



Vietnam and COVID-19

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Vietnam and COVID- 19

A success story of
resilience

Five emerging pathways
out of the crisis

Four principles to move
faster



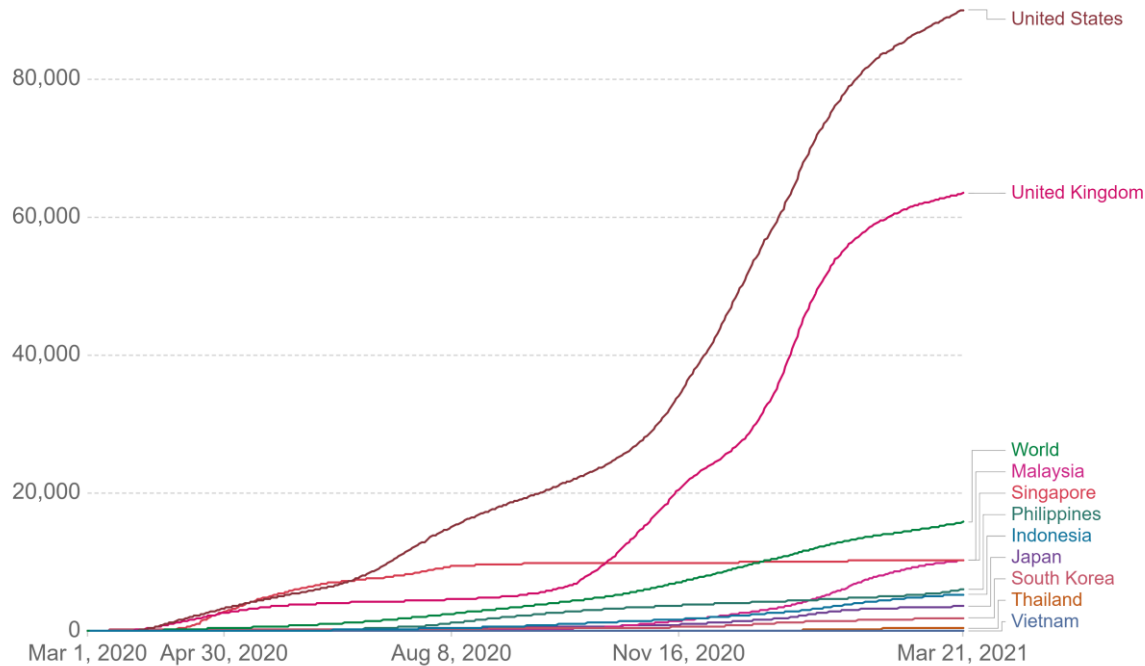
A success story of resilience

Vietnam has demonstrated its ability to manage the COVID-19 crisis

A health crisis well controlled – ahead of the curve...so far

Cumulative confirmed COVID-19 cases per million people

The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

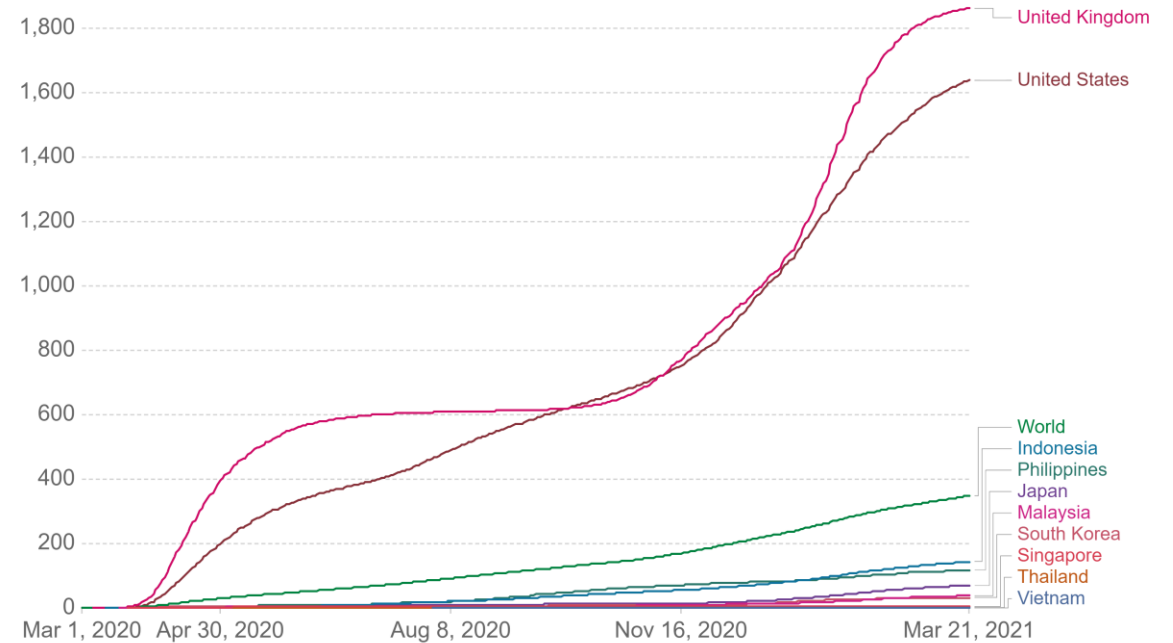


Source: Johns Hopkins University CSSE COVID-19 Data

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Cumulative confirmed COVID-19 deaths per million people

Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.

