

Working document
Identification
Programme: Facility for Capacity Building

1. Subject summary

The Programme will operate as a Facility for strengthening capacities of Vietnamese nationals and targeted institutions in the areas identified as priorities of the Belgian development cooperation and in response to Vietnam's need for quality human resources in the current SEDP period of 2011-2015.

This will be a flexible instrument operated with a diverse arrays of modalities to satisfy the needs for high quality human resources in short and long term.

The general objective of the Capacity Building Facility is to contribute to the sustainable development and growth of Vietnam by facilitating Vietnam to become a knowledge-based industrialised country by 2020.

The specific objective of this Programme is to enhance the quality of human resources of Vietnam through strengthening the innovative and management skills and capacities of Vietnamese individuals and targeted institutions, with priority in the sector specified in the Indicative Cooperation Programme 2011-2015.

Belgium will provide the support of €12 million for the proposed programme. A part of the budget (€4 million) will be reserved for continuing support to the scholars selected during transitional period (2011 and 2012) as well as in the previous years¹. Therefore, the proposed programme will have an estimated budget of € 8 million², distributed for four Results as follows:

- Result 1: Capacity for innovation and management developed through Master scholarships (€5 million).*
- Result 2: Management and professional skills of Vietnamese nationals strengthened through short-term training scholarships. (€ 2 million).*
- Result 3: Alumni initiatives to foster expertise linkages between Belgian and Vietnamese private and public partnerships supported (€500.000).*
- Result 4: Programme is adequately managed (€500.000).*

A formulation study is foreseen to take place within the first semester of 2012 to engage with relevant Vietnamese counterpart institutions and the Embassy of Belgium.

<u>Duration:</u>	2011-2015
<u>Total amount</u>	€ 12 million

2. Partners

1. *The Ministry of Planning and Investment (MPI) is the designated Ministry for **overall oversight of this programme**. The functions and tasks of the Ministry of Planning and Investment are well prescribed in Decree No. 116/2008/NĐ-CP dated 14 November 2008. According to this Decree, MPI is a government agency which is responsible, among others, "to assume the prime responsibility in monitoring and evaluating ODA-funded programmes and projects; to act as the principal body in handling matters concerning many ministries or branches according to its competence or proposing them to the*

¹ Apart from those scholars selected for 2011 and 2012 Intakes, there are still PhD scholars selected in the previous years that need to continue being supported.

² All figures are estimated based on actual expenses of the scholarship programme so far.

Prime Minister for handling; to sum up and make periodical reports on situation and efficiency of ODA attraction and use". Specifically, the Foreign Economic Relations Department of Ministry of Planning and Investment will be the main partner for traineeships in Belgium.

2. *The Ministry of Education and Training (MoET) will involve in the implementation. The functions and tasks of the MoET is well described in Decree No. 32/2008/ND-CP dated 19 March 2008. According to this Decree, MoET is a government agency that is responsible for state management of education and training under the national education system and other training institutions. In addition, among others, MoET "assume prime responsibility to sign and participate in programs and projects on education and training cooperation with other countries, territories and international organizations according to law"*

*The International Cooperation Department (ICD) of the Ministry of Education and Training will be the main implementation partner for **Master scholarships and traineeships in the region and in Vietnam**, based on their management experience with the closed Belgian project 'Training Facility'.*

*The Vietnam International Education Development (VIED) will involve in the implementation of **Master scholarships in Belgium**.*

3. *Vietnam Belgium Alumni (VBA) will be the partner for those interventions concerned with former Vietnamese students having studied in Belgium. It will spur **close partnerships between Vietnamese alumni and Belgian public and private entities in Belgium and Vietnam**. This is an association legally established on the voluntary basis, under the umbrella of the Vietnam Belgium Friendship Association.*

The coordination mechanism, tasks and functions of MPI and relevant Ministries and institutions will be further described at the formulation stage in order to ensure the coherent implementation.

3. Overall and specific objective of the programme

3.1. Past interventions in "capacity development" funded by the Belgian bilateral cooperation

Belgium has always attached high importance to capacity development through scholarships and traineeships, as well as hands-on training in its projects and programmes for Vietnamese nationals. There have been different interventions funded by Belgian Development Cooperation toward this objective.

As early as 1970s, the Government of Belgium granted scholarships to 42 Vietnamese students to follow undergraduate studies at different Belgian universities. After being interrupted from 1982 to 1990, these scholarships were resumed in small quantity and allocated to a small number of Vietnamese institutions that were partners of development cooperation projects. This has laid a firm foundation for the development of the Belgian Bilateral Scholarships. Since 2004, the number of the Master and PhD scholarships funded by the Directorate General for Development Cooperation (DGD) through the execution by the Belgian Development Agency (BTC) has been maintained at 40 seats annually, including both Master and Mixed PhD studies.

The main areas of studies funded by bilateral scholarships to Vietnamese students are in line with priorities of Vietnam, guided by the Socio-Economic Development Plan, i.e. environment, agriculture/rural development, education, health, governance and

engineering. Since 2001, there have been about 200 scholars funded by this type of scholarships.

Up to now, the scholarship programme is managed by the "Implementation Agreement" and the "Agreement Framework" signed between DGDC and the BTC for a "*Programme Annuel de Bourses hors Projet*". At the country level, although the programme budget has been included in the Indicative Cooperation Program (ICP) since 2008, it is still planned and implemented on an annual basis and not governed by a Specific Agreement signed between Belgium and Vietnam.

