VIETNAM

127/187
Human Development Index 2012

92,477,860
Population

1.03%
Population Growth Rate

Hanoi
Capital

72
Life Expectancy at Birth

94%
Literacy

331,210 km²
Area

Vietnam
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 nine partner countries in order to optimise effectiveness and impact. Two out of these nine countries are in Asia, namely Vietnam and Lao PDR, 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 2012, Luxembourg’s ODA reached 310 Million EUR representing 1% 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. Luxembourg, as the acting Presidency of the Council of the European Union in 2005, played an important role 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 twelve 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 and climate change; gender; governance, capacity building; fragile states and microfinance.

Luxembourg’s development cooperation and humanitarian assistance policy is characterised 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.
The Development Cooperation programme between Luxembourg and Vietnam started in the early nineties and a first General Agreement of Cooperation was signed in 1995. The first Indicative Cooperation Programme (ICP) was signed in 2002 and over 32 million EUR were disbursed during the four-year period between 2002 and 2005 in the areas of vocational training (mainly in tourism), rural development and health.

With a budget of 50 million EUR, the second ICP (2006-2010) was aligned with Vietnam’s five year Socio-Economic Development Plan (SEDP) and the Vietnam Development Goals (VDGs). With regard to the overall objective of poverty alleviation, this ICP had a geographic focus on the poorest provinces and districts.

The ICP 2011-2015 is consolidation programme with a stronger geographic and sector concentration, pro-poor and aligned on the 2011-2015 SEDP. 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 as well as the hospitality and tourism industry.

The ICP is building on the experiences of the past and strengthening engagement in those sectors where successful cooperation already exists, namely in health, education through human resource development, rural development and local governance.

Encouraging results have been achieved in the health sector by strengthening the cold chain, both in blood safety and in vaccination through the Enlarged Programme for Immunisation (EPI) as well as in local development; irrigation, vocational training, agricultural development and good governance in remote areas in the center (Nghe An province) and in mountainous areas in the north (Cao Bang and Bac Kan province) where living conditions of the local populations, most of which are ethnic minorities, have significantly improved.

At the same time, following the commitments both countries have taken at the international level, namely in terms of aid efficiency, new efforts will be deployed to enhance coordination and harmonization. New aid modalities have thus been considered, such as sector wide approaches (swaps), Operational Partnership Agreements or through innovative participatory pilot projects. Furthermore, new areas of cooperation in banking and finance have been set up.

Luxembourg also continues to support the One UN initiative in Vietnam through contributing to the One Plan Fund. In addition, support is provided to national and international NGOs and local associations in order to strengthen civil society in Vietnam.

As a middle-income country, Vietnam will face new challenges. Therefore Luxembourg will adapt its future development cooperation focusing 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.
1. Bilateral Development Cooperation

<table>
<thead>
<tr>
<th>Duration</th>
<th>Code</th>
<th>Project</th>
<th>Implementing Agency</th>
<th>Total budget (Luxembourg)</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current /ongoing projects</td>
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<tr>
<td>2007-2013</td>
<td>VIE/024</td>
<td>Strengthening the Management of Vietnam’s Blood Cold Chain</td>
<td>LuxDev</td>
<td>3,100,000 EUR</td>
<td>Health</td>
</tr>
<tr>
<td>2007-2012</td>
<td>VIE/025</td>
<td>Strengthening the Cold Chain in the Framework of EPI</td>
<td>LuxDev</td>
<td>4,200,000 EUR</td>
<td>Health</td>
</tr>
<tr>
<td>2007-2013</td>
<td>VIE/026</td>
<td>Capital Market Development</td>
<td>LuxDev</td>
<td>3,000,000 EUR</td>
<td>Various / Finance</td>
</tr>
<tr>
<td>2009-2014</td>
<td>VIE/027</td>
<td>Health in Bac Kan &amp; Cao Bang</td>
<td>LuxDev</td>
<td>4,999,100 EUR</td>
<td>Health</td>
</tr>
<tr>
<td>2009-2014</td>
<td>VIE/028</td>
<td>Western Nghe An Rural Development Project - Phase III</td>
<td>LuxDev</td>
<td>6,000,000 EUR</td>
<td>Rural development</td>
</tr>
<tr>
<td>2009-2014</td>
<td>VIE/029</td>
<td>Technical Assistance for Developing Business with the Rural Poor in Cao Bang</td>
<td>LuxDev</td>
<td>2,475,044 EUR</td>
<td>Rural development</td>
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<tr>
<td>2010-2014</td>
<td>VIE/031</td>
<td>Strengthening of Human Resources in the Hospitality and Tourism Industry in Vietnam</td>
<td>LuxDev</td>
<td>2,950,000 EUR</td>
<td>Vocational training</td>
</tr>
<tr>
<td>Formulation</td>
<td>VIE/032</td>
<td>Financial Sector and Capacity Building and Training</td>
<td>LuxDev</td>
<td>3,000,000 EUR</td>
<td>Various / Finance</td>
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<tr>
<td>2013-2017</td>
<td>VIE/033</td>
<td>Climate Adaptive Local Development and Innovation Project in three Coastal Districts of Thua Thien Hue Province</td>
<td>LuxDev</td>
<td>8,000,000 EUR</td>
<td>Local development</td>
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<tr>
<td>Formulation</td>
<td>VIE/035</td>
<td>Support for the IFAD Tam Nong project in Tuyen Quang</td>
<td>LuxDev</td>
<td>2,000,000 EUR</td>
<td>Local development</td>
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<tr>
<td>Formulation</td>
<td>VIE/036</td>
<td>Irrigation in Cao Bang</td>
<td>LuxDev</td>
<td>5,500,000 EUR</td>
<td>Rural development</td>
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2. Multilateral Cooperation

