



**Balancing Human, Economic and Sustainable
Development**

***Synthesis Analysis of Viet Nam's Development Situation
and Medium-term Challenges
in Preparation of the UN One Plan 2012-2016***

Final Draft - December 10th 2010

UNITED NATIONS IN VIET NAM

Acknowledgements

This report was prepared by a small team of UN staff led by Ingrid FitzGerald, Graham Harrison, Geeta Narayan and Alex Warren-Rodriguez. Section 8 on Governance was written by Nick Booth and Jairo Acuna, with the Governance Programme Coordination Group, while sections 3.1, 5.2, and 7.4, covering the human and natural environment, were drafted by Koos Neefjes. Tanguy Sene prepared the tables in Annex 2.

Many other people also contributed to this report. Vu Thuy Huong, Urmila Singh, Nguyen Tien Phong, Paul Quarles Van Ufford and Anne-Claire Guichard reviewed early working drafts and helped shape the overall structure and direction of the report. Colleagues from UNFPA, UNICEF and UNESCO also contributed their expertise to the discussion on demography, education and environmental sustainability; while members of the UN Human Rights Technical Working Group reviewed human rights issues across the report. Many UN agencies and UN staff also contributed thoughtful and helpful comments to the first draft of the report. Thanks are also due to Programme Coordination Groups for their original analysis, which provided the basis for the report as well as to the Government of Viet Nam, the Like-Minded Donor Group and the many civil society organizations that provided feedback on the second draft of the report.

Acknowledgements are also due to Dinh Yen Nhi who provided timely and accurate translation into Vietnamese. Finally, the drafting team would also like to express their appreciation to the UN Resident Coordinator, John Hendra, who provided timely strategic direction and advice. Any errors or omissions are, however, the responsibility of the lead authors of the report.

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Acronyms

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
ART	Antiretroviral Therapy
CBDRM	Community-Based Disaster Risk Management
CCFSC	Central Committee for Flood and Storm Control
CEDAW	Convention on Elimination of All Forms of Discrimination Against Women
CEM	Committee for Ethnic Minorities
CFSCs	Provincial Committees for Flood and Storm Control
CIEM	Central Institute of Economic Management
CPHCSC	Central Population and Housing Census Steering Committee
CRC	Convention on the Rights of the Child
DMC	Disaster Management Centre
DOLISA	Department of Labour, Invalids and Social Affairs
DONRE	(Provincial) Department of Natural Resources and Environment
DRM	Disaster Risk Management
ECE	Early Childhood Education
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FETP	Fulbright Economics Training Programme
FSSP	Forest Sector Support Partnership
FSWS	Female Sex Workers
GDP	Gross Domestic Product
GEF	Global Environment Facility
GOV	Government of Viet Nam
GSO	General Statistics Office
H1N1	'Swine flu', a 'type A' influenza virus
H5N1	Avian Influenza, a 'type A' influenza virus
HCMC	Ho Chi Minh City
HIV	Human Immunodeficiency Virus
HPAI	Highly Pathogenic Avian Influenza
ICCPR	International Covenant on Civil and Political Rights
ICERD	International Convention on the Elimination of All Forms of Racial Discrimination
ICESCR	International Covenant on Economic, Social and Cultural Rights
IDUs	Intravenous Drug Users
IFAD	The International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institutions
ILO	International Labour Organization
IMF	International Monetary Fund
IPCC	Inter-governmental Panel on Climate Change
KP	Kyoto Protocol
LMDG	Like-Minded Donor Group
MARD	Ministry of Agriculture and Rural Development
MDGs	Millennium Development Goals
MEAs	Multilateral Environmental Agreements
MNC	Multinational Corporation
MOLISA	Ministry of Labour, Invalids and Social Affairs
MONRE	Ministry of Natural Resources and Environment
MRD	Mekong River Delta
MSM	Men who have Sex with Men
NTP	National Targeted Programme
OECD	Organisation for Economic Co-operation and Development
ODA	Official Development Assistance

OOP	Out-of-Pocket (payments)
PAHI	Partnership on Avian and Human Pathogenic Influenza
PLHIV	People Living with HIV
POPs	Persistent Organic Pollutants
REDD	Reduced Emissions from Deforestation and forest Degradation
R&D	Research and Development
SARS	Severe Acute Respiratory Syndrome
SEDP	Socio-Economic Development Plan
SEDS	Socio-Economic Development Strategy
SME	Small and Medium-sized Enterprise
SOE	State Owned Enterprise
SRV	Socialist Republic of Viet Nam
TB	Tuberculosis
TFP	Total Factor Productivity
UN	United Nations
UNCT	United Nations County Team
UNCTAD	United Nations Conference for Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNFCCC	UN Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
USD	United States Dollar
VDGs	Viet Nam Development Goals
VEPA	Viet Nam Environmental Protection Agency
VHLSS	Viet Nam Household Living Standards Survey
VND	Viet Nam Dong
VSS	Viet Nam Social Security
WB	World Bank
WTO	World Trade Organization

I. INTRODUCTION AND ANALYTICAL FRAMEWORK

1. INTRODUCTION: SCOPE, PURPOSE AND OBJECTIVES OF REPORT

This report presents an overview from a UN perspective of Viet Nam's development situation and the main development challenges that Viet Nam faces during the coming years as it continues to progress on a path of broad-based socio-economic development. The report is intended both as an issues paper and as a reference document to help inform the UN Country Team's (UNCT) formulation of the next One Plan for the period 2012-2016, which will establish the main lines of intervention for UN agencies in Viet Nam during this period. As such, it is expected to contribute to defining the UN's support to Viet Nam during the next five years, including its support to the implementation of the government's five-year Socio-Economic Development Plan (SEDP) for 2011-2015, and the country's ten-year Socio-Economic Development Strategy (SEDS) for 2011-2020. It is also expected to contribute to the UN reform process in Viet Nam by helping develop a shared understanding within the UNCT of the main development challenges that Viet Nam currently faces, and contributing to the formulation of a single 'One Plan' that enhances the quality, effectiveness and impact of the UN's programmatic interventions in Viet Nam during the next five years.

This report should be viewed as a synthesis document setting out the main areas where the UN believes support to Viet Nam's people is critical so that they can participate in, and fully benefit from, the development process. The review presented in this paper is informed by the UN's understanding of Viet Nam's main socio-economic development challenges, as shaped by the set of core values that define the UN's work worldwide to promote human-centered development. It is also informed by the experience and presence of UN agencies over many decades in Viet Nam, working closely with government counterparts, civil society and development partners to support the country's development needs and aspirations. As a result, the report focuses on those areas and approaches that are closer to the mandate, comparative advantages, and country experience of the UN in Viet Nam, focusing less on issues that, although important for Viet Nam's future socio-economic development, fall outside those areas in which the UN has traditionally worked in Viet Nam, such as infrastructure development.

This synthesis report summarizes the discussions that the eight UN Programme Coordination Groups (PCGs), established under the current One Plan, held in May 2010 to identify the main development issues in each of their areas of focus. The results of these discussions were shared with the government, civil society and international development partners in Ha Noi in June 2010. The main purpose of this report is to ensure a structured, evidence-based presentation of these issues that reflects the views and values of the UN, and is aligned with Viet Nam's development needs and ambitions. To this end, the report draws on a number of key sources. First, it draws on the work undertaken in the preparation of the SEDP 2011-2015 and the SEDS 2011-2020 as presented in the draft versions of these documents shared by the government at the time that this report was written. It is also informed by the advice and support that UN agencies in Viet Nam have provided to the government as part of the development of numerous sector strategies and master plans. Another key source of information has been the independent Joint Country Analysis (JCA)

that was jointly commissioned by the UN and the Like-Minded Donor Group (LMDG) in Viet Nam to inform their medium term programming needs.

As the work of the UN is increasingly policy focused, this report also draws on recent UN policy papers and policy analysis. The report also builds on an extensive literature review of academic articles, policy reports, and government documents examining the various topics covered in this report. This final draft of the report incorporates feedback from government, donors and civil society organizations provided at consultative meetings in September-October 2010, together with written comments received from key stakeholders.

The preparation of this synthesis report is one of many elements in the roadmap leading to the formulation of the One Plan 2012-2016, which will define the UN's development work in Viet Nam during the next five years. The main objective is to help the Joint Taskforce, established by the UN and the Government to define the UN's key priorities under the One Plan 2012-2016, and identify the main areas of programmatic focus for UN agencies in Viet Nam during this period. In addition, it is hoped that this synthesis analysis can be used as a reference document for the finalization of the next One Plan 2012-2016, and in the formulation of specific programmatic interventions by the UN in Viet Nam. However, it is important to note that this report does not constitute part of the One Plan, nor does it fully analyze institutional mechanisms in Viet Nam or specify priority interventions required to address key development challenges; these priority actions will be addressed in the One Plan itself.

The report is organized into three main parts. The first three sections set out the analytical framework for the synthesis analysis. Following the Introduction, Section 2 defines the core development values that underpin this analysis and the work of the UN in Viet Nam: **quality of life, equality, resilience and voice and participation**. These values underscore the importance that the UN places on balancing economic, social and human development in its work around the world. Section 3 briefly discusses key global, regional and national trends that are likely to shape the course of Viet Nam's development over the next decade, with a focus on **international economic dynamics, climate change, national demographic trends**, and issues related to **global health**. Section 4 concludes the first part of the report with a presentation of four thematic areas which the UN in Viet Nam considers to be of a cross-cutting, cross-sectoral nature: **human rights, gender equality, environmental sustainability and HIV**.

The second part of the report, Sections 5 to 8, examines Viet Nam's development situation and medium term challenges, organizing the discussion around four main areas: **inclusive, equitable and sustainable growth; vulnerability and social protection; human capability development; and governance and participation**. These areas are defined on the basis of core development issues that are expected to dominate policy debates in Viet Nam during the next five years. They are also broadly in line with the main development orientations presented in the SEDS 2011-2020 strategy, as found in the draft version of this document made available at the time of writing this report. Finally, the last part of the report discusses the UN's **comparative advantage** vis-à-vis other development partners in Viet Nam (Section 9), and concludes with a summary in Section 10 of **key messages** resulting from this synthesis analysis.

One of the constraints encountered in the writing of this synthesis report was the lack of reliable data in Viet Nam in some sectors, as well as occasionally inconsistent data from various data sources. Wherever possible, this report has relied on official government data sources; however, in some cases data available from line ministries is different from data from GSO or MPI, for example.

In such cases, GSO data has been used, and complemented by administrative data from line ministries and other sources. Academic, UN, IFI, and NGO sources of data have been used extensively in order to provide a triangulated analysis of the issues.

2. CORE DEVELOPMENT VALUES: BALANCING ECONOMIC, SOCIAL AND HUMAN DEVELOPMENT

'People are the real wealth of a nation. The basic objective of development is to create an enabling environment for people to live long, healthy and creative lives. This may appear to be a simple truth. But it is often forgotten in the immediate concern with the accumulation of commodities and financial wealth.'

First Human Development Report (UNDP, 1990:9)

In 1990 the first Human Development Report set out a *raison d'être* for development which is as relevant today as when it was first written. Indeed, balancing human and social development with economic growth is even more imperative in light of the many complex national and global challenges which governments face. The importance of allocating sufficient priority to these interlinked goals is acknowledged in Viet Nam's SEDP, which emphasizes the need to link 'economic development with the pursuit of social progress and justice goals', and recognizes 'developing the economy, stabilizing and improving the material and spiritual life [as] inseparable missions in the development process.' (GoV, 2010a: 61).

This report is framed by four core development values¹ that the UN believes are integral to the development process in Viet Nam to ensure that the benefits of growth and development are equally shared by all Vietnamese men, women, girls and boys. These values are widely recognized in the development literature as underpinning inclusive growth and human development.²

Quality of life. The concept of quality of life has both economic and non-material dimensions and provides an important counterpoint to income and consumption-based measures of well-being and economic status, as it encompasses: i) subjective well-being including individual perceptions of happiness and satisfaction; ii) capabilities, which refers to an individual's capacity, freedom and opportunity to do the things that he or she has reason to value; and iii) 'fair allocation' of non-market aspects of life such as enjoyment of cultural life or leisure time (Stiglitz et al, 2009).

Quality of life is not always dependent on economic status, as measures of happiness and life satisfaction attest, nor can it (always) be bought: for example, quality of life in Ha Noi or Ho Chi Minh City, the two wealthiest parts of Viet Nam, may be undermined by noise, congestion and other forms of environmental pollution, affecting those who are well off as well as the disadvantaged. Similarly, poor quality of public services, together with high out-of-pocket costs for these services, while disproportionately affecting those who are among the poor and most vulnerable, also constrain choices and opportunities for better-off groups.

Measures of quality of life are diverse and may include health status and outcomes; educational achievement; time use, including leisure time and responsibility for domestic work; political voice and the ability to participate as full citizens; social connectedness and social capital, including geographic proximity to family members or migrants' registration status; environmental conditions, such as access to clean water and sanitation; personal security and physical integrity; and economic security and certainty, among others (Stiglitz et al, 2009). These dimensions are inter-

¹ These four development principles were identified as both central and underpinning in the analyses undertaken by the UN PCGs. Often, problems and barriers to achieving these principles were identified as root causes or contributing factors to the major development challenges facing Viet Nam.

² See, for instance, Stiglitz et al (2009) and Alkire (2010) for a discussion of these issues.

related and have cumulative effects; for example, education affects health and employment status, while income levels and employment have a direct impact on health. Improving quality of life is a central objective of the SEDP, defined as 'improving the material and spiritual life of the people' (GoV, 2010a: 67).

Equality. Equality refers to equal opportunity and treatment, fair and just outcomes for all, equal value, and fair distribution of responsibilities and opportunities. It is central to many of the normative agreements and international standards to which Viet Nam is signatory, and is enshrined in the Vietnamese Constitution, which guarantees citizens equal political, economic, cultural and social rights, and equality before the law. A second and important related concept is non-discrimination, which refers to the right of all citizens to be treated equally and without discrimination of any kind, regardless of race, sex, culture or ethnicity, religious or political affiliation, age, economic status, sexual preference, or other status differences. Respect for diversity is also an important aspect of human development, allowing people to lead the lives they value without being excluded from other opportunities or choices (UNDP, 2004a).

Inequality is sometimes tolerated as an inevitable outcome of development: for example, rapid growth is frequently accompanied by increased economic disparity (Van Arkadie et al, 2010). Yet, inequality – whether it is rapidly rising economic disparity between socio-economic groups, or visible disparities of opportunity and outcome among people as a result of corruption – is damaging to people's quality of life, and actually undermines social cohesion and political legitimacy in the long term. Inequality and discrimination can also impact directly on people's personal security and bodily integrity: gender-based violence and abuse and neglect of children are only two examples.

The SEDP recognizes the importance of addressing inequality, noting that there is a 'great difference between regions in development standard, infrastructure and living standards; and [the] rich-poor gap between regions tends to expand. These issues are latent risk to cause serious social problems' [sic] (GoV, 2010a: 22).

Resilience. Resilience refers to '[t]he ability of a system, community or society exposed to hazards to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions' (UN-ISDR, 2009: 24). Resilience is influenced by the specific vulnerabilities and risks individuals, communities and socio-economic groups face, as well as the protective factors that enable them to withstand and adapt to these risks and to cope with shocks and crises.