Apart from Master and Mixed PhD studies, scholarships are also provided to Vietnamese officials to follow short-term trainings in Belgium ("*bourse de stage*"). These scholarships were resumed in Vietnam in 2005, with a budget of 10 man/months (€3.500 per man/month), dedicated for standard training seminars provided by the Antwerp Port Management Training Centre (APEC). Since then, the short-term training scholarships were stabilised at the quota of 30 man/months per year. Part of this budget is reserved for APEC training seminars (10 man/months/year); the rest is distributed depending on the needs expressed by Vietnamese individuals and institutions. Since the Joint Commission of 2007, the Vietnamese Ministry of Planning and Investment has been the co-manager with BTC of these short-term training scholarships for better aligning with Vietnamese demands.

In addition to these scholarships, there was a bilateral intervention "*Training Facility*" which was signed in 2005 between the governments of Vietnam and Belgium with a budget of €1 million. The facility was implemented by BTC and the Ministry of Education and Training (International Cooperation Department). The objective of this facility was to improve capacities and skills of Vietnamese nationals by facilitating their participation in education and training programs, seminars and workshops of international standard. The project was the follow-up of the local scholarship scheme. However, it was operated in a different model. The strategy was to develop a mechanism through which Vietnamese nationals got access to quality education and training programmes of international standards organized by Training Service Providers (TSPs) either in Vietnam or in the region. The TSPs had to prepare training proposals which met a certain number of criteria before being eligible to receive the funds from the Training Facility. Different concerned stakeholders have appreciated the flexible strategy applied in this intervention. This has been confirmed by the final evaluation of the intervention.

3.2 Problem analysis

This part provides some analysis on the key issues in relation to weak capacity of Vietnamese labour force. However, as "capacity" is a vast topic, it only touches the issues concerning capacity for innovation, capacity of managers/leaders in public agencies and private sectors, and professional and technical skills.

It has been proven by both theory and practical experience that human resources play an utmost important role in economic growth and development of any country. Hayami and Godo (2005) observed that an economic growth model in an early stage of its development process depends mainly on capital accumulation. In a later stage, it will have to rely on technology innovation and human capital.

Vietnam has experienced significant changes over the past decades. Its market economy transition and integration with global process has created a sustained economic growth. Since 2010, Vietnam has become a middle-income country. As other countries, Vietnam faces the risk of being stuck in the so-called "middle-income trap". This is because they are unable to compete with low income economies in manufacturing or with advanced economies in high skill innovations. They enjoy short

periods of growth followed by stagnation or even decline and are stuck at low growth rates.

Vietnam has recognised the problem and the government has integrated in its new socio-economic development plan the need for sustainable growth, improvement of the quality of human capacity and meeting infrastructure challenges. The economy of Vietnam has thus to innovate and use labour and capital more productively. That requires an entirely different way of doing business. Instead of just assembling products designed by others, with imported technology, companies must invest more heavily in R&D on their own and employ highly educated and skilled workers to turn those investments into new products and profits. If indeed Vietnam's economic model is similar to that of the common case of middle-income trap in the world, it will have to use science-technology, renovation-creativity, education and training to dodge the trap.

To implement effectively the sustainable economic growth policies 2010-2020, experts have recommended that, besides promoting different solutions, Vietnam needs to boost the knowledge-based economy which depends very much on human capital and technology innovation, among other factors.

Following are some analysis of the challenges that Vietnam is facing to boost its human capital and technology innovation.

3.2.1. Vietnam lacks human resources for boosting its innovation capacity.

As a transitional economy seeking to transform itself into a more modern and industrialised nation and to increase its knowledge based industry, Vietnam needs to place utmost importance on boosting its capacity for innovation and the level of skills quality. However, Vietnam currently faces a lot of challenges to realise this objective. Among other barriers such as conditions of higher education institutions, capacity of faculty staff, low proportion of faculty staff with postgraduate degrees (in particular doctoral degrees), it is the limited number of postgraduate students (less than 4 per cent of all those enrolled in higher education) that weakens the innovation capacity of Vietnam. According to a WB report and a study commissioned by Harvard University, Vietnam appears to be lagging behind other countries in the region in this area. Korea, Malaysia and China offer more and/or increasing opportunities of post-graduate studies.

There are some reasons that could explain this shortage. First, Vietnamese universities offer a limited number of quality post-graduate programmes. As public universities are the only institutions that offer graduate and postgraduate degrees, it limits the supply of potential spaces for postgraduate students. Second, the quality of these programmes is also a concern that demotivates public interest. Factors such as too flexible input qualification requirements, non-existence of (or weak) monitoring of learning outcomes, poor quality of lecturers are normally the main concerns.

Besides programmes offered by Vietnamese universities themselves, the model of joint training programmes offered by a Vietnamese university in partnership with a foreign partner has been booming recently. They are delivered in different models and with different levels of quality. Although there are some good examples, such as Solvay Master Program of Université Libre de Bruxelles and National Economics University, the Netherlands Master Programme (Maastricht University and the National Economic University), CFVG of France etc., the quality and accreditation of joint training programmes have provoked some discussion. There have been some cases in which foreign universities or their programs are not recognised or accredited in their home countries. This is still an issue to be addressed further by the Ministry of Education and Training.