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<thead>
<tr>
<th>Duration</th>
<th>Project</th>
<th>Implementing Agency</th>
<th>Total budget (Luxembourg)</th>
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<td>Current /ongoing projects</td>
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<td></td>
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<tr>
<td>2010-2013</td>
<td>Strengthening of in-land tourism in Quang Nam</td>
<td>ILO</td>
<td>1,000,000 EUR</td>
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<tr>
<td>2012-2014</td>
<td>eRegulations - Transparency of rules and investment procedures in Vietnam - Phase II</td>
<td>CNUCED</td>
<td>433,308 EUR</td>
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<td>2012-2016</td>
<td>Strengthening women’s response to climate change</td>
<td>UN WOMEN</td>
<td>1,009,452 EUR</td>
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<td>2012-2016</td>
<td>Delivering as One - Vietnam 2012-2016</td>
<td>PNUD-ONE UN</td>
<td>2,915,230 EUR</td>
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<tr>
<td>2012-2016</td>
<td>Helping the children of ethnic minorities in the province of Dien Bien</td>
<td>UNICEF</td>
<td>1,915,961 EUR</td>
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3. Programme Support

<table>
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<th>Implementing Agency</th>
<th>Total budget (Luxembourg)</th>
<th>Sector</th>
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<tbody>
<tr>
<td>2012-2015</td>
<td>Scholarships in Hospitality and Tourism</td>
<td>LTHAH BBI-Lux</td>
<td>1,350,000 EUR</td>
<td>Vocational training</td>
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</table>

4. Luxembourg NGOs working in Vietnam

<table>
<thead>
<tr>
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<th>Project</th>
<th>Implementing Agency</th>
<th>Total budget (Luxembourg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-2015</td>
<td>Aid to the poorest of Binh Thuận</td>
<td>Aide au Vietnam</td>
<td>189,124 EUR</td>
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<td>2012-2013</td>
<td>Construction of 10 classrooms - Primary school Viet Anh</td>
<td>Aide au Vietnam</td>
<td>90,815 EUR</td>
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<td>2012-2015</td>
<td>Support to hearing-impaired youth 63,000 EUR (part MFA 48,000)</td>
<td>Caritas Foundation Luxembourg</td>
<td>63,000 EUR</td>
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<td>2012-2015</td>
<td>Support to livelihoods of ethnic minorities in Ha Giang province 350,000 EUR (part MFA 280,000)</td>
<td>Caritas Foundation Luxembourg</td>
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</table>

5. BI-MFA

<table>
<thead>
<tr>
<th>Project</th>
<th>Total budget (Luxembourg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-projets</td>
<td>50,000 EUR</td>
</tr>
</tbody>
</table>
Evolution of Development Cooperation with Vietnam

2011

- Bilateral Cooperation: 5,016,145 (EUR)
- Programme Support: 426,017 (EUR)
- Multilateral Cooperation: 1,086,068 (EUR)
- NGO: 498,978 (EUR)