Vulnerability is determined by the 'characteristics of a person or group and their situation that influence their capacity to anticipate, cope with, resist and recover' from shocks or crises (Wisner et al, 2004:11). Vulnerabilities are often interlinked and may be a result of limited physical and intellectual capacity, such as the dependence of the very young, people with severe disabilities and the very elderly on others for their care. Vulnerabilities may be economic and related to poverty and limited access to resources, and they can be socio-cultural. For example, as a result of ethnicity, or gender, individuals may be more vulnerable to shocks and crises, and have less autonomy and fewer resources to enable recovery. Some of these shocks and hazards are becoming stronger, notably as a result of global climate change. Vulnerabilities can also be related to living in locations where shocks and hazards are likely to do more damage, such as flood-prone or coastal areas, or overcrowded urban slums. They may also be related to reliance on particular livelihood strategies, such as employment in export industries or the informal sector or reliance on dwindling natural resources. The SEDP clearly recognizes the importance of these challenges, stressing that

Vietnamese people, 'especially people in the regions affected directly by natural disasters and the poor, have been impacted negatively by global inflation, natural disasters, floods and epidemics' (GoV, 2010a: 41). In this context, resilience strategies have to address vulnerabilities and maximise capacities and coping strategies.

Voice and participation. Participation is a core principle in the human rights-based approach to development, as well as in the human development literature. It refers to people's right to participate actively in the development process and have a voice in the decisions that affect their lives and those of their families and communities. The concept of voice and participation refers to more than simply being present, it means having something to say, being able to say it, and being responded to (i.e. being heard): 'the ability to participate...[to] have a say in the framing of policies, dissent without fear, and speak up against wrong' (Stiglitz et al, 2009). The SEDP recognizes the importance of voice and participation, referred to as creating 'opportunities for all citizens to participate in the construction and supervision of the plans and policies of the Party and the State' (GoV, 2010a: 62). Participation and voice are important at all levels: in formal decision-making from the national to the commune level; in planning and consultation processes; and in the wider development process. All people, regardless of age, gender, social status, ethnicity or other status differences are active agents in the development process. However, enabling conditions must be in place for people to be able to participate effectively, use their voice, and be heard. These conditions include transparency and accountability; access to information; understanding of the decision-making process and policy alternatives; and 'a seat at the table'.

These four development values are considered as underpinning principles that must be considered by policymakers in all facets of Viet Nam's socio-economic development as the country makes the critical transition to middle-income status and beyond. Each of these values is discussed in relation to each of the development challenges addressed in Sections 5-8 below.

3. GLOBAL, REGIONAL AND NATIONAL TRENDS

Viet Nam is increasingly faced with global and regional conditions and trends that are beyond the control of any individual government. These include Viet Nam's increased exposure to global economic shocks as a result of greater integration into the global economy and specifically the recent global economic downturn; its vulnerability to local, national and regional impacts of climatic change as a result of global warming; changing population and demographic trends and movements of people, which are evident in Viet Nam and across the region; and vulnerability to human and animal health threats. Each of these development 'contours' poses specific policy challenges for the Vietnamese government, and each requires a multi-sectoral, cross-government response. Cross-border, inter-governmental solutions are required, and this points to the increasing importance of Viet Nam's engagement with global and regional institutions, including ASEAN.

3.1 Global economic trends

Viet Nam's future socioeconomic development is also likely to be heavily shaped by global economic forces, including the after effects of the global financial crisis and the emerging role of the East Asia region in the global economy.

The world economy is just emerging from the worst crisis it has experienced since the Great Depression of the 1930s, with global output falling by 0.6 percent in 2009, the first time in many decades that the world as a whole has gone into recession. While most countries are expected to

post positive growth rates in 2010, full post-crisis recovery is likely to be gradual, with advanced economies expected to grow below their full potential until at least 2015 (IMF, 2010). Moreover, according to many analysts (e.g. Paul Krugman, Robert Skidelsky) the process of fiscal consolidation and monetary policy retrenchment currently taking place in many OECD countries could actually contribute to slowing down the recovery of the world economy. These developments take place in a context in which global food price increases are posing additional challenges to countries such as Viet Nam, a major producer and exporter of food crops in the region. Food price increases create both opportunities (e.g. higher export earnings) and threats, as higher food prices have the potential of eroding the livelihoods of large parts of the population.

Overall, Viet Nam has come out well from this period of global economic recession, posting a growth rate of 5.83 percent in 2009, one of the highest in the world, and in sharp contrast to the contraction that the world economy experienced as a whole in 2009. Furthermore, Viet Nam's growth prospects in the mid- and long-term remain strong. However, despite this generally positive outlook, the slow recovery of the world economy from the effects of the crisis is likely to undercut growth prospects in Viet Nam in the short run, with a resulting slowdown in employment generation, especially in the formal, export-oriented sector. This will require a new impetus for employment in this sector, by creating new product and service export opportunities, which potentially exist, in traditional and new markets. Equally important will be efforts to strengthen social protection programmes to ensure that those affected by this slowdown receive adequate support and do not fall behind. It will also require steady and careful management of macroeconomic policy, in order to ensure that efforts to sustain growth in the short term do not come at the cost of generating greater macroeconomic imbalances and a deteriorating macroeconomic and financial environment.

One way in which the global economic downturn will continue to affect Viet Nam's growth prospects in the short run is through its impact on global trade and, therefore, on Viet Nam's exports, which have been an important contributor to growth in Viet Nam since *doi moi*. Recent forecasts by UNDESA (2010) indicate that while world trade is expected to register an important rebound in 2010, growing by up to 7.6 percent, this recovery will still be insufficient to bring about a return to pre-crisis levels in 2010, largely due to the sharp drop (13.1 percent) in global trade in 2009. Thereafter, world trade growth is expected to slow to 5.9 percent in 2011, 1.8 percentage points below its average growth rate in the 2004-2007 period, and a slowdown which will be more strongly felt in some of Viet Nam's main export markets in Europe, North America and East Asia. Furthermore, the crisis has increased the pressure in many countries around the world to raise trade protection barriers, which could eventually also have knock-on effects on Vietnamese exports. This underscores the need for Viet Nam to diversify and add value to the export product range and target new markets, for example in South Asia, sub-Saharan Africa, Latin America and the Middle East, which have maintained a reasonably high rate of growth during the crisis period. The service export sector, which remains somewhat underdeveloped in Viet Nam, could also offer additional potential.

ODA flows are also likely to be hit by the slow, post-crisis economic recovery as well as by the process of fiscal consolidation that is underway in many OECD countries. In 2009, the global financial crisis led to a decline in net ODA by OECD-DAC countries of 2.2 percent in nominal terms – from USD 122.3 billion disbursed in 2008 down to USD 119.5 billion in 2009 (OECD, 2010). The OECD currently estimates that the dollar value of ODA commitments made for 2010 by its member countries will increase to around USD 126 billion dollars; yet these estimates do not take into account the fiscal retrenchment currently taking place in many of these economies. In any case, this still represents a USD 24 billion shortfall with respect to the ODA commitments made at the Gleneagles G8 and Millennium +5 summits of 2005. In the case of Viet Nam, these developments in

ODA take place in a context in which aid is expected to fall in real terms as the country graduates to middle-income status, which will also involve lower levels of concessionality in the aid Viet Nam receives in the future. These trends also coincide with a widening of the investment-savings gap and, therefore, Viet Nam's greater reliance on external sources of development financing to sustain the investment-based growth strategy it has been pursuing for the last decade.

The current situation does offer, however, new opportunities for Viet Nam. First of all, the post-crisis global recovery is being led by the very strong economic performance of countries in the (East) Asia region. The IMF (2010) is currently predicting that growth in developing Asia and in the newly industrialized Asian economies of Korea, Hong Kong, Singapore and the Taiwan province of China will reach, on average, 8.5 percent and 5.9 percent, respectively, over the next five year period, rates significantly higher than that forecast for the world economy as a whole (4.5 percent). As part of the East Asia regional production system, Viet Nam is well placed to take advantage of the emergence of the Asia region as a global economic powerhouse. This underscores the importance of strengthening trade and economic ties with other countries in the region and regional blocs, including ASEAN, and the need to enhance enterprises' capabilities and institutional capacities in the area of trade to fully exploit these new opportunities.

The readjustment of global macroeconomic imbalances currently taking place in the world economy, on the other hand, could also help Viet Nam's export competitiveness vis-à-vis some of its key competitors in OECD markets. For instance, a revaluation of the Chinese Yuan against the USD, a process which has already started, could have a very significant impact on Viet Nam's exports to OECD economies, given that Chinese goods compete against Vietnamese exports in many of these export markets.

Finally, there is growing appetite in international capital markets and among MNCs to invest in emerging economies such as Viet Nam (UNCTAD, 2010). Viet Nam's recent success with its second-ever international sovereign bond issuance in January 2010, which was fully subscribed immediately after being launched, attests to this. If well managed and invested, these funds could help relieve some of the pressure Viet Nam is currently facing, and is likely to continue experiencing in the mid-term, related to financing all of its development needs.

3.2 Climate change is a development challenge

Climate change is one of the main global challenges of the 21st century. As highlighted in the Fourth Assessment by the Inter-governmental Panel on Climate Change (IPCC) in 2007, it is a major threat to achieving the Millennium Development Goals (MDGs) worldwide, affecting women and men, boys and girls, communities, sectors, and economic growth (see also UNDP, 2007). The SEDS recognises climate change as a key challenge for the coming period, stressing the need to 'connect development orientations [and] implementation with measures to cope with climate change, especially sea level rise' (SRV, 2010b: 12).

Developing countries are hardest hit and must adapt to the effects of climate change, which include sea level rise, enhanced drought, more extreme rainfall and more intense typhoons. All of these are predicted for different parts of Viet Nam, which is particularly vulnerable to climate change effects (SRV, 2003; SRV, 2008; UN Viet Nam, 2009). For example, Viet Nam is already experiencing natural disasters that affect an average of one million people annually, and climatic disasters are set to become worse. And without major action, such as dyke reinforcements, a one meter rise in mean sea levels along the coast of Viet Nam, which is likely by 2100, would inundate 30,945 km² or 9.3 percent of the total land surface (UNEP, IPONRE, 2009; UN Viet Nam, 2009). Global climate

change is increasing environmental stresses in Viet Nam, adding to the stresses resulting from fast economic growth, industrialization and urbanization that cause natural resource exploitation and pollution. Viet Nam will need to adapt and improve its resilience to climatic stresses in order to prevent major future social and economic costs.

Developing countries bear limited responsibility for historical anthropogenic greenhouse gas emissions and high atmospheric concentration of greenhouse gases. However, deforestation in developing countries makes up nearly 20 percent of present global emissions, underscoring the important potential of forests in climate change mitigation. Furthermore, emissions in developing countries are rising from increasing energy use. Viet Nam also foresees major increases in emissions from energy consumption (fossil fuels), but expects that its forests will become a net carbon sink (SRV, 2003).³ Viet Nam should continue to play an active part in international efforts to limit greenhouse gas emissions and should contribute to global efforts to combat climate change. Actions to address climate change can be expected to bring socio-economic benefits, especially if they include targeted investments that support poor people, reduce present and future costs, and assist in the adoption and development of modern technology. For example, Viet Nam has the important opportunity to increase international investments in forests as part of the international REDD mechanism (Reduced Emissions from Deforestation and forest Degradation). Investments in energy efficiency and renewable energy generation are also expected to offer multiple benefits.

The financial cost of responding to climate change is high and likely to absorb significant external resources. The UN Framework Convention on Climate Change (UNFCCC) has estimated that total annual financial needs for climate change adaptation by 2030 may be anywhere between USD 49 to 171 billion globally, of which USD 27 – 66 billion is required in developing countries (UNFCCC, 2007), though this figure could be even higher (Parry et al, 2009). The extent of these costs will depend on the relative success of reducing greenhouse gas emissions to avoid 'dangerous climate change', which is characterised by very strong climatic variability and is highly likely if global warming reaches more than two degrees Celsius above pre-industrial average global temperatures. Unless major 'up front' investments are made in climate change adaptation, the ADB estimates that by 2100 the potential losses caused by climate change to Indonesia, the Philippines, Thailand, and Viet Nam may be as high as USD 230 billion, or 6.7 percent of annual GDP – more than double estimated average world GDP losses (ADB, 2009).

The UNFCCC states that developed countries should support developing countries in greenhouse gas emission mitigation, and in adaptation to climate change effects with new and additional finance as well as through technology transfer and capacity building (UN 1992: 8). Although international negotiations on the full implementation of the UNFCCC and the Kyoto Protocol are not yet concluded, some international commitments on climate change funding were made in Copenhagen in late 2009. Developed countries committed to mobilise USD 100 billion annually from 2020 onwards. While this falls short of estimated funds required for adaptation and mitigation, it represents substantial international finance in addition to ODA for development. As Viet Nam has reached middle-income status and as ODA for development declines, international finance is likely to be dominated by funding for climate change.

In many parts of the world climate change is a regional challenge and requires strengthened regional cooperation, especially for international river management. Sea level rise increases saline

³ More recent data and updated projections will be officially published in Viet Nam's Second Communication to the UNFCCC, expected in December 2010.

water intrusion in the Mekong Delta, while river water flows are influenced by changing rainfall patterns in the entire river basin as a result of climate change, dams and diversion of water for growing populations, industry and agriculture in Mekong riparian countries. These environmental stresses add to migratory pressures, including cross-border migration. Indeed, the Mekong Delta region is labelled one of three global hotspots where more than one million people are at risk of displacement as a result of sea level rise (IPCC, 2007).

It is clear that climate change is a development challenge and will require action on different fronts, across many sectors and localities. Enhanced global and regional cooperation, together with international finance, will be critical to support Viet Nam to address the climate change challenge. At the same time, climate change actions also offer opportunities for economic, social and environmentally sustainable development.

3.3 Demography – and mobility – are shaping Viet Nam’s future

Like other countries in the region, Viet Nam is experiencing declining fertility. The total fertility rate (TRF) fell from 2.33 in 1999 to 2.03 in 2009, and remains below replacement level, though regional variations are evident, as are differences between urban and rural areas (Central Population and Housing Census Steering Committee, 2009).

Due to declining fertility and mortality, the age-sex structure of the population is changing, with the largest cohorts currently in the 15-19 and 20-24 age groups (Central Population and Housing Census Steering Committee, 2009). Two key implications of this trend are the entry of more young people into the workforce, in particular during the period of the next SEDP and SEDS, and an associated period of ‘demographic bonus’ from around 2010-2049 when there will be two or more people of working age for every person aged under 15 or 65 and over. As a result, Viet Nam will face challenges in generating decent jobs for the hundreds of thousands of new labour market entrants each year, and will also need to put in place appropriate policies to capitalize on the increase in the working age population during this period (Van Arkadie et al, 2010).

This ‘spike’ in the youth population also has important social implications, including a possible ‘generation gap’ due to young people’s rapidly changing cultural values and expectations, including among ethnic minorities, which may lead to social isolation and disaffection. Already there are signs of increasing risk-taking behavior among young people demonstrated by rising rates of substance abuse; high abortion rates among young unmarried women; and higher rates of HIV infection (SAVY II; MOLISA, 2010). Demand for services and support in areas such as mental and sexual health is likely to increase as a result (Van Arkadie et al, 2010).

Viet Nam’s population is also ageing. The ageing index⁴ increased from 24.3 in 1999 to 35.9 in 2009, and this trend will continue to affect the age structure of the population (Central Population and Housing Census Steering Committee, 2009). Family structures are changing, with more couples living independently, though the majority of households are still extended family households with two or more generations living under one roof (MOCST et al, 2006). Household size has declined steadily, from 4.44 persons in 2002 to 4.12 persons in 2008 (GSO, 2010). The proportion of single-person households also rose from 4.4 percent in 1999 to 7.3 percent in 2009 (Central Population and Housing Census Steering Committee, 2009). As a result of these trends, Viet Nam can expect to see more older people living alone and without family support, and will need to

⁴ The ageing index is expressed as the number of persons aged 60 and over to every 100 persons under 15.

develop new forms of social services and expand the social protection system to meet the needs of these individuals (Van Arkadie et al, 2010).