Besides, it is worth to note that the currently operating joint training programs are offered only in a limited number of studies, mainly in management, economics, finance, etc. There are very few of these programmes offered in science and technology subjects. It may explained by the fact that there is a higher public interest in these subjects for the time being. However, it also means that there are fewer opportunities for those who want to follow quality graduate training programs of these subjects right in Vietnam.

It has been confirmed by the World Bank that enrolment in the natural sciences studies, such as physics, chemistry and biology, and also math and engineering, which are a key driver of research and innovation, appears low in Vietnam. From the demand side, the low interest of Vietnamese students for science and technology studies is indeed a concern and could explain the shortage of human resource for innovation. This could be partly due to the relatively higher tuition fees for students in these disciplines, which is primarily driven by the high cost of laboratory equipment. It also reflects the limitation on non-public institutions from offering courses in the hard sciences, which affects overall enrolment. As a dynamic economy Vietnam needs more graduates from hard sciences and technology and, beyond this, from a variety of disciplines (such as economics, IT, construction, etc.), especially post graduate students.

The shortage of graduate and postgraduate students could also relate to the accessibility to scholarship opportunities. Although the Government of Vietnam (GoV) and donors have made efforts through different scholarship schemes, it seems these initiatives were not able to satisfy growing demands of Vietnam. The scholarships of GoV or provincial budget³ only target employees working in public sector (universities, research institutes, public agencies, etc.). Therefore, those who come from the private sector and could be potential drivers of innovation have to seek for scholarships granted by donors.

Beside the Belgian Bilateral Scholarships, there are currently some other well-known scholarship schemes in Vietnam, offered by Australia, US, France, UK, New Zealand, Netherlands, and Ireland or by other sources (Vietnam Education Fund, Erasmus Mundus). Except for the 'leader' Australia, which annually offers about 300 Australian Development Scholarships and Australian Leadership scholarships, the rest of donors grant about 20 – 50 scholarships per year to Vietnamese students. Belgian Bilateral Scholarships program annually provides 40 scholarships for Master and PhD studies. This normally can satisfy only 20% of the demand⁴. This situation is the same with other scholarship schemes.

From this analysis, it is well observed that there is a huge demand in Vietnam for scholarships to study high quality graduate and postgraduate trainings. To respond to this demand, Belgium can continue providing scholarships for Master studies, through both individual and institutional approach. This will encourage young motivated talents to access new knowledge and at the same time further strengthen institutional capacity.

3.2.2. Weak management capacity in both public institutions and business environment.

Management capacity in both public institutions and business environment needs to be further consolidated and enhanced if Vietnam wants to sustain its economic growth in the context of Middle Income Country.

³ Scholarship Programme 322, Programme 911 to train 20.000 PhDs holders, Mekong 1000, etc.

⁴ Annually, the Belgian Bilateral Scholarships program receives more than 200 applications.

Only with the 'renovation' – Doi Moi – in 1998 the Vietnamese public and private institutions steered away from a rather morose and sclerotic management style that has typified so any centralised and top-down controlled states in the past. The Public Administration Reform Master Plan of Vietnam has been implemented for 10 years and has gained remarkable achievements. However, there is still a lot to do if Vietnam wants to move forward toward a modernized, efficient and effective public sector, especially in the context of the middle income country⁵. This implies developing capacity of public sector to fulfil its mandate but also enabling the conditions to provide better quality public services. Besides state management knowledge, it requires the manager of public sector to be equipped with better skills for public service delivery, notably foreign languages, office skills, project management, etc.

Although there have been so far a number of initiatives for strengthening public management capacity in a wide array of areas such as macro economics, public finance, public management, leaderships etc., focused trainings for managers (mid-career ones) in specific sectors/areas are still fragmented in Vietnam. Supporting some identified sectors/areas in which Belgium has advantages through professional trainings in Belgium for their managers will enhance their management skills, hence contributing to the sustainable growth of Vietnam. These areas might include but are not limited to: port management, tourism, public audit, food safety etc. These are areas that Belgium is recognised for its comparative advantages. It has strong expertise that could support both Vietnamese public and private sector.

With regard to the private sector, there is also an urgent need to improve business management skills, especially for small and medium enterprises, so as to help a multitude of poorly developed, informal micro-enterprises to become well-functioning and managed SMEs. In this sector there is a massive lack of capacity in almost all fields: management, marketing, book-keeping, information technology, etc.. As evidenced by the World Bank's study, more than 60 per cent of the firms with a manager with postgraduate education have introduced new technology that has resulted in a change in the product line compared to less than 40 per cent for firms with managers with below college education.

To address the challenge of management capacity, short-term trainings in Belgium or in the region (South East Asia) could be a useful choice. Main target beneficiaries will be managers, both in public and private sector. As they are always under time constraints and high workload it would be very difficult for them to follow long trainings. Therefore, short-term trainings, either standard trainings or tailor-made trainings would be very useful for this group of beneficiaries.

3.2.3. Professional and technical skills of Vietnamese nationals remain poor.

With a population of 87 million, of which 63 per cent is at working age, Vietnam could be proud of its abundant and growing labour force (with an average of 1.24 million annually during the period of 2005-2009). However, the labour force in Vietnam is mostly unskilled with nearly two-third (65.3%) not having any technical education. In 2008, 40 per cent did not attend any school or only primary school. Thirty-four per cent completed lower secondary school and 21.5 per cent only completed upper secondary school. Data indicates that only 4.5 per cent went to junior college or higher. These figures illustrate the fact that there is an urgent demand to improve not only the quantity but also the quality of skilled labours in Vietnam.

