



**Country: Viet Nam
Initiation Plan**

Project Title: Programme development and policy advising on Inclusive Growth

Expected CP Outcome(s):

UNDP STRATEGIC PLAN OUTCOME 1. Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded.

One UN Viet Nam Strategic Plan (OSP 2017-2021) Outcome 1.1: Poverty and Vulnerability Reduction
By 2021, all people benefit from inclusive and equitable social protection systems and poverty reduction services, which will reduce multidimensional poverty and vulnerabilities.

UNDP CPD (2017-2021) Outcome 1: Poverty eradication and greater socio-economic equity

Initiation Plan Start Date: 25 April 2019

Initiation Plan End Date: 25 October 2020

Implementing Partner: UNDP (Direct Implementation by UNDP - DIM)

Brief Description

The objective of the initiation plan is to formulate innovative projects to support Viet Nam in making IR 4.0 inclusive through engaging partners in (i) policy dialogues to identify new areas of intervention and (ii) experimentation to identify new solutions, partnerships and resource mobilization opportunities. Key expected products will be project proposals/concepts submitted to potential partners, strategic policy studies and publications, policy dialogues and forums.

The proposed project will contribute to SDG 1 "Eradicate poverty in all its forms and everywhere by 2030", SDG 5 "Gender equality and empowerment", SDG 8 "Inclusive growth" and SDG10 "Reduce inequalities".

Programme Period: 2017 – 2021
UNDP CPD Outcome 1
UN OSP Outcome 1.1

Atlas Award ID: 00118551

PAC Meeting Date: 11 April 2019

Total resources required	\$ 250,000
Total allocated resources (2019)	\$ 189,000
• Regular (TRAC)	\$ 189,000
To be mobilized (2020):	\$ 61,000

Agreed by UNDP:

Caitlin Wiesen
Ms. Caitlin Wiesen, UNDP Resident Representative a.i.

Date:

17 April 2019

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I. PURPOSE

To a large extent, Viet Nam's growth to date has been inclusive. As UNDP-VASS NHDR 2016 indicated: the growth has been relatively high and with (i) relatively low inequality and (ii) improvements of income distribution. In the transition to its new development stage, Viet Nam faces some key risks and challenges, including challenges in economic uncertainty, climate change risks and IR4.0 induced changes in the global value chains. In addition to such challenges, Viet Nam must address a number of specific issues related to balancing continued growth, maintaining a focus on inclusion, while pushing for greener growth. Key challenges include:

- The low-middle income trap risk: the challenge is to transform the models of driving economic growth from exploiting natural resources and cheap/low skill labor to a new pathway with enhanced productivity, value addition, competitiveness and environmental sustainability as the new key drivers of growth, while continuing to create employment with higher productivity and income for Vietnamese people. The IR4.0 induced changes in drivers of growth and streams of jobs: It is anticipated that automation and IA will displace jobs in several sectors that have been driving Viet Nam's growth, but at the same time accelerating IR4.0 offers also new opportunities in the future streams of job and business opportunities. Whether Viet Nam will avoid the low-middle income trap and being left behind depends very much on how (i) Viet Nam's private enterprises will be able to enhance their productivity and competitiveness, and (ii) private sector's investment will increase, seeing a growth in entrepreneurship and innovative applications of IR4.0 and green technologies to create new drivers of growth, and new and greener streams of jobs.
- Risks to rising inequality and weakening resilience: higher returns to skills and innovative ideas, in addition to the return to capital and productive assets, in the next development stage with acceleration of IR4.0, will mean the increased risk of leaving behind those who don't have. The past inclusive growth model, as the NHDR indicated, has led to the fast reduction of the share of poor population group and the emergence of a very large middle group, at around 70% of population of near poor between 2 and 4 USD PPP a day and low middle income at 4-10 USD PPP a day. While the income of families within this group of the population helps them make the ends meet, as these families are not eligible to receive support from social services, and social protection and assistance policies, which mainly target the poorest and formal workers. Income for this group is insufficient to cope with shocks, take risks to invest in new business opportunities and reskill themselves to adapt to new streams of work and changes in the nature of jobs. Whether Viet Nam's future growth will continue to be accompanied by relative low inequality, ensuring that no one is left behind depends very much on, firstly, how Vietnamese children and workers will be equipped with 21st Century skills so that they can both create new drivers of growth and seize the new job opportunities that emerge, and, secondly, how Viet Nam's social protection systems together with health and education services can help protect those who cannot be reskilled, build resilience against income and health shocks and prevent those who are vulnerable, in particular the near poor and low-middle income, from falling to poverty and promote them to further develop.

