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High-level ISID Think Tank Meeting Report

“Implications of Inclusive and Sustainable Industrial Development in Vietnam beyond 2015”



Melia Hotel, Hanoi, 27 June 2014

Prepared by UNIDO Country Office in Viet Nam

Introduction

On 2 December 2013, UNIDO's Member States endorsed the landmark Lima Declaration which shapes the organization's new strategic long term vision to support Member States achieving Inclusive and Sustainable Industrial Development (ISID).



The Lima Declaration states clearly that poverty eradication remains the central imperative, and that it can only be achieved through strong, inclusive, sustainable and resilient industrial and economic growth, as well as the effective integration of the economic, social and environmental dimensions of sustainable development. ISID creates shared prosperity and improves living standards of all people, promotes social equality through employment and income generation, not least women and youth. ISID also

promotes resource and energy-efficient pathways to production, and the de-coupling of economic growth from environmental degradation. In this way, ISID is considered as an integral part of reframing the post 2015 development agenda which aims at shaping a more inclusive and sustainable development future to create prosperity for all.

Given Vietnam's long term priority to become an industrialized country by 2020 and UNIDO strong presence in the country, Vietnam has been chosen as one of the countries for advancing the diplomatic and strategic positioning of ISID, industrialization and UNIDO in the current post 2015 development agenda negotiations. In order to realize this important task, UNIDO Vietnam has prepared a National Outreach Plan to which aim at strengthening the voice of Vietnam for industrialization and promote ISID to various stakeholders. A number of activities have been conducted as follows:

- UNCT: Industrialization and promoting equality among countries were promoted to and agreed by the UNCT as one of the nine prioritized areas proposed to the Ambassador of Vietnam to the UN in New York;
- Focused approached to MPI/MOFA: MPI is in charge of providing the technical inputs to MOFA for post 2015/SDGs issue. A letter explaining ISID concept and forwarding background material and brochure and requesting Viet Nam, as a member of the OWG, to support ISID position in the SDGs negotiation. A follow up face-to-face meeting was organized with MPI Vice Minister Nguyen The Phuong;
- Letters explaining ISID concept and forwarding background material and brochure were shared with twenty Ambassadors in Vietnam, with Vietnamese government through five key ministries and Vietnam Chamber of Commerce and Industry;
- Two ISID movies with Vietnamese subtitles were made to clearly convey the message to large Vietnamese audience;

- Vietnam ISID Think Tank meeting is one of the key activities under the National Outreach Plan. The purpose of this initiative is to gather a limited number of high level executives, policy makers, advisors and researcher to conduct a focused discussion to advocate for ISID in a more sophisticated manner.

The purposes of Vietnam ISID Think Tank meeting are:

- To advocate ISID’s vision and key contents to the high level stakeholders from government, academia, research institutes, private sectors and civil society;
- To discuss the implication of ISID in the context of Vietnam;
- To discuss what should be done and how to promote the ISID in Vietnam, especially how to involve the private sector.

This report describes the meeting process and consolidates the key findings and critical issues raised by participants during this process.

The meeting process

There are various issues related to ISID, thus prior to the high level meeting, the consultation team has had several brainstorming meetings to discuss on how to organize the discussion. Three following topics are chosen for the discussion:

- Policy formulation and implementation for inclusive and sustainable industrial development;
- Local enterprise capacity building;
- Productivity focus as a policy area



The chosen topics represent the main issues of mainstreaming ISID key concepts in Vietnamese context. The meeting involved high level representatives from state organizations, research institutions, firm managers, associations and NGOs. Participants were grouped into three teams to discuss on the above three topics. Their profile is summarized in Table 1 below.

A total of 22 participants attended the meeting with women accounting for 50%. The occupation of the participants was diversified: 23% were high level officers of government agencies; 23% were representatives of business associations; 31% were the principal researchers at research institutes/universities, 14% were managers and directors of private companies. Participants from local and international NGOs comprised approximately 9% of the attendees.

Table 1. Summary of participants by gender and sector

Gender	Number of participants	%
Male	11	50
Female	11	50
Total	22	100
Sector		
Government agencies	5	23
Business association	5	23
Research institutes/University	7	31
Private sector, Consulting service & Communication	3	14
NGOs	2	9
Total	22	100

Critical issues and main findings

I. Policy formulation and implementation for inclusive and sustainable industrial development



Current socio-economic policy of Vietnam sets targets of shifting to new growth model, increasing productivity and value-added and restructuring state-owned enterprises (SOEs). These targets are realized through a system of social-economic, regional and sectoral strategies and master plans. The importance of inclusiveness and sustainability of human wellbeing, economic production and growth is generally

well-understood. Consequently, the Government of Vietnam has already undertaken considerable actions and public awareness raising on the importance of the issue. For instances, equal and inclusive development has always been the priority of socio economic development polices of the government, sustainable development has been highly prioritized in recent years, and poverty reduction is an obvious evidence of the government effort.