Qualifications of tertiary graduates in Vietnam indeed remain a major concern. According to the World Bank report on "*Higher education – skill for growth*", tertiary

⁵ A study by the Institute of State and Law (VASS) estimated that 60 to 70 percent of civil servants have not been trained on statement management issues, 50 percent of staff in key positions at the communal level have only finished primary or secondary school (Reforming Public Administration in Vietnam, Jairo Acuna)

graduates are not always hired in a position which corresponds to their skills, which, among other reasons, may also be related to lack of skill relevance (of technical and vocational education and training (TVET) and/or tertiary education).

In addition, deficiencies are also observed in the type of skills that they bring to the workplace, particularly in practical skills (practical knowledge of the technology, work experience) and generic skills (written and verbal communication, foreign language and communication skills, teamwork, creativity, etc.). Skill deficiencies are also apparent from the indication that a significant fraction of firms needs to re-train tertiary graduates, normally from six to twelve months⁶. Although Vietnamese workers are acknowledged to be hard-working and trainable, many businesses are still not pleased with the training quality of education units in Vietnam. Poor quality and lack of available on-the-job trainings for graduates seems to be a crucial issue, made worse by the increasing needs for professional in-service trainings of Vietnamese TVET and/or tertiary graduates.

The experience of Belgium in "Training facility" which aims to improve the capabilities of Vietnamese nationals through quality trainings in Vietnam could fill this gap. Its flexible approach and unique strategy which gave a dominant role to Training Service Providers to identify, develop and implement "tailored" training courses could bring added value and address the training needs of both public and private sector in Vietnam.

3.2.4. Linkage of Belgian and Vietnamese expertise needs to be further strengthened.

Networking has been recognised as one of the important tools for people to permanently upgrade their knowhow. It could be realised easily through (overseas) study tours and/or trainings. As networking requires an investment and commitment from both parties at both ends, it fosters an educational and/or professional win-win situation for all involved. According to recorded statistics, there are presently around 1.700 Vietnamese alumni graduated from different institutions in Belgium (PhD, Master, undergraduate, professional trainings etc.). They are currently holding different positions and are active in both public and private sectors. Undoubtedly, they are valuable resources for knowledge, professional skills and innovation ideas through enhanced networking.

However, upon their return to Vietnam, their educational and professional contacts with Belgium seem interrupted due to the lack of a permanent mechanism to support the networking. Except for those who are involved in institutional cooperation projects between their universities and Belgian Universities⁷, the rest seems having no channel to get updates on Belgium or looking for chances of cooperation.

Recently, the setup of Vietnam Belgium Alumni (VBA) was initiated by volunteering alumni, under the umbrella of the Vietnam Belgium Friendship Association. The mission of the VBA is to foster the linkages among Vietnamese alumni, enrich their alumni experience, and facilitate alumni professional career development. They plan to carry out this mission through a wide range of activities, ranging from social gatherings, professional knowledge-sharing through workshops and seminars, to bridging activities between alumni and Belgium through diverse channels (research institutes, universities, companies); promotion campaigns for education in Belgium, counselling services for new students to Belgium, etc.

⁶ At a recent seminar on Human Resource organised in Ho Chi Minh City, part of the Vietnam Human Resource Day, businesses said that they have to spend billions of VND to train their staff every year to follow industry trends.

⁷ Institutional University Cooperation projects with VLIR-UOS and CUD

Though this association is still in its infant stage, its potential for contribution to sustain the professional linkages and networking will be huge. With a large pool of expertise, VBA could act as a bridge matching demands for partnerships, academically or in business. With such high potential, it would be useful to support the alumni association since it will be a good channel to foster the linkage of expertise between Belgium and Vietnam, hence enhancing innovation capacity of Vietnam in the long run.

3.2.5. Gender

While gender has been mainstreamed in the past Belgian ODA activities in Vietnam, the intention is to increase the gender angle in the ICP 2011-2015 to assist Vietnam in implementing its gender-based strategies and action plans.

Compared to other countries in Asia, Vietnam has achieved certain progress in gender. It is well on track to meet the MDG in gender. On promoting 'Gender Equality and Empower Women' (MDG3) Vietnam is well on its way achieving its goal of eliminating gender gaps in primary and secondary education, and has already achieved a gender balanced youth literacy rate.

In addition, there is almost no gender gap in enrolment in primary and secondary schooling. But, there is evidence of deterioration of the position of the female child in response to increasing education and health fees. Inequalities can also be found in labour markets (see her above), political representation, and domestic situation. While Vietnam is proud of its 89% of women's participation in labour force, only 26% of working women are engaged in white collar jobs. In addition, women's average monthly wage was 85% of men's. More women than men are likely to be employed in the informal sector. Due to women's limited access to resources such as land, credit and training, there is a risk they are being left behind in potentially unproductive areas of the economy. Previously, education and training was totally subsidized, but today a family has to cover all education expenses for their children from upper primary level onwards. This is a major challenge for most of the population of Vietnam, especially for poorer families who cannot afford their children's education costs. In such circumstances, young girls' hope for pursuing higher education is fragile.

There is an important gender dimension to this ignorance about the relationship between liberalization, mobility and quality of life. The success of the East Asian export-oriented growth model is based at least in part on the availability of millions of underemployed young women, who, partially subsidized by their families, are willing to work very long hours for low wages. Job creation needs therefore to prioritize training for women so that they are able to participate in the labour force as skilled employees and workers and fully benefit from job opportunities.