2012

- Bilateral Cooperation: 6,034,313 (EUR)
- Programme Support: 608,992 (EUR)
- Multilateral Cooperation: 1,835,709 (EUR)
- NGO: 512,478 (EUR)
Evolution of disbursements in Vietnam (in thousand EUR)

- 2008: 6,732,29
- 2009: 5,098,97
- 2010: 5,984,67
- 2011: 4,376,20
- 2012: 5,023,83

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Lux-Development in Vietnam

LuxDev is responsible for implementing the bilateral cooperation programme in Vietnam on behalf of the Luxembourg Government. In addition to managing the programme, LuxDev is also in charge of the formulation of new projects and programmes, selected by the Luxembourg Government following requests from its Vietnamese counterparts.

The Agency is represented by its regional office, located in Hanoi. The regional office also overlooks the development programme in Lao PDR and provides a bridge between headquarters, the programmes and the national administrations. Details of projects currently being implemented are given, by sector, in the following pages.

**Distribution by sector of the 2012 disbursements**

- **Local Development**: 49.12%
- **Health**: 25.89%
- **Agriculture & Food Security**: 47.18%
- **Education - Training & Access to Employment**: 14.04%
- **Microfinance & Financial Sector**: 10.95%
Since 1995, Luxembourg has been assisting Vietnam in the area of strengthening the cold chain for blood safety. In addition to equipment supply, importance has always been attached to maintenance and training.

The target group of project VIE/024 consists of Hospital managers, administrative and technical staff in provincial and district hospitals responsible for the blood cold chain. Catchment hospitals around the National Institute of Haematology and Blood Transfusion and the four Regional Blood Transfusion Centers (RBTCs) in Hanoi, Hue, Ho Chi Minh and Can Tho are main beneficiaries. It is a large training project cum equipment procurement and aims to improve blood transfusion for patients in Vietnam by increasing the quality, safety and availability of blood components and related services.

In addition to replacing non-functioning equipment and rationalising equipment planning, the project facilitates support training for hospital staff involved in cold chain management such as medical personnel, management staff and those responsible for maintenance and repair. VIE/024 integrates maintenance in activities at different levels, going from procurement with installation upon certification by the facilities of the maintenance criteria, to training at regional level on maintenance and finally together with the World Health Organisation and the World Bank initiatives at national level, the creation of a comprehensive National Blood Service.

The project has achieved its target of actively involving physicians, hospital administrators, engineers and operators to intensify the technical collaboration as solicited from the Ministry of Health’s planning, human resource development and quality control departments.

Luxembourg contribution: 3,100,000 EUR
The Luxembourg Government has been assisting Vietnam with cold chain technology for the Expanded Programme on Immunisation (EPI) since 1994. A first project (VIE/018) implemented by LuxDev titled “Strengthening of the Cold Chain in Mountainous/Remote Areas of Vietnam” (2002-2005) provided some 4,000 refrigerators and associated maintenance training.

This second follow-up project (VIE/025) builds on the National Institute of Hygiene and Epidemiology’s multi-year plan for EPI 2006-2010 (and beyond) – again focusing on cold chain equipment and overall management support.

The expected project results are that (i) the EPI network is adequately equipped and fully operational at provincial and district levels; and (ii) the EPI structure has improved its capacities in management and operations including partial sustained financing of all planned preventive and repair maintenance at all levels.

The project’s focus was the building of a national maintenance organisation and for this purpose a national task force has been established. The main challenge was to create an environment that is conducive to applying good and internationally recognised cold chain equipment management procedures and practices at all levels (national, regional and districts), including maintenance. It will require an attitudinal change and a strong commitment from EPI leadership.

Major outcomes of the project are that the EPI network is now adequately equipped and fully operational at provincial and district level. The National and Regional EPI has improved its capacities in management at regional, provincial and district levels, thanks to the technical support to EPI management in development of the cold chain management system (software and analysis for maintenance system re-design). Also a sustainable Maintenance Programme for the EPI with the elaboration of a sustainable maintenance plan has been developed and is on the way of its implementation. Furthermore an out-sourced qualified maintenance services (nationwide) is in progress through the established contracting as well as monitoring activity.