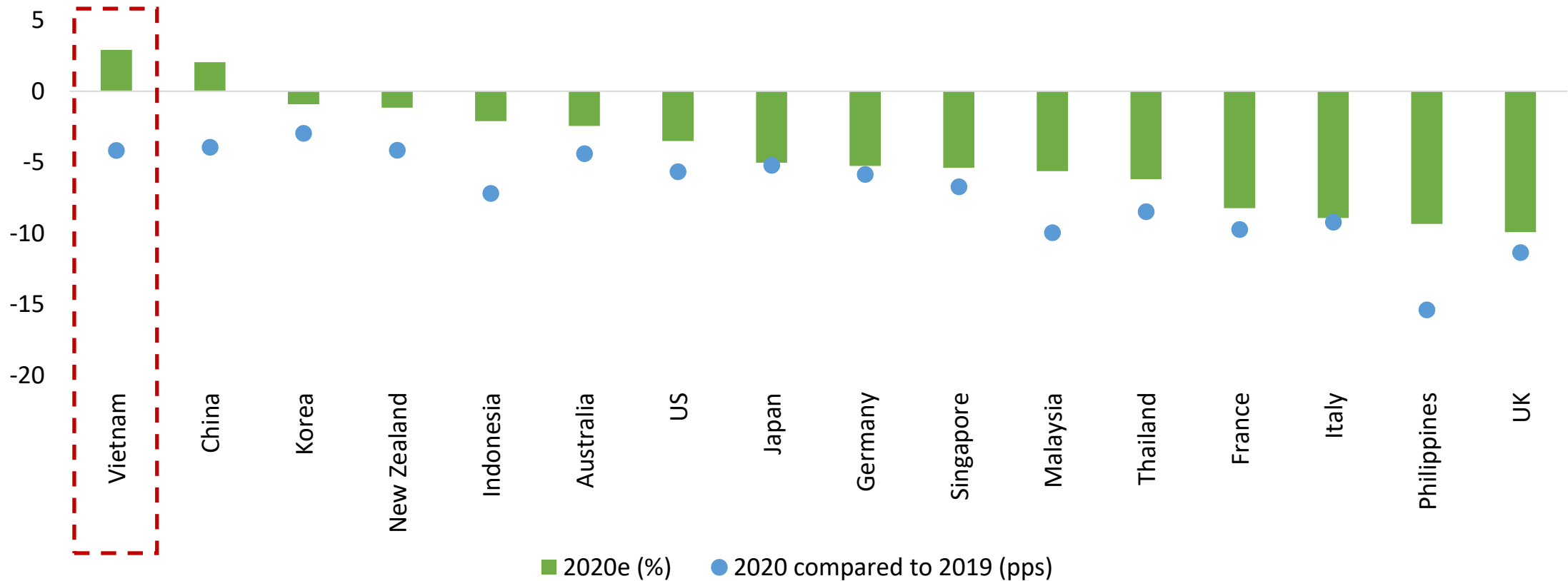


Source: Johns Hopkins University CSSE COVID-19 Data

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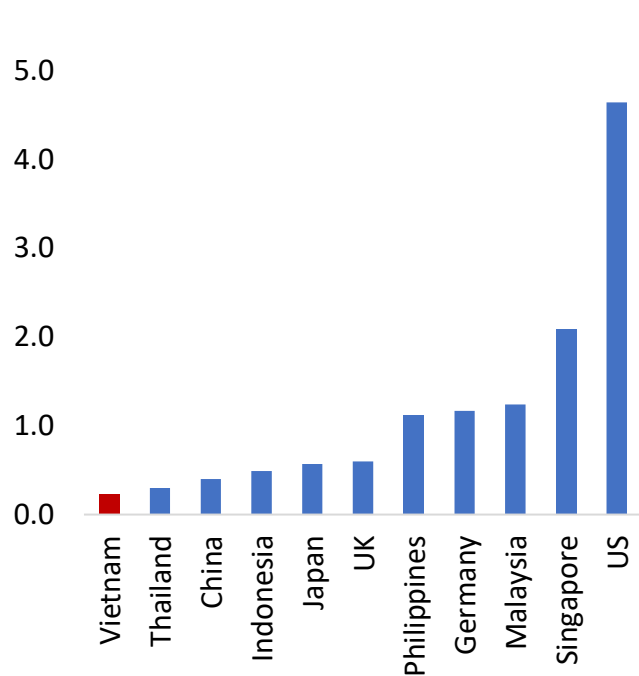
Fewer economic pains in 2020