Despite these changes, inclusive and sustainable development remains an issue in Vietnam. The current industrial strategies and master plans are usually superficial, unfocused, infeasible, and lack of adequate monitoring and evaluation. Therefore, inclusiveness and sustainability are not achieved. For instances, both inclusiveness and sustainability are not presented in policy on development of small hydropower plants, which did not bring

benefits for all stakeholders and destroyed surrounding environment. In addition, policy for development of fishery sector somehow ensures inclusiveness as it can create linkage between traders and farmers and bring benefits for all, but the sustainability of the policy is still a question.

UNIDO's initiative on ISID and social concern/pressure recently require inclusiveness and sustainability to be included in socio-economic and industrial targets, as well as thoroughly considered in process of policy formulation and implementation. To realize this requirement in the context of Vietnam, and to achieve inclusive and sustainable industrial development, the following actions should be taken:



Mainstreaming ISID's concepts into key development plans -- There are several entry points for this, some of which are related, such as the socio-economic development strategy, master plans and related sector plans. The existing Strategy for socio economic development 2011-2020 and Strategy on Vietnam's industrial development through 2025, with a vision toward 2035 have been completed and approved by central government. However, these give little priority to the inclusiveness and sustainability despite its importance to human wellbeing and economic growth. As strategies and master plans are approved by the central government and prepared according to a specific template, changing already approved plans can be a more cumbersome and lengthier process.

It is highly recommended that UNIDO will work with the Government of Vietnam to determine how best to reflect the importance of inclusiveness and sustainability. Generating greater understanding and support for ISID concepts is a key to influencing development planning. A participatory approach that brings together different key stakeholders should be emphasized.

While such participatory approaches serve as a means to increase awareness and understanding among key actors and stakeholders and enhance monitoring of policy implementation, there is also a need for specific guidelines, indicators and standards for ISID to ensure that the key ISID concepts will be integrated in visions/targets of national industrial strategies and master plans.

The targets should be a small number of qualitative and/or quantitative criteria which can be easily monitored and clearly judged for achievement or non-achievement. More ideally, these indicators could be used as criteria or conditions for investment screening and incentives consideration. UNIDO should help Viet Nam as well as other Member States to integrate them into their national industrial targets in the coming time.

Improving the quality of policy making -- Quality of policy should be ensured through improving the stakeholders' involvement in policy making process from the beginning. Quality here means that, **based on sufficient information, evidences and analysis including**

cost-benefit analysis, all key aspects of the policy have been agreed among major stakeholders through persuasion and compromise so that the policy, once adopted, will be strongly supported and willingly implemented. Policies normally cover multi-sectoral issues managed by more than one ministry or agency. Besides cooperation within government, policy must also receive active participation of non-state players, especially domestic and foreign firms that carry out investment and production. Active participation in the policy making process by both state and non-state actors generates a growing sense of shared ownership and responsibility as well as willingness to cooperate in implementation. This psychological effect is far more important than producing documents which may be comprehensive and theoretically advanced but are not supported by stakeholders. Since not all firms share the same interests or goals, it is recommended that a mechanism to coordinate various voices among them should be established. Domestic and foreign academics, consultants, and industrial experts should be mobilized for conducting surveys and analysis, as well as drafting and commenting on policy documents as needed. It should be stressed that mobilization of non-state stakeholders must be substantial with sufficient time and opportunities provided for contact and input. Nominal participation, such as hearings in which official views are unilaterally communicated or a large-scale symposium where little time is allocated for interaction with the floor, does not contribute much to the betterment of policy quality.

Changing policy formulating method -- Industrial policy is still available in integration era, WTO and FTAs ban only a few policy measures (tariffs, NTBs, foreign discrimination, etc.) while there are so many policies consistent with current global rules that are not even known or tried. Vietnam should learn them, and practice them well. Vietnam's current policy making process is mainly limited among government bodies, consultancy with relevant stakeholders is only made on ad hoc basis, and ex post to drafting work, in the forms of hotlines, open websites for public comments, or meetings between policy makers and business communities, which are, however, not permanent and continuous. Moreover, policy makers still confuse if government should provide supports/incentives to all sectors, or it should target certain industries; if government should support existing "comparative advantages" chosen by history and private firms, or it should lead markets in choosing new industries; and if government is to lead, what should be the concrete method of selecting industries and drafting policies.