To address the challenges, Viet Nam embarks on the process of preparation of the country's 10-year Socio-Economic Development Strategy (SEDS 2021-2030), 5-year Social-Economic Development Plan (SEDP 2021-2025). In the process, key stakeholders are searching answers to the key question of how to ensure Viet Nam's growth to continue to be both inclusive,

greener, more sustainable growth for providing opportunities for Vietnamese people to participate in, contribute to and benefit from national growth.

UNDP has been closely cooperating with GOVN in this process. Examples include (i) introduce the inclusive growth concept and approach in the joint UNDP-Viet Nam Academy of Social Sciences NHDR 2015 and inclusive IR4.0 concept in 2018 IR4.0 Summit with the participation of Sophia (UNDP Innovation Champion); (ii) assess the IR4.0 readiness of Viet Nam's manufacturing enterprises in a joint UNDP-Ministry of Industry and Trade (MOIT) IR4.0 readiness survey; (iii) assess Viet Nam's enterprises' productivity and competitiveness; iv) assess the trends of Viet Nam's development finance and make recommendations on financing SDGs; (v) conduct a multidimensional poverty reduction assessment in Viet Nam (Dec 2018) with zoom-in analyses on poverty trends among disadvantaged groups of ethnic minority areas and people with disabilities; and vi) provide 3Ms (Meet-Match-Move) innovative support to EM women groups in doing business in agriculture, craft and tourism in 14 provinces.

Building on past efforts and in line with the UN Viet Nam OSP and UNDP 's Country Programme Document (CPD) for the period 2017-2021, this Initiation Plan will engage potential partners in conducting joint activities that lay out the foundations for defining concrete interventions, innovative partnership mechanisms and resource mobilization opportunities for future joint UNDP-GOVN efforts in helping Viet Nam define strategic directions and concrete actions during the formulation and implementation of the country's SEDS/SEDP and achievement of 2030 Agenda.

II. STRATEGY

Under (and contributing to) the CPD (2017-2021) Outcome 1: Poverty eradication and greater socio-economic equity, the initiation plan aim to support the formulation of joint UNDP-GOVN innovative projects to assist Viet Nam in making IR 4.0 inclusive through engaging partners in (i) policy dialogues to identify new areas of intervention and (ii) experimentation to identify new solutions, partnerships and resource mobilization opportunities.

Key expected products will be project proposals/concepts submitted to potential partners, strategic policy studies and publications, policy dialogues and forums.

During the initiation plan period, policy and situation analyses, technical reviews, baseline studies and stakeholder analysis and consultations will be undertaken in order to contribute to the delivery of the key expected products.

III. EXPECTED OUTPUT

The initiation plan will support to implement activities to deliver the expected output of: ***New and innovative project ideas, concept notes and project documents with opportunities for scaling up innovative solutions, new partnership and resource mobilization.***

To deliver the output, the project will support:

- Policy analysis and discussion on innovative ideas/concepts on inclusive growth and making IR4.0 inclusive such as inclusive IR4.0, anticipatory governance, expanding private sector investment, enhancing productivity and competitiveness and development of Viet Nam's private sector/SMEs (including by better FDI-domestic

enterprises' linkages), leaving no-one behind through ensuring economic and financial inclusion among the poorest Ethnic Minority women, IR4.0 empowered 'decentralized economy', etc.

- Experimentations of innovative solutions such as in (i) multidimensional poverty monitoring and scaling up its application in poverty reduction efforts at national and local levels; (ii) technology assessment of food processing to support the transition toward inclusive IR4.0; etc..

Special attention will be paid, in the above-mentioned policy studies, dialogues and experimentations, to identify new ideas/innovative solutions, opportunities for scaling ups, as well as new partnership mechanisms (between UNDP, Government and Private sectors) and related resource mobilization opportunities; based on these, new project ideas/concept notes will be developed.

IV. MANAGEMENT ARRANGEMENTS

The initiation plan will be delivered under the direct implementation modality (DIM). Activities will be implemented by the Inclusive Growth Unit (IGU), under the direct supervision of the respective Assistant Resident Representative, Head of IGU and the overall programme management and oversight of the UNDP Deputy Resident Representative.

The implementation of the initiation plan will closely engage with relevant ministries and agencies including the Party's Theoretical Council and Economic Commission, Viet Nam Academy of Social Sciences (VASS), Ministry of Planning and Investment (MPI), General Statistics Office (GSO), Ministry of Industry and Trade (MOIT), Ministry of Agricultural and Rural Development (MARD), Ministry of Science and Technology (MOST), Ministry of Labour, War Invalids and Social Affairs (MOLISA) and other relevant institutions.

V. MONITORING

The Assistant Resident Representative, Head of Inclusive Growth Unit, will be responsible for overall monitoring of the initiation plan, with support as needed from UNDP Country Office Planning, Monitoring and Evaluation Analyst.