GDP growth in selected economies in 2020

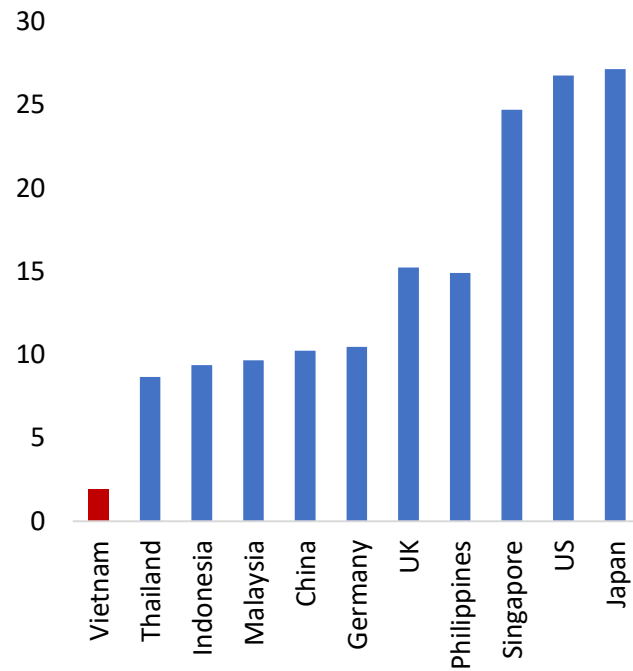


Limited unemployment, little public borrowing, and massive increase in reserves

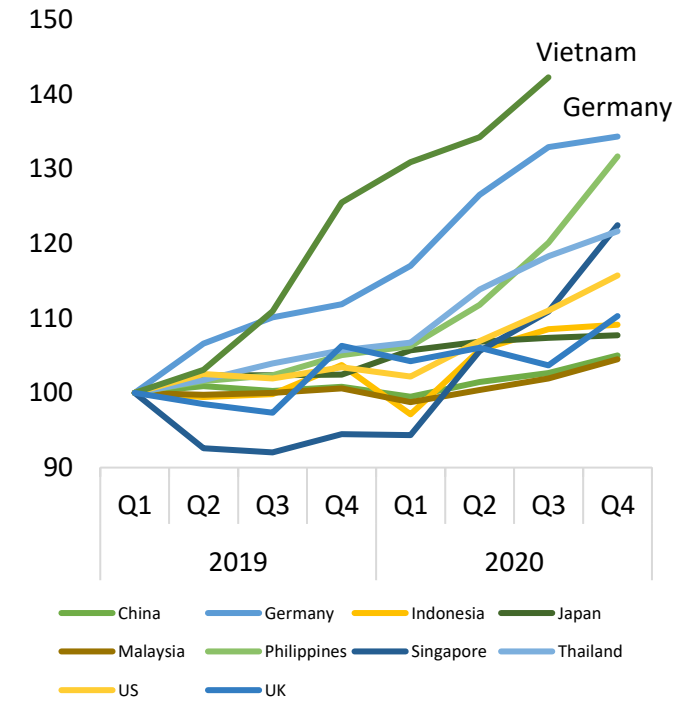
Change in unemployment, 2019-20
(percentage point)



Change in public debt in 2019-20
(percentage point of GDP)



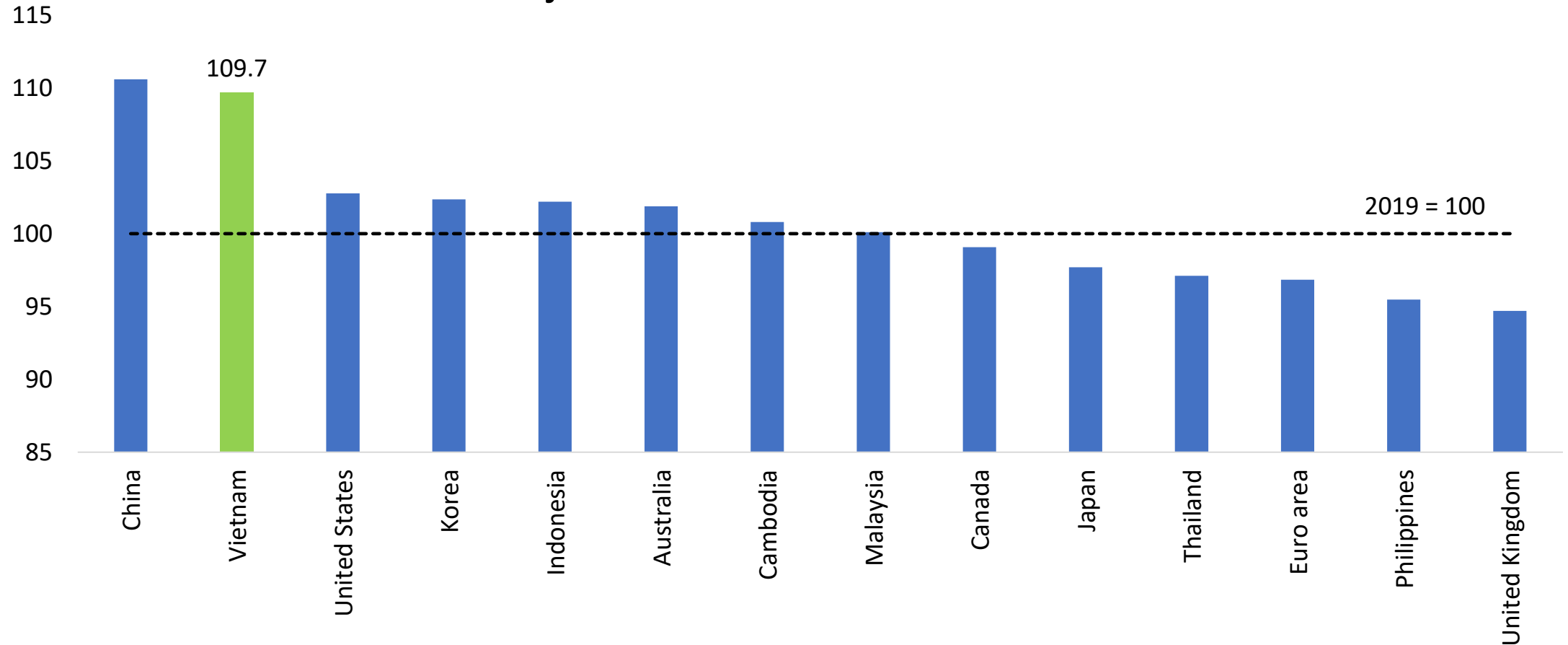
Official reserves
(2019Q1 = 100)



Source: World Bank, IMF, and Haver Analytics

A projected winner by end 2021

Projected GDP in 2021 relative to 2019



Source: World Bank and OECD



Emerging Pathways out of the crisis

Vietnam is transforming the crisis into opportunities

The pandemic has created a new sense of urgency

Pandemic Resilience

- Catch up will require more testing and vaccines

Global footprint

- Increase Vietnam presence into global trade and add local value in exports

Digital Transformation

- Connect but also use better new IT tools through the delivery of better services (skills, adaptation, innovation)