Declining fertility, the two-child policy (now renamed as the 'small family norm'), and the availability of sex-identification and sex-selection technology, combined with persistent, deep-rooted son preference, have also led to a very rapid increase in the sex ratio at birth, from 106.2 boys to girls in 2000 to 110.5 in 2009, ranging from 100.5 to 130.7 across different provinces. Sex selection is strongly correlated with the socio-economic status of the household, with much higher sex ratio at birth values for better-off households, and lower levels among the poor and ethnic minorities. Higher sex ratio at birth values are also found in certain regions of the country, such as the Red River Delta (Guilmoto, 2010).⁵ Without intervention, the sex ratio at birth may rise to 115 by 2025 and stay constant thereafter, resulting in a 12 percent surplus of men among adults aged 50 and under by 2049 (Guilmoto, 2010). As experience in other countries has shown, a scarcity of women increases pressure for early marriage, and can create rising demand for sex work, as well as an expansion in trafficking of women and girls (Guilmoto, 2009, 2010). South Korea, which saw a rapidly rising sex ratio at birth until the mid 1990s despite rapid development and high rates of female education and workforce participation, has been the first Asian country to reverse the trend. This reversal was achieved largely through normative change, leading to more gender equitable roles and values, and therefore has important implications for Viet Nam (Chung and Das Gupta, 2007).

A second set of challenges – and opportunities – is associated with population mobility, as more and more Vietnamese people migrate internally, to neighboring countries and overseas. Migration flows have increased over the past ten years, with registered internal migration rising from 4.5 million people in 1999 to 6.7 million in 2009, though the true figure is certainly higher. Women account for more than half the total migrant population, and migrants are also becoming younger. Rural-urban and urban-urban migration flows predominate, with women particularly likely to migrate from rural to urban areas. These trends have contributed to increasing urbanization over the past decade, with 29.6 percent of the population living in urban areas compared to 23.7 percent in 1999 (Central Population and Housing Census Steering Committee 2009). An estimated 400,000-500,000 Vietnamese are working overseas as temporary migrants in places such as Japan, South Korea, Taiwan, Malaysia and countries in the Middle East (UNIAP, 2008). Marriage migration has also emerged as a phenomenon, with Vietnamese women 'marrying out' to men from China, South Korea, Taiwan, Malaysia and Singapore, in some cases exposing the women involved to exploitation and abuse (UNIAP, 2008).

Mobility within and across borders will continue to be a feature of the Vietnamese development experience, with both positive and negative consequences for individuals, households and communities. Migration both drives, and results from, Viet Nam's social and economic development. It offers new opportunities for many Vietnamese people, especially for those who migrate from rural areas to urban and peri-urban areas where employment opportunities are increasingly more available. Migration is driven more and more by economic shocks and crisis, natural disasters and the impacts of climate change, and in response to loss of local livelihoods due to resettlement and land conversion (UN Viet Nam, 2009). Yet many migrants remain vulnerable and lack access to the same protection and social services as permanent residents. Countries that have successfully

⁵ Those in the richest quintile have an average sex ratio at birth value of 110.9 for the first and second birth and 133.1 for the third and later births. The sex ratio at birth in the Red River Delta is 115.4.

managed this phenomenon are those that have made migration easier, while at the same time putting in place labour and social protection programmes (Van Arkadie et al, 2010).

As mobility has increased, so too has the number of cases where migration has resulted in human trafficking. Although estimates of trafficking vary widely, and trafficking is acknowledged to be difficult to monitor and measure, it is estimated that thousands of Vietnamese people are trafficked annually.⁶ Women and girls are considered to be more vulnerable to trafficking, but men and boys are also trafficked, including for labour exploitation (UNIAP, 2008). Trafficking trends include internal trafficking, cross-border trafficking of women and children to China, followed by trafficking to Cambodia and Laos, and often further afield for sex and labour exploitation (UNIAP, 2008). Partly as a result of the unequal sex ratio at birth in China, trafficking of infants and babies *in utero* appears to be increasing (Standing Office of Steering Committee 130/CP, 2009).

Many issues relating to the changing demographic profile are beyond the direct control and influence of policymakers. The challenge is to identify policy triggers that can influence individual choices with major social consequences, such as sex-selection and family support for older people. A second set of policy imperatives relates to maximizing opportunities for migrant workers, while ensuring social and legal protections are in place, and more strongly combating trafficking. Viet Nam is not alone in facing these challenges, so looking to successful examples globally and in the region, and strengthening regional institutions and bilateral cooperation will be critical.

3.4. Threats posed by global pandemics

New pathogens, particularly viruses, remain unpredictable and continue to emerge and spread across countries with no respect for international borders. Over 30 new infectious diseases of human significance have been detected globally in the last three decades, 75 percent of which have originated from animals (WHO, 2005). Viet Nam is strongly interconnected with many other Asian countries, and to all parts of the world, through significant tourism, travel and trade links. This has many benefits for Viet Nam economically and socially, but can also pose risks. The recent advent of SARS, highly pathogenic avian influenza A(H5N1), pandemic influenza A(H1N1) 2009, and *Streptococcal suis* have underscored the importance of emerging infectious diseases and their potential impact on health and economic development in Viet Nam. Viet Nam has been successful in addressing the issue of emerging and re-emerging infectious diseases, including those identified under MDG6. However, further work is needed in this area.

The intensified movement of people and goods and larger scale animal production units are placing higher demands on bio-security. While Viet Nam has responded admirably to past emerging and re-emerging infectious diseases, with international support, it is still important that capacities required for effective preparedness planning and prevention, and prompt detection, characterization, containment and control of emerging infectious diseases are strengthened and reviewed, involving all relevant sectors. The International Ministerial Conference on Animal and Pandemic Influenza (IMCAPI) held in Ha Noi in April 2010 set new global milestones and provided a way forward on animal and pandemic influenza. The conference endorsed the need for further international collaboration to address emerging health threats arising at the interface between animals, humans and our changing environment. However, funding for animal health and animal production is limited and veterinary service providers still lack capacity in areas such as surveillance for animal diseases, despite the importance of livestock for the rural economy and livelihoods. Currently, the agriculture

⁶ The Vietnamese government recently reported around 4,000 recorded cases of trafficking between 2004 and 2009 (Standing Office of Steering Committee 130/CP 2009).

sector accounts for more than 60 percent of employment and about 22 percent of Viet Nam's GDP. The livestock sub-sector accounts for 27 percent of agriculture's contribution to GDP (about 6 percent of total GDP), with pig production the most significant contributor (about 71 percent of total livestock production), followed by poultry production. Nevertheless, farmers' awareness of bio-security remains low, and women farmers should be targeted more specifically because of their central role in livestock production and food preparation.

4. CROSS-CUTTING THEMES

For the purposes of this report, the following themes are considered to be cross-cutting: human rights, gender equality, environmental sustainability and HIV. Human rights, gender equality and environmental sustainability are core commitments of the UN and central principles in the UN's approach to development: they are important across countries and contexts to ensure that all people are able to benefit from the development process. They are also considered 'cross-cutting' as they are relevant to all the different sectors and themes discussed in this report, and because addressing these issues is fundamental to achieving Viet Nam's development goals, including the MDGs and VDGs. HIV was adopted by the UNCT as a cross-cutting issue in the first One Plan, in recognition of the fact that HIV is not only a health issue, but also a poverty and a development issue rooted in, and with the potential to exacerbate, inequality and disparity, and therefore it requires a multi-sectoral, cross-government response.⁷

4.1 Human rights

Viet Nam is a party to most of the core international human rights treaties, including those on civil and political rights (ICCPR), economic, social and cultural rights (ICESCR), racial discrimination (CERD), gender equality (CEDAW) and child rights (CRC). Viet Nam has also ratified 17 ILO conventions, signed the Convention on Rights of Persons with Disabilities in 2007, and is considering signing the Convention against Torture (SRV, 2009). International agreements are embodied in Viet Nam's 1992 Constitution as revised in 2001, as well as in national laws, including the 2006 HIV Law, 2006 Law on Gender Equality and 2007 Law on Prevention and Control of Domestic Violence. The recent Law on Disability, Law on Adoption and draft Law on Access to Information also represent important developments in protecting the rights of vulnerable groups and ensuring access to information.

Over the past five years, Viet Nam has been increasingly engaged in dialogue on international human rights commitments. In 2009, Viet Nam participated for the first time in the Universal Periodic Review (UPR) process, during which the government reiterated its commitment to human rights. Viet Nam accepted 93 and rejected 46 of the recommendations made during the UPR process. The government indicated its willingness to ratify the International Convention on Transnational Organized Crime, and its Protocol on Trafficking and to consider ratifying international agreements on migrant workers. It also committed to continue to revise national laws in line with international commitments, and invited six Special Rapporteurs and Independent Experts to visit Viet Nam (SRV 2009, Human Rights Council 2009a). This last decision represents a significant breakthrough as the last visit by such an expert (the Special Rapporteur on Freedom of Religion and Belief) took place in

⁷ Mainstreaming of human rights, gender equality and environmental sustainability is considered mandatory under UNDG guidance to UNCT's developing their UN development assistance frameworks (in Viet Nam the One Plan). Together with capacity development and results based management, which are important principles in the programming process, these form the five core programming principles which all UNCTs must adopt.

1998. Viet Nam has also been strongly engaged in regional institutions for the promotion of human rights, including acting as chair of the ASEAN Inter-government Committee on Human Rights and the Committee on Women's and Children's Rights in 2010. The importance of recognizing and promoting human rights is acknowledged in the draft SEDS, which sets out Viet Nam's commitment to 'ensure human rights, civic rights and conducive conditions for everybody's comprehensive development' (GoV, 2010b: 5).

Nevertheless, challenges remain, as Viet Nam's report to the UPR acknowledges. These include overlap and lack of coherence in the legal system, difficulties in implementation and enforcement of existing laws, and limited information and understanding of the law and human rights among duty-bearers and rights-holders (SRV, 2009). *De jure* protection of rights, while laudable, is not sufficient to fulfill Viet Nam's international commitments, and Viet Nam needs to considerably strengthen enforcement and implementation of legislation designed to ensure that the rights and responsibilities of different social groups are respected, protected and fulfilled.

Viet Nam will need to continue to improve implementation of national and international human rights commitments, including the recommendations it has accepted from the UPR process. Taking a rights-based approach to development and implementation of policies, in particular those which affect the most vulnerable (including those living in poverty, migrant workers, ethnic minorities, women, children, people living with HIV, the elderly and disabled), is critical to improve realization of their rights and to ensure that all Vietnamese people are able to benefit from the development process. As discussed in this report, equal access to services, including health and education, together with access to justice, and greater participation and voice in decision-making processes, including at the local level, is required to allow all people in Viet Nam to realize not only their rights, but also their aspirations for progress and prosperity.

Several treaty bodies and states parties called on the Government of Viet Nam to scale up efforts to promote freedom of expression during the UPR process (Human Rights Council 2009a, 2009b). The media's role in monitoring implementation of laws and policies and supporting anti-corruption efforts is acknowledged in Viet Nam's UPR report (SRV, 2009:4). During the UPR process state parties and treaty bodies encouraged Viet Nam to also focus on promoting greater independence of the media (Human Rights Council 2009a, 2009b). Also important are the cultural rights of ethnic minority people, including the right to be educated in their mother tongue. Several treaty bodies also identified the need to put in place further measures to protect children from exploitation and abuse, including criminalizing child pornography, and to improve the independent monitoring of rights (Committee on the Rights of the Child, 2003). Further, state parties called on Viet Nam to strengthen efforts to protect religious freedom for different communities and ensure that religious activities continue to enrich Vietnamese society. Finally, the international community has also called on Viet Nam to reform the administrative detention system for drug users and sex workers (Human Rights Council, 2009a).

The National Assembly is recognized as having a key role to play in monitoring promotion and protection of human rights (SRV, 2009), but could potentially play a stronger role in this regard. Similarly, while there are signs of greater engagement with civil society in specific sectors, the government has yet to take a systematic approach to recognizing and engaging in dialogue with civil society organizations. In addition, efforts to raise awareness and educate both rights-holders and duty-bearers about their rights and obligations under international agreements and relevant national legislation should be scaled up.

4.2 Gender equality

Viet Nam is rightly recognized as having a strong track record in the area of gender equality and women's empowerment. Viet Nam was one of the first six countries in the world to ratify the CEDAW convention, and gender equality is enshrined in the Vietnamese constitution, as well as in the 2006 Law on Gender Equality and the 2007 Law on Prevention and Control of Domestic Violence. National policy frameworks also stress the importance of gender equality: the SEDP calls for ensuring gender equity and integration of gender equity criteria in socio-economic development plans in all sectors while the SEDS sets out the government's commitment to 'effect properly gender equality and women's advancement' (GoV, 2010a; GoV, 2010b: 15). National priorities are detailed in the draft National Strategy for Gender Equality. Viet Nam ranked 71st out of 134 countries in the 2009 World Economic Forum's Global Gender Gap Index;⁸ 94th out of 155 countries in the 2007 Gender Development Index;⁹ and 62nd out of 109 countries in the 2007 Gender Empowerment Measure¹⁰ – a performance comparable with medium human development countries such as Indonesia and the Philippines (World Economic Forum, 2009; UNDP, 2009). This reflects progress in areas such as gender parity in education, high rates of female workforce participation, and a high proportion of women in decision-making roles at the national level in comparison to other ASEAN countries (GoV, 2010; SRV, 2010c).

However, in order to achieve gender equality goals and commitments Viet Nam will need to continue to invest in implementation of legislative frameworks, capacity building to support implementation of relevant laws, ensuring availability of sex-disaggregated data, and raising awareness and changing attitudes which support gender inequality at all levels.

For example, although Viet Nam now has a 25.8 percent rate of female representation in the National Assembly, women's representation continues to fall short of targets set by the Communist Party, including that of 25 percent representation of women in party committees, and 35-40 percent representation in the National Assembly and People's Councils by 2020 (Resolution 11-NQ/TW). Women make up one in five members of People's Councils, and are under-represented in local planning and consultation processes (VASS, 2009). Women's participation in both formal and informal decision-making processes at the provincial level is limited with women concentrated in administrative and less senior roles in People's Councils (VASS, 2009). At the national level, while the position of vice-president has always been held by women, there is only one female minister in the current XII term of the National Assembly, and only 7.8 percent of vice-ministers are women. In the Communist Party there are no female members of the Politburo, and only 13 of 160 members of the Executive Committee are women (VASS, 2009). Participation rates actually fell in key national institutions, including the National Assembly, between the current XII term and previous XI term (VASS, 2009). A mandated early retirement age sees women retiring five years earlier than men, and this has been identified as a specific barrier to women's access to promotion and professional development opportunities (MOLISA, 2010; MOHA, 2005). If Viet Nam is to reach targets set for women's participation, incentives and support to women to take on leadership roles must be

⁸ The Global Gender Gap Index is based on the following sub-indices: economic participation; educational attainment and opportunity; health and survival; and political empowerment (World Economic Forum 2009).

⁹ The Gender Development Index (GDI) is a combined index measuring the gender gap between men and women on the following indicators: life expectancy at birth; adult literacy rate; combined gross enrollment ratio for primary, secondary and tertiary education; and estimated earned income (UNDP, 2009).

