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COOPERATION
PROGRAMME

Vietnam

Cooperation Programme 2021–2024



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Editorial

With this Cooperation Programme 2021–2024, the Swiss State Secretariat for Economic Affairs SECO is supporting Vietnam in achieving market-oriented, sustainable growth.



Vietnam has emerged as a thriving middle-income economy with a low poverty rate. Nevertheless, further structural reforms are needed to unleash its full economic potential. SECO promotes economic growth and sustainable prosperity. Therefore, SECO's development cooperation programme aims to further strengthen the economic resilience of Vietnam.



In line with the United Nation's (UN) 2030 Agenda for Sustainable Development and Switzerland's new Strategy for International Cooperation 2021–2024, SECO takes a three-pronged approach: It considers Vietnam's development priorities, Switzerland's perspective on Vietnam and the added value that Switzerland can offer with this partnership. These criteria define the two thematic priorities of Switzerland's Cooperation Programme 2021–2024 in Vietnam that are outlined on the following pages.

Taking into account the lessons learned and building on the results achieved in the 2017–2020 cycle, this Cooperation Programme 2021–2024 defines the strategic framework for the future activities of SECO over the next four years. SECO aims to remain a responsible and reliable development partner. This requires persistence during challenging times and support in mitigating risks as well as seizing opportunities when they arise. We count on the ownership and leadership of our Vietnamese partners to achieve lasting reforms and results. We are confident that with the present programme we can support Vietnam's further development aspiration. SECO is looking forward to continuing its excellent partnership with Vietnam in the years to come.


Marie-Gabrielle Ineichen-Fleisch
State Secretary, Director of SECO


Raymund Furrer
Ambassador, Head of Economic Cooperation and Development SECO

Vietnam's private sector as an engine of growth

SECO's main goal is to support Vietnam in achieving market-oriented, sustainable growth. To this end, SECO's support will focus on promoting reliable economic framework conditions and an innovation-friendly business environment that will allow Vietnam's private sector to thrive. In particular, the programme fosters activities geared towards supporting growth-promoting economic policies and reliable public institutions, enhancing the private sector's competitiveness and market access, creating decent income opportunities and fostering climate-resilient urban development.

SECO's thematic priorities for Vietnam



Promoting market-oriented and reliable economic framework conditions



Enhancing the private sector's competitiveness and market access



Country context



Since the launch of its economic reforms, or Doi Moi (renewal), in 1986, Vietnam has emerged as a thriving middle-income economy. In line with its rapid economic growth over the past three decades, Vietnam has achieved remarkable progress towards the UN's Sustainable Development Goals (SDGs). It has performed particularly well in terms of human development, social inclusion and poverty reduction. Nevertheless, the country lags behind in the achievement of a number of key development goals, namely related to industry, innovation and infrastructure (SDG 9), climate change and environmental protection (SDGs 13, 14 and 15), as well as quality governance and independent institutions (SDG 16) in particular. While the transformation from a low- to a middle-income country has been rather smooth, it was clearly at the expense of the environment. Without further economic and institutional reforms Vietnam may face challenges to reach its declared goal of reaching high-income status by 2045.



- 1 Supporting Vietnam in making its energy mix more sustainable: SECO promotes renewable energy supply.
- 2 Addressing traffic congestion in urban areas: SECO promotes integrated urban development.
- 3 Enhancing climate change adaptation in urban areas: SECO tackles recurrent flooding in Vietnamese cities.
- 4 Providing reliable basic public services: SECO supports improved supply of public goods and services.

Vietnam is in the process of a twofold structural transformation. One goal is to transition from a centrally planned economy to a market-oriented economy¹. The second goal is to accomplish a structural shift from the still important agricultural sector to a fast-growing manufacturing and service sector, the former employing roughly 40% of the total workforce. Labour productivity rates have begun to slow and the population is aging rapidly. Without further ambitious structural reforms to strengthen private investments, improve productivity, increase the efficiency of the public sector and reinforce its financial sector, Vietnam might get stuck in a looming middle-income trap. At the same time, new trends like digitalisation and automation constitute opportunities as well as threats for Vietnam.