The participants of training (EPI staff) and equipment users at different levels have acquired fresh skills in effective cold chain equipment and vaccine management through enhanced capacity development activities, thereby securing the quality of vaccine storage and cold chain equipment maintenance at their localities.
In view of the increasing privatisation of Vietnam’s public sector (both financial and non-financial), the Luxembourg Ministry of Foreign Affairs mandated LuxDev in collaboration with Luxembourg’s Financial Technology Transfer Agency (ATTF) to implement an economic programme to support the development of the capital markets in Vietnam.

The background of the support is to provide theoretical and practical knowledge of international financial markets, which the Vietnamese Government wants to open up to foreign investors whilst retaining essential and necessary control systems. Due to the lack of proper and detailed legislation and regulation, supervision and expertise in the capital markets, Vietnam is facing important issues and risks.

In accordance with the role and mandate of the State Securities Commission (SSC), the project’s counter-part institution, the objective was to establish tools and systems for efficient “risk-based” supervision over capital markets and financial institutions by supporting SSC’s management and regulatory mandate in the fields of investment funds, pension funds, financial conglomerates, market conduct, corporate governance and cross border services.

The project components relate to (i) the strengthening of the legal framework, especially the decrees and circulars operationalising and referring to the recently introduced Securities Law, (ii) the consolidation of public offering and trading of securities, (iii) the establishment of information disclosures via Information Technology (IT) and related tools - essentially related to (iv) the supervision of capital markets.

The project was extended by both Governments until June 2013 in order to fully deliver the Information Disclosure System, including assisting SSC to convert data for the Market Surveillance System.

Luxembourg contribution: 3,000,000 EUR
Vietnam continues to make good progress in national economic development. 

Whilst overall health status indicators are improving, average figures obscure important differences be-tween socio-economic groups. Put simply, the poor and near poor are not benefiting from health improvements as much as other groups so that socio-economic differences in health service utilisation and health status are not being reduced fast enough to reach key national health targets and broader goals such as the MDGs. 

The rationale for the project is set out to improve the health status of the population in six pilot districts of Cao Bang and Bac Kan province with a specific focus on increasing the access to better quality primary health care services and their appropriate use by the poor population. 

The intervention areas are home to large numbers of ethnic minorities where topography makes travel to health facilities time consuming and often costly. Therefore the project has a strong poverty focus to render health financing of the poor more efficient while increasing the coverage and improving its management. Also in regard of improving the access of the poor to better health care, performance-based plans and guidelines will be prepared, implemented and monitored. Communal Health Centres (CHCs) play a vital role in the primary health care services and so the projects will tend to reinforce the technical and managerial capacities of their staff not with standing construction of new CHCs and rehabilitation of existing structures.

In addition, the project emphasis on strengthening the coordination, sharing experiences and lessons learned among stakeholders, project and other partnership group (WB, EU, GIZ, PATH, etc.) through dissemination workshops, consultative meetings, symposium, study trips, etc.
Luxembourg had a cooperation programme in Nghe An province since 1994, through the first Nghe An Rural Development Project VIE/007 and thereafter Western Nghe An Agricultural Development Project VIE/014.

The present project is proposed as a consolidation phase of the previous interventions, to incorporate lessons learned and capitalise on the successes.

VIE/028 targets the same three mountainous districts as VIE/014: Con Cuong, Tuong Duong and Ky Son and the novelty of this project consists of its systematic targeting of the poorest communities in the project area and of applying systematically sustainability criteria to all its interventions.

The project’s aim is rural poverty alleviation in particular to improve sustainable rural livelihoods through appropriate and diversified agricultural production and related infrastructures. These objectives will be achieved through (i) strengthening of local capacity to deliver appropriate sustainable agricultural development services, (ii) rural households benefiting from adoption of appropriate and diversified sustainable agricultural practices, and (iii) improvement of rural communities’ access to goods and services.

In recognition of the diversity of activities, which comprise rural livelihoods in the project area, the project adopts an integrated approach to agricultural development support. A key component of the project is the capacity development of agricultural service providers to offer an appropriate and demand-responsive service to farmers.

The different development plans, supported by the project, show that the participatory approaches led to better outcomes and ensured a higher commitment from lower levels of the government sectors. The consultations through a participatory methodology and the integration of existing Village Development Plans for the socio-economic plans provided a strong basis. In such a way socio-economic and sector planning and agriculture activities are considerably improved and on target.

