



Australian Government



VIETNAM COVID-19 DEVELOPMENT RESPONSE PLAN

- Australia is working with Vietnam, building on our Strategic Partnership, to support a healthy, cohesive and resilient Vietnam.
- Vietnam's initial response to the emerging COVID-19 pandemic was swift and decisive but economic risks are growing.
- Australia's recovery efforts in Vietnam will be bolstered by a new whole-of-government Australia-Vietnam Enhanced Economic Engagement Strategy (EEES).

Australia and Vietnam are strategic partners, and share a vision of a stable, prosperous and inclusive Indo-Pacific region. The links between our people are strong and growing. Australia is committed to an ambitious economic agenda in Vietnam, through which we will support jobs, growth and recovery for both countries and the region.

COVID-19 SITUATION ANALYSIS

Vietnam's initial response to the COVID-19 pandemic was swift and decisive. In mid-2020, Vietnam had recorded comparatively few cases. While the Vietnamese Government has successfully managed the immediate impacts of COVID-19, it is facing severe economic and social consequences arising from the global pandemic. Australia will help Vietnam strengthen its economic and social resilience.

COVID-19 risks interrupting Vietnam's remarkable story of growth and development. Vietnam is committed to global economic integration and trade liberalisation, including through its participation in a growing network of free trade agreements, including the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP – under negotiation).

The World Bank reports that since Vietnam initiated market reforms in 1986 it has lifted over 40 million people out of poverty. Over the last two decades, Vietnam has quadrupled median household income, improved life expectancy significantly and provided the majority of the population opportunities for social mobility. Between 2002 and 2018, Vietnam reduced national poverty from over 70 per cent to below 6 per cent, although rates of inequality remain a challenge.

Vietnam's reliance on international supply chains and dependence on tourism means its economy is hurting. For example, its rigorous social distancing measures have had a significant impact on the services sector. In the first six months of 2020, 60 per cent of Vietnamese businesses suffered a decline in revenue, more than 1.4 million workers lost their jobs and foreign direct investment has slumped. While Vietnam is likely to fare better than others in the region, it is still forecast to have its lowest growth in decades.

The crisis has had a disproportionate effect on the most vulnerable. It is having a significant impact on workers in the informal sector, who make up 57 per cent of the non-agricultural labour force. Women are overrepresented in the sectors most affected by the crisis, including retail, hospitality, tourism and export-oriented garment manufacturing. Women have taken on the bulk of the increase in unpaid caring duties, which has also reduced their availability for work. Global gender-based violence during COVID-19 isolation periods has surged, including in Vietnam.

The Vietnamese Government has prioritised dual goals of health security and ensuring growth, including through plans to accelerate public disbursement and control inflation. It announced a range of stimulus measures to support economic recovery and social cohesion, including tax concessions, business fee reductions, electricity tariff cuts and cash transfers: cumulatively worth 3.5 per cent of GDP. The State Bank of Vietnam has used monetary policy to stabilise exchange rates, maintain credit growth and ensure liquidity. While these measures will help, five factors which influence Vietnam's ability to recover and achieve its development ambitions remain.

First, Vietnam's economy is vulnerable to ongoing weak external demand and supply chain disruptions. Financial sector stability may be undermined as more banks are



exposed. Vietnam's fiscal and external accounts may deteriorate, creating a multi-billion dollar financing gap.

Second, Vietnam's investment and open trade growth model may come under pressure from protectionist forces the longer the crisis continues or in the event of additional external shocks.

Third, Vietnam's immediate focus on COVID-19 recovery may slow the pace of reform on a range of pre-COVID challenges, including the need to strengthen market institutions, reform State Owned Enterprises, improve the business climate, finance infrastructure development, strengthen human capital and enhance productivity.

Fourth, COVID-19 impacts could exacerbate inequality (across regions and groups) and make it harder to close the development gap for Vietnam's ethnic minorities, women and people with disabilities.