The country's economic growth model still relies on input-driven growth, largely based on low-cost labour, cheap energy, relaxed enforcement of environmental standards and a favourable tax regime to attract foreign direct investment (FDI). Some export-related segments of the economy are highly productive and internationally competitive, while the domestic sector, including many state-owned enterprises (SOE), generally performs at lower levels.

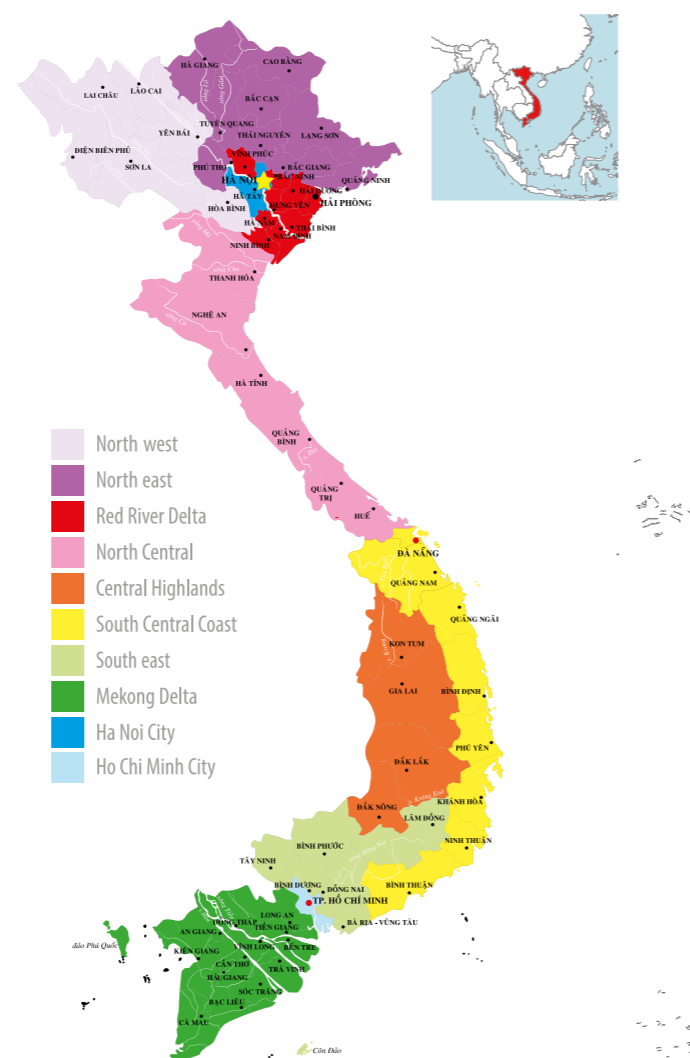
Vietnam has become one of the most open economies in the world. The country's structural reform efforts have focused on lowering trade barriers and better integration with global value chains. Key milestones in Vietnam's trade opening were its accession to the Association of South-East Asian Nations (ASEAN) in 1995 and the World Trade Organisation (WTO) in 2007. Recently, Vietnam's economic integration has been further enhanced through the conclusion of several new-generation free trade agreements (FTA), such as the European Union (EU)-Vietnam FTA and the Regional Comprehensive Economic Partnership (RCEP) agreement among 15 Asia-Pacific nations, including Vietnam. Vietnam is further underpinning its ambitions to play a more decisive role in the region and the world.

Despite Vietnam's impressive progress, development challenges persist. The country's rich natural capital

¹ Today's system is referred to as a "law-ruled socialist market economy".

and biodiversity are threatened by environmental degradation, partially explained by its booming economic activities, rapid urbanisation and accelerated climate change impacts. Pollution from inefficient use of resources imposes severe costs on the society, negatively affecting quality of life and restricting sustainable development.

Despite exemplary laws and excellent state programmes for gender equality, female labour participation, especially at the decision-making level, is clearly lower than male participation. Moreover, female workers are often paid less, more often engage in informal work and are more likely to be exposed to vulnerable employment situations.