Luxembourg contribution: 6,000,000 EUR
The purpose of the “Developing Business with the Rural Poor Programme” is to empower poor house-holds in targeted rural communities to organise themselves for profitable market participation along value chains, in a socially equitable and environmentally sustainable manner. Enabling policy environment, increased private investment and provision of business development services are essential instruments for achieving this objective. This programme has been established on the basis of a finance agreement between the Government of Vietnam and the International Fund for Agricultural Development (IFAD).

The components of the programme are (i) improving business and investment environment, (ii) rural business development services and (iii) amplification of market access for the rural poor. These three components are to lead to the specific objective of rural poor people empowered to benefit from an enhanced market participation in Cao Bang province.

The Luxembourg support to this project will have a clear focus on strengthening the local actors in terms of coordination, planning, budgeting and implementation and the provision of specific complementary technical assistance where necessary towards the local institutions in order to achieve the objectives and results of the IFAD programme in a most efficient and effective manner.

The latest IFAD Supervision mission (May 2013) undertaken in partnership with the provincial project management unit and the VIE/029 technical assistance team assessed the implementation progress of the programme as satisfactory. Over the past year major achievements have been noticeable in regard to important policy achievements, institutionalising market-based approaches and decentralized project management. Through the empowerment of the farmer’s common interest groups, the community participation for market-oriented planning and the agricultural production has been linked towards a demand driven approach.

Luxembourg contribution:
2,475,000 EUR
The biggest challenge the tourism sector in Vietnam is facing in the next decade is the availability of capacitated and skilled human resources. The long-term vision of the Ministry of Culture, Sports and Tourism is that Vietnam will have a network of hotel and tourism schools located strategically around the country, with the capacity to provide training, in terms of quantity and quality, according to international standards.

The overall development objective of the project is to supply the hospitality and tourism industry in key tourism zones identified by the Government of Vietnam with qualified personnel. The specific objective is increased quantity and improved quality of graduates from selected tourism schools/colleges in key tourist zones through upgraded capacities of schools to deliver practice-oriented and demand-driven training. The project tasks and activities aim to further strengthen capacity and to produce uniform quality of human resources at an internationally competitive quality level. This will be achieved through the expansion and upgrading of practical training facilities needed to continue to make tourism training responsive to industry needs and to generate a revenue-stream which is critical to the long-term sustainability of tourism training providers. National impact will be maximised through strategic interventions in nine tourism schools: Hanoi, Haiphong, Hue, Nha Trang, Danang, Dalat, Ho Chi Minh City, Vung Tau and Can Tho.

Furthermore, a substantial national capacity building programme for new and existing
teaching personnel in the nine participating schools will be installed to equip them with the skills and knowledge to deliver quality training and adequate academic standards in accordance with regional and national standards and appropriate to the needs of the hotel and tourism sector. School/college directors and senior managers of tourism schools will have access to training and support services to equip them with the skills to develop, maintain and manage their institutions efficiently and effectively aspiring to international benchmarks.

The project also cooperated with the British Council in delivering the English teaching methodology to about 120 English teachers from the nine tourism schools.

On a bi-annual basis, the working group composed of the nine schools and the project technical advisors meets and exchanges experiences in teaching and capacity development. The latest forum took place in November 2012 in Da Nang.

Through its interventions the project will contribute significantly to the overall development of the tourism sector, which is seen as a major contributor to Vietnam’s Gross Domestic Product.

Luxembourg contribution: 2,950,000 EUR
In the framework of the preparations for the Indicative Cooperation Program 2011-2015, a study commissioned by the Luxembourg Ministry of Foreign Affairs in mid 2011 tried to identify the expertise available within the banking and finance sector in Luxembourg which could best respond to the needs and challenges of this sector in Vietnam in accordance with the Vietnam Socio-Economic Development Plan while taking into account interventions by other development partners.

After the appraisal of potential partners, for instance, academic and training institutions relevant to banking and financial markets and given the Government of Vietnam’s request in regard of a project concentrating on the “Provision of Expertise and Technical Assistance to the Financial Sector and Capacity Building and Training”, the suggested approach for implementation will be two-folded.

First, the project will try to establish a delivery mechanism for tactical needs at the level of multiple government and regulatory entities responsible for financial sector development.