3.3 The overall and specific objectives of the proposed intervention

From the problem analysis above, the proposed programme "Capacity Building Facility" will have the following objectives:

The general objective of the Capacity Building Facility is to contribute to the sustainable development and growth of Vietnam by facilitating Vietnam to become a knowledge-based industrialised country by 2020.

The specific objective of this Program is to enhance the quality of human resources of Vietnam through strengthening the innovative and management capacities and skills of Vietnamese individuals and targeted institutions, with priority in the sectors specified in the Indicative Cooperation Programme 2011-2015.

Results:

Result 1: *Capacity for innovation and management developed through Master scholarships.*

Result 2: *Management and professional skills of Vietnamese nationals strengthened through short-term training scholarships.*

Result 3: *Alumni initiatives to foster expertise linkages between Belgian and Vietnamese private and public partnerships.*

Result 4: *Programme is adequately managed.*

3.4. Project design

To obtain the global, specific objectives and the Results above, the programme is designed as follows:

Result 1: Capacity for innovation and management developed through Master scholarships

To address the problem of shortage of human resource for boosting innovation, the Facility will support Vietnamese institutions and young talents to obtain state-of-art knowledge and skills through Master study programmes organised in Belgium, in the region and in Vietnam. It aims at both institutional and individual levels to have double effects on the innovation capacity of Vietnam in the long run.

With the availability of many scholarships schemes in Vietnam, one could question what would be the niche for Belgian Bilateral Scholarships in this context. Or to put it another way, why do Vietnamese students choose Belgium as the destination for their further trainings. Experience from recent years indicated that Vietnamese students nowadays are much smarter in their choices for postgraduate programmes, be it in-country or abroad programmes. They make efforts to search for appropriate programmes that respond to their demand for new knowledge as well as professional career development. They spend time comparing similar trainings offered by different universities or countries to find the most appropriate one. With its bilateral scholarships programmes, graduate and post-graduate training programmes of Belgian universities have indeed gained good reputation in Vietnam. Not only in science and technology areas (e.g. food technology, aquaculture, biotechnology, IT etc.) but also in business areas Belgian training courses are highly appreciated by Vietnamese students.

Besides Master programs in Belgium, the Facility can provide scholarships for Vietnamese nationals to follow Master programs organised in Vietnam or in the region as well. One of the advantages of those programmes is cost efficiency. This also allows for wider coverage of beneficiaries, especially those from disadvantaged areas who usually cannot access Master programmes abroad due to language barrier.

Through providing scholarships for these local/ regional studies, it is expected that more beneficiaries from disadvantaged provinces will be able to access quality graduate studies. This type of scholarships will focus on candidates proposed by institutions or provinces (with priority for partners of Belgian Indicative Cooperation Programme). These priority institutions or provinces will be identified during formulation process.

The priorities of the studies will be centred on the two focal sectors of the new indicative cooperation programs (i. *Water and sanitation in the framework of urbanisation and climate change* and ii. *Governance*). By focusing on these two focal sectors, especially the former, the facility is expected to address the need of Vietnam for more graduate students in science and technology. The possible study areas in this focal sector may include: water resource engineering, environmental sanitation, human ecology, architecture and urban planning, human settlement, etc. In addition,

engineering studies in other sectors are also highly encouraged. However, other subjects as economics, business, management, health, education, agriculture etc. are still eligible, in response to the needs of socio-economic development of Vietnam. The aspect of innovation capacity and gender equality will be emphasized during the selection process.

Following are proposed activities for to obtain the Result 1:

1. Providing scholarships for candidates from targeted institutions and for outstanding individuals to study Master programmes in Belgium.
2. Providing scholarships for candidates from targeted institutions to study Master programmes in the region or in Vietnam.

Activity 1 offers opportunities for Master scholarships in Belgium to both Vietnamese institutions and individuals. A mechanism to ensure an appropriate ratio of scholarships granted for public or private sector candidates will be developed at the formulation stage and finalised during the inception phase of the Facility.

With the institutional approach, beneficiary institutions will be selected on the basis of a number of criteria indicatively as follows:

- Be either government agencies or research institutions/universities;
- Be active in the priority sectors and provinces of the ICP 2011-2015 (this could also include the institutions at provincial level).
- Have a long-term institutional capacity development plan available;
- Be willing to financially contribute to realise the plan.

The support from the Facility to these institutions is expected to be on a long-term basis. This is to ensure that the support will have a significant impact on the institutional capacity in innovation and management term. The number of the beneficiary institutions, detailed selection criteria and an indicative list of the institutions will be defined at the formulation stage. The definitive list of Vietnamese beneficiary institutions will be based on a need assessment study to be finalised at the inception phase of the Facility in close collaboration between the Vietnamese and Belgian partners.

For individual approach, the selection mechanism will inherit from the experience and best practices of the Belgian Bilateral Scholarship programme in Vietnam. This approach welcomes applications from both public and private sectors.

Activity 2 aims to provide scholarships to Vietnamese candidates to follow Master programmes organised in Vietnam or in the region. These scholarships should also follow institutional approach as in the Activity 1. The institutions that are benefited from the Activity 1 could also be included in the Activity 2. This is to ensure that the institutional capacity will be strengthened with diversified instruments (local scholarships with Belgian scholarships), addressing different levels of demands and qualifications of candidates. Similarly, the number of beneficiary institutions and selection criteria will be further elaborated at the formulation stage.

