, environmental impact assessments will be undertaken.

The Luxembourg Cooperation can assist the Vietnam to identify interventions which preserve natural resources and fall under the adaptation efforts to climate change. It can also support Vietnam with regard to capacity building for institutions responsible for clean development mechanisms. Technology transfer, access to environmental information and collaboration with research centres can be under consideration for this purpose.

Vietnam is among the most vulnerable countries to Climate Change worldwide, with 10% of the population under direct threat in case of a sea level rise, and the issue has climbed high on the agenda of the leadership. The Government started implementing a new *National Target Programme on Climate Change,* approved by the Prime Minister in December 2008, which mainly focuses on adaptation. A number of mitigation measures have been taken through large investments in hydropower, renewable energy and reforestation. The Government has also committed to improving linkages between Climate Change and disaster risk reduction.

Luxembourg views Climate Change as a threat to both economic and human development in Vietnam and the region and encourages Vietnam's efforts for a long-term climate change strategy by supporting the Mekong River Commission's Climate Change and Adaptation Initiative 2010 - 2015.

In Thua Thien Hue province, one of the two geographic concentration areas, Luxembourg support specifically targets the province's improved resilience to climate change in the low-lying disaster prone districts.

5. CHAPTER 5: PARTNERSHIP, COMPLEMENTARITY AND COHERENCE

5.1. Complementarity with other donor interventions

Luxembourg development cooperation actively pursues complementarity by coordinating with the international donor community on a regular basis through technical working groups and the bi-annual Consultative Group meetings. On an EU level, Luxembourg actively participates in political and development-related coordination meetings to ensure complementarity and pursue the division of labour agenda among EU member States and the European Commission.

The ICP strongly favors complementarity between its bilateral and multilateral components by engaging in partnerships with the UN system and the European Commission. Projects and programmes also cooperate with other bilateral donors in specific areas such as vocational training.

In the health sector, Luxembourg has signed a transfer agreement with the European Commission to contribute to the Heath Sector Capacity Support Programme.

The ICP actively pursues synergies with the UN system, channeling up to 20% of its support via UN agencies and funds, in sectors and areas in which the latter have a so-called "comparative advantage". Luxembourg development cooperation has teamed up with WHO and UNICEF in the health sector. In the tourism and hotel industry, the ILO receives support for a pilot project to explore an innovative and sustainable approach that contributes to pro-poor and pro-jobs tourism development to complement Luxembourg's decade long bilateral support. In the area of local and rural development, Luxembourg collaborates with IFAD in order to better respond to the needs of the rural poor.

Luxembourg will continue to support the UN reform process ("One UN") in Vietnam for a more coordinated assistance and greater effectiveness of the UN's work in Viet Nam.

In vocational training, Luxembourg Development Cooperation collaborates closely with the German Technical Cooperation (GTZ) for implementing the Technical Assistance components of its projects.

5.2. Partnership and progress towards harmonization

The common goals of cooperation agreed upon between the two Parties will follow the major principles of development cooperation, as defined in the Paris Declaration on Aid Effectiveness (2005), in the Accra Plan of Action (2008) and, for

Luxembourg, in the Code of Conduct of the EU on Complementarity and Division of Labour in Cooperation Policy (2007):

Ownership: Activities will be in line with national policies, in particular the NSEDP and relevant sector policies. The sectors of concentration are defined in the regular dialogue between the two governments, including the Partnership Commissions.

Alignment: Activities are systematically based on requests expressed by the Government of Vietnam, and are consistent with national policies, strategies and action plans. Special attention is paid to the reinforcement of capacities of Vietnamese institutions, and to the use of national systems instead of parallel implementation structures.

Harmonisation: At all levels of implementation of the ICP, an improved coordination of development partners is essential. Existing coordination mechanisms will be reinforced and, as far as possible, common analyses and implementation procedures will be encouraged.

Managing for Development Results (MfDR): The ICP takes into account the MfDR strategy that focuses on using performance information to improve decision making. MfDR involves using practical tools for strategic planning, risk management, progress monitoring, and outcome evaluation. The ICP will follow in particular five principles of MfDR: (i) focusing the dialogue on results at all phases of the development process, (ii) aligning programming, monitoring, and evaluation with results, (iii) keeping measurement and reporting simple, (iv) managing for, not by, results, and (v) using results information for learning and decision making.

Delegated cooperation mechanisms and operational partnerships: Where appropriate, delegated cooperation and operational partnership agreements will be encouraged.