¹⁰ The Gender Empowerment Measure (GEM) measures political participation and decision-making power, economic participation and command over resources (UNDP, 2009).

significantly scaled up and prevalent attitudes which view women as less fit to take on leadership roles need to be challenged, including among senior leaders.

The Government of Viet Nam's report to Beijing Plus 15 and the draft National Strategy on Gender Equality acknowledge that gender-based violence is a serious problem, occurring in urban and rural areas and among all social groups (SRV, 2010c; MOLISA, 2010). Newly available data from the first-ever national study on domestic violence, conducted by GSO, found that one in three, or 34 percent of ever-married women had suffered physical or sexual violence from their husbands in their lifetime. Around 9 percent of women had experienced one of these two types of violence in the 12 months preceding the study. Considering all three types of violence – physical, sexual, and emotional – more than half (58 percent) of Vietnamese women report experiencing at least one type in their lifetime, with 27 percent reporting violence of at least one type in the last twelve months. Women were three times more likely to be abused by their husband than by any other person. The study found that many women think that violence in relationships is normal and that they should “endure” it for the sake of family harmony: more than half the women in the survey had never revealed the abuse to anyone (GSO and WHO, 2010). This is consistent with data on attitudes to violence available from the 2006 Multi-Indicator Cluster Survey, which indicates that two thirds of women (64 percent) view violence from a husband towards his wife as acceptable (GSO, 2007). Data on other forms of violence, such as sexual harassment in the public sphere, including schools and workplaces, is not yet available. However, sexual abuse and trafficking for sexual exploitation (discussed in Section 3.3) are viewed as serious problems in the SEDP and draft National Strategy for Gender Equality. Viet Nam has legal and policy frameworks in place to address violence, but challenges exist in relation to implementation, availability of services and support, and coordination mechanisms across government and service providers.

Women play an important role in the Vietnamese economy, accounting for 46.6 percent of the active workforce. However, women are concentrated in informal, vulnerable types of employment, including as unpaid family labourers (MOLISA et al, 2009). While the wage gap in formal employment has steadily narrowed and is now 12 percent nationally (GoV, 2010), estimates suggest that women in the informal economy earn 50 percent of male wages, despite similar working hours, education levels and seniority (Cling et al 2010). Women also tend to have lower skills levels and more limited access to training and skill development than men (MOLISA et al 2009). Migrant workers are increasingly female (see Section 3.3), and women also tend to predominate in “invisible” areas of informal work such as sex work and domestic work, which expose them to specific vulnerabilities. Women's dual responsibilities for care-giving and domestic work, as well as for income generation, constrains their ability to participate in paid employment, in particular in the formal sector, and in decision-making at all levels (Kabeer et al, 2005).

Gender inequality is deep-rooted in all societies, and Viet Nam is no exception. Families continue to give preferential treatment to, and invest greater resources in, boys and men. Persistent son preference and devaluing of girls is demonstrated in the rising sex ratio at birth, which is particularly evident in well-off families (see Section 3.3 above). In younger age groups more boys than girls are accessing health services, which may be due to the importance parents place on the health of their sons (UNICEF, 2009; MOH, 2008). Households also spend less on women's health care than they do on men's in the family (World Bank, 2008). Reversing these trends will require changing social norms; incentives to encourage households to invest in girls and women; increased male responsibility and engagement in promoting gender equality and more equitable relationships; and supportive social protection and social services, in particular for the most vulnerable women.

4.3 Environmental Sustainability

Environmental sustainability is fundamental to sustaining current development achievements, and to ensuring that the future goals and aspirations of the Government of Viet Nam and its people can be met. It is also critical to ensuring inter-generational equity so that future generations of Vietnamese people can enjoy a high quality of life in a healthy, clean and diverse human and natural environment. Viet Nam has shown strong commitment to promoting environmental sustainability and can report significant achievements, for example in relation to forest cover which is an indicator under MDG7 (see Section 5.2). The draft SEDS commits the government to 'protect the environment, improve its quality, [and] cope proactively and efficiently with climate change; raise environmental protection awareness, [and] connect environmental protection tasks and objectives with socio-economic development' (Gov, 2010b).

Achieving MDG7 is critical to ensure environmental sustainability and ensure that natural resources and a clean environment are available to current and future generations, and to achieving the development goals and aspirations of the government of Viet Nam and its people. The poor are disproportionately dependent on natural resources for subsistence and livelihood generation, and therefore depend directly on a healthy ecosystem. Environmental degradation leads to increased time needed to collect food and water, reducing the time available for education, and for income generation, often affecting women and girls in particular. Air pollution leads to respiratory infections, which are a leading cause of child mortality.

As noted in Section 3.2, climate change is among the most significant challenges Viet Nam faces and requires a concerted, cross-sectoral response involving many different actors and agencies. Climate change, environmental sustainability, and vulnerability to natural disasters, are discussed in more detail in Section 3.2, 5.2 and 6.2.

4.4 HIV

Viet Nam is responding to the HIV epidemic through concerted action by the government, development partners and civil society. HIV is recognized as a development issue, and the government is committed to ensuring favourable conditions for implementation of HIV prevention and control activities. This commitment to 'continue with HIV control, and reduce significantly HIV transmission' is emphasized in the draft SEDS (GoV, 2010b). Passage of the Law on HIV Prevention and Control in 2006 was an important milestone and provides a strong legal environment as well as protections for those at higher risk, and for people living with HIV. Viet Nam has improved coordination, has scaled up service delivery and prevention activities, including provision of antiretroviral therapy (ART) to people living with HIV (PLHIV), and has increasingly engaged civil society in the national response to HIV (SRV, 2010a).

However, it is unlikely that Viet Nam will reach its MDG6 targets unless access to services is significantly scaled up, in particular for high-risk populations, as current progress is not sufficient to meet the targets for universal access Viet Nam has committed to. The HIV epidemic in Viet Nam is concentrated among key high-risk populations, including injecting drug users (IDUs), female sex workers (FSWS) and men who have sex with men (MSW). In 2009, HIV prevalence among male IDUs was 18.4 percent, among FSWS 3.2 percent and MSM 16.7 percent. The overall adult (15-49 years) prevalence rate was 0.43 percent in 2009, and is estimated to rise to 0.44 percent in 2010 (SRV, 2010a). An estimated 254,000 people will be living with HIV in 2010, and this is likely to increase to 280,000 by 2011. Prevalence rates may remain low, rising to 0.47 percent if intervention

programs are sustained and significantly scaled up. However, prevalence rates among populations at risk are significantly higher in some provinces¹¹ (SRV, 2010a).

Men make up 73.2 percent of all reported cases, and 80 percent of PLHIV are aged 20-39. Importantly, an estimated two percent of clients of sex workers will be living with HIV by 2012. While this appears low, the number of men who visit sex workers is so high that PLHIV among clients of sex workers will significantly affect national HIV trends. The male-female ratio will decrease from 3.0 in 2007 to 2.6 by 2012, reflecting the growing risk of intimate partner transmission from men, who have contracted HIV through high-risk practices (unsafe drug use and unsafe sex), to their spouse or other regular sexual partners (SRV, 2010a, MOH, 2009).

Contradictions in the HIV legal and policy environment, weak implementation of the Law on HIV, and inadequate multi-sectoral mechanisms undermine the effectiveness of the HIV response. For example, large scale detention of IDUs and sex workers constrains the effectiveness of the National HIV Strategy, as fear of detention discourages sex workers and drug users from accessing services, including for sexual and reproductive health, drug dependence and HIV prevention, treatment and care (SRV, 2010a). In addition, detention may result in denial of these services as they are currently not available in most administrative detention centres, leading to more HIV infections and deaths from AIDS.

Implementation and compliance with progressive laws and regulations is undermined by lack of awareness and understanding on the part of rights-holders and duty-bearers, and by persistent stigma and discrimination, which act as barriers to PLHIV and key high-risk population groups accessing services and support.¹² Current policies are not yet sufficiently responsive to emerging needs, such as the high risk of infection among women who are married to men engaging in high-risk behaviours, clients of sex workers, or to the specific vulnerabilities of mobile populations, young people and ethnic minorities.

There is a lack of targeted interventions for female IDUs, primary sexual partners of key high-risk populations, and for other vulnerable groups, such as young people, migrants and ethnic minority populations. In addition, targeted interventions, including HIV prevention, treatment and support, are also required to meet the needs of people in closed settings, including those in prisons and administrative detention centres for drug users and sex workers (SRV, 2010a).

Viet Nam will need to significantly scale up its prevention measures to avoid being burdened by escalating, long-term treatment costs. Critically, the sustainability of the national response to HIV is uncertain, as external funding sources currently account for more than 90 percent of total HIV expenditure. With donor resources declining as Viet Nam reaches middle-income country status, government commitment to HIV spending at the national and sub-national level must increase significantly.

Continued investment in HIV prevention, treatment and care is critical for Viet Nam as while the epidemic is still concentrated among specific at risk groups at national level, at a sub-national level, trends towards a more generalized epidemic are evident in some provinces. For example, in Dien

¹¹ For example, HIV prevalence among IDUs is very high in HCMC, Can Tho, Dien Bien, Thai Nguyen, Quang Ninh, Gia Lai and Binh Duong, while prevalence among sex workers is higher in Can Tho, Hai Phong, Thai Nguyen and Ha Noi.

¹² High profile cases of children living with HIV being denied schooling are just one example.

Bien Province, the epidemic is already generalized,¹³ with prevalence rates of 1.5 percent among pregnant women (MOH, HIV Sentinel Surveillance, 2009). In addition, risky behaviours are also increasing among population groups at higher HIV risk in some locations. In Ho Chi Minh City, for example, prevalence rates among injecting drug users rose from 34% in 2006 to 48% in 2009. While prevalence rates rose among venue-based sex workers in Ha Noi, Ho Chi Minh City and Hai Phong over the same period, low levels of condom use were reported in Ha Noi and Ho Chi Minh City in particular (IBBS, 2009). Risky behaviours are often hidden and stigmatized, especially among people at high risk of contracting HIV, many of whom, such as MSM, and male clients of sex workers, are so-called “bridging” populations. The risk for Viet Nam is that this emerging “generalized” epidemic in specific provinces will spread to other provinces as a result of increased risky behaviours on the one hand, and insufficient access to a comprehensive package of prevention, treatment, care and support services on the other hand.

HIV does not occur in a social, economic or cultural vacuum. Just as numerous factors facilitate, aggravate or reduce risk taking related to HIV, different sectors must be engaged in addressing these factors, and coordination efforts must be improved to ensure a truly multi-sectoral and effective response. It will be critical to: improve the legal and policy environment to respond more effectively to the needs of people at higher risk of, living with, or affected by HIV at the national and sub-national levels; improve mobilization and management of resources to achieve MDG6 and ensure a sustainable national response to HIV in Viet Nam; and improve sustainable access to a comprehensive package of quality HIV prevention, treatment, care and support services for key at-risk populations and PLHIV.

¹³ An epidemic is considered ‘generalized’ when more than one per cent of the general population, i.e. pregnant women, are HIV-positive.

II. KEY DEVELOPMENT CHALLENGES

5. INCLUSIVE, EQUITABLE AND SUSTAINABLE GROWTH

Viet Nam's economic performance during the past decade has been remarkable. Starting off with an income per capita of only 390 USD in 2000, it has managed to sustain an average annual GDP growth rate of 7.25 percent throughout the past decade, reaching an income per capita level of USD 1,052 in 2009. This strong economic performance has enabled Viet Nam to achieve middle-income status and improve the lives and living conditions of millions of Vietnamese people. The creation of over 7.3 million jobs since 2000, the majority of them (92.5 percent) in the private sector, is evidence of this.

Today, Viet Nam is an increasingly sophisticated economy able to produce a wide range of goods, from agricultural commodities to garments, electronics and motorbikes. It is also highly integrated into the global economy, with a trade-to-GDP ratio of 172.9 percent in 2008, one of the highest in the world, and Viet Nam regularly ranks as one of the top international investment destinations.¹⁴ These achievements have been possible, in part, due to the implementation of a comprehensive policy agenda for economic reform, which has resulted in the country reaching key milestones, such as the approval of the Enterprise Law in 2000 and accession in early 2007 to the WTO, which have contributed to broad-based economic growth and integration into the world economy.

As Viet Nam enters the next decade, it has the ambition of becoming a modern industrialized nation by 2020 (GOV, 2010b), with an overall goal of increasing GDP per capita by 70 percent by 2015, up to USD 2,100 per person. Achieving these ambitious goals, and doing so in an inclusive and sustainable way, will require stepping up efforts in five critical areas: (a) providing equal access to employment and income-generating opportunities; (b) promoting environmentally sustainable growth that minimizes the harmful effects of growth on the environment, society and people's health, minimizes the harmful effects of climate change, and reduces the carbon intensity of growth; (c) increasing levels of productivity and technological sophistication in production; (d) continuing to promote economy-wide competitiveness and global integration in a way that allows the Vietnamese people to reap the full economic and social benefits of globalization; and (e) ensuring regionally balanced economic development. Progress in these areas will not only make it possible for Viet Nam to continue growing on a path of inclusive, equitable and sustainable growth, but also help it to escape the so-called **middle-income trap**.

5.1 Inclusive and equitable growth

Inclusive socioeconomic development entails sharing the fruits of growth in an equitable and fair way. International experience shows that making this possible requires, at least, ensuring that all actors – including workers, household businesses, individual entrepreneurs and firms – have equitable access to decent employment, business and other income-generating opportunities (see UNDP, 1996; World Bank, 2004). The draft SEDS recognizes the importance of ensuring inclusive growth, stressing the need to 'improve income and quality of life for the people; encourage lawful collection of wealth, and quickly increase middle or higher income households proportions; [and] restrain rich-poor polarization' (GoV, 2010b).

¹⁴ UNCTAD's most recent World Investment Report places Viet Nam as the 8th most attractive FDI destination in the world for transnational corporations (UNCTAD, 2010).

In many respects, Viet Nam's recent record on this front has been very positive. As indicated above, an underlying factor behind Viet Nam's economic success of the past decade has been its ability to create millions of jobs for its working age population, while at the same time creating better employment conditions for its people, a factor which has been recognized as critical in driving down national poverty levels (Balisacan et al, 2003; Huong et al, 2003; Le, 2008). According to the GSO (2010), average real per capita incomes in all economic sectors have steadily increased during the last decade, while the proportion of the workforce employed in waged and salaried jobs has increased from 18.4 percent of the total workforce in 2000 to 33.4 percent in 2009 (MOLISA et al, 2009; GSO, 2010b). Unemployment rates, on the other hand, remain low, at 2.61 percent in 2009, and income inequality has remained relatively stable during the past decade.¹⁵

Improvements in workers' and households' work and material living conditions have coincided with an explosion of private sector and SME activity, especially noticeable in the years immediately after the Enterprise Law was approved in 2000 (Taussig, 2009), with the share of national income generated by these two sectors (i.e. the private sector and SMEs) having increased significantly since then (Perkins and Tu Anh, 2010). This outburst in entrepreneurial activity has enabled people across Viet Nam to directly participate in the process of wealth generation and partake in its proceeds, contributing to improved general material living conditions in the country.

In the coming years, as the Vietnamese economy continues to grow, Viet Nam is likely to confront a number of challenges to ensuring inclusive and equitable growth. To start with, Viet Nam is experiencing a very **rapid transformation of its workforce and labour market structure**, with over one million people entering the labour force every year, and between 200 and 300 thousand workers annually moving out of agriculture in search of jobs in non-farming activities (MOLISA et al, 2009). These changes in no way represent a negative development; they simply reflect the effects of the agrarian and demographic transitions that Viet Nam is currently undergoing, and which other fast developing nations have experienced in the past. In fact, they can present important opportunities that, if well managed, can lead to significant improvements in people's lives, as has been documented, for instance, in the case of migration.¹⁶ However, these changes also pose important challenges for policymakers, as well as for all actors in the Vietnamese economy.