Result 2: Management and professional skills of Vietnamese nationals strengthened through short-term training scholarships

By obtaining this result, the Facility will address two main issues i.e. i) management capacity and ii) professional and technical skills of Vietnamese nationals through short-term training scholarships.

Regarding management capacity in the public sector and private sector, the facility will support a number of targeted Vietnamese institutions active in sectors/areas that Belgium has proven advantages. This support will be realised through scholarships for young managers to attend short-term trainings or study tours organised in Belgium, in regional countries or in Vietnam.

With regards to institutional arrangement for these short-term scholarships in Belgium, the past experience proved that the involvement of MPI in need identification and management is important in order to ensure the relevance of the training programmes to the development needs of Vietnam. Therefore, setting up a partnership agreement that is governed by a Memorandum of Understanding - as the current arrangement for APEC trainings - might be effective, to clearly define the roles of partners involved. Such a type of arrangement could be considered for replication for other potential partners (in tourism sector and possibly food security, state audit, energy, science and technology, foreign language etc.). The target sectors for these short-term training scholarships will be further defined during the formulation stage in order to match the demands of Vietnam and the advantages of available training courses in Belgium. See also Activity 1 of Result 1 according to the elaboration of a list of beneficiary Vietnamese institutions.

In addition, the facility will also address professional and technical skills of officials from both public and private sector through tailored short-term trainings organised in Vietnam and/or in the region. Through these trainings, they are expected to improve their professional skills. It will inherit the implementation experience of 'Training Facility' (TF) that ended in June 2011. This will help diversify the beneficiaries of this intervention, and more important make the full use of the flexibility of the TF strategy.

Following are proposed activities to achieve the Result 2:

1. Strengthening management capacities of Vietnamese targeted institutions in priority sectors of Vietnam and where Belgian institutions have comparative advantages through scholarships for short-term trainings in Belgium;
2. Strengthening professional capacity for mid-career public officials from identified Vietnamese institutions in the area of governance, management, climate change, urban planning, water and sanitation, engineering, and environment through participating in relevant short-term trainings in Vietnam or in the region (Training Facility)
3. Strengthening technical and professional skills of Vietnamese work-force, including employees from small and medium enterprises through tailored professional trainings in Vietnam (Training Facility)
4. Supporting training service providers that expose potentials to deliver quality-training programmes through training them on proposal writing, acquisition, methodology of delivering courses, etc (Training Facility).

While the activity 1 will inherit the implementation experience of APEC short-term training scholarships, the activities 2, 3, and 4 will follow the strategy and experience of the project "Training Facility" implemented by BTC and the MoET before.

Result 3: Alumni initiatives for strengthening expertise linkages between Belgium and Vietnam private and public partnerships supported

While the two Results above target long-term impacts, tapping on alumni resource with multidisciplinary expertise might bring immediate results for innovation capacity.

There is a rich source of knowledge and expertise that needs to be further developed through sustained linkages with Belgian academic institutions. Therefore, providing fellowships for the alumni to attend scientific seminars in Belgium, to join in small research in collaboration with Belgian partners, to revisit their Belgian academic institutions as guest lecturers could stimulate new ideas and thus innovation capacity.

Besides the fellowships, small initiatives that aim to create and/or sustain professional expertise networking between Belgium and Vietnam through alumni association can also contribute to achieving the specific objective of this programme. To ensure the innovative and creative potential of these interventions, the Facility can provide 'seed money' for these initiatives to be executed effectively.

Following are some proposed activities:

- Strengthening capacity for innovation through providing fellowships to Vietnamese alumni to sustain their linkages with Belgian academic institutions/partners.
- Supporting VBA initiatives for expertise linkage. This includes:
 - Strengthening alumni information management through supporting its database and website;
 - Strengthening networking linkages with Belgian academic institutions and/ or business associations through professional activities organised by VBA in Vietnam, e.g. professional talks and exchanges with Belgian professors, business lunch etc.;

Result 4: Programme is adequately managed

A support unit to coordinate and monitor the implementation of the whole programme will be set up. Following are some activities foreseen:

1. Promotion of activities including advertisement, information day, brochures, posters, etc.;
2. Monitoring activities include setting up monitoring tools;
3. Follow up the provision of scholarships for scholars selected from previous years (before ICP 2011);

4. Beneficiaries and localization of the intervention

Relating to the Result 1 of this programme, there are two groups of key beneficiaries. The first target group are targeted Vietnamese institutions that are in need of institutional strengthening and capacity development for research and innovation. These individuals are young and capable mid-career officials, researchers and potential leaders of these institutions. Specific selection criteria for these institutions will be identified in the formulation stage. These institutions may include Ministries and departments (provincial level) involved in the sectors and issues listed above, research institutes or universities. Priorities will be given to those provinces identified as beneficiaries of the Indicative Cooperation Program 2011-2015.

The second group of the Result are Vietnamese talented individuals who could prove their potentials to contribute to the sustainable growth of Vietnam. This group may include researchers, lecturers, mid-career officials, and young managers. Selection criteria of these individuals will be further identified during the formulation stage and can benefit from the current selection criteria.