Facts about Vietnam



Capital: Hanoi

Population size: 97 million

Ease of doing business ranking: 70th/190

Political system: one-party system (Communist Party of Vietnam)

Trade: largest export market is the United States; largest import market is China



Main results achieved

SECO, together with its implementing partners, has supported Vietnam in reforming part of its economic legal framework and institutions that are key for the country's transformation from central planning towards a more market-oriented economy. In addition to other achievements, SECO's support has enabled the development of some key laws in public finance management (PFM), in particular, the Public Debt Management Law. The new law has made a number of critical breakthroughs, including the removal of public debt management fragmentation, which has strengthened the transparency of public debt management. SECO has contributed to the acceleration of SOE reforms, which has helped to narrow down the state budget deficit and free up space for private sector participation.

SECO has successfully contributed to Vietnam's private sector development. Most notable is SECO's support for deepening the financial market, strengthening corporate governance among public listed companies, improving social and environmental responsibilities in the corporate sector, and supporting reforms in business registration and tax administration. This has led, for example, to the establishment of a national online business registry system. Today, enterprises spend about half the time complying with business registration procedures than before; enterprises are treated equally regarding disclosure of information by the new registry.

SECO has contributed to the development of one of the largest solar power projects in Vietnam, bringing the CO₂ reduction contribution of the renewable energy sector up by 4%. The Ninh Thuan solar power plants support the shift in Vietnam's energy mix from carbon-intensive to renewable sources. In addition to its contribution to climate change mitigation, the project has had a significant effect on future infrastructure development in Vietnam. This solar power plant is a benchmark for future investors in Vietnam. It demonstrates that commercial viability, development impact and environmental benefits can be achieved at the same time.

SECO's development cooperation programme has positively contributed to more efficient production and improved participation of local small and medium-sized enterprises (SME) in global value chains. Many companies were able to improve their production practices, which will result in healthier working conditions, reduced energy consumption and lower production costs. Assistance targeted at industry-sector levels has strengthened business support organisations (BSO) and allowed SMEs to better integrate themselves in global value chains. This sector-level approach was leveraged through support for the reformulation of the FDI strategy of Vietnam.



Lessons learned

SECO's Vietnam portfolio covers a broad range of topics. Streamlining the country portfolio by developing fewer but more comprehensive programmes could generate greater impact and lead to a clearer branding of SECO's work in Vietnam.

Past support by SECO has shown that the complexity and ambition level of individual projects needs to be better aligned with the actual capacity of the Vietnamese counterparts. A very broad and ambitious project might become too complex to be viable within the Vietnamese system. A thorough partner capacity analysis for new projects could help to better manage this challenge.

Within Vietnam's single-party system, subnational governments, especially in large urban centres, play a crucial role in delivering infrastructure and public services to the growing population and economy. This is the outcome of a two-decades long decentralisation process. In order to take into account the important role of the provincial government in service provision, SECO will intensify its support at the sub-national level.

An integrated approach is not only important and beneficial for government bodies in Vietnam, but also for SECO. Integrated projects provide more holistic coverage of topics, allow for the creation of synergies, and increase Switzerland's visibility and impact in Vietnam.



Development cooperation programme



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3



4

Vietnam's development priorities

Vietnam's development agenda is defined in its national Socio-Economic Development Strategy (SEDS) 2021–2030. Measures and means, including key economic and institutional reforms, are outlined in the Socio-Economic Development Plan (SEDP) 2021–2025, which constitutes the foundation for the government to formulate strategic sector plans.

The SEDS 2021–2030 affirms the government of Vietnam's ambition to sustain a high annual economic growth rate of 7 % and to strive for further international integration. Within the framework of the SEDS 2021–2030, Vietnam's private sector is considered to be the main engine of economic growth. Therefore strengthening private companies' competitiveness is a key consideration. The SEDP 2021–2025 highlights the following main orientations with the aim of promoting Vietnam's sustainable economic development:

- 1 SECO fosters gender equality as a transversal theme in all its projects.
- 2 Enhancing access to affordable financing: SECO assists Vietnam in strengthening its financial infrastructure and promoting digital financial services.
- 3 Improving the economic, environmental and social performance of industries in Vietnam: SECO supports the Eco-Industrial Park Initiative to promote resource efficiency and cleaner production solutions in Vietnam.
- 4 Improving working conditions and productivity in mass production sectors: SECO supports international partner organisations to promote decent jobs and boost competitiveness of Vietnam's private sector.