First, and foremost, managing these population and employment trends will require the creation of large numbers of jobs for all new labour market entrants, and the establishment of the conditions that facilitate the movement of workers and their families across sectors and regions, including providing them with appropriate skills, adequate work and living conditions, and access to social services. This will make it possible for these people to engage in more productive activities and enjoy higher living standards, while contributing to raise overall productivity levels, thereby helping Viet Nam avoid **falling into the middle-income trap**.

Viet Nam has been very successful in the past in meeting these conditions and dealing with these trends. However, there are still bottlenecks affecting the Vietnamese labour market that need to be addressed. For instance, most unemployed workers in Viet Nam are young, urban and educated (World Bank 2007), suggesting the existence of a skills-employment mismatch that prevents the Vietnamese labour market from absorbing some of the people who are presumably most qualified. A similar situation emerges with regard to position of women in the Vietnamese labour force.

¹⁵ GSO (2010) reports national Gini coefficients of 0.420 in 2002, 0.420 in 2004, 0.424 in 2006 and 0.434 in 2008.

¹⁶ For instance, a recent study by MOLISA found that up to three-quarters of all migrants in Viet Nam report a better employment situation after migrating (MOLISA, 2010).

Although female labour market participation in Viet Nam is high, at 65.4 percent in 2007, it is still several percentage points lower than that of men, at 74.5 percent (MOLISA et al, 2009). Moreover, while large parts of the workforce remain underemployed, particularly in rural areas, at the same time many workers suffer from conditions of vulnerable employment, with own-account and unpaid family workers totaling 61.5 percent of the workforce.

In this regard, special attention should be given to the **informal economy**. Ensuring that growth is inclusive entails broadening opportunities and access for the majority of Viet Nam's workforce, 80 percent of whom are concentrated in the informal economy, many of them underemployed or vulnerable. The informal economy has traditionally been an important source of income in Viet Nam, helping sustain the livelihoods of many individuals, families and communities in urban and rural areas. It also provides a wide range of services to many Vietnamese people – from local transport, to accommodation, food and entertainment.

However, workers in the informal economy in Viet Nam tend to work longer hours than average, earn less money than those in the formal sector and all too frequently work without a contract (MOLISA, 2010; Cling et al, 2010). There are also important gender and regional disparities within the informal sector workforce, with women and rural residents more likely than men and urban residents to be engaged in informal activities. In addition, the income gap between male and female workers in the informal sector is as high as 30 percent in favor of men (Cling et al, 2010), much higher than the 12 percent wage gap that exists for the working population as a whole (GOV, 2010). Within the overall context of reducing vulnerability, promoting protection from risk and ensuring inclusiveness of growth processes, there is a need to pay greater attention to people working in the informal sector.

With regard to **equity considerations**, recent data suggests there is a slight tendency towards increasing levels of inequality, as captured by an increasing income-measured Gini coefficient between 2002 and 2008, and a growing gap between the average monthly per capita income of households in the richest and poorest quintiles: an 8.9 times difference in 2008 compared to 8.1 in 2002 (GSO, 2010). Moreover, inequality has increased in every region in the country since 2002, with the largest increases registered in some of the poorest parts of Viet Nam: the North East and North West regions, and the Central Highlands (GSO, 2010). Observable increases in levels of conspicuous consumption among high income groups, together with evidence of important and growing inequalities in access to public services and resources, would seem to confirm these emerging upward trends in inequality (Van Arkadie et al, 2010).

These disparities are driven, to a large extent, by inequalities in access to decent employment and income-generating opportunities, with women, ethnic minorities and disadvantaged people (e.g. people with disabilities, the elderly, etc.) often faring below average. With regard to gender disparities, an area in which there is a greater number of studies available, women are generally more likely than men to have vulnerable jobs, to work without pay, and to be occupied in menial jobs. They are also less likely to work for a wage, systematically earn lower incomes than men working in the same job category, and have lower labour market participation rates (ILO, 2010; UNDP, 2009).

Some of these disparities in income earnings and access to decent employment opportunities are structural in nature, shaped by the specific traits of the Vietnamese labour market, economy and society. For instance, women tend to be more involved than men in household business activities,

exposing them more to vulnerable forms of employment. They also tend to have less access to training opportunities (MOLISA et al, 2009), have historically attained lower education and literacy levels (GoV, 2010) and take on a disproportionate share of family care – factors that constrain women’s ability to participate in the labour force, especially in waged employment. Finally, marked segregation by field of study (see Section 7.1. on education) also shapes labour market outcomes for women and men. In other cases, however, these disparities are the result of discrimination against certain groups, such as women and ethnic minority people.¹⁷

Disparities are also driven by inequalities in other spheres, such as in access to education, training opportunities or land use certificate holdings, which affect people’s ability to access decent employment, and income-generating opportunities (World Bank et al, 2006). In addition, as recent international literature has shown, corruption often acts as a ‘tax on the poor’ and exacerbates income inequalities (World Bank, 2000; Gupta et al, 1998). Underlying these factors driving gender, ethnic and other forms of income and employment disparities are perceptions, attitudes and prejudices towards certain groups of the population and their roles in society, which are deeply rooted in cultural and societal norms, traditions and values.

In the enterprise sector, on the other hand, disparities exist in firms’ access to business opportunities, finance, public business support programmes and production assets, especially land, with SMEs and private companies generally faring less well than larger enterprises and SOEs (IFC, 2009; FETP, 2008). Beyond an issue of fairness, these disparities undermine the consolidation of a strong SME and private sector that can effectively contribute to the development of inter-sectoral linkages, the emergence of a diversified productive base, and the improvement of material living conditions in Viet Nam across all segments of society.

In some cases, these inequalities are structural, driven by the lower technical and managerial capabilities and financial prowess of certain types of enterprises, as is the case with the difficulties faced by SMEs in accessing finance, a situation common to most countries. In other cases, however, they originate in unfair competitive practices; policies that favour certain types of enterprises over others; or even political favor and connections (FETP, 2008; Kim, 2008) that provide certain economic agents (e.g. SOEs, though not exclusively) with preferential and, in some cases, unfair access to markets, finance or land, leaving them in a more advantageous business position than other enterprises (VNCI, 2006).

International experience shows that investing in people’s skills and capabilities is the most effective tool for preventing greater income inequality and promoting inclusiveness, as this enables people to engage in business activities with higher returns, or to gain employment in better paid jobs (Wood and Ridao, 1999). It has also historically proven to be the best way of avoiding the double trap of rising inequality and low-competitiveness that often besieges middle-income countries, the so-called middle-income trap, by raising productivity levels in the economy and ensuring good employment opportunities for all. A similar case can be made for supporting the development of firms’ financial, technical and managerial capabilities, especially those of SMEs (Lall, 1992; Bell et al, 1995).

In doing this, special attention needs to be given to those groups that are already deprived from income-generating and employment opportunities, as disparities at this level often have their origin in an uneven endowment of skills, education or capabilities. For instance, empowerment programmes in areas such as public sector employment can contribute to reducing these disparities. A tighter regulatory framework and enforcement capacity in areas such as employment,

¹⁷ See, for instance, Kabeer et al (2005) for a detailed situation analysis of gender discrimination in Viet Nam.

workplace practices and public procurement, on the other hand, can help prevent outright discriminatory practices. In the business sector, greater attention to competition policy and regulation can help establish better functioning markets and an even playing field for all firms.

Businesses can also contribute to attaining greater inclusiveness and equity in growth by **adopting practices that are socially more responsible**. This includes recognizing the rights of workers to decent work conditions, the rights of consumers to safe and quality products (including food and medicines), and the rights of society as whole to a safe and clean natural and human environment. In a global business environment that increasingly places a greater value on social and environmental responsibility, promoting corporate social responsibility among enterprises, not only for philanthropic reasons, can be a powerful tool for getting the business community actively involved in promoting more inclusive, equitable and sustainable development.

With regard to employment considerations, for instance, the work conditions faced by many Vietnamese people continue to be precarious. Up to 8.3 percent of the workforce are informal workers employed in the formal sector, with this share being as high as 12.3 percent and 17.2 percent in the public and FDI sectors, respectively. These workers have no social security coverage, and up to 95 percent of them do not even have a contract (Cling et al, 2010). Also of concern is the fact that the share of unpaid workers in the workforce is still as high as 22.9 percent (GSO, 2010b). Children's involvement in work, on the other hand, while not as prevalent in Viet Nam as in other countries with similar levels of development, was still estimated at 6.7 percent of children aged 6-14 years in 2006, almost 930,000 children in absolute terms (UCW, 2009).

Business practices underlying these social phenomena have their origin in a wide range of factors. In part, they are deeply rooted in traditional business practices, especially in the case of employment conditions in the informal sector. They also reflect weak regulatory frameworks and enforcement capacities in the implementation of environmental, safety and labour legislation (e.g. Van Arkadie et al, 2010). They sometimes also reflect a lack of awareness of individual rights¹⁸ by workers and consumers, as well as weak representation of businesses, consumers and workers.¹⁹ Strengthening the capacity of unions, and of consumer and business associations, while promoting better industrial relations, collective bargaining and awareness of individual rights, can contribute to a more socially inclusive and equitable growth model.

5.2 Environmentally sustainable growth and development

Environmental sustainability, defined as 'the longer term ability of natural resources and environmental resources and ecosystem services to support continued well-being' (UNDG, 2009), is fundamental to preserving current development achievements and ensuring inter-generational equity, so that future generations of Vietnamese people can continue to enjoy quality of life in a healthy, clean and diverse human and natural environment.

Viet Nam is party to all major multilateral environmental agreements (MEA), including the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Ramsar Convention (The Convention on Wetlands of International Importance), the Stockholm Convention on Persistent Organic Pollutants (POPs), and the UNFCCC. The principles of many of

¹⁸ For instance, a study of the Vietnamese garment sector (by Kabeer et al, 2006) found that only 54.8 percent of employed workers knew about the existence of the labour code and only 55.9 percent knew about the existence of a minimum wage.

¹⁹ For example, the World Bank's 2008 Viet Nam Development Report reports that while 96 percent of SOEs in 2005 had collective agreements in place, this shared dropped to only 40 percent for FDI companies and 25 percent for domestic private enterprises (World Bank, 2007).

these MEAs, and the recognition of environmental priorities, are reflected in the Strategic Orientation for Sustainable Development in Viet Nam (SRV, 2004).

However, Viet Nam's recent achievements in economic growth and poverty reduction are closely linked to exploitation of, natural resources, including in sectors such as agriculture, fisheries and forestry. Some of the country's main challenges are overexploitation and ineffective use of natural resources, degradation of soils, surface water and groundwater, loss of biodiversity and decreasing air quality. Environmental pollution from, for example, industrial development is a growing challenge associated with economic growth. Furthermore, shocks and stresses from climate change are relatively new but very pertinent. Greenhouse gas emissions mitigation is critical too, globally as well as nationally, in order to limit the effects of climate change and to take advantage of, for example, accelerated technological modernization.

Government policies set ambitious targets but often lack the human resources and capacities needed to enforce national laws and regulations. Together with a lack of mainstreaming of environmental actions and the predominance of short-term economic considerations, this limits plans and regulations and constrains achievements of environmental targets. Viet Nam's vision for industrialization requires modernization of sectors through green, energy efficient technologies if the country is to avoid continued increases in pollution and resource degradation.

5.2.1. Current situation of environmentally sustainable development

Viet Nam has made significant progress in the area of environmentally sustainable development during the past decade in terms of institutional development and policy. Data on progress towards the MDGs suggests that Viet Nam is improving its environmental situation in several respects, although some of these successes need to be qualified.

Forestry cover, for instance, increased from 27.8 percent in 1990 to 33.2 percent in 2000 and to about 39.1 percent in 2009 (GSO, 2009b).²⁰ However, the coverage of mangrove forests declined from around 250,000 ha in 1990 to the current levels of 155,000 ha. There are 126 nature reserves, with a total area of more than 2.5 million ha, which is a 28 percent increase compared to 1994, but biodiversity is degrading in several parts of the country as forest quality continues to decline. Access to clean water among people living in rural areas has risen significantly from 30 percent at the end of the 1990s to 83 percent today, while approximately 63 percent of rural households have sanitary toilets. This is a substantial improvement when looking backwards, but falls short of national targets. Data on the housing stock also shows significant improvement, with houses with thatched roofs representing only 7.4 percent of the total house stock in 2009, down from nearly 23 percent ten years ago (MPI, 2010).

Climate change poses new challenges. Saline water intrusion is being accelerated by sea level rise; floods, droughts and forest fires are expected to increase; and tropical storms are expected to increase in strength. The need for mitigation of global climate change also means that developing countries such as Viet Nam should decrease their carbon intensity of growth, limiting growth in fossil fuel use through green technologies and increasing forest carbon stocks (see also Section 3.2).

²⁰ These data are the official Vietnamese statistics. They are slightly different from the international statistics quoted in Annex 2, but the data series there is retained for consistency of time series and source.

In fact, the carbon intensity of growth in Viet Nam has risen over the past two decades, from 0.28 in 1990 to 0.47 in 2004,²¹ indicating increased use of fossil fuels for each additional USD of income generated by the economy. However, despite this increase, the level is still low compared to those of many middle-income developing economies and developed countries. CO₂ emissions per capita are still very low compared with most developing and all developed countries, while the use of biomass and waste for energy has declined considerably. A similar picture emerges in relation to energy efficiency and energy use. In line with GDP growth trends, total electricity consumption has more than tripled over this same period, while the use of coal, oil and gas for energy generation purposes has increased significantly. Viet Nam has established over the past decade all the basic institutions that are needed for successful policy formulation related to environment and natural resource management. The Ministry of Natural Resources and Environment (MONRE) was established in 2003, and recently several departments and centres in different ministries were upgraded. There are important high-level domestic coordination mechanisms, with standing offices in designated ministries, and their capacities have been strengthened.²² Furthermore, many national coordination bodies have been augmented with platforms that include international organisations such as the UN, World Bank, ADB, bilateral donors and international NGOs who support capacity strengthening.²³

During this same period, Viet Nam has consolidated its environmental and sustainable development policies, including laws, strategies, action plans and national target programs (NTPs). Several revised and new laws were issued,²⁴ while strategies have been revised or formulated over this period.²⁵ Especially important has been a Party resolution and government decision to spend at least one percent of government revenue on environmental protection. Environmental concerns also feature prominently in the draft SEDP 2011-2016 and the SEDS 2011-2020, both of which include environmental sustainability goals and targets, and climate change actions are being mainstreaming into several sectors.

²¹ In kilo-ton CO₂Equivalent / million US\$ GDP in 2000 PPP. Annex 2 gives slightly higher rates as well as additional, internationally published data that suggest that Viet Nam's carbon intensity of growth peaked around 2004-05. The most recent data and projections are expected to be published in December 2010, in Viet Nam's Second Communication to the UNFCCC, which may confirm this. Such data depend a great deal in inclusion or exclusion of the forest and land use sector, and this is expected to be specified in the Second Communication.

²² For example, the Central Committee for Flood and Storm Control (CCFSC), Committee 33 on Overcoming the Consequences of the War, the National Sustainable Development Council, the Water Resources Council, the National Steering Committee on Avian and Human Influenza, and the Steering Committee on Climate Change.