Open to private sector priority needs but to a lesser extent. It would focus on technical training and assistance, seeking to leverage Vietnamese expertise, bringing in external expertise where necessary and shadowing this with relevant Vietnamese experts both to assist effective delivery and to encourage the development of the domestic body of knowledge.

Secondly, as a separate initiative, to support vocational training for securities’ jobs, fostering Luxembourg-Vietnam cooperation, linking the Bank Training and Consultancy Joint Stock Company in Vietnam to the Agence de Transfert de Technologie financière and the Institut de Formation Bancaire Luxembourg in Luxembourg.

The project will be implemented over a period of four years, starting at the earliest end 2013.
This new project builds upon the successes of project VIE/023 Quang Dien Local Development which was implemented from 2007 to 2012. VIE/023 was the first project in Thua Thien Hue (TTH) province implemented according to the Hanoi Declaration and MPI Decree 131. It was also the first project to create a partner-managed, jointly financed Local Development Fund whose activities derive from the Local Participatory Planning Process. As such, VIE/023 is the major reference for the extended project VIE/033 “Climate Adapted Local Development and Innovation Project”, with the addition of an environmental and climate adaptation component and adding to VIE/023’s Quang Dien district the two lagoon-based districts of Phu Vang and Phu Loc.

The three target districts in TTH province have an approximate population of 400,000 on 124,000 ha of land and 22,000 ha of lagoon area. The poverty rate is 22%, equivalent to about 12,000 households. The districts differ significantly in orientation and dependency on urban opportunities: Phu Vang is in many socio-economic respects the periphery of Hue City; Phu Loc is urbanising through investments for the tourism sector; while Quang Dien remains mostly dependent on insecure agriculture and migration.
The sandy and annually flooded land (about 50%) of the target areas cannot support the livelihoods now expected by the rural Vietnamese, and certainly cannot support the aspirations of the young generations (50% under the age of 25). Migration, seasonal labour, daily casual labour and processing and/or marketing of farm and non-farm products are the way of the future.

Climate change is accelerating and its manifestations are happening at a faster rate and are more violent than predicted by the global scientific authorities. The three districts are well positioned to integrate Climate Change Adaptation and Disaster Risk and Reduction into local socioeconomic planning, to recognise local innovations and adaptations, and to combine, at the implementation level, provincial and national plans and Inter-Coastal Zone Management. Thus VIE/033 will emphasise local level mobilisation, participation, planning and management, with project-supported activities that are well integrated into the Government of Vietnam policies and strategies, the most predominantly being the New Rural Development Programme.

The most frequent common concern is the annual damage to the population in vulnerable areas. Therefore, the core process of finding adequate solutions will try to increase a surplus for house-hold and community security and opportunity, through an improved agricultural production system.

The project’s approach was developed among the three components: Capacity Development, Resource Management and Production Systems.

Through capacity development the beneficiaries can initiate and cooperate to strengthen the collective capacity to manage natural systems (resources) in order to be more creative, efficient and equitable to enhance their livelihoods (production).

The expected benefits of the project are to generate an increasing surplus for households and communities (food, savings, assets, labour, time, cooperation, and socialisation), as well as improved community mobilisation and cooperation. The main target groups include the most vulnerable people who rely on climate dependent resources and livelihoods. Women will be empowered to participate more in income generating activities, and to have more say in decision-making. VIE/033 will address women in governance through strengthening local Committees for the Advancement of Women.

Luxembourg contribution:

8,000,000 EUR
Luxembourg Development Cooperation is committed to provide technical assistance and possibly other types of support to increase the efficiency and effectiveness of the third IFAD loan in Tuyen Quang.

The modality is similar to existing experiences in Cao Bang (VIE/029) and in Laos (LAO/026) whereby LuxDev offers mainly technical support to the Provincial Project Management Unit established for planning and implementing the IFAD loan.

The IFAD Tam Nong Support Project will help a number of provinces including Tuyen Quang to carry out pro-poor institutional reforms, including a more decentralized, grass-roots, bottom-up participatory approach, promoting agribusinesses and working in a “facilitator-not-implementer” manner.

A particular focus is placed on reaching ethnic minorities, especially those in remote and upland areas, for whom the gap in rural incomes is growing.