The right approach is that government should proactively conduct both general and selective interventions, learn how to make and execute good policies based on strong public-private dialogue, and lead the market but not just follow it. A standard policy making process must satisfy five necessary conditions: (i) top leader's vision, (ii) an effective consensus building mechanism, (iii) a drafting process, (iv) substantive participation of state and non-state stakeholders, and (v) designation of a focal organization with clear mandate to coordinate interests and produce policy.

And a proactive industrial policy must ensure the followings: (i) promotion of markets and integration, (ii) a strong leadership to guide the private sector, (iii) having sufficient policy tools for catching up, (iv) dynamic capacity building of both government and private sector through concrete actions and projects, (v) internalization of skills & technology, (vi) effective

public-private partnership, (vii) and deep industrial knowledge shared by government and businesses.

Selective industrial policy -- In the context of more integrated and competitive global economy, value chains have the trend to expand over nation boundary to utilize competitive advantages of each region and each country. The trend opens many opportunities for enterprises in developing countries including Vietnam to join global value chains but also challenge them by requirements on standard compliance. To pursue sustainable growth, Vietnam has to move to more value added segments in value chains, and shift to more skill and knowledge-intensive sectors. Because industrial sectors are many but a country's capability and resources are limited, policy makers should choose a small number of industrial sectors but make sure that they are directly linked with the vision and targets, and positive results are obtained accordingly. There is still a debate over whether such a policy is desirable or possible, but most East Asian governments have long accepted and practiced it as not only desirable but necessary policy for industrialization in the era of globalization. It is highly recommended that the Government of Vietnam should work closely with the private sector, business community, research institutions and related stakeholders to identify those targeted sectors/products and policy measures/incentives to support them. There are a few actions taken place in Vietnam toward this goal for example, under the name of the Vietnam Industrialization Strategy initiative, Vietnam and Japan have worked in this direction since 2011 to strengthen six sub-sectors (electronics, agro processing, environment and energy saving, agricultural machinery, automobile, and shipbuilding) under the principles of bilateral cooperation, selectivity and concentration, and business-government-academic cooperation.

II. Local enterprise capacity building



Industrial enterprises in Vietnam include three types: state-owned enterprises (SOEs), local non-state enterprises, and foreign direct investment enterprises (FDI). Performance and business environment of each type are not the same. While FDI sector is more advanced in terms of technology, management, credit access, export, etc., local enterprises (including SOEs and local non-state sector, in which about more than 95% are small and medium enterprises-SMEs) are backward due to a number of reasons including, inter alia, low productivity, lack of technological innovation, limited access to technology transfer, low capacity in management, marketing and R&D and so on. Local enterprise capacity building is crucial for the country to graduate from the situation of FDI dominance and proceed to true industrialization based on domestic value creation. Vietnam has long faced the problem of underdevelopment of supporting industries, which means that domestic firms are too weak to join global value and supply chains even in the presence of FDI firms.

They must be leveled up until they become globally competitive by themselves as well as reliable production partners for FDI.

This fact requires capacity building for local enterprises to ensure inclusive and sustainable industrial development. Concretely, the following actions should be carried out:

Motivating the private dynamism -- For upgrading of local enterprises capacity, it is essential that enterprises themselves have to be proactive in learning new knowledge of production and management, updating technology and skills, building up a brand name, establishing their own business culture and philosophy, etc. They themselves should set targets in which competitors, partners, markets are identified, their performance is studied and business strategy is analyzed and formulated, etc. The Government will play a strong and active role in guiding and supporting enterprise development by providing good business conditions. The state will mobilize necessary policies to reward value creation, punish rent seeking, and lead the private sector toward a consistent national vision. For products that have high competitiveness in global value chains, the government should design strategic plan to create national brands and utilize them as tools to improve Vietnam's position in global export market. It is of extreme importance that all incentives/measures and policies **must be available equally to all types of enterprises, regardless of their size and ownership.**

With the experiences in assisting many developing countries, the role of UNIDO in boosting the private dynamism in Vietnam is highly appreciated. There is also a possibility to cooperate with a global consultancy industry that is ready to provide business services and produce benchmarking reports for a business or an aid project.

