

# **SPEECH**

**BY COMMISSIONER ANDRIS PIEBALGS**

**at VNU University of Economics and Business**

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## **Introduction**

Ladies and Gentlemen,

I am delighted to be here in Vietnam and to have chance to meet with you all today. Young people's engagement is critical to growth and development and plays a vital role in the success of any policy, including development policy. With that in mind, during our brief meeting today I hope to give you an idea of EU development policy now and in the future and look with you at how the way we work together with countries like Vietnam can become even better in the years ahead.

## **Context**

Let me start by briefly explaining why we believe in giving aid at all.

We in Europe and other parts of the so-called developed world take the ease of our everyday lives for granted. By contrast, daily life can be a struggle for millions around the world.

Believe it or not, sixty-nine million children – half of them in sub-Saharan Africa – cannot go to school. Sixty-five out of every thousand children born on our planet die before the age of five. Every minute, a woman dies of complications from pregnancy and childbirth. Nearly a billion people don't have access to safe drinking water. And 1.4 billion people still have to live on less than 1.25 dollars a day.

Helping our fellow human beings when they are in such need is a moral duty. The very fact that we recognise this is what sets us apart as human beings. What is more, we have what it takes to turn these people's lives around. That is why it is vital that the fight against poverty and inequality goes on.

I believe passionately in poverty eradication and development. If I didn't, I wouldn't be standing here talking to you now. The EU believes this too. That's why poverty eradication as part of a sustainable development approach is clearly stated as an EU objective in the Lisbon Treaty – the document that forms the constitutional basis for all EU action. The treaty also promotes development aims in other policy areas, ranging from trade and security to climate change and food security.

It's also why the EU, along with the rest of the international community, signed up to the Millennium Development Goals – or MDGs – over a decade ago. These eight goals remain the world's most comprehensive set of agreed benchmarks for development progress and are the EU's overarching priority.

There is no doubt that the pursuit of the MDGs has given rise to many good results. In your region, Asia, progress towards reaching the MDGs has been particularly impressive. Vietnam has been very much part of Asia's onward march.

It is fantastic progress like this that shows just what can be done when aid is combined with concerted action by recipient countries – what we in the EU like to call partner countries, because that is what you are – partners in our fight against poverty and inequality worldwide.

I believe the EU can be proud of the development cooperation it has provided in the past. Today, the EU collectively contributes more than half of the world's aid to developing countries. The European Commission, of which I am a member, is the second biggest donor in the world. Its budget for development and developing countries for 2007-2013 comes to around forty billion euro.

This aid has changed many, many lives for the better. Let me give you just a couple of examples:

- over nine million pupils have been enrolled in primary education thanks to EU support;
- thirty-one million households have been connected to drinking water and nine million to sanitation facilities; and
- antiretroviral combination therapy has been provided to 750 thousand people with HIV/Aids.

So aid really can work. I have seen that for myself on my many visits, just as I am doing during this visit to Vietnam. And yet the awful statistics I gave you earlier show just how much work remains to be done.

The EU is aware of the huge responsibility its leading development role brings. And we know that we could achieve so much more. That is why I have made it my personal mission as EU Commissioner for Development to update our development policy, enabling it to deliver even more than before.

Young people like you know only too well how interconnected and fast-changing today's world is. So in shaping our future policy we have taken account of the world around us. It is a world currently in the grip of an economic crisis; a world whose population is growing and in which food and water are sometimes in scarce supply; a world in which the importance of good governance and life chances for all in society is clearer than ever; a world in which countries like Vietnam have increased their standards of living greatly and moved up the development ladder; a world in which some emerging economies have become donors in their own right.

## **EU development policy for the future – Agenda for Change**

The result of our reflections is what we call our Agenda for Change, a twelve-point plan for a relevant, focused and high-impact EU development policy for the future.

The Agenda for Change is built around two central pillars.

The first pillar is all about good governance. Just as we all need clean air to breathe, so aid needs a healthy climate to deliver the best results. The kind of climate I mean is one where the partner country takes ownership of its own development to lift its people out of poverty. A climate in which the State offers its citizens the public services and the opportunities they need to better themselves, earn a decent living for themselves and their families, contribute to the country's wealth and share in it. A climate in which people and the organisations that represent them get a say in how their society is run and can hold their leaders accountable. In short, good governance and real development go hand in hand.

Alongside good governance, our second pillar – growth – is a basic precondition for a country's development efforts. But there are different ways of achieving growth –not all of them conducive to a country's development. The EU believes that partner countries' development efforts will succeed if the growth they generate is both inclusive and sustainable. Growth should be inclusive because, if a country is to develop, its growth and wealth creation should benefit all society, not just a lucky few. Everyone should have the access to the services that help them develop as human beings – healthcare, education, decent employment and social protection among others. And growth should be sustainable. What will be result of growth that brings only short-term gains alone and destroys our natural environment as well? At best, the result will be short-lived development; at worst, it will be long-term disaster. The best growth is growth that lasts and does not deplete the planet's precious resources – preserving them for future generations.