Green Growth

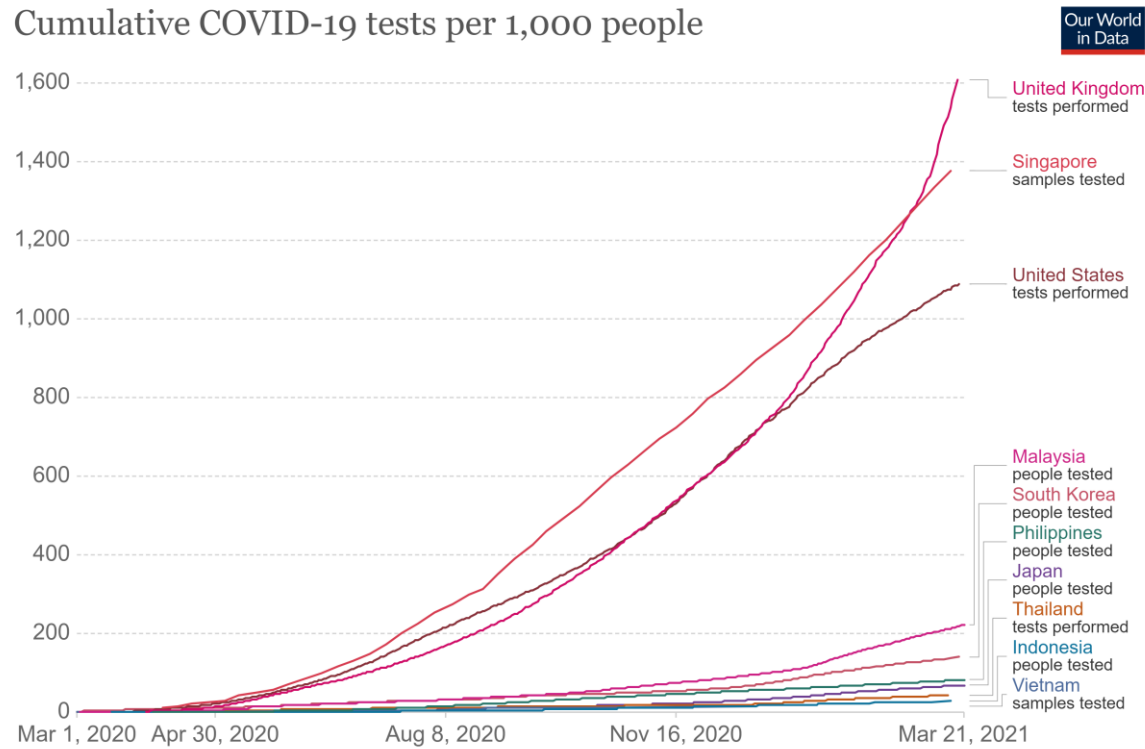
- Protect natural capital but also think transformation and production of green technologies to maintain competitiveness edge (trade, FDI)

Social contract

- 80% of the households live with \$4-10 per day and aspire for a better future (jobs, housing, etc.) and social protection

Pandemic resilience: Will Vietnam be behind the curve?

Cumulative COVID-19 tests per 1,000 people

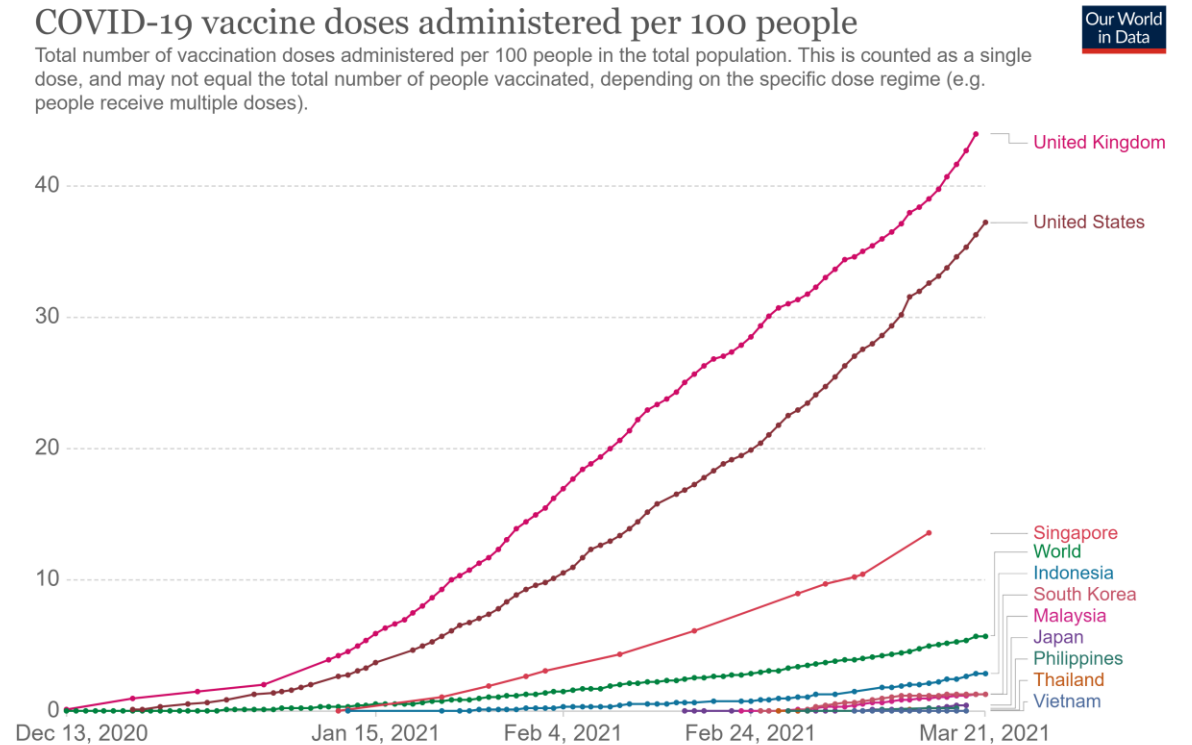


Source: Official data collated by Our World in Data

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COVID-19 vaccine doses administered per 100 people

Total number of vaccination doses administered per 100 people in the total population. This is counted as a single dose, and may not equal the total number of people vaccinated, depending on the specific dose regime (e.g. people receive multiple doses).