Strengthening FDI-local enterprises linkage and technology transfer -- At present FDI-local linkage is quite weak, and Vietnam's supporting industries remain embryonic. **Vietnamese enterprises should vigorously absorb management skills and technology from FDI partners and the government should actively support this move.** This strategy shall be called FDI-linked technology transfer. This does not by any mean rule out the possibility of Vietnamese firms trying to compete in the global market without foreign alliance. But for speed and volume of industrialization, working with existing FDI firms is more practical. This means that Vietnamese firms should compete globally and participate in global value and supply chains indirectly by belonging to production networks created by MNCs. In terms of concrete content of technology transfer, given the fact that most of Vietnamese enterprises are SMEs, Vietnam should learn from FDI such basic skills and techniques as strategic planning, marketing, customer response, work discipline, labor management, reduction of waste and time loss, efficient factory layout, energy saving, punctual delivery, safety of products and workplace, modern accounting, effective use of internet, participation in enterprise networks, and other ordinary and non-proprietary knowledge to raise productivity and competitiveness. By contrast, a company that masters these effectively will surely be able to build linkage with FDI firms that want to procure its products. The government should create mechanism to enhance the business linkage



between local and FDI (by establishing industrial clusters, strengthening the value chain, for instances) to accelerate labor pooling, technology transfer, and spillover effects.

Promoting business development services (BDS) and business consultancy -- **Public and private BDS should be developed to meet demands of local enterprises.** They need to be equipped with knowledge and information on pre-investment market research to avoid herd mentality in doing business, technical skills, production management, technology absorption, start-up, entrepreneurship, benchmarking, optimal production system, quality standards, etc. To design appropriate support programs, it is essential to conduct an overall diagnosis of local enterprises to grasp their situation and needs on consultancy and technical assistance.

The Vietnamese companies recognized the roles of business consultant in giving direction, building strategy and controlling and managing the sources for taking opportunities, increasing productivity and turning these into profit. However, it is not easy to find a qualified consultant for a particular firm. The contributions of consultants to business operation in Vietnam still blur. International supports to build up and enhance the business consultant system are highly advisable in this case. As the system has been functioning well for a long time in developed countries, those countries understand how the system can work best, the advantages and disadvantages of the system and also the problems encountered during the implementation process. The support from international donors and organizations will help Vietnam to reduce, even eliminate mistakes in the implementation process and hence, allow the system to quickly establish its functions. Vietnam needs to study the system and expose the requirements of details related to: (i) what and how the international donors and organizations should support; (ii) who should be supporters; and, (iii) to whom support should be provided to etc.

Utilizing international cooperation in local enterprises capacity building -- So far, international organizations have implemented a number of technical assistant programs to support local enterprises. Capacity development should be built on the already considerable works being undertaken through various programmes supported by international donors and organizations. In the coming time, Vietnam should utilize supports from international organizations, such as UNIDO and other donors, to improve local enterprises capacity. Supporting programs should cover (i) industrial cluster creation, (ii) monitoring and evaluation (M&E) of industrial policy, and (iii) raising local enterprises' awareness on social responsibility in environmental protection, product quality compliance, environmental-friendly technology, and (iv) SME development support.

There is one more key point that needs to be strengthened: industrial human resource. Its upgrading is absolutely necessary as pre-conditions for Vietnam's full industrialization. The discussion on human resources is presented in next section.

III. Productivity focus as a policy area

The participants agree that Vietnam should focus on productivity as the key point of policy effort to boost economic growth and mainstream the ISID concept. Low labour productivity



and technical capacity are of the main challenges for Vietnam's competitiveness. The Global Competitiveness Index 2013 ranked Viet Nam 70th out of 148 countries globally. Vietnam's labour productivity is also among the lowest in the Asia-Pacific region. Productivity focus proposed here should be understood primarily as improvement in both technical and allocative efficiency. There are three main areas should be addressed to contribute equally to this goal. They

include (i) the human resources; (ii) the technical and technological aspects, and (iii) the institutional/policy improvement. The human and technical improvement will not be realized without necessary institutional/policy improvement.

In terms of policy improvement, for Vietnam to improve productivity, it is strongly recommended the following policy measures as starting points.

Learning from best practices -- International benchmarking to the best policy practices on productivity is highly advisable. Improving policy quality is hardly possible if one examines Vietnam's own past and present only. **Policy learning must be systematic and scientific rather than casual and random.** Vietnam should learn from advanced countries in changing the growth model toward higher value added and high productivity. The key principle here is selectivity and concentration.

Creating tailored, specific policies that encourage productivity and growth -- Because productivity improvement is one component of the national development strategy, it must be consistent with the national development strategy itself and its various other components such as policies for labor, education and training, infrastructure, land, small and medium enterprises (SMEs), trade, finance, investment, science and technology, and so on. The objectives and targets of productivity policy must be fully supported and in line with those of the national development strategy. Vietnam's next challenge is to formulate policy with a new approach in order to improve the allocation efficiency, to create healthy competitive business environment to accelerate contribution of innovation and knowledge to sustainable economic growth, as well as to strengthen local firms' capacity. For example, the investment regime should change from regional and sectoral promotion to the one featuring selectivity and high-tech orientation. **This policy shift will support the ISID strategy, targeting competitiveness, inclusive and green growth.** In this way, productivity policy will be closely integrated with its overall development strategy.