The Annual Progress Report shall be prepared to provide a review and assessment of project status and progress and highlight results achieved in accordance with the project work-plan. A Final Report will be prepared at the end of the Initiation Plan, specifying results achieved, lesson learns and way forward to scale up programme components.

VI. ANNUAL WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIME FRAME				RESPONSIBLE PARTY	2019 PLANNED BUDGET		
		Q2 2019	Q3 2019	Q4 2019	2020 (budget)		Funding Source	Budget Description	Amount (US\$)
And baseline, indicators including annual targets	List activity results and associated actions								
New and innovative project ideas, concept notes and project documents with opportunities for scaling up innovative solutions, new partnership and resource mobilization.	1.1 Anticipatory Governance for Inclusive IR 4.0								22,000
Baseline: Non-existence of new (long-term/full scale) project concept notes/documents on i)	Organize roundtables with SEDS's/SEDP's related senior researchers and policy makers, aiming at sharing international experience:					UNDP, Vietnam Academy for Social Sciences (VASS), Party's Theoretical Council	TRAC	International consultant	12,000
	- Experimentation approach for promoting entrepreneurship and innovations; lessons and experience from China	x						Workshop	3,000
Anticipatory Governance for Inclusive IR4.0/inclusive IR4.0; ii) expanding private sector investment/\$DG financing; iii) enhancing productivity and competitiveness and development of Viet Nam's private sector/SMEs; iv) MDP monitoring and scaling	Promoting innovations: Anticipatory governance experience from Finland						TRAC	National consultant	3,000
	- Disseminate and facilitate discussions on Inclusive IR4.0 growth/inclusive IR4.0 discussion paper (as inputs to the SEDS/SEDP)		x		x			Workshop	1,000
	Analyze Vietnamese context and develop a new project idea on anticipatory governance for Inclusive IR4.0 (including identify new partnership and resource mobilization opportunities).						TRAC	National consultant	2,000
			x					Workshop	1,000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIME FRAME				RESPONSIBLE PARTY	2019 PLANNED BUDGET		
		Q2 2019	Q3 2019	Q4 2019	2020 (budget)		Funding Source	Budget Description	Amount (US\$)
And baseline, indicators including annual targets up; v) financial inclusion (Government's e-transfer of social assistance; payments Indicators: Number and quality (with opportunities for scaling up innovative solutions, partnership and resource mobilization) of project concept notes developed in close cooperation with relevant partners. Targets (2019): 3 project concept notes/documents developed. Targets (2020): 5 project concept notes/documents developed	1.2 Expanding private sector investment, enhancing productivity and competitiveness of private sector, with the focus on SMEs, in IR4.0 context (including by better FDI-domestic enterprises' linkages) Finalize the Report on Productivity and Competitiveness of Viet Nam's Enterprises (Part 1 Manufacturing and Part 2 Agriculture and Services) and Organize high level policy dialogues Experiment pilot technology assessment in food processing to support transition to inclusive IR4.0 Conduct a study on IR4.0 empowered "decentralized economy" Develop a new project idea/concept note/project document (including identify new partnership and resource mobilization opportunities)	x	x	x		UNDP, VASS, Viet Nam Productivity Institute (VNPI)/ MOST, IPSARD/ MARD, NCIF/MPI		Workshop	43,000
									Printing cost
					10,000		TRAC (and to be mobilized)	National Consultants International consultant (15,000 – to be mobilized) Workshops	10,000
							TRAC	International consultant National Consultant Workshops (2020)	2,000 10,000 8,000
					2,000		-	No-cost in 2019.	-
1.3	Improvement of MDP's measurement and monitoring, scaling up the application of MDP approach								22,000
	Review the current MDP's methodology/indicators and	x	x	x		UNDP, MOLISA, GSO,	TRAC	National consultant	1,000

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIME FRAME				RESPONSIBLE PARTY	2019 PLANNED BUDGET		
		Q2 2019	Q3 2019	Q4 2019	2020 (budget)		Funding Source	Budget Description	Amount (US\$)
	<i>List activity results and associated actions</i>								
	SUBTOTAL								87,000
PROJECT MANAGEMENT	2.1 Indirect + GOE DPC	x	x	x	21,000	UNDP	TRAC	Staff Miscellaneous cost,	100,000
	2.2 Miscellaneous (translation, printing)	x	x	x		UNDP	TRAC	Miscellaneous	1,000
	2.3 Travel	x	x	x		UNDP	TRAC	Travel	1,000
	SUBTOTAL								102,000
TOTAL GRAND	TOTAL TRAC (allocated in 2019)								189,000
	TOTAL (to be mobilized for 2020)								61,000
	TOTAL GRAND								250,000