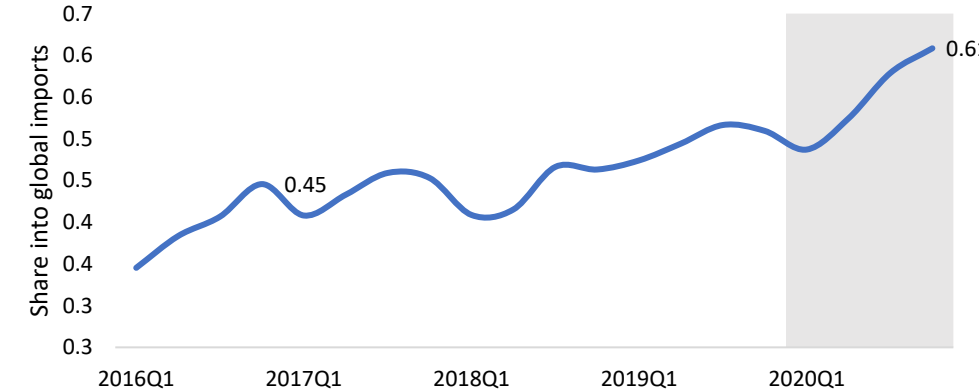
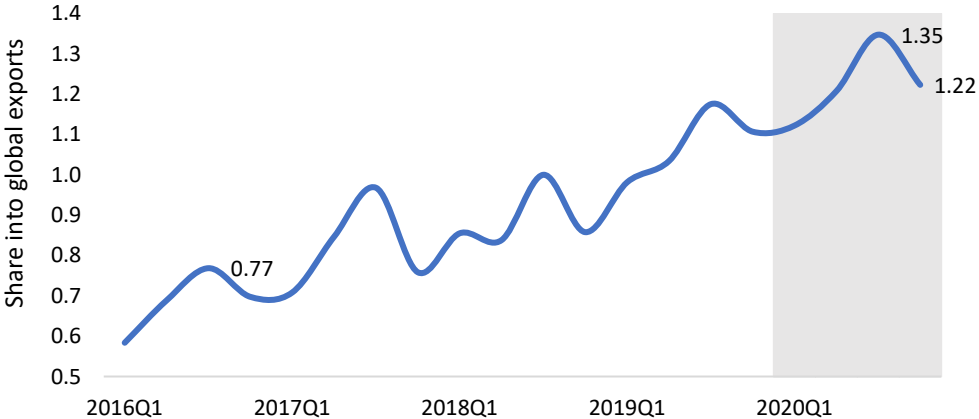


Source: Official data collated by Our World in Data

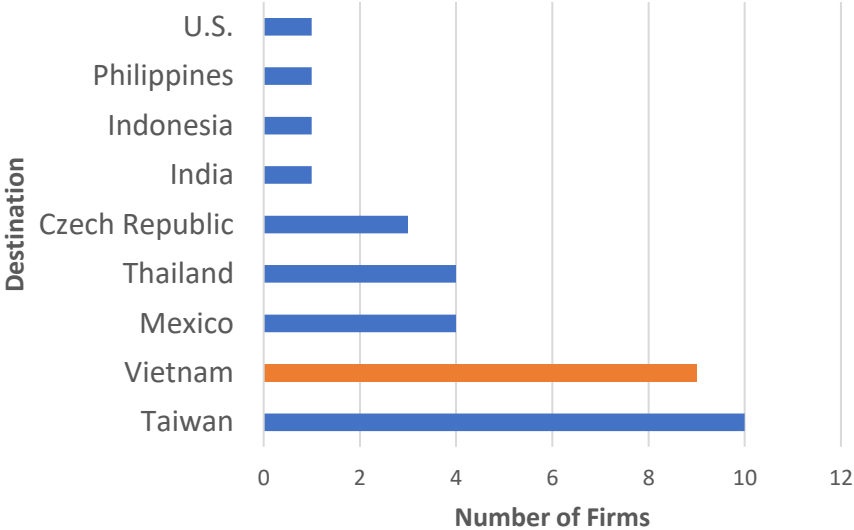
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Increasing footprint into global trade

Rising share of Vietnam into global trade



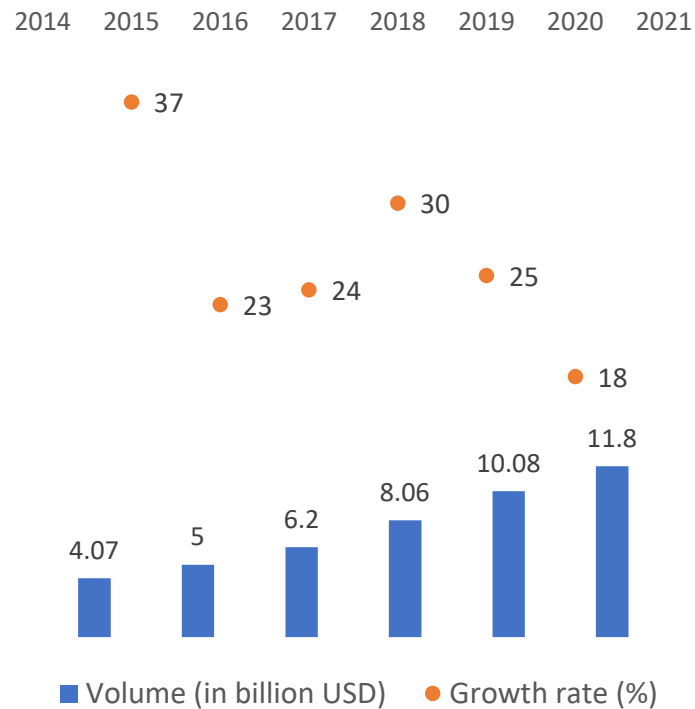
In recent months, many firms leaving China are choosing Vietnam as a destination