²³ Important examples are: (a) a range of climate change coordination and capacity building efforts; (b) the Forest Sector Support Partnership (FSSP); (c) the Disasters Management Working Group and a new platform to coordinate implementation of the Hyogo Framework for Action; (d) the Partnership on Avian and Human Pandemic Influenza (PAHI); and (e) the Rural Water Supply and Sanitation Partnership (RWSSP).

²⁴ For example, on environmental protection; marine natural resources and environment; forestry; biological diversity; cultural heritage; energy efficiency and energy conservation; housing; and urban planning.

²⁵ These include the National Orientation Strategy for Sustainable Development (known as Viet Nam Agenda 21); the National Strategy on Natural Disaster Prevention, Response and Mitigation to 2020; the Decision on Community-Based Disaster Risk Management; the Strategy for Cleaner Production; the Strategy on Food Security until 2020 with a Vision to 2030; and the National Urban Development Orientation by 2025. Forthcoming are policies such as the National Strategy for Housing Development by 2020 and Vision to 2030; the Action Plan to Overcome the consequences of Agent Orange/Dioxin; and a Decree on Payments for Ecological Services (PES). Recently approved and forthcoming NTPs include the NTP to Respond to Climate Change (NTP-RCC); the NTP on Energy Saving and Energy Efficiency; the NTP for Rural Water Supply and Sanitation (RWSS); the NTP on Culture; the NTP on ethnic minority development ("Programme 135"); the NTP on New Rural Areas; the NTP on Water Resources; and the NTP on Environmental Protection.

The forthcoming environmental tax law, and policies on 'economisation' of the natural resources and environment sector, are expected to provide incentives for more sustainable behaviour by business and consumers. This relates to the emerging possibilities to seek international financial and technical support for green, low-carbon growth. It is particularly important for industry and transport sub-sectors to articulate their needs as well as their plans to apply Nationally Appropriate Mitigation Actions (NAMAs) under the UNFCCC process, for which Viet Nam has started to prepare itself. Importantly Viet Nam is preparing for REDD, which is also being negotiated under the UNFCCC. The REDD mechanism could lead to significant international financial transfers to the forestry sector, including forest dependant households and communities, provided that forests function as carbon sinks, and equitable and effective benefit distribution mechanisms can be developed. Recent experiences with payments for ecological services (PES) indeed show that protection of the natural environment can go hand-in-hand with benefits for low-income groups. REDD also offers opportunities for co-benefits such as reduced impacts of natural disasters from coastal mangrove forests rehabilitation, poverty elimination in upland areas (among ethnic minority groups), conservation of biodiversity, better water retention, and prevention of landslides.

5.2.2. Reducing the impact of growth on the environment

Despite progress made in the area of environmental sustainability, unsustainable agricultural practices (e.g. incorrect use of pesticides), water pollution and the construction of upstream dams have led to an increase in soil degradation, the depletion of groundwater resources, and pollution (Van Arkadie et al, 2010). Furthermore, high and growing population density, a process of rapid urbanization and a model of economic growth driven by resource-intensive activities and industrial activities are putting increasing pressures on human health and the natural environment, especially in terms of noise, air and water pollution. This is not surprising, as some of the sectors driving Viet Nam's past economic success, such as footwear, fish processing, construction, pulp and paper manufacturing, and fertilizer production, are also among the most polluting (Kirkpatrick et al, 2010; Van Arkadie et al, 2010). While many of these sectors are highly polluting, not enough has been done to mitigate the effects of these activities on the natural and human environment.

For instance, only 30 percent of industrial parks in Viet Nam have centralized wastewater management systems, and up to 300,000 SMEs operating outside industrial zones have inadequate or no wastewater treatment systems, mainly due to the high costs of setting up and maintaining such systems (MONRE, 2010). Solid waste and wastewater currently constitute some of the main sources of pollution in Viet Nam, especially of rivers, canals, and groundwater in and near cities, towns and trade villages. Financing for wastewater treatment, solid waste landfills and waste incineration facilities (especially for hazardous waste treatment) by municipal utilities is critical and requires appropriate fees. In addition to limited investment in such environmental services, weak enforcement of environmental legislative and regulatory frameworks, together with lack of transparency in decision-making processes, undermines an effective response to environmental problems, as demonstrated by recent high profile cases of industrial pollution and decisions on mining concessions. Viet Nam is also facing increasing risks of industrial disasters, including oil spills and chemical pollution. Currently there are clean-up operations ongoing at some of the most polluted sites. Stocks of outlawed agrochemicals are being destroyed and dioxin hotspots that are a remnant from war are being decontaminated, partly with UN support as mandated under the Stockholm Convention on Persistent Organic Pollutants. While national capacities to monitor laboratory tests and address industrial pollution are being developed, this needs to be accelerated to keep pace with industrialization.

Mining and forestry activities, which currently generate nearly 10 percent of GDP, are also an important source of environmental degradation, partly due to the use of old technologies and poor waste treatment facilities in mining (Van Arkadie et al, 2010), while logging continues in some natural forests and illegal trade in wildlife is threatening several species with extinction. The REDD mechanism offers very important opportunities for environmentally sustainable development in this context. Viet Nam's forthcoming policies on environmental tax and on 'economization' of the environmental sector are also promising. They should, for example, improve pricing of mineral extraction. However, these policies can only succeed if revenue is used for protection and investment in affected areas. They must also be complemented by enforcement of standards and regulations on pollution and conservation, and of the use of instruments such as strategic environmental assessments and environmental impact assessments. The rapid speed of development and integration of Viet Nam into the global economy also pose challenges for preservation of Viet Nam's rich cultural heritage, which is a source of income and identity for many communities. Cultural heritage is currently extensively exploited for income generation purposes, without clear preservation and reinvestment plans, while at the same time cultural preservation is often overlooked in urbanization and infrastructure development programmes. Preservation of cultural heritage and cultural identity against the backdrop of rapid urbanization and globalization is critical to ensure ethnic minority communities are able to benefit more equally from the development process, and to support efforts to reduce poverty among ethnic minority communities.

5.2.3. Promoting renewable energy, energy conservation and energy efficiency

Viet Nam is contributing more and more to global greenhouse emissions through rapidly increasing production capacity, transport and energy use (SRV, 2008; UN Viet Nam, 2009). To help reduce its intensity, Viet Nam needs to increase the use of renewable energy sources, several of which are still in their infancy. The potential for renewable energy is significant, and consequently laws and regulations must be adapted to make investments in, for example, wind and solar energy, attractive at different scales. A new law on energy conservation and energy efficiency has been formulated, but technologies with low efficiency are widespread and information and technical knowledge on energy efficiency is limited. One key challenge is the current low electricity feed-in tariff, making investments by third parties in renewable energy for electricity production unfeasible. Renewable energy pilot projects have yielded promising results at provincial and district levels; however, there is no routine mechanism yet for review and scaling up (Bass et al, 2010).

Energy conservation and energy efficiency in transport and construction are also critical parts in the development of 'low-carbon cities'. This can only be achieved if energy efficient urban public transport and buildings are central elements in urban planning and development. Finally, clean and energy efficient production and transport, and renewable energy production require a shift to "hi-tech" education, research and development (R&D) and industrial production, as well as strengthened and transparent monitoring.

The business sector has an important role to play in the adoption of an environmentally sustainable growth model. Enterprises (private, foreign and SOEs) are an important source of employment and income growth but are also principal emitters of greenhouse gasses and other pollution, and they use natural resources. The business sector, therefore, must be given fiscal and regulatory incentives to identify and adopt environmentally sustainable approaches to competitive production and trade. Enterprises must also increase their awareness of the benefits of environmentally friendly practices in a world that increasingly places a monetary value on social and environmental responsibility by business corporations. Furthermore, a large share of international finance to

address climate change is expected to flow through the business sector, but Vietnamese policies and capacities are not yet ready to capture new climate change-related business opportunities.

As Viet Nam continues its approach towards environmentally friendly and sustainable solutions to pro-poor growth, urbanization and rural development, it will require a balance between hi-tech solutions and local, appropriate technologies in addressing a vast array of environmental, climatic and development challenges. New initiatives for 'green growth' – promoting the creation of green jobs and economies, often related to climate change and low-carbon growth – are needed to turn environmental concerns into drivers of development, as opposed to hindrances. This change in development vision and practice towards *environmentally* sustainable development is critical.

5.3 Raising productivity – enhancing technological sophistication

The historical experience of today's advanced economies shows that to continue sustaining large increases in general living standards and per capita incomes, countries such as Viet Nam need to move into higher productivity and technologically sophisticated activities that are able to generate greater domestic value, better paid jobs and higher household incomes (Chang, 2002). Efforts in this direction, for instance by investing in skills and technological capabilities, can also contribute to better use of economic resources, thereby **reducing waste and improving investment efficiency**.

During the past decade Viet Nam has made considerable progress in this area, initiating a process of structural transformation that has seen an increasing proportion of manufacturing and services activities in the economy. However, growth continues to be driven to a large extent by natural resource extraction activities in agriculture, fisheries, forestry and mining industries, and low-skill/low-wage manufacturing activities, all of which generate little domestic value added, and contributes little in the way of technological sophistication in production (Nixson et al, 2010). Hence agriculture, forestry and industry, which in 2009 still accounted for 20.6 percent of GDP, continues to employ up to 47.6 percent of the Vietnamese workforce, a measure of the low levels of productivity that exist in some of the activities undertaken in this sector. On the other hand, basic extractive industries such as gas, water and electricity generation, which typically generate little employment, have been among the fastest growing sectors during the past decade, and together with other mining activities, currently account for a considerable 12.6 percent of GDP. Even in the technologically more dynamic manufacturing sector, a large share of production is concentrated in low-skill, labour-intensive industries such as basic agro-food processing (26.9 percent of industrial production); garments, leather and textiles (13.7 percent); and non-metallic mineral industries (8.5 percent).

Moreover, economic growth has been driven largely by the rapid accumulation of factors of production, rather than through gains in efficiency, productivity and technical prowess. Hence, from 2003 to 2009, total factor productivity (TFP), a measure of productive efficiency gains resulting from factors such as technical progress and market efficiency, accounted for only 28.2 percent of GDP growth, compared to 35-40 percent in ASEAN countries overall and 60-75 percent in developed countries (GOV, 2010a). Other measures of productivity, such as labour productivity, reflect a similar weak level of performance (ILO, 2010). More disconcerting is the fact that many of these indicators have worsened in the last few years. This is true for TFP growth, as well as for the valued added-output ratio (CIEM, 2010). In agriculture the situation is not much better, with recent studies finding the pace of productivity growth slowing down since the early 2000s, with technical efficiency of farming activities still at very low levels (Coxhead et al, 2010b). Adding to this, the Vietnamese economy still presents a relatively shallow productive base, with little vertical integration within

sectors, few inter-sectoral linkages, and many manufacturing operations simply consisting of assembly activities that incorporate little domestic value, other than relatively low wages.²⁶

Several factors have been identified as constraining Viet Nam's ability to improve levels of productivity and move into higher-value activities with higher levels of technological and skills content. The most often cited include a **relatively unskilled workforce** and a domestic enterprise sector with relatively **weak technological capabilities**, as well as **low levels of investment in research and development and innovation** (Perkins and Tu Anh, 2010; Nixson et al, 2010). Weak skills and technical capabilities also affect the quality of investment projects (Long et al 2008), undermining efficiency levels in the economy. The absence of local support industries in many sectors, or of support industries with the capacity to serve modern industrial and agricultural operations, is also frequently cited in the Vietnamese press as undermining vertical production integration and the generation of inter-sectoral linkages.

These shortcomings have their origin in a series of institutional and structural constraints that impinge on Viet Nam's ability to **move up the global technology ladder and value chain**. One area of concern is education and professional training. General education levels in Viet Nam are good, especially at the primary and secondary level (UNDP, 2009). However, enrolment levels in tertiary education are low by regional standards (UNDP, 2009), and only a small share of the Vietnamese workforce have received technical training (ILO, 2010).²⁷ Overall, **the quality of higher education and technical and vocational training remains problematic**, with national systems not always able to provide workers with the type of skills required to engage in modern, sophisticated production (New School, 2010; Coxhead et al, 2010a). And while the government is paying greater attention to education quality, improvements are slow and need to be accelerated if the country is to develop new areas of comparative advantage or even maintain existing competitive advantages in certain areas (FETP, 2008).

A similar situation emerges with regard to Viet Nam's **national innovation system**, which in many areas remains weak, fragmented and with few linkages with the economy, undermining technology upgrading and innovation in the enterprise sector.²⁸ Moreover, Viet Nam has not been able to maximize the full benefits of traditional international technology transfer mechanisms, such as trade or FDI (Nguyen, 2010). In agriculture, underinvestment in basic infrastructure (e.g. irrigation) and agricultural research, together with land fragmentation and weak market extension systems, have undermined productivity and yield growth (Coxhead et al, 2010b). Finally, Viet Nam's industrial policy framework needs to be upgraded to improve inter-agency coordination and strengthen policy dialogue mechanisms that enable a closer engagement of the business sector in the definition of strategies and interventions in support of enterprise development (Ohno, 2009).

5.4 Strengthening national competitiveness – deepening global integration

In addition to its impacts on productivity and technology sophistication, raising Viet Nam's productive capacity can also help improve its insertion in the world economy and, therefore, maximize the benefits of participating in international markets. In many ways, the shortcomings

²⁶ The Vietnamese automobile sector is a good example of this, with most companies operating as assembly plants of final cars destined for the domestic market, and with the average local content at the Toyota plant in Viet Nam, the company that outsources most from local suppliers, reaching 7 percent of the cars' value in 2009 (Viet Nam Financial Review 14/06/2010).

²⁷ Only 26 percent of the population has completed secondary education or higher, while just 4 percent have an undergraduate or higher degree (CPHCSC 2009).

²⁸ See Halme et al (2010) for a more in-depth discussion of these issues.

outlined in the previous section regarding the weak vertical integration and low value added generated by the Vietnamese economy are a reflection of Viet Nam's relatively shallow integration in international markets. Addressing these shortcomings can, therefore, contribute to strengthening Viet Nam's international competitiveness and deepening its integration in the world economy.

Other factors, however, affect Viet Nam's global competitiveness. Among those generally considered as requiring more urgent attention are the need to make improvements in the country's investment climate and regulatory environment, firms' access to finance, infrastructure (especially in transport and energy generation and supply), the degree of competition in local markets and entrepreneurial dynamism; and the need to ensure a stable macroeconomic environment (Porter, 2008; Perkins and Tu An, 2010; Nguyen, 2010).²⁹

Many of these constraints are inevitable, the consequence of the process of accelerated growth and structural transformation Viet Nam is currently undergoing, which requires continued efforts to upgrade physical and institutional infrastructure, as well as industry regulation frameworks (Nguyen, 2010). In other areas, however, there is scope to speed up policy reform efforts, so as to strengthen Viet Nam's global competitiveness. This is the case, for instance, with many regulatory, administrative and institutional capacity constraints, which have their origin in a public administration and civil service not yet modernized to international standards (UNDP, VFF and CECODES, 2009).

In the macroeconomic sphere there is also growing recognition that **investment inefficiency**³⁰ is generating unnecessary macroeconomic instability, underscoring the importance of improving the quality and efficiency of investments (FETP, 2008b; Van Arkadie et al, 2010; CIEM, 2010). Among other things, investment inefficiency contributes to inflationary dynamics and higher prices for all types of consumption goods, **undercutting the purchasing power of many Vietnamese households**. It also puts pressure on the balance of payments, while detracting scarce financial resources that could otherwise be used to finance development needs in other areas, especially in social sectors, such as health, education and social protection, where chronic funding gaps have led to **underfunded public services and an excessive reliance on user fees and out-of-pocket payments** to pay for basic social services (see Sections 6 and 7 below).