The Tuyen Quang Provincial People’s Committee is requesting Luxembourg-financed project VIE/035 through targeted technical assistance to capacitate the institutional set up towards market-oriented participatory socio-economic planning while improving and developing the business environment. As in VIE/029, the participation of the private sector and promotion of public-private partnership in agricultural business while expanding market access opportunities for the rural poor through pro-poor value chains is of great importance.

Luxembourg contribution: (Formulation) 2,000,000 EUR
To build upon previous successes of project VIE/019 “Nam Tuan Irrigation” implemented between 2006 and 2010, the Government of Vietnam submitted a request to further improve the irrigation systems in targeted poor areas.

Natural, cultural, historical and commercial factors combine to render Cao Bang’s agricultural productivity (per ha, per person) well below the averages of the northern region. With few alternative livelihoods, and low in education and training, many households are trapped in cycles of poverty, land shortage, food shortage, nil surplus, debts, low innovation, weak market power, poor health, poor nutrition, low community mobilisation, and low aspirations. Average poverty rates in the four target communes are 38% (Le Lai), 33% (Duc Xuan), 24% (Doc Lap) and 13% (Duc Long).

The development of irrigation schemes in Cao Bang, in support of i) poverty reduction especially in mountainous areas, meeting the needs of ethnic minorities and other population segments with difficulties, as well as ii) food security improvement and iii) efficient utilisation of land and water resources, is one of the multiple issues which are prioritised in the provincial five-year Socio-Economic Development Plan stretching until 2015. The project is also in line with other Vietnamese decisions and resolutions, beyond the National Target Programme 800 which will be dominant for Vietnam’s rural development over the next ten years comprising among others the protection of productive lands and modernisation of agriculture and the poverty reduction and enhanced service delivery in rural areas.

The Project is designed to make closer linkages between the irrigation and production, with a common objective of highest efficiency in water productivity and agriculture production. It will therefore concentrate on the improvement of the agricultural productivity as well as the diversification of sources of income, improve the marketing framework and develop the capacity of the targeted households, governmental agencies as well as private service providers.

Gender equality is at the center of the objectives, strategy and spending priorities. Higher yields and dry-season crops give the higher returns to labor and land, food surpluses and disposable income which impact mostly on the condition of women and children, enabling them to eat more and varied food, have time and means to protect/recover their health, to be more involved in progressive activities, and to learn and aspire to wider options.

The project is planned to start in early 2014 for total implementation period of five years.

Luxembourg contribution: (Formulation) 5,500,000 EUR
LuxDev intervention limited to the town
LuxDev target area extending to the whole region
Luxembourg Cooperation Mission VIE, LAO (Hanoi, Vietnam)
LuxDev Regional Office VIE, LAO (Hanoi, Vietnam)

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LuxDev’s mission in Luxembourg in the partner countries and on the international stage

Our mission is applicable both in Luxembourg and in the Luxembourg Development Cooperation partner countries.

In Luxembourg: a reliable partner for the Luxembourg state

In Luxembourg, our mission is to enable the Luxembourg state to implement its proactive and ambitious development cooperation policy, which aims to eradicate poverty and achieve sustainable development, including the social, economic and environmental aspects of development. As a government agency, LuxDev aims to be the bilateral channel by which the government of the Grand Duchy of Luxembourg expresses its international solidarity that forms the basis for its external affairs. LuxDev also constitutes a centre of competence available to the Luxembourg state, and particularly the ministry responsible for development cooperation, to help it accomplish its task of setting out political and strategic guidelines, as well as negotiating the ICPs. LuxDev supplies the ministry responsible for development cooperation with the data required for the better provision of information and improved answerability to the parliament and to the public.

In the partner countries: capacity-building

In the field, LuxDev seeks to maximise ownership of development by the partner countries - in other words, their capacity to have genuine control over their development policies and strategies by coordinating the development support provided to them by technical and financial partners. LuxDev thus seeks, in each of its interventions, whatever form they may take, to develop the capacities of those with whom the Agency is cooperating.

LuxDev sets out to be a reliable partner and wants to be fully conversant with and adopt various cooperation approaches and procedures that are consistent with the principles of international agreements. The Agency applies them in line with the mandates given to it by the Luxembourg state.

LuxDev seeks to back up its partners, without taking their places, in making the changes they wish to in complex situations. In order to do this, the Agency develops its skills in the priority sectors and cross-cutting issues of Luxembourg development cooperation as well as in development cooperation approaches and procedures. In addition, the Agency equips itself with analytical and conception skills which enable it to base its decisions and risk-taking on solid foundations and to position its interventions properly.