1. Advancing the transformation from a centrally planned to a fully market-based economy:

The government wants to focus on regulatory and institutional reforms with the aim of establishing an enabling environment for businesses while securing a stable macro-economic framework. Reforms to improve state management also include conducive policies for regional development and the promotion of eco-friendly economic zones to drive decentralisation and a green, sustainable economy.

2. Boosting productivity and resilience of the economy:

The government wants to advance the restructuring of the economy in line with its private-sector centred growth model. In doing so, Vietnam will focus on enhancing the productivity, quality, efficiency, and overall competitiveness and resilience of the economy. Subsequently, this will add domestic value to production chains and therefore provide better access to regional and global markets. Furthermore, the government attaches great importance to facilitating a comprehensive digital transformation of its economy and promoting innovation and entrepreneurship.

3. Enhancing the efficiency of social investments, including public investments:

By strengthening and deepening the financial sector, the government aims to mobilise and allocate resources more efficiently and

with a broader private sector participation, especially with regard to infrastructure. Sound framework conditions should encourage the private sector to finance a timely expansion of infrastructure stocks. The building of transport systems (roads, ports, etc.) and smart, climate-resilient cities will facilitate the growth of the industrial and manufacturing sectors and contribute to a stable business environment.

4. Meeting sustainable development targets:

While maintaining a high economic growth rate remains the key priority, Vietnam will improve its responses to climate change and enhance the management of natural resources as well as reinforce environmental protection. The government also wants to focus on strengthening institutions and law-enforcement capacities across sectors.

Although the coronavirus disease 2019 (COVID-19) crisis has halved the projections of the gross domestic product (GDP) for 2020, Vietnam's economy is expected to bounce back faster than other Southeast Asian states thanks to its continuous robust FDI inflow and other enabling factors. However, COVID-19 has demonstrated that building stronger resilience against future external shocks will be key in sustaining a long-term development path.

Switzerland's perspective on Vietnam

Since establishing formal ties with Vietnam five decades ago, the bilateral relations have evolved. For the past 30 years, a development and economic cooperation programme funded by the Swiss Agency for Development and Cooperation (SDC) and SECO, mobilising more than USD 500 million in grant funding, has supported Vietnam's development path. This has been complemented by frequent high-level political contacts, regular political consultations, labour rights dialogue, structured human rights dialogue and the opening of a Consulate General in Ho Chi Minh City, which was the vehicle to establish a shared Swiss Business Hub in Hanoi and Ho Chi Minh City. Strengthening trade and investment relations, as well as expanding cooperation in terms of culture and education illustrate the growing Swiss footprint in Vietnam.

Around 140 Swiss companies are active in Vietnam. Swiss companies, mostly in areas such as construction, food processing, IT and pharmaceuticals, have created several thousand jobs in Vietnam through their investments. This makes Switzerland the sixth largest European investor in Vietnam.

Switzerland has concluded a series of bilateral economic treaties with Vietnam, including on investment

protection and double taxation. To further boost trade and investment between the two countries, negotiations for a FTA under the umbrella of the European Free Trade Association (EFTA) are ongoing.

Economic cooperation and the conclusion of the FTA will strengthen the partnership between Switzerland and Vietnam. A well-integrated Vietnam that applies and recognises international standards is a stronger economic and political partner, which is in the interest of both Switzerland and Vietnam.

Switzerland and Vietnam are also multilateral partners. In 2016, Switzerland became a Sectoral Dialogue Partner of ASEAN, which will further strengthen Switzerland's political and economic relations with Vietnam and the Asia Pacific region. Vietnam's development has positive regional spill-over effects, which is also in Switzerland's interest. Switzerland aims to enhance its cooperation with ASEAN in line with the Federal Council's Foreign Policy Strategy 2020–2023. The programme will further contribute to enriching the Sectoral Dialogue Partnership by developing and supporting relevant initiatives in ASEAN member states.

Accountability, monitoring and risk management

SECO continuously monitors and evaluates the results achieved and incorporates lessons learned into its operations.

Project evaluations are conducted during or after project implementation. In addition, SECO commissions independent thematic or country portfolio evaluations.