In addition to addressing these institutional and structural constraints, deeper integration in the world economy also requires a pro-active, outwards-oriented policy and capacity building approach that enables Viet Nam to reap the full benefits of participating in the global economy. In this respect, international experience shows that stepping up national capacities in areas such trade promotion and facilitation; market information systems; standards, testing and certification;³¹ investment promotion and linkages; business development services; and, more generally, economic diplomacy capabilities, can lead to qualitative improvements in local enterprises participation in international markets and integration in global production systems. This approach also enhances technology and knowledge spillovers associated with trade and foreign investment, promoting greater

²⁹ Please refer to the World Bank's World Development Indicators for an updated comparison of Viet Nam's performance in these areas to that of other countries in the region, or countries at a similar stage of development.

³⁰ Analysis by the Fulbright Economic Training Programme (FETP, 2008a, b) shows ICOR levels in Viet Nam reaching 3.5 between 1997 and 2007, a level significantly above those reached in the past by other countries in the region, such as Taiwan, Korea, Indonesia, Thailand or the Philippines, during periods of accelerated growth.

³¹ In particular, Viet Nam's recent accession to WTO and the need to comply with WTO agreements and regulations underscores the importance of developing and implementing international food, health and safety standards that protect public health, and which also contribute to economic development by maintaining consumer confidence in the food supply and providing a sound regulatory system for domestic and international food trade.

competitiveness and facilitating the insertion of local producers into global production systems and value chains.³²

While progress has been made in Viet Nam in many of these areas, there is still scope for further improvements that would help bolster Viet Nam's economic position in the global arena.³³ In a rapidly changing world in which international economic relations are increasing in complexity and sophistication, it is important that both policymakers and businesses have a good understanding of emerging trends which affect Viet Nam's standing in global spheres.

5.5 Ensuring regionally balanced, sustainable development

As in many other countries, the economic benefits and the environmental costs of growth in Viet Nam have not been equally distributed across the country. During the past decade rural-urban regional disparities in levels of economic development have somewhat narrowed, but still remain high, with economic development and income growth heavily concentrated around Ha Noi and HCMC and, to a lesser extent, the Red River and Mekong River deltas and the South Central coast. According to data from GSO, in 2008 per capita income levels in urban areas were still 2.1 times higher than those in rural areas, although somewhat lower than the 2.3 difference that existed in 2002 (GSO, 2010). Similarly, income per capita differences between the richest region, the South East, and poorest, the North Western part of Viet Nam, fell slightly from a ratio of 3.2 in 2002 to 3.0 in the year 2008.

Regional disparities in Viet Nam are driven by a number of structural and demographic trends, including industrialization, urbanization and migration, which continue to unfold with full force. The historical experience of today's high-middle income and advanced economies suggests that these forces will be difficult to reverse. In fact, given Viet Nam's current level and pace of economic development, they are likely to continue with the same intensity for the foreseeable future.³⁴ In the past, government programmes have had considerable success in redistributing resources to poorer regions of the country, with a relatively strong inverse relationship existing between the size of provincial budget transfers and levels of development in Viet Nam's 63 provinces. This has contributed to reducing regional income disparities (Bjornestad, 2009). However, some of the underlying factors behind these structural regional imbalances, such as unequal access to economic development and job opportunities, poor public services, and lack of incentives and investment to support rural livelihoods in poorer regions, are still prevalent.

Furthermore, in rural and peri-urban areas agricultural land is increasingly threatened by urban sprawl and industrialization. Agricultural land also suffers from the effects of road and dam construction, as well as climate change-induced stresses, such as sea level rise and saline water intrusion, as discussed in Section 5.2 above. The increasing shortage and competing uses for limited agricultural land highlights the importance of raising agricultural intensification, productivity growth and value-added generation, as well as the growing need for non-farming employment in rural areas through the promotion of rural industries and other non-farming activities, in order to continue improving rural incomes (Ho et al, 2010).

³² See UNCTAD's online publication database (www.unctad.org) for an extensive list of studies on these topics.

³³ For instance, according to the World Bank's World Development Indicators in the area of quality standards, the percentage of firms holding an ISO certificate in Viet Nam, 11.4 percent, is considerably lower than that of Malaysia (54.1 percent), Thailand (39.0 percent), China (35.9 percent), Indonesia (22.1 percent) or even the Philippines (15.8 percent).

³⁴ For instance, projections by MOLISA and ILO (MOLISA et al 2009) predict that the Vietnamese labour force will expand by 10.4 million people between 2007 and 2020, a rate which although slower than the one registered between 1997 and 2007, would still involve about 800,000 new labour market entrants per year.

In response to increasing inequalities between rural and urban areas, the need to increase agricultural productivity and to limit stresses on towns and cities from (formal and informal) migration, the government is addressing rural development with new vigour, for example with its NTP on New Rural Development (*Tam Nong*). This NTP encompasses a range of measures, including agricultural modernization; non-farm employment generation; further improvements in clean water supply and sanitation; and, for example, improvement of communication infrastructure. To be successful, the NTP on New Rural Development will require very substantial investments in many parts of the country. Based on experience across the world and in Viet Nam, this NTP will also need a participatory approach and women's participation in leadership at different levels. The engagement of young people will also be critical to its success.

Rural to urban migration and urbanization, on the other hand, are happening at increasing rates (see Section 3.2). Urban areas offer opportunities for achieving (environmentally) sustainable development. For example, energy efficiency in compact cities and modern buildings can be very high. Furthermore, remittances to relatives in rural areas form an important source of rural consumption and investment in rural housing, and act as a means of production (UNDP, 2009). Conversely, rural areas produce food and deliver, for example, much of the clean water and energy used in urban areas. Strong linkages between urban and rural areas can thus be critical for sustainable development in both areas and ensure high quality development (UNDP, 2009).

Urban areas face important challenges, however, as inequalities within urban areas (between neighbourhoods and social groups) are also becoming pronounced. Fast urbanization and industrialization put pressure on public services, local infrastructure, on land and real estate markets, and on environmental health. These trends also often create challenges to the provision of sufficient space for cultural and religious expression and enjoyment, especially for children, the youth and elderly people. Critically, spatial planning and urban development more generally are still comparatively weak in Viet Nam. Improved transparency in planning and public availability of information, for example on land transactions, is critical to strengthen urban governance.

6. VULNERABILITY AND SOCIAL PROTECTION

Over the past two decades Viet Nam has made concerted efforts to reduce poverty and address specific vulnerabilities of different groups of the population through an array of poverty reduction and social protection initiatives. As it settles into middle-income country status, Viet Nam faces new challenges in reducing poverty, tackling different forms of social, environmental and economic vulnerability, and extending the social protection system to cover the needs of an increasingly diverse and mobile population.

Poverty reduction efforts must now focus on both the hardest to reach, and most entrenched forms of chronic poverty, which are concentrated in remote areas and among ethnic minority groups, as well as new and emerging forms of poverty and social deprivation including among the near poor, urban poor, and migrant populations. Social protection services, on the other hand, must shift from targeting the most disadvantaged to providing a comprehensive social protection system which supports all people to cope with new and emerging forms of vulnerability and disadvantage that arise from shocks and crises such as natural disasters, ill health, and changes in the economic environment. Social welfare services, and a continuum of care that supports people throughout their life cycle, are an important part of such a social protection system.

6.1. Changing patterns of vulnerability, poverty and social deprivation

Of all the MDGs, Viet Nam has made the most impressive progress on MDG1 on poverty reduction. From an expenditure poverty rate of 58 percent in 1990, the country has successfully reduced poverty to an estimated rate of 14.5 percent³⁵ in 2008 (GSO, 2010), a reduction of 75 percent. By any account, this is a remarkable achievement and one that has meant visible improvements in the lives of all Vietnamese people. As levels of absolute poverty drop, Viet Nam will need to revisit and further nuance its approach to poverty reduction so as to maintain progress in the future in improving people's lives. This will include addressing specific forms of poverty (e.g. relative poverty, chronic poverty, urban poverty, multi-dimensional poverty) and their impacts on social cohesion.

Viet Nam's achievements in poverty reduction are impressive not only for their depth, but also for their scope and relative equity. The number of people and households living below the poverty line has declined drastically over the past few decades across all segments of the population and in all regions, with this drop being particularly strong for the Kinh/Hoa ethnic group, urban residents and people living in the Red River and Mekong River Delta regions, although in absolute terms the largest drops in poverty took place in rural areas, especially in the Northern Midlands and Mountains, and the Central Highlands (GSO, 2010). While the scope of decline has varied somewhat, the trend in poverty reduction is clear and sustained (GSO, 2010). Furthermore, as indicated earlier, Viet Nam's poverty reduction has been accompanied by a relatively high degree of equity, meaning that the poorest quintiles have benefitted disproportionately more from poverty reduction efforts.

Over the same period of time, the government has formulated and implemented a wide range of poverty reduction interventions, which have contributed to reducing poverty incidence across Viet Nam. Most of these initiatives have focused on raising household incomes above the poverty line, accompanied by support to livelihood generation, promoting access to productive assets, and improving living standards. These interventions have had far-reaching effects among the poor. According to MOLISA, between 2006-2008 alone, nearly 4.2 million poor households received loans; nearly 2.1 million poor people were provided with business development advice/support; 150,000 poor people benefitted from some form of assistance or subsidy for vocational training; 7.8 million poor students received exemptions or reductions in school fees and other schooling contributions; almost 100 percent of the poor were granted free health insurance cards; and 340,000 poor households had their temporary houses upgraded (MOLISA, 2010).

These achievements in reducing the incidence of absolute poverty and the socioeconomic transformation Viet Nam has experienced during the past two decades have led to a significant change in the 'face' of poverty in Viet Nam. Today, the poor in Viet Nam are overwhelmingly likely to be from an ethnic minority group, live in a remote mountainous area or be an unregistered migrant in an urban area. They are highly vulnerable to various kinds of 'shocks,' may live with a disability and may be unable to freely access quality public services in their place of residence. There are also important gender dimensions to poverty to be considered.

A key phenomenon in Viet Nam's poverty outlook is **chronic poverty**. The distinguishing feature of chronic poverty is defined as: "extended duration in absolute poverty" (Chronic Poverty Research Centre, 2010). "Chronically poor people always, or usually, live in poverty. This is different from the transitorily poor, who move in and out of poverty, or only occasionally fall below the poverty line" (Ibid, 2010). The emergence of chronic poverty as a distinctive social phenomenon in Viet Nam has

³⁵ This figure is the expenditure poverty rate using the World Bank and GSO poverty line.

significant policy implications, as the strategies that have worked to lift vast numbers of poor Vietnamese people out of poverty in the past are unlikely to work for the chronically poor, given the different nature and determinants of this form of poverty.

The last remaining 10 percent of people living in poverty in Viet Nam are essentially resistant to poverty reduction efforts as conventionally applied. What is needed instead are context-specific, tailored, multi-sectoral approaches that recognize that poverty is about more than just a household's income level in relation to a monetary-defined poverty line (MOLISA and UNICEF Viet Nam, 2008; MOLISA, CEMA, and UN Viet Nam, 2009). The importance of moving beyond monetary measures of poverty is recognized by the government in the recent draft of MOLISA's National Social Protection Strategy which states that Viet Nam's "poverty reduction tends to focus on in-kind or in cash support rather than providing chances for the poor to sustainably escape poverty" (MOLISA, 2010: 23).

One of the most persistent patterns of chronic poverty in Viet Nam is **ethnic minority poverty**. While only 8.5 percent of the Kinh/Hoa ethnic population were below the poverty line in 2008, this figure was almost 50 percent for all other ethnic groups aggregated (World Bank, 2009). Data from the 2008 baseline survey for Programme 135-II show that in communes covered by the programme, 46 percent of households declared food shortages over the past year, and about one third of households *very often or always* experienced food shortages. Almost half of households lacked access to clean water. About one third of households did not have sufficient funds for school fees, and almost one half did not have funds for needed medicines when they fell ill (CEM/UNDP, 2008). In addition, maternal mortality rates are four to eight times higher in the Central Highlands and mountainous regions – areas of high ethnic minority concentration – than in lowland regions (MOH, 2004). National survey and administrative data is not always systematically disaggregated by ethnicity, which makes analysis of the situation of ethnic minority groups a challenge.

The reasons for ethnic minority disadvantage can be classified into six main categories: less education; less mobility; less access to financial services; less productive land; lower market access; and stereotyping and other cultural barriers. Across these categories, ethnic minorities experience disadvantage in assets, capacity and voice (World Bank, 2009). Another important factor is that ethnic minorities often have lower social capital, fewer and less diverse social networks and hence less integration into income-generating economic opportunities and supply chains. The geographical location of ethnic minority communities (heavily concentrated in remote mountainous regions) is often presented as the main factor driving high levels of poverty among ethnic minority groups. Yet most data shows that geography alone cannot account for the higher rate of poverty of ethnic minority communities living in remote mountainous areas, since the Kinh population in these areas fares much better than their ethnic minority peers (World Bank, 2009). Similarly, ethnic minority communities in better off, urban areas in the country still have poorer living standards than their Kinh neighbours.

One underlying factor contributing to these disadvantages is the prejudice sometimes faced by ethnic minorities (World Bank, 2009). In most cases, this is neither overt nor deliberate, but is rather due to attitudes, cultural differences and misconceptions that may sometimes surface in debates and thinking over the nature and drivers of poverty in Viet Nam. This kind of hidden or intrinsic bias essentially undermines efforts to reduce poverty in this population group. For example, government programmes often assume that poverty reduction strategies that worked for the Kinh majority will also work similarly well for ethnic minorities (World Bank, 2007). In extreme cases, taking a 'one-

size-fits-all' approach can lead to a dilution of cultural identity and heritage. More research to inform a better understanding of the specific cultural and social characteristics of ethnic minority groups would help in the design of more appropriate programmes.

The UN Independent Expert on minority issues, in her recent visit to Viet Nam, commended the government for recognizing its minority populations as “important constituent parts” of the country, and for the many programmes and policies that the government has put in place to improve the living conditions of ethnic minority groups. The Independent Expert also noted the importance of paying greater attention to ethnic minority development issues: “It is critical that the government ensures that its economic growth is achieved without negatively impacting on the lives of minorities or deepening their poverty and that they share fully in the benefits of growth and prosperity, while maintaining their distinct cultures and identities.” In this context, she drew particular attention to poor education outcomes for ethnic minority students relative to their Kinh peers.³⁶ The use of Vietnamese as the only official language of instruction in schools can act as a barrier to ethnic minority children upon entry to school, which may in turn affect their academic performance (UNICEF et al, 2008).

Poverty also has a **gender dimension**. Women and girls experience poverty differently than men, with differential access to resources and social services, less control over household decision-making and expenditure, and greater vulnerabilities to shocks and crises. At an aggregate level, female-headed households have lower poverty rates than male-headed households. Yet rural, widowed, divorced and unmarried female-headed households are much more likely to be poor, while urban married, female-headed households are significantly better off than male-headed households (World Bank, 2008; GOV, 2010).³⁷ This is consistent with other studies that identify unmarried women with children, and widowed women, in particular in ethnic minority communities and rural areas, as more likely to be poor or near poor and vulnerable to falling into poverty (Oxfam and Action Aid, 2010). Poverty reduction initiatives need to take into account and respond to these gender differentials in order to deepen their impact and reach (Jones and Tran Thi Van Anh, 2010).