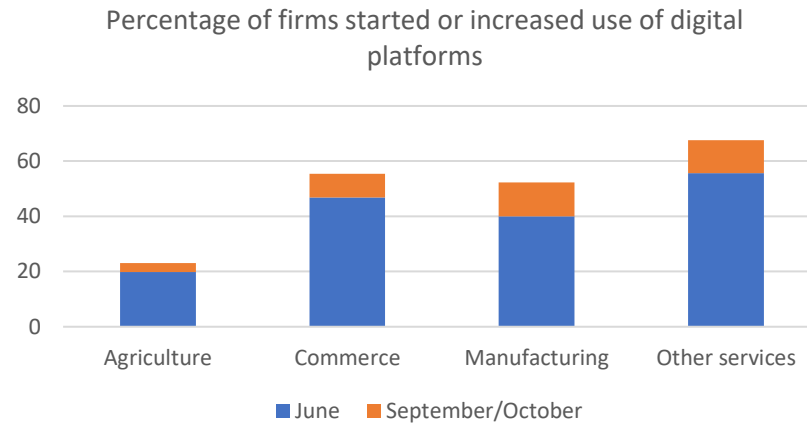
Taiwanese firms returning home

The digital boom has become a reality

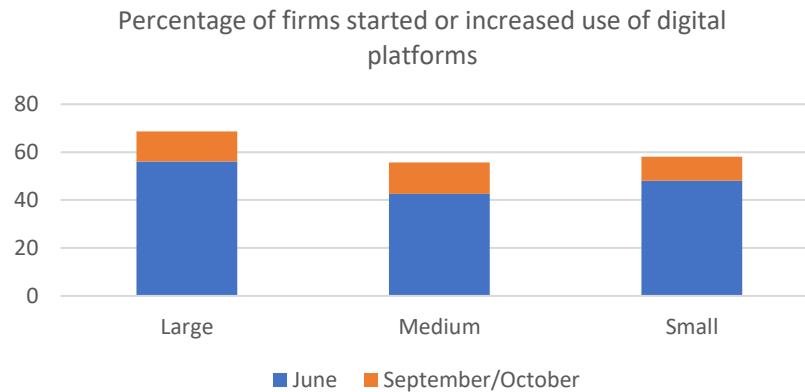
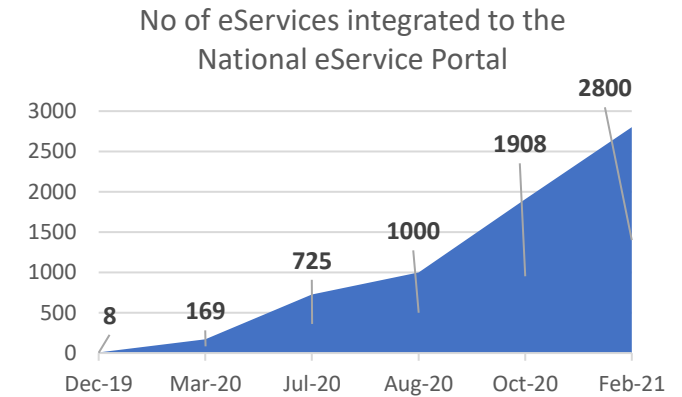
The explosion in e-commerce, 2014-20



Almost 2/3 of firms have increased their use of digital platforms, 2020



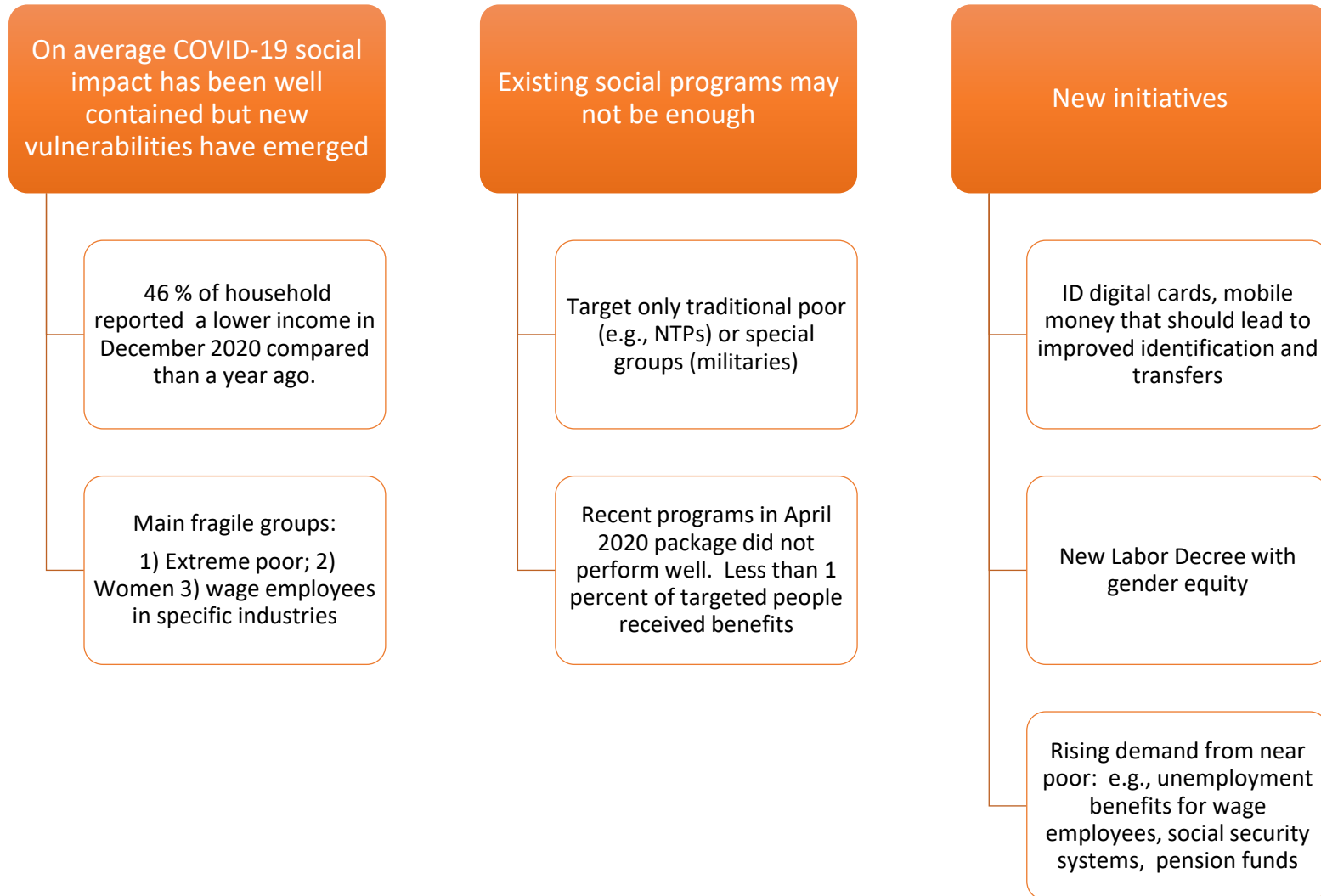
E-government is not a virtual concept anymore