Establishing labor productivity database -- **Effective national-level planning for productivity also requires an up-to-date and comprehensive database of Viet Nam's wage and labor productivity data,** which cover not just minimum wages but



actual market wages. Given the limited human and financial resources, Vietnam's wage and productivity database can initially be simpler. The database will also explore ways to consolidate and incorporate information relevant to labor productivity that is currently held by different sections of GSO, MOLISA etc. within the new database. Based on collected data, movements of wage and productivity should be analyzed and publicized. Participants also called for joint initiatives and support of international organization such as UNIDO, ILO, and UNDP for example, to build up such kind of database.

Enhancing quality of human resources is seen as a key factor amongst others to improve the productivity in Vietnam. Vietnam is well-known for a disciplined, hard-working, and fast-learning population. However, the quality and the productivity of Vietnamese labour force remain low. Current training programs regulated by MOET and MOLISA are not flexible enough for training institutions to catch up with changes in industries. As results, labour supply does not meet with enterprises' demand. To improve the productivity of Vietnamese labour, a number of actions should be taken.

Improving the capacity and quality of the Technical and Vocational Education and Training (TVET) institutions and university -- TVET institutions and university should improve their capacity to provide the solid basic knowledge and skills that will improve the versatility of students. At the same time, **strengthening the link with enterprises and learning about business trends and up-to-date technologies are extremely important for TVET institutions to organize their educational and training programs based on industry's needs.** It is useful to explore ways that institutions can cooperate with enterprises to increase supplementary practical training opportunities through promotion of collaborative training, internships and other measures. To improve their cooperation with enterprises, TVET institutions should have clear strategies based on their comparative advantages and future visions, such as what their prioritized technical fields are and what type of industrial human resources they want to supply. Through improving the skills levels and productivity in private sector, companies will be able to enhance the working standards of their employees. Higher salaries, improved protection and working conditions are necessary to keep workers motivated and committed to interests of the enterprise. Moreover, the entry of private TVETs and accrediting organizations should also be welcomed in order to expand services and introduce competition.



companies, external educational institutions and international organizations/donors to address these particular skill challenges.

Strengthening the management capacity of Vietnamese entrepreneurs -- The second challenge cited during the meeting was a shortage of qualified engineers and high and middle managers. The situation in Vietnam, however, appears to be more challenging than in other Asian economies. In parallel with a broad effort to enhance the quantity and quality of public university and higher education, the government of Vietnam can continue to refine its collaboration with

Enhancing innovation and technology transfer -- Regarding the technical and technological aspect, several proposals were made. Yet to meet the needs of an increasingly higher-productivity economy, the regulatory authority needs to address the following challenges: (i) encourage continuing investment in high and environmental-friendly technology; (ii) establish incentives for utilities to adopt economically and environmentally attractive technologies and solutions; and (iii) develop strong incentives for environmental-friendly behaviors. All are important, but participants agree that **the most important way to address these issues is to encourage the application of measures for energy and resource efficiency and savings**. Joint initiatives with governmental agencies and international organization such as UNIDO, for example, to introduce environmental-friendly technologies, regulations, and quality standards; facilitate information exchange; and develop collective actions are highly recommended. Promotion of internationally environmental technology groups coming and transferring suitable technologies for Vietnam is also seen as possible solution for Vietnam. The enhancement of the role and functions of business associations to facilitate better horizontal cooperation among private companies, along with their conventional function of providing support and guidance to company, would also be beneficial.

Annex 1 – The Meeting Agenda



AGENDA

High-level ISID Think Tank Meeting
"Implications of Inclusive and Sustainable Industrial Development in Viet Nam beyond 2015"