The Ministry of Planning and Investment acts as the principal body for guiding, coordinating and managing ODA and plays a key role in formulating, monitoring and evaluating ODA funded projects and programs within the present ICP. Regular formal and informal bilateral consultations take place in order to monitor alignment of ICP projects and programmes with national and sector policies and strategies as well as national procedures. The high-level Partnership Commission convenes annually.

Luxembourg actively participates in the bi-annual Consultative Group Meetings, co-chaired by MPI and the World Bank, which provides a forum for discussions

between the Government of Vietnam and its development partners on economic policy issues, strategies for reducing poverty, and ODA effectiveness.

Vietnam is considered a "best practice" country in terms of Aid Effectiveness and was one of the first countries to localize the Paris Declaration into the "Hanoi Core Statement". Luxembourg Development Cooperation favors an increasingly harmonized approach by contributing in the *Aid Effectiveness Forum* (AEF), chaired by the Ministry of Planning and Investment. Luxembourg is also an active member in the AEF technical working group on national procurement systems, thus promoting an increased use of national systems and procedures and contributing to more effective and harmonized implementation of ODA.

Luxembourg also supports the Aid Effectiveness agenda in Vietnam by actively participating in EU wide efforts in *donor mapping* and pursuing *Division of Labour* via a transfer agreement with the EU.

In line with the Hanoi Core Statement, institutional development and organisational strengthening within projects and programmes will be further developed during ICP 2011-2015. Results Based Management systems and procedures will be further enhanced to guarantee perfect compatibility between project/programme indicators and Vietnam Government development indicators. Furthermore, during implementation of projects and programmes, specific attention will be given to the development of output and outcome indicators for Institutional Development and Organisational Strengthening, thus providing the means to assess the performance, in terms of efficiency and effectiveness, of the Technical Assistance support provided within the different projects and programmes.

5.3. Analysis of policy coherence

The parties will supervise the coherence of their national policies in order to advance the shared development objectives and in order to avoid any negative impacts on their cooperation activities. The policies concerned include trade, environment and climate change, agriculture, the social dimension of globalisation, employment and decent work, migration, research and innovation, information technologies, transport and energy. Each party will inform the other of possible inconsistencies in order to discuss possible impacts on the implementation of the ICP, in particular during the bilateral Partnership Commissions.

6. CHAPTER 6: PROGRAMMING AND MONITORING OF ICP 2011 - 2015

6.1. Budgetary and financial planning

The implementation of the program is based on an indicative amount of **42 Million Euros** over a 5-year period. This budget will be used towards financing all commonly agreed activities within the framework of the ICP. Budgetary planning will seek to ensure that disbursements are evenly distributed over the 5-year duration of the ICP. Financial commitments will be disbursed as far as possible during the years 2011-2015 but can also be made beyond this date. Commitments are likely to be adapted during the implementation of the ICP, taking into account the pace of project and programme implementation and the evolution of Luxembourg's development assistance.

6.2. Monitoring and Evaluation

The two parties will continue to convene yearly high level Partnership Commissions to monitor the ICP. In addition, formal and non-formal consultations between MPI and the Luxembourg Development Cooperation will take place on a regular basis.

Luxembourg Development Cooperation actively participates in international donor community events to monitor the ICP in view of national and international developments and commitments.

The two parties will specifically monitor that the principles of results-based management, as promoted in the Hanoi Core Statement, will be integrated in projects and programmes with the objective of gradually and fully aligning project/programme indicators to Vietnam Development Goals indicators. Technical staff involved in project/programme implementation will continue to benefit from results-based management training activities.

MPI and the Luxembourg Development Cooperation have made efforts to develop a more consistent approach to monitor project and programmes. A major result of theses concerted efforts is an improved monitoring system of ICP projects and programmes by defining clear guidelines for Steering Committees, in line with the principles of the Hanoi Core Statement. These guidelines will be applied in all projects and programmes and shall thus permit a greater coherence in monitoring bilateral projects/programmes at a central level between the two Governements, while at the time promoting local ownership and empowerment. For ease of reference the Guidelines are attached to the ICP.

In addition the Hanoi Development Office will ensure a closer monitoring and evaluation of bilateral and multilateral projects through regular field visits.

6.3. Mid-Term Review

A mid-term evaluation of the ICP will be conducted to assess the success of its implementation and propose adaption measures if needed. The mid-term evaluation is carried out by an independent consultancy company, selected after a tender process to be initiated by the Luxembourg party. The terms of reference of the mid-term evaluation will be jointly elaborated by Luxembourg and Vietnam. A restitution of the mid-term evaluation will be presented to both parties at a meeting in Vietnam.