With regards to the Result 2 "*Management and professional skills of Vietnamese nationals strengthened through short-term training scholarships*", the first beneficiaries will be mid-career managers of some targeted institutions in those

sectors that Belgium has advantages. The formulation mission will further identify these beneficiaries.

In addition, the beneficiaries will also be officials nominated by targeted institutions (both public and private sector) in need for enhancing professional and/or technical skills required to sustain the process of industrialisation and contribute to technical change in their institutions/companies. Priorities will be given to women and provinces under the coverage of Belgian bilateral cooperation projects, as well as other disadvantaged provinces and ethnic minorities. The direct beneficiaries are training service providers who make training proposals for funding this target group of ultimate beneficiaries.

The beneficiaries of the Result 3 are the Vietnamese alumni from Belgium. These are those who studied and did research in Belgium since 1978 up to now. The Vietnam Belgium Alumni, a legally recognised alumni association, and the focal contact point with the alumni will also be the beneficiary of this Result. In addition, beneficiaries of this Result could be Vietnamese institutions and associations active in support to active in support for strengthening Vietnam – Belgium linkage (in both academic and business areas) with the aim of developing professional and technical capacities could be considered for this grant.

The programme will not be limited to geographical concentration; however, priorities will be given to those provinces that are the priority of Belgian Development Cooperation ICP 2011-2015.

5. Relevance

The proposed programme is relevant to both Vietnamese socio-development strategy and the Belgian development cooperation objective.

In particular, it is relevant with the general objective of the current Indicative Cooperation Programme of Belgium in Vietnam for the period of 2011-2015, which aims to *"contribute to the socio-economic development of Vietnam through institutional capacity development to support the implementation of the SEDP 2011-2015"*.

The recently approved Human Resource Development Strategy of Vietnam for the period 2011-2020 indicates clearly the target of reaching 55% of skilled workforce by 2015 and 70% by 2020. As the highly skilled workforce in Vietnam only accounts for a very small fraction (about 5%), the results of this project will contribute to the attainment of these targets. In addition, the strategy also iterates the need for setting up tertiary and vocational institutions at international standards to provide high quality human resources. To this end, it requires also qualified teaching staff that studied abroad. The Result 1 of this programme is expected to contribute to realise this target.

The Higher Education Reform Agenda (HERA) for the period of 2006-2020 was recently promulgated by the Government as its vision for the higher education system in Vietnam for the next 15 years. It seeks to attain by 2020 a higher education system for Vietnam that is *"advanced by international standard, highly competitive and appropriate to the socialist-oriented market mechanism"*. The agenda which is ambitious and broad reflects the commitment of the Government. Among its objectives, it clearly puts a strong emphasis on the advancement of scientific and technological research and development activity. Alumni from Belgium, especially those who come from universities and research institutes, from one way or another way, still remain in contact with Belgian universities. These are a rich source of innovation potential for Vietnam if supported. Therefore, supporting the scientific

linkages between alumni and Belgian partners is fully relevant to the achievement of the objectives set out by HERA.

6. Coherence

There have been a number of interventions supported by both GoV and donors in the field of "capacity development":

The Government of Vietnam has come up with a number of solutions to address the issues of quality and quantity as mentioned above. These include renovating curricula and teaching methodologies, and retraining teacher and educational management staff. They are well indicated in its Higher Education Reform Agenda - HERA (2006-2020) which has main objective to i) *dramatically increase the participation rate in universities* ii) *simultaneously boost quality and efficiency of higher education system*, iii) *strengthen research capacity in universities in order to upgrade the quality of teaching; and to provide a research base for the development of industry and enterprises, and iv) improve governance of higher education system.*

In addition to HERA, Vietnam also aims to have 20,000 PhDs by 2020 as one of its efforts to boost up human capital. Besides, it also targets to have several international standard universities and at least one Vietnamese institution recognised and ranked as one of the world's 'top' 200 universities by the year 2020. More practically, the Government of Vietnam also reserves a significant budget for sending officials to study abroad. Reference is made to annex 1 "Different scholarship schemes" for further information on the current scholarship programmes financed by the Government of Vietnam.

The scholarships provided by Belgium through this Facility will not overlap with these initiatives of the GoV. On the contrary, they will be complementary to these scholarships as the Facility targets both individuals and institutions identified as "drivers of innovations.

The proposed interventions in this project are also in coherence with other projects funded by different donors in the area of human resource development or capacity building:

The Human Resource Development pillar supported by Ausaid, for the period of 2009-2013. The programme includes **Australian Development Scholarships** and **Australian Leadership Awards**, which provide scholarships for Master, PhD studies and short-term training courses. The scope and scale of this programme are quite large with about 300 scholarships for Master and PhD studies, covering the whole country. It does not limit the area of studies. In addition, it also provides support to "organisation linkage" to facilitate the cooperation between the two partners from Vietnam and Australia.

Belgium find its advantages through the fact that the focus of this programme will be prioritized for innovation and management capacity. In addition, in comparison with other scholarship providers, Belgium has gained more and more a good reputation for its scholarship programme recently thanks to strict adherence to selection criteria. As such, increasing the number of the scholarships with diverse arrays of modalities within this program is coherent with other interventions.

