



PROJECT IMPLEMENTATION PLAN

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Project Code	18-RP-46-GE-SNP-C-06
Title	Development of Vietnam's National Productivity Master Plan: Toward Innovation-driven Economic Growth
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Timing and Duration	1 October 2019–31 March 2020
Venue	Hanoi, Vietnam
Implementing Organization(s)	Vietnam National Productivity Institute

1. Background

The interconnections among productivity improvement, economic growth, and better standards of living are obvious. For those links to be functional, a set of preconditions must be met. The institutionalization of productivity enhancement within the overall development policy is one of the most important preconditions. Policies supporting the creation of a favorable environment for innovation, including those facilitating business-model innovation, are necessary. Policy approaches that strengthen competition, improve resource allocation through better firm dynamics, and encourage the market entry of disruptors must be developed and administered. Subsidies for education, establishing industry–academia linkages, and promoting innovation in public services are among the important areas of focus in improving productivity through innovation.

Vietnam has achieved remarkable economic growth since the launch of economic reforms in the late 1980s. Vietnam began its industrialization by focusing on labor-intensive light manufacturing and rapid integration into the global market. The strategy was very successful in jump-starting productivity growth and reducing poverty among the population. Entering the 2000s, however, labor productivity growth began to slow and came to rely more on capital deepening than on efficiency improvement. Whether it will be able to continue its course toward an advanced economy is a question of considerable importance not only to Vietnam but also to other countries that see its great potential as an economic partner. The current APO consultancy project aims to propose policy options for the Government of Vietnam to boost national productivity.

A general formula for productivity-led growth is the institutionalization of productivity enhancement within the overall development policy and the easing of institutional constraints. Policies supporting the creation of a favourable environment for innovation are necessary, along with structural reforms that strengthen competition, improve resource allocation through better firm dynamics, and encourage the market entry of start-ups. Promoting private investment and exports through ensuring the existence of market returns will help create more productive jobs as well as expand skill intensity in the labor market.

2. Objectives

To assist the Government of Vietnam in developing its national productivity master plan that can support the country's long-term development as well as other relevant policy agendas.

3. Scope, Methodology, and Time Frame

This is a policy consultancy project carried out through several stages of activities divided into three key phases: 1) assessment of the country's achievements and remaining gaps; 2) identification of major bottlenecks; and 3) drafting a master plan and action plan.

The details are outlined below.

Step 1. Preliminary Dialogue, which consists of initial engagement with all concerned parties including the NPO as well as the potential project consultant team to receive preliminary feedback on the elements to be integrated in the project including expectations of the NPO, possible involvement of stakeholders, expected time frame and deliverables, etc.

Engagement with the NPO may be in the form of, but not be limited to, gaining access to relevant documents and data as well as direct interaction and communications.

Time frame (tentative: July–September 2019).

Step 2. Identification of Key Issues involves: 1) a literature review when the consultant team will conduct situational analysis based on documents and data to determine the current productivity situation of the country; 2) research to develop the master plan; and 3) an onsite diagnostic visit to identify key productivity levers among internal and external factors affecting productivity at national and industry levels.

Engagement with the NPO may include, but not be limited to, confirmation of the findings and recommendations, gaining access to the necessary information, and arrangements for interactions with key stakeholders in the country.

Time frame (tentative: September–October 2019):

Up to a specified number of days (determined under the arrangements stated in the Technical Proposal) in Vietnam.

Step 3. Consolidation and Synthesizing includes: 1) drafting the initial report that will provide the overall structure of the final report in a preliminary form for review by and feedback from the NPO and APO; and 2) a second visit to Vietnam by the consultant team to conduct an interim workshop and in-depth study. During the workshop, the consultants will present major issues and findings to the NPO and other key stakeholders to obtain their views on developing the master plan. Based on the comments and confirmation from stakeholders, the consultant team will use the additional information and data required for completion of the final report.

Engagement with the NPO may include, but not be limited to, confirmation of the findings and recommendations as well as arrangements for interactions with key stakeholders in the country.

Time frame (tentative: November–December 2019):

Up to a specified number of days (determined under the arrangements stated in the Technical Proposal) in Vietnam as well as the consultant team members' countries of residence.

Step 4. Development of the National Productivity Master Plan involves activities such as: 1) drafting and submitting the Vietnam National Productivity Master Plan, which can be adopted as the official national productivity plan or policy framework or be used as the first draft for the development of the official productivity plan; 2) writing a summary report highlighting the key points of the full report; and 3) organizing a workshop to present the key findings of the final report. Relevant stakeholders will be invited to determine the action and time frame, approve and launch the productivity master plan, and undertake necessary follow-up actions.

Engagement with the NPO may include, but not be limited to, confirmation of the findings and recommendations as well as arrangements for interactions with key stakeholders in the country.

Time frame (tentative: January–March 2020):

Up to a specified number of days (determined under the arrangements stated in the Technical Proposal) in Vietnam as well as consultant team members' countries of residence.

4. Roles and Responsibilities

The roles and responsibilities of the NPO and APO are:

NPO

- a. Play an active role in the relevant activities mentioned in Section 3. Scope, Methodology, and Time Frame;
- b. Assign a program manager to provide daily support to consultants, stakeholders, and the APO Secretariat;
- c. Act as a liaison in relation to the activities mentioned in Section 3. Scope, Methodology, and Time Frame;
- d. Provide budget not covered by the APO;
- e. Make all local arrangements for the project; and
- f. Ensure smooth implementation of the project in the country.

APO

- a. Design the approach/methodology of the project;
- b. Assign international consultants or a team of consultants;
- c. Coordinate and carry out consultations with both consultants and the NPO;
- d. Monitor the overall project implementation; and
- e. Provide administrative and financial support.

5. Financial Arrangements

The APO will meet all costs related to assigning international consultants, while the NPO will be responsible for all local implementation costs.

6. Final Project Output

The project is expected to deliver a productivity master plan that can be adopted as the official national productivity plan or be used to develop the official national productivity plan.

Follow-up activities such as monitoring the development of the national productivity plan and/or overall monitoring and evaluation of the impact of the project will be determined later upon consultation and agreement between the NPO and APO Secretariat.



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