6.4. Study Fund

A Vietnam - Luxembourg Study and Consultancy Fund - with an indicative budget of 1% of the ICP budget - is established to finance, in full or in part, consultancies in order to undertake studies, missions, seminars, workshops, study tours and other services in the framework of the development cooperation between Luxembourg and Vietnam. The beneficiaries of the outcome of the consultancies will exclusively be Vietnamese government agencies and organisations.

Hanoi 2 March 2011

For the Government of the Socialist Republic of Vietnam	**For the Government of the Grand Duchy of Luxembourg**
Vo Hong Phuc **Minister of Planning and Investment**	**Marie-Josée Jacobs** **Minister For Develop Cooperation and Humanitarian Assistance**

APPENDICE A: Country Assessment

With all the efforts to achieve the national targets of socio-economic development, including the fulfillment of the MDGs, Vietnam has made some remarkable achievements as shown in a Table below. It has achieved the goal of reducing poverty by half in 2002; achieved universal primary education according to Vietnamese standards in 2000, has made encouraging results in promoting gender equality and empowering women, child health continues to be addressed and improved considerably. Vietnam's almost achieving the MDGs on the mortality ratios among children under five years and one year of age. Maternal mortality has also reduced steadily since 1990, the HIV epidemic in Vietnam has began to stabilize. Vietnam has been actively implementing Agenda 21, pursuing the goal of ensuring environmental sustainability and has made significant achievements in this.

KEY TARGETS FOR ASSESSING VIETNAM'S MDG PROGRESS

Targets	Year 1990	Year 2005	MDGs 2010 Report	Prospects for achievement in 2015
Goal 1: Eradicate extreme poverty and Hunger				**Achieved**
1 Poverty rate	58% (1992)	19.5% (2004)	14.5% (2008)	
2 Poverty gap ratio	18.4% (1993)	4.7% (2004)	3.5% (2008)	
3 Under-five malnutrition rate	41%	25.3%	18.9% (2009)	
Goal 2: Achieve universal primary education				**Achieved**
1 Net enrolment rate in primary education	87%	95%	97% (2009)	
2 Primary school completion rate		85.6%	88.5% (2009)	
3 Net enrolment rate in lower secondary education		81%	83.1% (2009)	

Targets	Year 1990	Year 2005	MDGs 2010 Report	Prospects for achievement in 2015
Goal 3: Promote gender equality and empower women				**Achieved**
1 Percentage of school girls at primary school level	47.7% (1998)	47.7%	47.9% (2009)	
2 Percentage of school girls at lower secondary school level	47% (1998)	47.9%	48.5% (2009)	
3 Percentage of school girls at upper secondary school level	46.4% (1998)	48.9%	52.6% (2009)	
4 Percentage of women deputies in the National Assembly	19.48% (IXth session, 1992-1997 term)		25.76% (XIIth session, 2007-2011 term)	
5 Percentage of women's representation in provincial People's Councils	21.1% (1999-2004 term)		23.9% (2004-2009 term)	
6 Percentage of women's representation in district People's Councils	21% (1994-2004 term)		23% (2004-2009 term)	
7 Percentage of women's representation in commune People's Councils	16.1% (1999-2004 term)		19.5% (2004-2009 term)	
Goal 4: Reduce child mortality				**Achieved**
1 Under-five mortality rate	58‰	27.3‰	24.4‰ (2009)	
2 Infant mortality rate	44.4‰	26.0‰	16‰ (2009)	
Goal 5: Improve maternal health				**Strive to Achieve**
1 Maternal mortality rate per 100,000 live births	233	80	69 (2009)	

Targets	Year 1990	Year 2005	MDGs 2010 Report	Prospects for achievement in 2015
2 Births attended by trained health workers		92.71% (2006)	94.8% (2009)	
3 Contraceptive use among women aged from 15 to 49	73.9% (2001)		80% (2008)	
4 Pregnant women receiving more than three pre-natal checks		84.3%	86.4% (2008)	
Goal 6: Combat HIV/AIDS, malaria and other diseases				**Difficult but strive to achieve**
1 HIV Prevalence			0.28% (Estimated)	
2 HIV prevalence per 100,000 people			187 (2009)	
3 Number of adults receiving ARV		7,812 (2006)	36,008 (2009)	
4 Number of children receiving ARV		428 (2006)	1,987 (2009)	
5 Number of malaria patients	293,000 (2000)		60,867 (2009)	
6 Number of deaths by malaria	71 (2000)		27 (2009)	
7 Number of tuberculosis (AFB) positives over 100,000 people		65 (2007)	46 (2009)	
8 Percentage of new tuberculosis patients recovering after treatment		89.9% (2007)	89.8% (2009)	
Goal 7: Ensure environmental sustainability				**Difficult to Achieve**
1 Forest coverage	27.8%	37%	40% (2010 estimated)	