Fifth, COVID-19 could accelerate or complicate a number of mega trends: supply chain diversification, geo-economic competition, digitisation, automation and contact-free economic activity, climate change and an ageing population. These are all long-term challenges for Vietnam.

AUSTRALIA'S RESPONSE

This plan repositions Australia's existing development assets to respond to COVID-19 and support recovery in Vietnam. It harnesses all of the diplomatic, security and economic partnerships managed by Australian Government agencies represented in Vietnam.

The plan will work in tandem with the forthcoming, whole-of-government Australia-Vietnam Enhanced Economic Engagement Strategy (EEES), announced by Prime Ministers Morrison and Phuc in August 2019. The EEES will articulate a path to deepen economic ties, supporting economic recovery in both countries by promoting liberalisation, seizing market opportunities, enhancing supply chain security and diversifying trade.

Australia will continue to play to its comparative advantage in Vietnam, offering development assistance in the areas of education and skills, economic reform, infrastructure, research, innovation, energy and resources, and gender equality. These are areas where Australia can make the most impact in Vietnam.

Australia's efforts will build on our initial response package of more than \$10 million, which focused on ensuring Vietnam had access to the best available economic analysis to support economic recovery and to protect women and children from the increased threat of violence.

Health Security

To strengthen health security in Vietnam, Australia will promote a more resilient Vietnamese health system, better able to maintain full health service delivery in the event of further health security threats, including a future wave of COVID-19. Our global health investments will help strengthen Vietnam's health systems, provide access to lower cost health products and address other major disease burdens, including tuberculosis and malaria. We will support equitable access to safe and effective COVID-19 vaccines in Vietnam through multilateral and regional initiatives to finance, assess, deliver, and monitor COVID-19 vaccines. Australia will continue its regional support for sexual and reproductive health. We will invest in Vietnamese innovation to support new health approaches, including the trial of artificial intelligence in COVID-19 responses.

We will increase links between Australian and Vietnamese scientists, health professionals, security forces and research institutions. This will include offering health fellowships, identifying health as a development priority within our scholarship programs, and linking scientific research efforts through CSIRO, Australia's Centre for Disease Preparedness and the Indo-Pacific Centre for Health Security.

Australia's law enforcement agencies and defence forces will continue to exchange information with Vietnam to strengthen health security. Australia will contribute to COVID-19 recovery effort through ASEAN dialogues and forums. Australia will exchange knowledge with border officials on strengthening border reopening practices as the health situation improves.

Stability

Australia will support Vietnam to strengthen its institutions and train its future leaders, so they are equipped to manage future shocks and regional challenges. The new Vietnam-Australia Centre (VAC), situated in the Ho Chi Minh National Academy of Politics will be the centrepiece of these efforts. The VAC will strengthen collaboration in leadership and innovation to enable Vietnamese and Australian experts to pursue solutions to shared regional challenges and to protect international rules and norms. Australia's cyber security program will assist Vietnam to navigate challenges and opportunities in the digital sphere while driving economic growth.

Australia will promote social cohesion by enhancing Vietnam's awareness of human rights standards and ways to protect the most vulnerable. Australia will work



to prevent and respond to violence against women and children, ensure gender equality is central to recovery efforts and promote inclusive recovery. We will deliver training to strengthen Vietnamese law enforcement, including promoting the role of women in police management. We will continue our whole-of-government efforts to reduce transnational crime in the region.

Australia will help Vietnam's planners manage the pressure of rapid economic restructuring necessary for recovery, including by strengthening food, energy and water security. We will strengthen local resource planning and water delivery, with a strong gender focus. The Australian Centre for International Agricultural Research will continue to foster research connections and Australia will provide grants to support agricultural resilience.

Economic Recovery

To support economic recovery, Australia will provide targeted policy advice to Vietnam's economic leaders to help reform the policy and business environment and accelerate public and private investment. We will work with Vietnamese partners to lift the quality of public and human capital in order to buttress Vietnam's long-term growth. This includes developing skills, especially through vocational education and training, for the workforce of the future.