LuxDev considers itself to be mutually responsible, together with its operational partners, for the results obtained. The Agency seeks to develop its management approach so that it is based on results rather than on methods.

On the international stage: an actor recognised by its peers

Internationally, LuxDev participates in the studies carried out by its peers and is actively involved in international networks, particularly European ones, where its expertise is useful. The Agency makes good use of opportunities for operational collaboration, especially within the framework of the European Union Code of Conduct on Complementarity and the Division of Labour in Development Policy.
LuxDev is the Luxembourg Agency for Development Cooperation. A private limited company (*société anonyme*) with its head office in Luxembourg, its shareholders are the Luxembourg state (98%) and the *Société nationale des Crédits à l’Investissement* (2%). Its private status makes it possible for the Agency to work in a dynamic and flexible way. Its board of directors is made up of representatives of the Luxembourg government, professional associations, unions, the federation of development NGOs, two private individuals and the Agency’s managing director.

In 2008, the Agency celebrated its 30th birthday. Over the last 15 years it experienced continuous and sustained growth. It now has approximately 60 staff members working at the head office in Luxembourg as well as about 30 staff members working at the six regional representations and on the programmes. Just under 100 professional consultants and eight junior technical assistants also contribute their skills as part of the implementation of the projects and programmes in the field.

LuxDev manages most of the resources allocated by the Luxembourg government to public development aid, within a strictly bilateral framework. In addition to this main task, the state may call upon the Agency to carry out one-off operations relating to emergency aid, other tasks within the sphere of development cooperation and any other international cooperation missions. LuxDev also manages programmes funded by other bilateral donors and by the EC through mechanisms such as ‘indirect centralised management’ or ‘facilities’.

The Agency concentrates mainly on Luxembourg development cooperation’s nine privileged partner countries, which is a list defined by the Luxembourg government primarily on the basis of the Human Development Index (HDI) as published by the UNDP: Burkina Faso, Mali, Niger, Senegal, Cape Verde, Laos, Vietnam, Nicaragua and El Salvador. It should be noted that six of these nine countries are in sub-Saharan Africa. LuxDev also works with other countries receiving support from Luxembourg Development Cooperation: in Africa (Rwanda), in the Balkans (Serbia, Kosovo and Montenegro) and in Asia (Mongolia). It should be noted that a policy of geographical concentration will be continued with the programmed withdrawal from El Salvador.

Taking its inspiration from the MDGs, Luxembourg Development Cooperation focuses on three key sectors:

- **Health**;
- **Education, including Vocational Training and Job Integration**;
- **Integrated Local Development, including various aspects such as Water and Sanitation, Decentralisation and Microfinance**.

LuxDev naturally developed these sectors, as well as three cross-cutting issues selected by Luxembourg Development Cooperation (gender equality, the environment and good governance) into its spheres of specialisation.
The relationship between LuxDev and the Luxembourg state is governed by a convention, which was renewed in October 2008. This convention stipulates that in carrying out its tasks, the Agency shall abide by the political commitments made by the state at the international level, including the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action, the European Consensus on Development and the European Union Code of Conduct on Complementarity and the Division of Labour in Development Policy.

Our values

LuxDev believes that development cooperation should be guided by respect for shared values which ought to inform both its relations with others and its own day-to-day organisation. The Agency’s staff members base their commitment on the following values:

• Respect for others;
• Integrity;
• Solidarity;
• Effectiveness.

The first value refers to our wish to promote a world made up of diversity.

The second value is explained in the Agency’s code of conduct.

The third value affirms LuxDev’s adherence to the fundamental basis for the significant efforts made by Luxembourg in terms of ODA. Since 2000, Luxembourg has been one of the five industrialised nations devoting over 0.7% of GNI to development cooperation. In 2010, this figure reached 1.05% of GNI.

The fourth value expresses LuxDev’s desire to continue the efforts to achieve a high level of quality that have enabled it to obtain ISO 9001:2000 certification. LuxDev wants to continue to be seen as a committed institution that has a close relationship with its partners, and which is reliable, responsive, flexible and innovative, able to adapt to the diverse situations that it encounters. The concept of effectiveness refers to the roadmap in the Paris Declaration; this value thus encourages us to take ownership of the principles contained in that declaration.
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