Time	Activity	By
8.30 – 9.00	Registration	UNIDO Country Office
PLENARY SESSION		
9.00 – 9.30	Opening Remarks Introduction on UNIDO Inclusive and Sustainable Industrial Development (ISID)	Mr. Patrick Gilabert UNIDO Representative
9.30 – 9.40	Introduction on: - Challenges for Vietnam in the New Era of Development - Objectives of the Meeting	Ms. Le Ha Thanh National Economics University
CONCURRENT SESSION (Group Discussion): Implications of ISID in Viet Nam beyond 2015		
9.40 – 10.30	Group 1: <i>Policy Formulation and Implementation for Inclusive and Sustainable Industrial Development</i>	Moderated by Ms. Nguyen Thi Xuan Thuy (IPSI)
	Group 2: <i>Local Enterprise Capacity Building</i>	Moderated by 1. Ms. Le Thanh Thao (UNIDO)
	Group 3: <i>Productivity focus as a policy area</i>	Moderated by Ms. Le Ha Thanh (NEU)
10.30 – 10.45	COFFEE BREAK	
10.45 – 11.15	Group Discussions (cont.)	Moderated by Ms. Nguyen Thi Xuan Thuy, Ms. Le Thanh Thao and Ms. Le Ha Thanh
PLENARY SESSION		
11.15 – 11.45	Groups' Presentation and Feedbacks	Groups' leaders
11.45 – 12.00	Closing Remarks	Mr. Patrick Gilabert UNIDO Representative
12.00	LUNCH	

Annex 2 – List of Participants

No.	Name	Position	Organization	Address
Government Agencies				
1	Mr. Nguyen Viet San	Head of Division	International Cooperation Department, MOIT	54 Hai Ba Trung street, Hoan Kiem district, Hanoi
2	Mr. Pham Hoang Mai	Director General	Science, Education, Natural Resources and Environment Department - ISDENRE, MPI	6B Hoang Dieu street, Ba Dinh district, Hanoi
3	Ms. Vuong Thi Minh Hieu	Official	Industrial Zone Management Department, MPI	6B Hoang Dieu street, Ba Dinh district, Hanoi
4	Mr. Dinh Quang Minh		International Organizations Department, MOFA	6 Chu Van An street, Ba Dinh district, Hanoi
5	Ms. Nguyen Viet Anh	Director	General and International Cooperation Division, Agency for Business Registration, MPI	6B Hoang Dieu street, Ba Dinh district, Hanoi
Think Tank				
6	Mr. Le Dang Doanh	Expert		No.35, 218/29 Lac Long Quan, Tay Ho, Hanoi
Research Institutions				
7	Mr. Nguyen Dinh Hoa	Deputy Director	Development Economics Division - VIE, VASS	Room 1209, 12 th Floor, 1B Lieu Giai street, Ba Dinh district, Hanoi
8	Ms. Vu Xuan Nguyet Hong	Vice President	Central Institute for Economic Management - CIEM	68 Phan Dinh Phung street, Ba Dinh district, Hanoi
9	Ms. Dang Thu Hoai	Deputy Director	Public Service Policies Department - CIEM	69 Phan Dinh Phung street, Ba Dinh district, Hanoi
10	Mr. Hoang Sy Dong	Director	Department for Productive Industries Development - DSI, MPI	65 Van Mieu, Dong Da district, Hanoi
11	Ms. Nguyen Thi Xuan Thuy	Director	Integration Policy and Strategy Division, Industrial Policy and Strategy Institute (IPSI), MOIT	23 Ngo Quyen street, Hoan Kiem district, Hanoi
Education				
12	Mr. Nguyen Xuan Thanh	Director	Fulbright Economics Teaching Program	232/6 Vo Thi Sau street, District 3, Hochiminh city

Associations				
13	Ms. Nguyen Thi Quynh Nga		Office for Business Sustainable Development (SD4B), VCCI	9 Dao Duy Anh, Dong Da district, Hanoi
14	Mr. Dinh Manh Hung	Deputy Director	SME Promotion Center, VCCI	9 Dao Duy Anh, Dong Da district, Hanoi
15	Mr. Chu Duc Khai	Vice Chairman cum General Secretary	Vietnam Steel Association	7th Floor, 91 Lang Ha, Hanoi
16	Ms. Dang Phuong Dung	Vice Chairman cum General Secretary	Vietnam Textile and Apparel Association - VITAS	2 nd Floor, 32 Trang Tien, Hoan Kiem district, Hanoi
17	Mr. Pham Ngoc Han	General Secretary	Vietnam Association of SMIEs (VASMIE)	35 Dien Bien Phu street, Ba Dinh district, Hanoi
Local NGOs				
18	Ms. Dinh Thi Minh Thai	Director	Microfinance and Community Development Institute - MACDI	House no. 15/22, lane 324 Thuy Khuê - Tay Ho - Ha Noi
INGOs				
19	Ms. Thao Griffiths	Country Director	Eisenhower Fellow, Vietnam Veterans of America Foundation (IC-VVAF)	4th Floor, Viet Hong Building, 58 Tran Nhan Tong St, Hai Ba Trung District, Hanoi
Private Sector				
20	Ms. Do Hong Hanh	Manager	Esquel Garment Manufacturing (Vietnam)	10 th Floor, 1022, Pacific Place, 83B Ly Thuong Kiet, Hanoi
Technical Consultancy				
21	Mr. Le Duy Binh	Director / Economist/ Policy Analyst	Economica Vietnam	Unit 805, Eurowindow Multicomplex, 27 Tran Duy Hung, Cau Giay, Hanoi
22	Mr. Le Xuan Thinh	Director	Consultancy Department - VNCP	4 th Floor, C10 Building, Hanoi University of Science & Technology, 1 Dai Co Viet, Hanoi
Board of Organizers				
23	Mr. Patrick Gilabert	UNIDO Representative	UNIDO	72 Ly Thuong Kiet, Hanoi
24	Ms. Le Thi Thanh Thao	National Programme Officer	UNIDO	72 Ly Thuong Kiet, Hanoi
25	Ms. Nguyen Thi Huong Giang	Assistant	UNIDO	72 Ly Thuong Kiet, Hanoi
26	Ms. Le Ha Thanh	Expert	Vietnam Development Forum	25 Ngo Hue, Ha Noi