Australia will support the development of industry skills boards, strengthen education and university governance standards, and quality assure higher education qualifications, including online delivery. We will deepen bilateral innovation system partnerships, preparing us to access future growth industries and manage tomorrow's shocks. We will help Vietnam's transport planners more rapidly access high-quality infrastructure finance to support recovery.

Australia will support Vietnam's trade and customs officials to reopen supply chains disrupted by the pandemic and implement trade commitments. Australia's Department of Agriculture, Water and the Environment will support the biological security of trade in plant and animal products with Vietnam.

Austrade will support Australian businesses to trade and grow their connections with Vietnamese partners. We will work with the Australian Chamber of Commerce in

Vietnam to continue to represent and promote the interests of Australian businesses operating in Vietnam.

Australia is increasing women's economic empowerment by encouraging greater female participation in the labour market and global value chains. This includes supporting Vietnamese farmers, logistics providers and tourism operators to revive and improve their livelihoods, especially businesses led by women and people from minority groups.

Protecting the most vulnerable, especially women and children, will be a cross-cutting theme of Australia's engagement in Vietnam. Australia will work with partners to tackle domestic violence in Vietnam and ensure that women, ethnic minorities and people with disabilities are not left behind in recovery efforts. We will promote human rights to strengthen social cohesion and promote rights for the vulnerable. Australia's law enforcement agencies will work with Vietnam to prevent COVID-19 related spikes in child sexual exploitation.

HOW WE WILL WORK

Australia will work in concert with other partners to magnify the impact of our assistance and the strength of Vietnam's economic recovery. Australia's development programs align with other bilateral donors and complement the policy and budget support of the multilateral banks. We are already working directly with the Asian Development Bank to help Vietnam establish better functioning capital markets and with the World Bank to provide targeted policy advice to the government on economic recovery. We will continue to coordinate our work through development cooperation forums.

Australia will be flexible and adaptive in delivering this plan, responding to the evolution of the COVID-19 challenge and Vietnam's needs. This includes responding to the needs identified by our Vietnamese partners, working in alignment with Vietnam's recovery priorities and its National Socio-Economic Development Plan, in areas where Australia can make the most impact.

Australia will carefully monitor progress against this plan and consult regularly with partners to ensure it remains fit for purpose. This will include an annual review through the Australia-Vietnam Economic Partnership Meeting and preparation of an annual progress report.

TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK

Program Plan	Health Security	Stability	Economic Recovery
Expected Outcomes	<ul style="list-style-type: none"> - A more resilient Vietnamese health system, able to meet ongoing health needs while responding to current or future health security threats (SDG 3) - Increased people-to-people and organisational collaboration between Vietnam and Australia to support a stronger health sector (SDG 3) 	<ul style="list-style-type: none"> - Stronger institutions and leaders, better able to manage future shocks and regional challenges (SDG 16) - Deeper social cohesion, through the promotion of human rights and protection of those most vulnerable to COVID-19 impacts, especially women and children, and people with disabilities (SDG 1, 5, 10) - Increased food, energy and water security for the Vietnamese population to help it weather the strains of rapid economic restructuring for recovery and growth (SDG 2, 6, 7, 15) 	<ul style="list-style-type: none"> - A stronger economic recovery, through acceleration of investment, reform of the business environment and policy advice (SDG 8, 9) - More investment in public and human capital to buttress Vietnam’s long-term growth, including attracting high-quality finance for infrastructure and developing skills to build the workforce of the future (SDG 4, 9, 11, 17) - Reopening of trade and supply chains; support for trade-exposed industries (including agriculture, tourism and logistics) and implementation of Vietnam’s trade commitments (SDG 8) - Increased women’s economic empowerment, through greater participation in the labour market, business and global value chains (SDG 8, 5)
Key Results	<ul style="list-style-type: none"> - Evidence of improved health system functionality, including number of children immunised, number of couple-years-of protection achieved through access to contraceptive services and/or improved community sanitation or disease prevention practices - Evidence of partnerships, significant people-to-people engagements and institutional collaboration which contribute to health system strengthening in Vietnam 	<ul style="list-style-type: none"> - The Vietnam-Australia Centre (VAC) is established and has provided leadership and public policy skills training to Vietnamese leaders - Examples of policy or practice uptake as a result of advice or technical assistance on building resilience to future shocks and supporting improved agricultural practices and water management - Increased support available to women survivors of gender based violence - Evidence of improved inclusion of vulnerable groups in Vietnamese society and COVID-19 recovery support - Design of a new activity on energy security to support economic stability 	<ul style="list-style-type: none"> - Examples of economic policy or practice taken up by Vietnamese institutions as a result of advice and technical assistance provided - Evidence of increased investment in infrastructure - Number of participants provided with improved business, technical or management skills for improved workforce participation - Examples of partnering with the private sector or government to ensure supply lines are open, to promote the utilisation of FTA provisions and to support increased trade - Number of women provided with economic empowerment opportunities including through business of financial support
Supporting Investments	<ul style="list-style-type: none"> - Global Fund & GAVI contributions; - Inclusive water/sanitation disease control programs; - Empower Reproductive Health; - Centre for Health Security/V-RESIST research partnership on anti-microbial resistant disease; - CSIRO Aus4Innovation AI Pandemic Challenge Fund; Coalition for Epidemic Preparedness Innovations, COHERES & lab strengthening; - DoHA/IOM training of border officials on PPE and border safety; - Australia Awards Scholarships for Masters in health related fields; - Australian alumni grants for COVID-19 response activities; - NGO Cooperation Program (ANCP) health projects; - Australian Volunteers Program, ASEAN-Australia Health Security Fellowships and Health Security Corps placements; - Defence and AFP information exchange, including through ADMM+ Military Medicine Expert Working Group. 	<ul style="list-style-type: none"> - Aus4Skills/VAC, building capability of men and women leaders to respond to COVID & emerging challenges; - Aus4Reform & ABP2, policy advice to support strengthening of financial and economic institutions to develop resilience to external shocks; - Human Rights Fund, promoting social cohesion through the crisis; - Cyber security cooperation; - ARLEMP, training women police leaders in responses to COVID-19.; - Aus4Equality & AFP Cyber Safety Asia Program, preventing violence and exploitation of women and children; - ABP2 & A4T providing policy advice to ensure women, informal workers and minorities, people with disabilities can access benefits of recovery; - PAPI, collecting citizen feedback on government service delivery; - Mekong, regional water and ACIAR programming strengthening regional planning for food, water and climate security and animal health; - improving gender equity in water delivery; conducting policy dialogue on water security. 	<ul style="list-style-type: none"> - Aus4Reform & ABP2 policy advice supporting recovery priorities, addressing barriers to investment and supporting business reforms; - Aus4Skills & Aus4Transport, accelerating investment in human capital, infrastructure and logistics for long-term growth and recovery; - Supporting access to education through in-country and online delivery of Australian education and qualifications; building online education quality assurance and meeting industry skills needs; - J-CAP, TIP, PIDG, A3PF, strengthening Vietnam’s domestic capital markets and attracting the international private sector to finance recovery; - SEAGIF, GIF, PIDG delivering technical assistance to support infrastructure and governance reforms; - Aus4innovation commercialisation, partnership grants, and thematic support to maximise gains from science, technology and innovation; - DAWE support for biological security of trade in plant and animal products and expansion of agricultural trade; - AusTrade business outreach and export Market Development Grants to help business keep trade and investment growing; - ANCP/Aus4Equality(GREAT)/Investing in Women, supporting recovery of women-led business, including in agriculture and tourism; - IPSP, partnering with the private sector to generate growth and recovery for SMEs.