Targets	Year 1990	Year 2005	MDGs 2010 Report	Prospects for achievement in 2015
2 Proportion of rural population with access to safe drinking water	30%		79% (2009)	
3 Rural households with sanitary Patrines	20%		43% (2009)	
4 Households with temporary shelters	22.7% (1999)		7.8% (2009)	
Goal 8: Develop a Global Partnership for Development				**Achievable to some extent**
1 Total trade volume (million USD)		69,206	127,045	
2 ODA commitments (million USD)	2,400 (2000)	3,748	8,064 (2009)	

These remarkable achievements result from a combination of various elements, the majority of which have become valuable lessons. The most important lesson has been Vietnam's strong commitment and determination to realize the MDGs. This has been put into action through mainstreaming the MDGs into the socio-economic development goals and by developing Vietnam's own Development Goals (VDGs) to support the fulfillment of the MDGs, changing policies to specifically resolve MDG-related issues through the implementation of the National Target Programmes (NTPs), targeted programmes and projects, changing methods of mobilizing resources for development, and prioritizing under-developed regions and the vulnerable poor.

APPENDICE B: Sector Analysis

Finance and banking sector

In 2010, the State Bank of Vietnam (SBV) identified various Technical Assistance (TA) needs with a strong focus on policy formulation and financial planning. The SBV units that request TA include Monetary Policy, Credit, Foreign Exchange, Accounting, Payment, Statistics and Forecasting Departments as well as the banking Supervision Agency. It is expected that potential TA will cover the following technical areas:

- Consultancy support in policy formulation, studies and researches;

- Financial analysis and planning, macroeconomic analysis, policy scenario formulation;

- Skills for collecting and analyzing data relating to the macroeconomic situation, money, banking and financial markets (disposable capital, money supply, BOP, exchange rate, reserves);

- Forecasting capacity for policy making;

- Risk management and risk measurements for inter-bank market;

- Foreign exchange market management;

- Analysis of international investments for Vietnam, evaluation of potential risks of the capital inflows/outflows;

- Risk-based integrated supervision for credit institutions, formulation of credit rating, supervision processes.

Donor support (past, present and future) is included in the Financial Sector Assistance Matrix which is updated twice a year under World Bank coordination.

Health

In 2009, a joint Statement of Intent (SOI) was adopted between the Ministry of Health and the development partners on improving aid effectiveness in the health sector. The activities to improve aid effectiveness are summed up in the following 10 milestones, as described in the SOI, co-signed by Luxembourg:

- Matrix of donor activities produced on annual basis, to an agreed format. First matrix to be prepared by WHO.

- A study is carried out to assess the degree to which technical assistance in the health sector is harmonized and aligned.

- Guidance issued on provision of budget support in the health sector.

- Review of the approval, procurement and disbursement procedures for the use of health aid.

- Government approves the TOR for the HPG set out in annex 2, a dedicated funding mechanism for HPG secretariat is established and supported by interested partners. Procedures to formally link the HPG and other health-related partnership agreed.

- Review of transparency, accuracy and timeliness of financial information provided by partners.

- Finalization of expenditure framework linked to the 5-year plan which documents all external and domestic revenues for health.

- Completion of a viable 5-year plan with costs estimated for the health sector and associated monitoring framework.

- Assessment of the degree to which partner support is aligned with the 5-year plan and associated annual plans.

- Joint Annual Reviews carried out, involving all levels of Government, CSOs and donor partners, and disseminated.

Vocational training

The draft Vocational Training Strategy 2011-2020 has been developed with the following priorities:

- Completing the Master Plan of the vocational training schools throughout the country.

- Enhancing monitoring and supervision the quality in vocational training through revision of the training quality at vocational schools and assessment of professional skills of the workers basing on the basis of the national professional skills. This aims at recognizing professional skills for workers within different areas, creating favorable conditions for Vietnamese labor force to join regional and international labor markets.

- Development of vocational training in accordance with the standardization and modernization, development of criteria in vocational training, criteria in professional skills, criteria for vocational teachers, criteria in infrastructure, equipment, schools, factories.

- Development of mechanism, policies to create favorable conditions for enterprises to become key factor in vocational training, to facilitate enterprises in establishing vocational schools, to coordinate with vocational schools in training and creating jobs.