Concept Note
ISID Think Tank Meeting
Friday, 27th June 2014

1. Background

UNIDO in the first round of post 2015 consultation in Viet Nam

Since 2000 the Millennium Development Goals have defined a common framework for development priorities around the globe until 2015. While efforts are still made to support and accelerate the achievement of the MDGs by the target date, the discussion on the development agenda after the MDG's have already started. The UN Secretary General has initiated the process that will inform a new UN development agenda post-2015.

The UN has a unique opportunity to position itself as an advocate for a bottom-up approach defined by national and local priorities and stakeholders. As such, the organization must at all levels expand its efforts towards a more open and inclusive dialogue, with a particular focus on the poor and vulnerable, to ensure global ownership of a beyond 2015 development framework.

In this context, 50 countries, including Viet Nam, were selected and national consultations on a post-2015 development agenda were carried out. The Viet Nam consultation took place between November 2012 and March 2013 and of which the results were fed into the national consultation report entitled "**Our Voices, Our Future – Consolidated Report on Viet Nam's Post-2015 Consultation Process**" which was submitted to the global UN Development Group (UNDG) report and complemented the formal consultations led by the UN Secretariat on behalf of the UN General Assembly.

UNIDO in Viet Nam, in coordination with ILO, **was leading the consultation with the private sector**, one of the eight consultation groups. Beside the common aspirations with other group, representatives from the private sector highlighted their specific need for Viet Nam's business sector to be more deeply integrated into **global value chains** and to improve the sector's competitiveness and capacity to follow **international standards**. The non-transparent business environment was seen as a challenge and participants called for further equity and **transparency** in how the business sector is treated. The target group also felt there is a need for better **vocational training**. **Technology innovation and financial access** should be enhanced to promote resource and energy efficiency and competitiveness. They were keen on playing a greater role in **policy making**. The private sector's

aspirations were aggregated with voices from the other seven groups to make Viet Nam's report of which some key messages are summarized as per the following section.

Key Messages of the Consolidated Report on Viet Nam's Post-2015 Consultation Process

Quality employment and a new growth model: A widely shared wish among the target groups consulted was good quality employment. This means employment that is long-term, rewarding and with equal pay for men and women, at a rate that enables workers to live a decent life. Economic growth is critical in order to meet these employment aspirations. However, the limits of Viet Nam's current growth model have increasingly become apparent. Growth has so far relied heavily on low wage, low technology production and has been uneven, as we have seen, between population groups and geographical areas. This **new model needs to improve Viet Nam's economic competitiveness and value-added production**. This means relying less on exporting unprocessed natural resources or on producing low value-added products for export, such as clothing and footwear. Instead, **new technology-led sectors** need to be developed. Developing such industries and **scaling up the manufacturing and industrial production** processes will also provide better protection from the periodic fluctuations in global demand for cheap consumer goods and the fierce competition to produce these goods from other emerging economies. It will also generate wealth nationally and encourage the development of an internal market for goods and services.

Cleaner environment: Economic growth is necessary for Viet Nam's continued development. The growth model that Viet Nam has followed, though, has depended upon exploiting the natural resource base intensively, and on producing goods in a way that has had a negative impact on the environment. In an increasingly resource constrained world and with growing problems of pollution and environmental degradation, a growth model that is more sustainable and which has less environmental impact is needed. The priority must be on **producing in less environmentally destructive ways**, relying less on heavy resource extraction and **polluting industries**, and investing more in **smarter and greener alternatives**. A more sustainable environmental model also requires a change in **consumer behavior**, as technology alone will not compensate for an unsustainable use of resources. There is a growing awareness in Viet Nam of the need to conserve water and electricity, use less packaging in products, waste less, recycle more and rely on public means of transport. Viet Nam also faces the global threat of climate change. Climate change represents a significant source of future vulnerability, particularly for the poor and those on the margins of society, who are least able to deal with the effects.

