



Viet Nam: Skills and Knowledge for Inclusive Economic Growth Project

Project Name	Skills and Knowledge for Inclusive Economic Growth Project
Project Number	49122-004
Country	Viet Nam
Project Status	Approved
Project Type / Modality of Assistance	Grant Loan
Source of Funding / Amount	Grant 9199-VIE: Skills and Knowledge for Inclusive Economic Growth for Disadvantaged Communities Project Japan Fund for Poverty Reduction US\$ 3.00 million Loan 3761-VIE: Skills and Knowledge for Inclusive Economic Growth Project concessional ordinary capital resources lending / Asian Development Fund US\$ 75.00 million
Strategic Agendas	Inclusive economic growth
Drivers of Change	Knowledge solutions Partnerships
Sector / Subsector	Education - Technical and vocational education and training
Gender Equity and Mainstreaming	Effective gender mainstreaming
Description	Building on lessons from the Skills Enhancement Project financed by the Asian Development Bank, the proposed project will continue efforts to realign Viet Nam's technical and vocational education and training (TVET) system with current and future labor market needs. The project will upgrade the teaching and learning environments of national high-quality TVET institutes with up-to-date technology. These upgrades will enhance the quality of training programs for advanced skills in close collaboration with business communities. The grant will complement these activities by strengthening the quality of soft skills training and developing demand-driven short-term skills programs for women and youth in disadvantaged communities.
Project Rationale and Linkage to Country/Regional Strategy	<p>Viet Nam reached lower middle-income status in 2010. Its economy is one of the fastest growing in Southeast Asia, with all sectors growing faster in 2018 than in 2017. In the 3rd quarter of 2018, (i) industry and construction grew by 8.9%, compared with 7.2% in 2017; (ii) manufacturing output expanded by 12.7%, similar to 12.8% in 2017, boosted by strong global export demand and continued foreign investment; (iii) services grew by 6.9%, up from 6.4% in 2017; and (iv) agriculture grew by 3.7%, up from 2.9% in 2017. The labor market structure has also changed from 2006 2016. Each year about 1 million workers shift from agriculture to industry and services, contributing to increases in overall productivity. About 40% remain engaged in agriculture, although the sector's share of gross domestic product is relatively low at 14%. More than half of the labor force is engaged in informal sector activities. Demographic trends suggest that Viet Nam's labor force will continue to grow by about 1 million people per year until 2020.</p> <p>Growing competition in global markets and the shift toward a knowledge- and technology-based economy have increased pressure on the government of Viet Nam to improve productivity and overall competitiveness. It is continuing to improve transport infrastructure and energy supply to strengthen the overall business environment, but business communities consider the lack of personnel with advanced skills to be a major challenge. Viet Nam ranks 77th out of 140 countries on the Global Competitiveness Index. Labor productivity in Viet Nam is low compared to that of other countries in the region; in 2015, it was 7.5% of Singapore's, 17% of Malaysia's, and 36% of Thailand's productivity. A survey by Viet Nam's Chamber of Commerce and Industry revealed that TVET graduates lack industry-relevant occupational skills and other fundamental soft skills such as industrial work ethics, teamwork, problem solving, and analytical skills. To sustain growth and increase competitiveness and productivity, Viet Nam needs to transform low-skilled, labor-intensive activities into higher value-added industries by upgrading the skills of its youth.</p>
Impact	Labor productivity and competitiveness of the economy enhanced
Project Outcome	
Description of Outcome	Selected high-quality TVET institutes strengthened and aligned to evolving labor market needs

Progress Toward Outcome

Implementation Progress	
Description of Project Outputs	Teaching and learning environments in 16 TVET institutions improved Skills training opportunities for disadvantaged communities and soft skills of students in selected TVET institutions enhanced
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Nation-wide

Safeguard Categories	
Environment	C
Involuntary Resettlement	C
Indigenous Peoples	B

Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	

Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	

Business Opportunities	
Consulting Services	The project will follow ADB's Procurement Guidelines (2015) and Guidelines on the Use of Consultants (2013).
Procurement	The project will follow ADB's Procurement Guidelines (2015) and Guidelines on the Use of Consultants (2013).

Responsible ADB Officer	Tanaka, Sakiko
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Human and Social Development Division, SERD
Executing Agencies	<i>Ministry of Labor, Invalids and Social Welfare 2 Dinh Le Street Hanoi, Vietnam</i>

Timetable	
Concept Clearance	30 Mar 2020
Fact Finding	11 May 2018 to 11 May 2018
MRM	19 Sep 2018
Approval	11 Dec 2018
Last Review Mission	-
Last PDS Update	11 Dec 2018

Grant 9199-VIE

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	3.00	Cumulative Contract Awards			
ADB	0.00	-	0.00	0.00	%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	3.00	-	0.00	0.00	%

Loan 3761-VIE

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	95.20	Cumulative Contract Awards			
ADB	75.00	-	0.00	0.00	%
Counterpart	20.20	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page <https://www.adb.org/projects/49122-004/main>

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