The monitoring of the cooperation programme will be based on the results framework (see page 16/17) along the relevant business lines and impact hypotheses. Accountability reporting is carried out annually.

SECO is dedicated to ensuring comprehensive and rigorous risk management. Based on the Organisation for Economic Cooperation and Development's (OECD) conceptual framework for aid risk analysis, SECO's risk management distinguishes between three levels of risk:

■ **Country risks:** SECO identifies and evaluates the relevant risks in its partner countries as well as the implications for the project portfolio.

■ **Project risks:** Before approval, all projects are screened for development (achievement of objectives), security, fiduciary, financial, environmental and social risks. During project implementation, the identified risks and corresponding mitigation measures are regularly monitored.

■ **Institutional risks:** SECO monitors the risks it faces as an institution and that may compromise the successful implementation of SECO's mandate.

Financial resources

SECO's activities under this programme will be financed through the Swiss framework credit 2021–2024 for economic and trade policy measures within development cooperation.

The final allocation of funds will depend on the identification of suitable programmes and projects, the absorption capacity, as well as the efficiency and effectiveness of the cooperation with the relevant partners in the country. Accordingly, the following information on planned commitments for the four-year period is indicative. This information serves merely as a basis for the forward spending plans that are reviewed each year by the Swiss Parliament.

Planned commitments for Vietnam 2021–2024:

70
CHF million

Vietnam also benefits from regional and global initiatives financed by Switzerland that may not be included in these financial projections.

Working with partners

SECO's operational activities help to promote economic growth and sustainable prosperity in Vietnam. They are well aligned with Vietnam's SEDS. SECO's main implementing partners in Vietnam are the World Bank Group (including IFC) and UN agencies. These partnerships allow SECO to access international expertise, leverage its resources effectively and participate in

a high-level policy dialogue with the government. Switzerland is among the top ten development partners providing grants to Vietnam. Others include the US, Japan, the EU, Australia, Germany and Korea. In addition to an overarching donor coordination group, SECO participates in a variety of thematic working groups.





SECO's contribution to gender equality in Vietnam

Vietnam has favourable gender equality legislations in place and presents a balanced gender picture at first glance. However, traditional roles continue to be an obstacle keeping women from full economic, political and social participation. The current attitude reflects a culture of protecting rather than empowering women. While some indicators perform well (e.g. women have a 73% participation rate in the workforce), other aspects, like women's political empowerment or the role of women in business or government leadership, show little progress. The majority of women works in the informal sector and therefore find themselves in more vulnerable employment situations.

Switzerland considers gender equality an important element of poverty reduction, social inclusion and economic development. Hence, SECO addresses gender gaps through a transversal approach. Its current focus lies on improving working conditions and workplace participation in Vietnam's low-skilled mass production sector, where women make up the majority of the workforce.

By promoting good governance in the private sector, including financial institutions, SECO sensitises Vietnamese companies to the importance of equal representation of men and women at the management and board levels, as well as of equal pay for men and women in the same position within their company.



SECO's contribution to climate change mitigation, adaptation and resource efficiency in Vietnam

Vietnam demonstrates dedication to combating climate change and improving resource efficiency through a range of national policies and measures. While many laws and strategies related to climate change and resource efficiency were introduced, implementation and enforcement remain a challenge. Vietnam still lacks incentives for climate-friendly trade and resource efficiency, and faces poor ownership and coordination between ministries and different levels of government. Vietnam's intended nationally determined contributions contain a greenhouse gas reduction target of 9% by 2030 (with an option to increase up to 27% with international support). However, much remains to be done to improve resilience to climate change, to avoid natural degradation, the further depletion of biodiversity and other natural resources.

SECO provides technical assistance, capacity building and financial support to promote resource-efficient industrial production processes and environmentally friendly investments. In particular, SECO will support Vietnam's fast-growing cities in sustaining their role as economic and social hubs by increasing their resilience to climate change and other external shocks. Moreover, SECO will provide technical assistance to national and subnational entities to build up systems and capacities for multi-sectoral, integrated urban planning and management that take into account climate and green finance, climate change resilience and green growth potential.