As I said earlier, our modern world is interconnected. None of us can work effectively in isolation. So our development policy for the future also includes better coordination of action at European and international level. At European level, then, the EU and its Member States will have to coordinate their development efforts more closely with one another and with partner countries as well. And at international level the EU will help improve coordination of development aid between the many international donors and make it more efficient. This is part of what we call the international aid effectiveness agenda.

New forms of partnership will play a big role in our future approach to development cooperation. This is true of our relationship with some emerging economies which, as I mentioned earlier, have now become donors themselves. With these countries we intend to explore different types of partnership so that we can free up resources for countries further down the development ladder.

### **What the new policy approach means for Vietnam**

I'm sure you're now wondering what these changes all mean for the future for EU development cooperation with Vietnam.

Well, until we have put the finishing touches to our Agenda for Change we can't be a hundred percent sure of the practical implications for EU development cooperation in partner countries like Vietnam.

However, there are two things I **can** say for sure. The first is that we will be working with your leaders to determine where Vietnam's development strengths and weaknesses lie. In this way we can be sure of sticking to our plan to get the highest impact from our development cooperation. As part of that plan, in future the aid we give to partner countries will focus on no more than three sectors at a time. We won't get good results if we try and do everything at once.

The second thing I can say is that the EU's development cooperation in Vietnam will involve building on the success you have already achieved. In many ways you are a development success story. Once one of the world's poorest countries, Vietnam has risen to become what we in the development business call a "lower middle income country". Moreover, your progress on MDGs in recent years is nothing short of impressive.

Vietnam has met MDG 1 on eradication of extreme hunger and poverty well ahead of the 2015 deadline. You successfully reduced poverty from 58.1 percent in 1990 to an estimated 14.5 percent in 2008 – a reduction of 75 percent! In addition, the food poverty rate in Vietnam shrank by more than two-thirds, from 24.9 per cent in 1993 to 6.9 per cent in 2008. And you are on track to meet several other goals as well, thanks to the great strides made in areas like schooling, child mortality and gender equality. At present, Vietnam has one of the region's highest rates of representation of women in parliament: a quarter of National Assembly deputies are women.

The EU has been working with your government and civil society to contribute actively to Vietnam's sustainable poverty reduction and integration into the world economy. This has been just one aspect of the successful development cooperation between Vietnam and the EU, which began in 1990 with support for the return of Vietnamese asylum seekers. Since then the European Commission has provided more than 600 million euro in grants for specific projects and programmes. Moreover, Vietnam is European Investment Bank's leading per capita beneficiary in Asia. More than 500 million euro in concessional loans has been agreed in the last 10 years for projects as diverse as climate change infrastructure and the upcoming metro lines here in Hanoi and in Ho Chi Minh City.

So Vietnam has come a long way indeed. However, the development battle is not over yet. The trick for you now will be to sustain the superb progress you have made while addressing remaining disparities so that the fruits of development are enjoyed by all. And you will also need to anticipate and cope with the challenges ahead.

The challenges for countries like yours will lie in safely moving to modern, industrialised economic growth which is greener, provides better qualified jobs and is truly inclusive. Moreover, Vietnam's long-term growth prospects, long-term stability and growing international reputation will be best served by building on the progress you have already made towards greater openness and more civil participation in shaping its future.

The signs that this is the path your country has chosen are there to see. For instance, your government's call last year for a more comprehensive approach to the country's renovation, greater citizens' participation, a greater emphasis on market processes and a proactive engagement in international integration is most welcome.

In addition, Vietnam's Socio-Economic Development Strategy to take the country up to 2020 rightly focuses on issues like structural reforms, environmental sustainability, social equity and macroeconomic stability. Its three "breakthrough areas" – promoting human resources

and skills development, improving market institutions and developing infrastructure – are ambitious and will take some effort to achieve, but are certainly steps in the right direction.

## **Conclusion**

Ladies and Gentlemen,

I am told that there is a Vietnamese proverb which says that "A good beginning is half the battle". If so, then Vietnam is certainly well on its way to winning its development battle. And the EU stands ready to work with Vietnam as a partner in stepping up the fight against poverty.

We will do so because of our belief that, with poverty, insecurity and inequality defeated, our world will be a safer and altogether better place for everyone to live in. Genuine and lasting development is an investment in future generations in the developing and developed worlds alike – an investment in people like you.

You are Vietnam's future. Your opinions matter to us. I would therefore be very glad to hear your views and answer your questions on Vietnam's future development and the role the EU can play in this.

Thank you.

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