Toward a Green recovery

- Green has become top priority for Vietnam
 - Words like “sustainability, environment) quoted over 30x times in newly adopted SEDS
 - Good but not as many as security (60x) or innovation and technology (50 x)
- Massive investments in solar
 - Over 16 GW of new solar energy capacity added in the past two years (including ground mounted and rooftop systems). More than triple of all of the ASEAN countries combined (roughly 5 GW) and the entire African continent (about 8GW) during the same period
 - In the new master plan, renewable energy will become the largest segment of installed generation capacity (35%) for Vietnam by 2030
- But:
 - Air pollution
 - Hanoi: 12th worst in the world in 2020 – four times levels recommended by WHO.
 - Death related: over 60,000 per year (WHO).
 - Rising number of deaths and damages associated with disasters
 - Storms in Central region (November 2020): 240 casualties, 243,000 houses destroyed., 375000 people evacuated, 1.5 million people affected, economic damages over \$1 billion.

The push for a new social contract





Moving faster

Four principles

How Vietnam can move faster toward the future

Challenges

- COVID-19 has highlighted that the future will belong to the countries that will be more resilient, more open, more innovative, greener and more inclusive
- Vietnam has been moving on these five dimensions transforming the crisis into opportunities, but progress has been uneven: resilience (mixed), opening (good), innovation (good on digital); green (slow); and inclusion (mixed).
- Because COVID-19 has amplified the sense of urgency, there is a need to move faster.

Solutions

- Combination of sectoral/targeted policies and cross cutting reforms.
- *Four cross cutting reforms*
 - Use incentives
 - Information is power
 - Think transparency
 - Innovation requires competition

Principle 1: shifting incentives

To achieve common goals, incentives are often more powerful and cost-effective than enforcement

1990 and 2000s

2020 onwards

Goal (examples)	Incentives Used
Basic hard infrastructure	Subsidized prices for electricity, water to improve access
Basic skills	Free primary education
FDI (quantity)	Attract foreign investors by lowering entry costs (tax holidays)

Goal (examples)	Incentives to be used
Sustainable (green) infrastructure	Adjusting prices of non-renewable resources (carbon tax, water tariffs, plastics pricing)
Skills	Reducing the costs of post secondary studies (including technical)
FDI (quality)	Moving from tax holidays to impacts incentives so that training and technology transfers can be enhanced

Principle 2: Sharing information will strengthen accountability

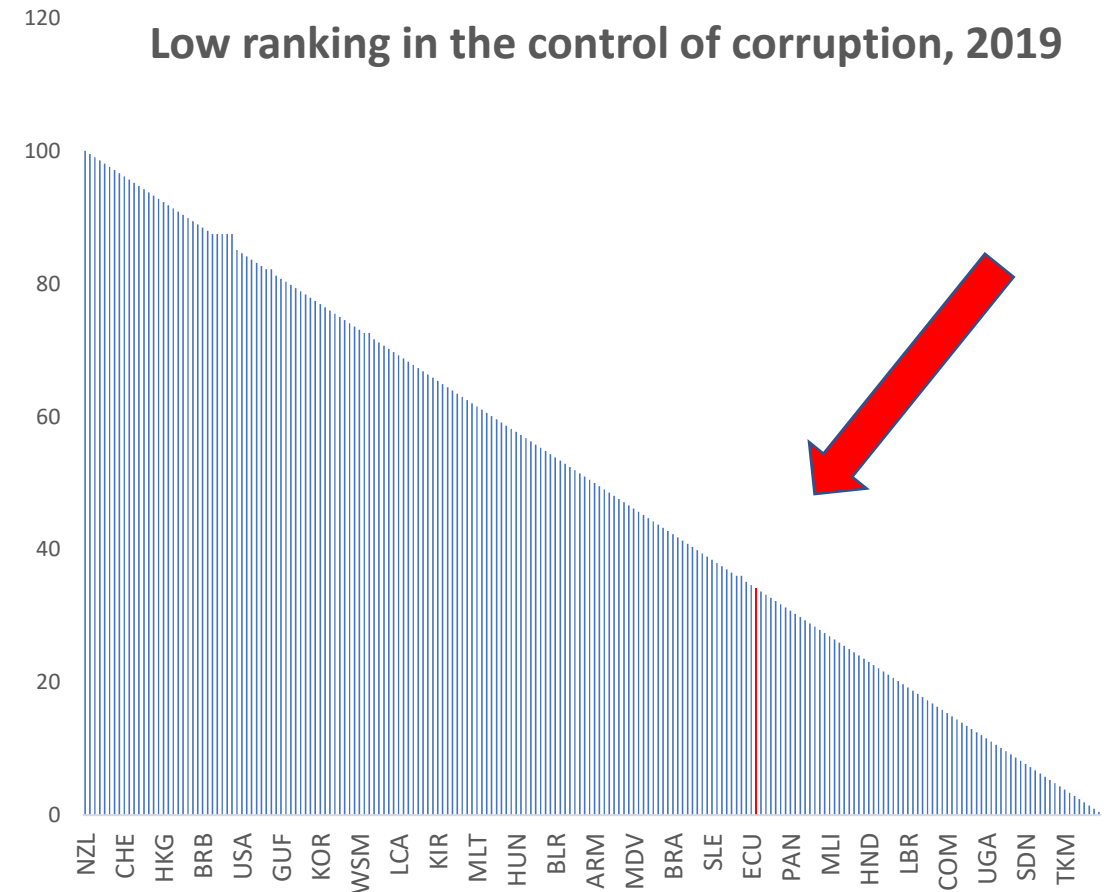
Vietnam is lagging the world in providing access to information