Thematic priorities

SECO's contribution to Vietnam's development agenda

SECO's main goal is to support Vietnam in achieving market-oriented, sustainable growth. Vietnam's private sector-centred growth model will require a cohesive set of reforms to pave the way for a market-based economy that promotes equal competition. To this end, SECO's support will focus on promoting reliable economic framework conditions and an innovation-friendly business environment that will allow Vietnam's private sector to thrive. In particular, the programme fosters activities geared towards supporting growth-promoting economic policies and reliable public institutions, enhancing the private sector's competitiveness and market access, creating decent income opportunities and fostering climate-resilient urban development.

SECO's Cooperation Programme 2021–2024 will build on existing partnerships, lessons learned and results achieved. It will focus on areas where SECO has a proven track record and where it can add value by bringing in Swiss expertise and international good practices. The Cooperation Programme 2021–2024 is well aligned with Vietnam's strategic orientation as laid out in its SEDP 2021–2025. Based on its long-standing bilateral cooperation and its relevant economic competences, SECO is well-positioned to continue responding to Vietnam's future development priorities in an efficient and effective manner. SECO's engagement will be flexible to ensure that activities remain relevant and respond to emerging priorities and needs. To maximise its impact, the programme will focus on two thematic priorities.

SECO is committed to ensuring compliance with international labour and social standards.



Thematic priority 1

Promoting market-oriented and reliable economic framework conditions

The focus of the first thematic priority will be to support Vietnam to shape a solid macro-economic framework, a sound financial sector as well as efficient and transparent management of public finances that will lay the groundwork for growth-promoting infrastructure and other investments. This will allow the public sector to provide reliable and sufficient public goods and services in a more inclusive and efficient manner. It will also help to foster a business environment that enables the private sector to flourish and innovate. SECO will also assist Vietnam to improve the fundamentals for integrated urban development and infrastructure services.

SECO's assistance in the area of PFM and its support in developing stable, diversified financial and capital markets solidifies the macroeconomic framework. The transfer of technical expertise on economic forecasting and monitoring will help the government to formulate prudent fiscal policies.

With regard to an efficient and transparent PFM system, SECO will promote international good practices for business-friendly taxes, transparent public expenditure and financial means to reinforce environmental protection. While the national PFM system is mature enough to roll out decentralisation, sub-national governments face constraints in terms of the absorption of increasing responsibilities. Going forward, SECO will reinforce the ability of sub-national governments to implement fundamental reforms geared towards accountability and transparency of state resource management.

Affordable financing is important for companies to grow. Therefore, the modernisation of Vietnam's financial and capital markets is paramount. This includes boosting the sector's resilience: SECO will increase the capacity for banking executives to lead their institutions while applying international corporate governance principles.

SECO will continue improving Vietnam's framework conditions for a rules-based trade system. By enhancing Vietnam's trade policies and promoting consultation processes with the private sector, SECO contributes to the ongoing negotiation process of a FTA with EFTA. SECO will support Vietnam in implementing the respective internationally recognised technical standards and quality assurance systems in line with the country's WTO commitments and those contained in the bilateral and multilateral FTAs.

A comprehensive climate-resilient and sustainable infrastructure setup establishes the fundamentals for firms to be competitive. In this regard, an integrated, multi-sectoral and multi-level approach that brings the different stakeholders and their mandates together will be essential with regard to infrastructure planning and implementation. SECO will focus on supporting the government to improve the quality of urban planning and management, as well as by applying digital solutions.

Vietnam's development priorities

Socio-Economic Development Strategy (SEDS), 2021–2030

Annual economic growth of 7% achievable by:

- completing the transformation to a private sector centred economy
- solidifying the macro-economy and
- international integration of the economy

Socio-Economic Development Plan (SEDP), 2021–2025

- Enhancing efficiency of public investments
- Meeting the SDGs, specifically those related to climate change and environment



Thematic priority 2

Enhancing the private sector's competitiveness and market access

The programme aims to increase the overall performance of the Vietnamese private sector, focusing on SMEs. These play a central role in Vietnam's economic growth, job creation and poverty reduction. However, a large number of SMEs still face significant constraints when it comes to international competition and participating in global value chains. A lack of productivity, skilled workers and inadequate access to affordable finance are the major challenges for SMEs. Addressing these obstacles will unlock the private sector's full potential.