Starting the second round of post 2015 development agenda consultation on Means of Implementation

During the global discussions and consultations people were keen not just to express their views on the content of the agenda, but they were also interested in how it will be implemented, including the roles and responsibilities of different stakeholders. UNDG has launched a second round of consultations focusing on means of implementation with an objective to convince policy makers that an ambitious post-2015 agenda can be implemented and help foster inclusive planning structure and multi-stakeholders partnership to support its delivery. There are six themes being consulted globally which will be aggregated and subsequently fed into inter-governmental deliberations. **Globally,**

UNIDO and Global Compact are the co-leaders for the consultation on “Partnerships with the Private Sector”.

Viet Nam was again chosen to conduct national dialogues **focusing on the theme of “Participatory Monitoring for Accountability”**. The dialogues will build on the first phase of consultations. It will showcase how more accountable, transparent, responsive governance is being pursued at country and local levels using evidence-based research and participatory monitoring and, if applicable, citizen generated real-time monitoring activities.

Promoting UNIDO’s new vision “Inclusive and Sustainable Industrial Development (ISID)” in Viet Nam

On 2 December 2013, UNIDO’s Member States endorsed the landmark **Lima Declaration** which shapes the organization’s new strategic long term vision to support Member States achieving **Inclusive and Sustainable Industrial Development (ISID)**.

The Lima Declaration states clearly that poverty eradication remains the central imperative, and that it can only be achieved through strong, inclusive, sustainable and resilient industrial and economic growth, as well as the **effective integration of the economic, social and environmental dimensions of sustainable development**. ISID creates shared prosperity and improves living standards of all people, promotes social equality through employment and income generation, not least women and youth. ISID also promotes resource and energy-efficient pathways to production, and the decoupling of economic growth from environmental degradation. In this way, **ISID is considered as an integral part of reframing the post 2015 development agenda** which aims at shaping a more inclusive and sustainable development future to create prosperity for all.

Given Viet Nam’s long term priority to become an industrialized country by 2020 and UNIDO strong presence in the country, Viet Nam has been chosen as a significant country for **advancing the diplomatic and strategic positioning of ISID, industrialization and UNIDO in the current post 2015 development agenda negotiations**. In order to realize this important task, UNIDO Viet Nam has prepared a National Outreach Plan to which aim at strengthening the voice of Viet Nam for a standalone goal on industrialization and promote ISID to various stakeholders. A number of activities have been conducted as follows:

- **UNCT: Industrialization** and promoting equality among countries were promoted to and agreed by the UNCT as one of the nine prioritized areas proposed to the Ambassador of Viet Nam to the UN in New York;
- **Focused approached to MPI/MOFA:** MPI is in charge of providing the technical inputs to MOFA for post 2015/SDGs issue. A letter explaining ISID concept and forwarding background material and brochure and requesting Viet Nam, as a member of the OWG, to support ISID position in the SDGs negotiation. A face-to-face meeting will be organized with MPI Vice Minister to follow-up;
- **Letters explaining ISID concept** and forwarding background material and brochure were shared with **twenty Ambassadors** in Viet Nam, with Vietnamese government through **five key ministries** and **Viet Nam Chamber of Commerce and Industry;**

- Two ISID movies with Vietnamese subtitles were made to clearly convey the message to large Vietnamese audience;
- **Viet Nam ISID Think Tank** is one of the key activities under the National Outreach Plan. The purpose of this initiative is to gather a limited number of high level executives, CEOs, Presidents, policy makers and advisors, to conduct a focused discussion to advocate for ISID in a more sophisticated manner.

2. Purposes and expected outcomes

The purposes of Viet Nam ISID Think Tank meeting are:

- to advocate ISID's vision and key contents to the high level stakeholders from government, academia, research institutes, private sectors and civil society;
- To discuss the implication of ISID in the context of Viet Nam;
- To discuss what and how should be done to promote the ISID in Vietnam, especially how to involve the private sector

Expected outcomes:

- Participants fully understand ISID's vision and key messages;
- Implication of ISID in Viet Nam is discussed and documented;
- A discussion paper is prepared (about 5 pages) summarizing the meeting discussion that will be fed into the Government decision making for Open Working Group inputs, UNCT Viet Nam dialog in the context of UNDG national consultations, and UNIDO ISID promotional campaign.



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