7. Estimated Budget

The total budget of this program is €12 million. However, an amount of € 4 million will be spent for continuing bilateral scholarship selections before 2013 intake, the total amount for the period of 2013 – 2015 will be **€8 million**. This budget is divided for

the four Results as follow:

Result 1: Capacity for innovation developed through Master scholarships: €5 million, in which:

- Master scholarships in Belgium: €4 million
- Master scholarships in VIE/region: €1 million

Result 2: Management and professional skills of Vietnamese nationals strengthened through short-term training scholarships: €2 million, in which:

- Short-term training in BE: €750,000
- Short-term training in VIE/region (Training Facility): €1,250,000

Result 3: Alumni initiatives to foster expertise linkages between Belgian and Vietnamese private and public partnerships supported: €500,000, in which:

- Fellowships for alumni: €400,000
- Support to VBA: €100,000

Result 4: Programme is adequately managed: €500,000.

8. Sustainability

The programme is expected to have high sustainability upon its lifetime. Although it normally takes time for “capacity building” interventions to have impact, the comprehensive approach proposed which addresses both short-term and long-term demands for quality human capital of Vietnam will ensure a strong foundation for Vietnam to further develop its human capital.

More importantly, as stated above, Vietnam has a strong will for developing its human resources as well indicated in its SEDP 2011-2015. Its determination toward this end is well observed from central and regional scholarship initiatives (e.g. Programmes 165, 322, 911 etc.).

In addition, the small grant facility that provides seed money to support sustained linkages between Vietnamese and Belgian expertise (Vietnam Belgium Alumni) lays a firm base for sustainability.

Annex 1

Following are some scholarship schemes offered by the Government of Vietnam

i) Program 322 provides scholarships for lecturers and researchers of universities and institutes to take up Master and PhD studies abroad. This program will come to an end by 2014.

ii) Proposal 911 to support lecturers from universities and colleges to do PhD studies either in form of sandwich studies or full-time studies abroad (or in-country) to reach the target of 20,000 PhD holders by 2020. This scheme will close in 2020. However, the program is being challenged by the fact that it is difficult to find sufficient qualified candidates with master degrees to apply for PhD positions.

iii) Program 165 provides scholarships for public cadres to follow a diverse arrays of studies (degree training – Master/ PhD -, short-term training abroad and in country). The Party does not administer by the Ministry of Education and Training but the program. In 2011, the quota for degree trainings abroad is 434 seats, of which 384 for Master and 50 for doctoral studies. The program also offer scholarships for government officials, civil servants to follow Master studies of joint training programs (280 seats for the 2011 intake). This program also provides a big amount of short-term training scholarships abroad.

iv) Regional Scholarships:

Mekong 1000 aims to promote Mekong Delta's regional development goals through training young university staff and local provincial administrators. The total budget of USD50million is funded by the 13 provinces from Mekong Delta. To date, 400 Master and PhD candidates have been sent overseas.

East Central Vietnam Programme is comparable to Mekong 1000, but differs in two aspects. It mainly focuses on capacity building in the East Central Vietnam and is administered by the Vietnam National University in Ho Chi Minh City, while Mekong 1000 caters to the need of the Mekong Delta and is administered by Can Tho University.

Annex 2

Training Facility, 2006-2011

The Training Facility supported Vietnamese citizens who did not have financial means to get access to training programs of international standard. As such, training service providers (TSPs) must prove their capacity to organise such quality trainings. The TF funding will be granted to ultimate beneficiaries through these TSPs based on their proposals. The strategy of delegating autonomy to Training Service Providers (TSPs) to identify needs, developing and executing the trainings has proved to be a good approach to stimulate innovation of TSPs in delivering good results.

The TF part in this Facility will not narrow its scope to training of public officials, however, it should shift the balance of training participants to the employees of private sector (SMEs) as recommended by the final evaluation team. Accordingly, possibilities of supporting the latter will be considered during the formulation stage of this programme.

Also according to the recommendation of the final evaluation, given the importance of the creation of high quality national training capacity, also in quantity, it is useful to strengthen TSPs that have potential to deliver good in-country trainings programs. These TSPs are not necessarily only universities but might include as well vocational and technical institutions, or business associations throughout Vietnam.

Annex 3

Overview of different scholarship programmes provided by donors

- **Australia's Endeavour Awards** scheme is managed and executed by Australian Education International. It normally provides about 50-60 scholarships to Vietnamese citizens annually.
- **US Government: Fulbright Scholarships** provided by the US Government offers about 25 scholarships for Master studies and 10 fellowships for Vietnamese citizen every year.
- **Vietnam Education Fund:** This fund provides scholarships for Vietnamese citizens through the debt repayment of Vietnam to US (5million USD). There are three types of activities: VEF fellowships focusing on science and technology subjects (about 40 portions per year), VEF visiting scholars facilitating Vietnamese scholars for postdoctoral training in the US. VEF US Faculty scholar visiting which supports US professors coming to Vietnam for lectures. This Fund will come to an end in 2018.
- **British Chevening Scholarships** supported by the Government of UK. There are about 10 Master scholarships per years and some fellowships.
- **French Government offers Evariste Galois Scholarships:** about 50 scholarships per year (Master and PhD studies).
- **Germany** offers various schemes: 1) Research grants for about 8-10 PhDs per year, 2) Postgraduate courses for developing countries: Open to international competition; 3) Megacities: Open to international competition; summer courses: 8; Re-visits and Research stays schemes: about 50.
- **VLIR-UOS and CUD:** These are the scholarships granted by the Directorate General for Development Cooperation of Belgium, executed by VLIR-UOS and CUD. Every year, there are about 20 Master scholarships offered by both VLIR and CIUF.