Accordingly, SECO will continue to support SMEs to tap into diversified sources of finance. Among other things, the programme will further assist Vietnam in strengthening its financial infrastructure and place a particular focus on promoting innovative and digital financial services. The COVID-19 reality offers new opportunities for cooperation with Vietnam and financial markets participants as it is accelerating the trend of creating new digital products.

SECO will also support local exporters and producers to increase their productivity and ensure product quality and sustainability across value chains. Specifically, the programme will help SMEs promote social and environmental sustainability standards, as well as international labour standards, diversify export and sales channels, incentivise innovation and develop demand-driven skills. Consequently, this will improve SMEs' overall ability to grow and compete in international markets.

Many Vietnamese exporters still face substantial challenges in terms of meeting or demonstrating conformity with entry requirements in destination markets. To enable improved market access for Vietnamese SMEs, SECO will reinforce the provision of trade promotion services for exporting SMEs by strengthening

BSOs' capacities. In addition, SECO will promote the development of business linkages between local suppliers with larger local firms or multinational companies through business networks, digital platforms and the newly established database for the business-to-business initiative.

Vietnam's development priorities

Socio-Economic Development Plan (SEDP), 2021–2025

Objective: from a centrally planned to a fully market-based economy

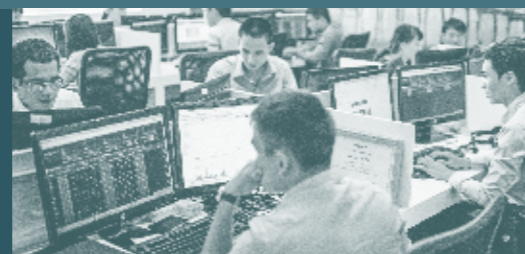
- Boost the productivity and resilience of the economy
- Increase the role of the private sector in the economy
- Enhance the efficiency of social investments including public investments
- Meet sustainable development targets while maintaining high economic growth rates

Results monitoring for Vietnam



Thematic priority 1

Promoting market-oriented and reliable economic framework conditions



Thematic priority 2

Enhancing the private sector's competitiveness and market access



Theory of change

If SECO supports Vietnam to build a sound financial sector and improve effective and transparent allocation and use of public resources,

then the government will be able to establish a solid macro-economic framework, an innovation-friendly business environment, a rules-based trade system and provide adequate public services,

because an efficient management of public finances, a sound financial sector and trade system, and adequate infrastructure are prerequisites for businesses to grow and prosper.

Theory of change

If SECO supports the development of an innovation- and investment-friendly business environment and helps to improve local SMEs' access to markets and financial services,

then the Vietnamese private sector will grow sustainably and offer more and better job opportunities,

because improved competitiveness of SMEs will lead to better integration in global value chains and increased income for the population in Vietnam.

Transversal themes



Gender equality

SECO fosters gender equality, namely by promoting equal representation of men and women at the board level and supporting workplace cooperation in industrial sectors dominated by women.



Climate and resource efficiency

SECO addresses climate change adaptation and mitigation, namely by supporting fast-growing cities to increase their resilience to climate-change related risks.



Gender equality

SECO fosters gender equality as a transversal theme, especially by improving labour participation and working conditions in sectors with high female representation (e.g. textile).



Climate and resource efficiency

SECO addresses climate change considerations, namely by promoting resource-efficient industrial production and environmentally sustainable investments.



Contribution to selected SECO business lines

Growth-promoting economic policy

If SECO supports sound and diversified financial markets, and

If SECO contributes to an effective, transparent allocation and use of public resources,

then Vietnam can achieve reliable and predictable macroeconomic conditions (SDG 8.3) and ultimately provide better public services to all market players, thus helping to strengthen the private sector and stimulate private-sector driven growth

because Vietnam is building strong, accountable institutions at all levels that generate domestic and foreign resources (SDGs 16.6, 17.1).