	World	Germany	Japan	Thailand	Vietnam
Open Government	0.52	0.79	0.68	0.51	0.46
Publicized laws and government data	0.44	0.75	0.74	0.44	0.54
Right to information	0.51	0.73	0.62	0.45	0.35
Civic participation	0.57	0.86	0.67	0.53	0.42
Complaint mechanisms	0.58	0.83	0.71	0.61	0.54

- Collect and share information as done successfully during the management of the COVID-19 crisis
- Use digital platforms: Future is about knowledge, and knowledge about information flows
- Address trade off between accessibility and privacy/security

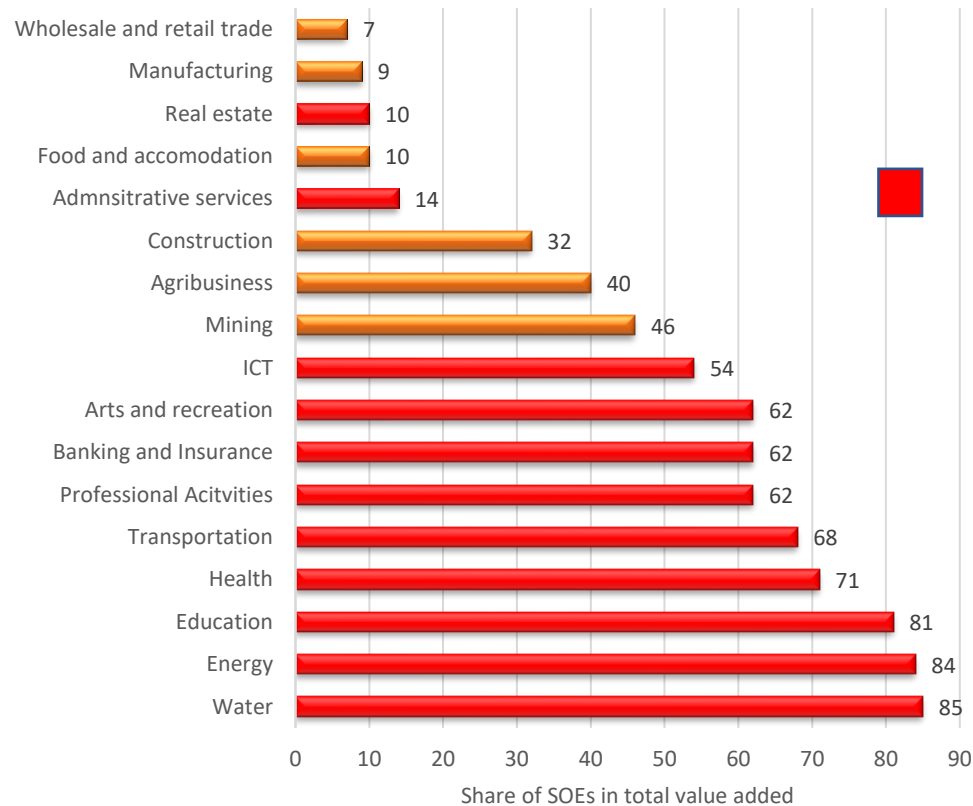
Principle 3: Transparency is a must for the good allocation of resources

- Fight corruption – the money needs to go where it is supposed to go
 - Strengthen judiciary system (sanctions)
 - Use simple rules – by suppressing privileged regimes (exceptions should not be the rule)
 - True for private sector (e.g., tax regimes).
 - True for the public sector (administrative steps are complex and cumbersome)
 - Need HR reforms in public administration to internalize financial incentives and sanctions



Principle 4: Innovation requires competition

Low competition in service sectors dominated by few SOEs



- There is a temptation for countries to think (champions) as economies of scale are necessary for innovation and market access.
- Economic history and evidence have demonstrated that dynamic and innovative economies are those that have maintained businesses on their edge through competition
- **Big should not go with privileges but with competition**
 - Reduce entry barriers in protected sectors (services)
 - Strengthen regulations (especially for sectors dominated by powerful businesses)
 - Use competitive bidding in public contracts
 - Create cross sectoral competition (for example physical and virtual connectivity)



My key messages

- We know that Vietnam has been **extremely resilient** during the COVID-19 crisis.
- You should know that Vietnam has turned **the crisis into opportunities** by becoming more digital, greener and inclusive but progress has been uneven.
- Moving faster toward a brighter future will require efforts on **four basic principles** that have proved their effectiveness in Vietnam and elsewhere