Innovation-friendly business environment

If SECO promotes the simplification of bureaucracy and the consistent application of legal principles (SDG 8.3), and

If SECO supports the development of a conducive framework for SMEs fostering innovation and environmental and social responsibilities,

then the competitiveness and productivity of SMEs improve

because they are not hindered by bureaucratic barriers, and

because they can invest and grow in a clearly defined framework.



Rules-based trade system

If SECO helps Vietnam implement internationally recognised technical standards and quality assurance systems in line with WTO and FTA commitments, and

If SECO supports the application of international working standards,

then the trade volume increases and relevant framework conditions improve

because Vietnam will be equipped to make use of opportunities offered by national, regional and international trade (SDG 17.10).



Urban development and infrastructure services

If SECO promotes resilient and sustainable urban development, the use of renewable energies (SDG 7.2), sustainable urban mobility (SDG 11.2) and greater resilience to climate-induced hazards (SDG 11.b) in urban contexts,

then this helps to create the conditions for sustainable economic growth and broader social prosperity

because cities and infrastructure are planned and managed in a sustainable manner (SDG 11.3), and

because equal access to affordable and reliable public services will improve (SDGs 6.1, 6.2).



Contribution to selected SECO business lines

Access to financing

If SECO fosters effective and inclusive local financial and capital markets to provide affordable financial services,

then entrepreneurs, producers and cities will have access to adequate financial services (SDG 9.3)

because the private sector can benefit from better framework conditions, and

because the financial and capital markets are able to respond adequately to the needs of borrowers (SDG 8.10).



Integration in value chains

If SECO provides technical assistance to business support organisations and producers, and

If SECO helps local firms to integrate in international markets,

then the competitiveness of companies and producers is strengthened (SDG 9.3), and

then they are better integrated into sustainable local, regional and international value chains (SDGs 8.9, 9.3, 12b)

because enterprises/producers meet international quality and market access requirements, and

because they are more productive.



Market-oriented skills

If SECO strengthens the skills qualification of workers aligned with the needs of the labour market and the requirements of digital change (SDG 4.4),

then companies can find skilled workers and are more innovative (SDG 8.5), while women and men, including young people, increase their chances of finding work and earning more

because in the digital age, availability and development of skilled workers are a necessity.



Abbreviations

ASEAN	Association of South-East Asian Nations
BSO	Business support organisation
CHF	Swiss franc
COVID-19	Coronavirus disease 2019
EFTA	European Free Trade Association
EiP	Eco-industrial park
EU	European Union
FDI	Foreign direct investment
FTA	Free trade agreement
GDP	Gross domestic product
IFC	International Finance Corporation
OECD	Organisation for Economic Cooperation and Development
PFM	Public financial management
PIDG	Private Infrastructure Development Group
RECP	Regional Comprehensive Economic Partnership
SDC	Swiss Agency for Development and Cooperation
SDGs	Sustainable Development Goals
SECO	State Secretariat for Economic Affairs
SEDP	Socio-Economic Development Plan
SEDS	Socio-Economic Development Strategy
SME	Small and medium-sized enterprises
SOE	State-owned enterprise
UN	United Nations
USD	United States dollar
WTO	World Trade Organisation

State Secretariat for Economic Affairs SECO – Economic Cooperation and Development

SECO's Economic Cooperation and Development division is responsible for the planning and implementation of economic cooperation and development activities with middle-income developing countries, with countries of Eastern Europe as well as the new Member States of the European Union. It coordinates Switzerland's relations with the World Bank Group, the regional development banks and the economic organisations of the United Nations. SECO is part of the Federal Department of Economic Affairs, Education and Research.

Switzerland's international cooperation efforts as defined in the International Cooperation Strategy 2021–2024 aim to alleviate poverty worldwide, improve respect for human rights, promote democracy and protect the environment. Accordingly, SECO's economic and trade policy measures strive to support sustainable and inclusive growth. The Economic Cooperation and Development division focuses its activities on its specific areas of competences and experience in two target outcomes aligned with the 2030 Agenda for Sustainable Development; 1) Access to markets and opportunities and 2) Income opportunities. Special emphasis is placed on issues related to climate and resource efficiency as well as gender equality.

For detailed information about the orientation of SECO's economic development cooperation, see: www.seco-cooperation.admin.ch/secocoop/en/home.html



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