Another issue that requires greater attention, as Viet Nam moves into middle-income status and experiences increased labour and population mobility, is the link between poverty and migration. Rising rates of migration in Viet Nam, coupled with the lack of reliable and accurate data on this phenomenon, poses challenges for policymakers in addressing the specific needs of this population group. Available research and anecdotal information indicate that poor urban migrants, while generally better off than the rural poor, face a number of specific challenges, including lack of ‘proper’ registration to enable them to freely and equitably access public services, an absence of social and family networks, over-crowded and unsanitary living conditions, and strong pressure to send remittances to their areas of origin (UN Viet Nam, 2010). Migrant workers are not entitled to most of the support available to the resident poor, and most lack health insurance and are not able to access services such as reproductive health and family planning programmes (Van Arkadie et al, 2009). In addition, the situation of families left behind when migrants leave is not yet well understood, and policies are not yet in place to ensure adequate support is provided to them.

³⁶ Statement by the UN Independent Expert on minority issues, Ms. Gay McDougall, on conclusion of her official visit to Viet Nam – 5 to 15 July 2010; July 21, 2010; <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=10223&LangID=E>

³⁷ Female-headed households in Viet Nam fall into three distinct groups: married-couple households which are predominantly urban and significantly better off; widowed households which are predominantly rural and worse off, and divorced and separated households which are also predominantly urban, but less well off than married couple households.

As Viet Nam is primarily an agrarian society, the agriculture sector has a potentially important role to play in raising the incomes and living standards of rural people. The country's poorest rural people generally have small plots of low-quality land or are landless, and their opportunities for off-farm employment are scarce. **Rural poor people** have limited access to productive resources and basic financial services such as credit and savings. Village, commune, district and regional infrastructure is poorly developed. Rural poor people face harsh natural conditions and frequent natural disasters. They are particularly vulnerable to seasonal hardships, community-wide crises and unexpected events, such as disease, which increase household expenses and reduce income (IFAD, 2010).

Urban poverty is also qualitatively different from rural poverty in terms of its manifestations (e.g. improper housing, poor water and sanitation facilities, and exposure to pollution), most affected population groups (e.g. migrants, homeless, street children), and the nature and causes of deprivations (e.g. lack of registration status, population density, changing livelihoods and other income generation strategies). As a result, different strategies are required to address urban poverty. Yet Viet Nam's poverty reduction strategies have not paid specific attention to urban poverty compared to rural poverty. For example, the new NTP on New Rural Development includes a comprehensive set of interventions to reduce poverty and improve living standards in the poorest communes in the country, in areas such as environmental protection, and improvement in education, culture and governance. All of these are highly relevant to urban areas as well, yet to date urban poverty and improvement of living standards in urban areas has not received the same level of attention.

Health-related shocks and crises have the potential to drive households into poverty, and poverty exacerbates poor health status (Evans, 2008). For example, poverty and HIV status are strongly correlated: with the exception of the richest quintile, households with a person living with HIV are predicted to fall below the overall poverty line due to the expenditure and income effects of HIV. HIV drives families into poverty due to its direct effect on social capital, on socially productive labour, and on expenditure and income. Total annual income in non-HIV-affected households is 1.3 times that of HIV-affected households, and households with PLHIV spend three times as much on health care as households without PLHIV – on costs such as drugs for treating opportunistic infections, transportation to health facilities, testing and expenses associated with deaths and funerals (UNDP, 2005). Similarly, people with disabilities are more likely to live in poverty; it is estimated that about one-third of families that include a person with a disability live in poverty, which is about double the rate of families without a person with a disability living in poverty (Minh Truong, no date).

6.2 Social stresses caused by natural hazards and environmental degradation

Scientific data indicate that Viet Nam is “particularly vulnerable to the adverse effects of climate change”, as defined in the UNFCCC (UN, 1992), due to a combination of geographical, social and economic factors. Without major measures to adapt to the effects of climate change, Viet Nam's economic and social development is threatened, especially in the medium term (UN Viet Nam, 2009). The existing and new environmental stresses not only result in immediate risks for people, but also have long-term implications for socio-economic development, especially in cases where the same people and communities are repeatedly affected. Due to the impacts of climate change, employment and other opportunities for income generation can disappear, schooling is interrupted and household members may have to move away to support their households, leaving other family members behind and thereby increasing their vulnerability to various types of risks.

Climate change is exacerbating many known hazards and stresses. Viet Nam is affected by natural disasters throughout the year, every year, including the hazards of floods, storms and typhoons, saline water intrusion into estuaries and river mouths, flash floods in upland areas, river bank and coastline erosion, hail, drought, landslides and forest fires. In 2009 alone, 290 people were killed and many more injured due to natural disasters that also caused significant damage to public and private infrastructure (Viet Nam Central Committee for Flood and Storm Control). More gradual and localised climatic stresses are becoming an important push factor in rural to urban migration. For example, the Northern Mountains region, Central Highlands and Mekong River Delta experienced prolonged drought in early 2010, impacting agricultural productivity, as well as energy usage across the country.

Disadvantaged women, children and ethnic minorities in both rural and urban areas are vulnerable to traditional as well as new or exacerbated environmental stresses. For example, studies globally and in Viet Nam have shown that environmental stresses including climate change affect women disproportionately and may worsen existing gender inequalities, create extra work for women, and exacerbate vulnerability of women in poor households (UN Viet Nam and Oxfam Viet Nam, 2009). Strengthened social protection systems are needed, including social assistance for the most disadvantaged groups; relief from the effects of natural disasters; reinforced rural development support services such as agricultural extension; (crop) insurance to increase livelihood resilience of small farmers; and improved access to public services by migrants. In this context, a comprehensive social protection strategy is needed to fully address today's challenges, while preparing for the future sustainable development of Viet Nam.

Policies and capacities are increasingly in place to address these hazards and increase the resilience of women, children, the elderly, poor ethnic minorities, and poor (often migrant) urban dwellers (UN Viet Nam and Oxfam Viet Nam, 2009). However, institutional development must continue; capacities at all levels must increase; knowledge and information exchange (including early warning) must be strengthened; consultation and participation must be reinforced; and financing for design and construction of major infrastructure works is required. The government's decision to implement a national programme on community-based disaster risk management (CBDRM), based on lessons in many communities throughout the country, is particularly laudable, and will require considerable financial and human resource support.

6.3 Social protection systems in Viet Nam

Social protection is generally considered to include measures that are intended to reduce vulnerability and poverty, while supporting people's resilience and capacity to respond to various forms of shocks and risks. An effective and inclusive social protection system is imperative to ensure continuous human development, particularly as Viet Nam makes the transition to middle-income country status and faces new and different challenges and vulnerabilities that arise from rapid economic development and various natural and human-made shocks. Furthermore, it is essential to ensure that social protection and assistance is available to those who are most at risk, who live closest to the poverty line, and who are vulnerable, for a range of reasons, to falling back into poverty, including as a result of economic, social and environmental shocks and disasters.

The draft SEDP recognizes the importance of "building a diverse social security system which is able to provide support for every member in society in overcoming risks, especially the vulnerable" (SRV, 2010a: 114). In order to do this, the changing nature of socio-economic risks and vulnerabilities must be taken into account. For example, the shift from household-based farming

activities to household businesses, own-account and waged employment involves new forms of vulnerability which require different approaches to the provision of social security and social protection. Loss of cultivated land due to rapid urbanization pushes people into unemployment. This can result in many families falling into poverty and/or expose them to vulnerabilities that require better social protection responses.

The government has developed a National Social Protection Strategy in 2009-2010, which in its 8th (current) draft includes the following pillars: labour market policies, social insurance policies, health care policies, social welfare/assistance, poverty reduction and measures to reduce inequality, and promotion of access to social services in poor regions (MOLISA, 2010). The strategy represents a framework for a wide range of policies and programmes designed to “comprehensively and sustainably cover the whole population in line with a socialist-oriented market economy and international integration aiming at contributing to economic growth, socio-political and economic stability and the goal of a wealthy people, a strong country, and a just and civilized society” (MOLISA, 2010: 33). In this regard, Viet Nam has made a decision to shift from traditional approaches to social protection that focused narrowly on protection from risks and shocks, towards social protection as an *engine* of socio-economic growth and development. This is consistent with regional and global perspectives, and represents an important and positive policy shift on the part of the government.

The total financial resources invested in social protection between 2004 and 2008 were estimated at 206,715 billion VND, of which 131,668 billion VND was from the state budget (64 percent). The largest share (almost 45 percent) of the state budget allocation went to social assistance, followed by pensions and support for unemployment insurance (36 percent), health insurance (13 percent), and development of the labour market (6 percent) (MOLISA, 2010).

While the overall social protection system has resulted in a number of important accomplishments, as detailed above, there are also several challenges facing the system as a whole, and each of the pillars specifically. Among the most critical systemic challenges are maintaining the financial health of the various components, assuring their effective and efficient management/administration at all levels (including by capacity building of responsible government staff), improving the coverage of all components so that all those who are eligible are actually participating, and developing monitoring and evaluation processes that regularly provide updated, reliable and relevant information for decision-making (MOLISA, 2010).

6.3.1 Reorienting the social protection approach and policy: Towards the universalization of social protection entitlements in Viet Nam

In terms of policy, there are two areas which merit further consideration. First, there continues to be a disconnect between the government’s commitment to values of universalism and non-discrimination in access to social protection (including public services), and the common resort to user fees and ‘socialization’ of various aspects of social protection, especially poverty reduction and access to public services. Thus, while the SEDP and other important policy documents expressly promote universalist approaches to social protection, they are also simultaneously advocating for greater socialization of public services. In this context, it is important to note that user fees act as an obstacle to access, especially for the most disadvantaged and marginalized groups (UN Viet Nam, 2005).

Another manifestation of this inconsistent approach relates to the introduction and use of subsidies. While there are subsidy programmes already in existence, and others being considered, in general, there is a perception that subsidies lead to dependence on the state and do not bring any lasting value to households or the country's development (VASS, 2009). Yet subsidies such as conditional cash transfers or education waivers have been shown to contribute significantly to improved outcomes for children and their families, which translates into a better educated, healthier and more engaged labour force and citizenry (UNDP, Viet Nam 2009). There is thus a need to reconcile the two approaches of **universalism versus socialization** in policy and practice, with the priority being given to universalism with fiscal responsibility.

Achieving the universalization of social protection in Viet Nam will require additional efforts to increase public financial resources to fund these services. Excluding the healthcare component of social protection programmes, Viet Nam fares relatively well in this sphere in comparison to other countries in the region, dedicating an estimated 4.1 percent of GDP to social protection expenditures (Baulch et al, 2008),³⁸ a share considerably higher than that of Indonesia (1.9 percent) the Philippines (2.2. percent), or even Malaysia (3.9 percent). Still, this share is slightly below the regional average for Asia (4.8 percent), and considerably lower than the proportion of GDP dedicated to these purposes by countries such as Bangladesh (5.3 percent), Sri Lanka (5.7 percent), or Korea (7.5 percent) among others, suggesting there still scope for Viet Nam to make further improvements in this area. Given Viet Nam's many financing needs in areas such as infrastructure development, health and education, it is important that the government improves efficiency and public investment prioritization, in order to allocate a greater share of public finance to social protection.

A second question relates to how Viet Nam defines its social protection goals, including how it defines and addresses vulnerability. At present, though there is some sense of social protection as a contributor to socio-economic development, there is also a perception that social protection is more about social safety nets and support to 'unproductive' elements of the population, which may encourage further dependence on state support. What is needed is a re-orientation of social protection as an important **driver of socio-economic development** in a middle-income Viet Nam. For example, the Asian Development Bank's (ADB) vision for social protection refers to *universal coverage of social protection programmes to assist with poverty reduction, higher growth, enhanced productivity, and the creation of opportunities for individual self-reliance* (ADB, 2003).

Similarly, **vulnerability** is often considered quite narrowly, in terms of disability, for example, or old age or sickness. Looking more broadly at vulnerability to include new forms of vulnerability associated with natural disasters, macroeconomic and sector-specific shocks, people's employment status, or the effects of climate change, would be one way to operationalize social protection as a driver of socio-economic development. For example, by looking more comprehensively at the many risks and vulnerabilities associated with maternity and early childhood, the country could consider making even greater investments in these two areas as part of social protection. Paid maternity leave could be extended to six months from the present four months duration, and conditional cash transfers could be introduced to new parents to promote breastfeeding, immunization, micro-nutrient supplementation, and other essential interventions for early child care and development. All of this will in turn yield results in terms of setting a more robust foundation for human capability

³⁸ This figure includes budget outlays in labor market policies, social insurance programs, social assistance and welfare services, micro-and area-based services and child protection programmes.

development. Similarly, addressing specific forms of vulnerability associated with environmental disasters and climate change through the social protection system is required to improve people's resilience and recovery from natural shocks and disasters, as discussed above.

6.3.2 Improving the quality of poverty reduction programmatic interventions

Viet Nam has adopted a number of policy and programme tools through which it has pursued its poverty reduction goals, including NTPs (e.g. Programme 135 for ethnic minorities and the NTP on Poverty Reduction), pro-poor policies (e.g. free health care for the poor), and regional initiatives targeted to the poorest regions, such as the 62 poorest districts programme (Jones et al, 2009). Most recently, Viet Nam has integrated poverty reduction into its first-ever National Social Protection Strategy, bringing it into one comprehensive framework together with labour market policies, social insurance policies, health care policies, social welfare/assistance, and access to public services (MOLISA, 2010). This is an important step as it situates poverty reduction within the broader social protection framework, which is an appropriate and essential evolution in approach at this point in Viet Nam's development trajectory.

Through various NTPs, the government has invested additional funds in specific support to vulnerable groups, areas and sectors. At last count, there were over two dozen such NTPs operational in Viet Nam, with new ones planned for the 2011-2015 period (e.g. on New Rural Development under MARD). The NTPs related to poverty reduction have been quite successful in reaching the intended beneficiaries; for example, 84 percent of poor households benefited from health exemptions targeted to the poor, and 51 percent benefited from education exemptions, in 2007. Still, female-headed households benefited less than male-headed households in terms of access to the following special programmes for the poor: credit, education exemptions, job training, agriculture provision for ethnic minorities, agriculture, forestry, fishery extension, land and housing, and safe drinking water (GSO, 2010).

Against this backdrop, one of the most important challenges in the area of poverty reduction is **developing a more coherent policy framework**. Recent research shows that there are about 41 separate poverty reduction policies, programmes and initiatives in the country, with many of them overlapping in terms of types of support provided (Jones et al, 2009). Aside from constituting an inefficient use of limited human, financial, and technical resources, the existence of overlapping and uncoordinated poverty reduction initiatives dilutes the potential impact of any one initiative. Most programmes are targeted to similar areas (e.g. Northern and Central Highlands regions) or groups (e.g. ethnic minorities, rural poor), which results in many 'streams' of funding and other resources being fed into the same local government coordination body, such as People's Committees or provincial DOLISAs. Management of these resources – including monitoring, evaluation, disbursement, coordination and reporting upwards to the various central-level bodies – is another challenge, especially where capacity is already stretched. With resources spread so thinly across so many programmes in the same geographic areas, attribution of results of a specific intervention becomes difficult. Hence, success factors are harder to identify, and replicate.

In addition, **coordination** among line ministries and departments around poverty reduction is often weak. For example, MOLISA has overall responsibility for poverty reduction and social protection, and manages the NTP-PR 2006-2010 and the newer 62 Poorest Districts Initiative, while MARD manages the NTP on New Rural Development, and CEM coordinates the implementation of Programme 135-II.

Increasing beneficiaries' and officials' awareness of entitlements: While there is a plethora of support available to those identified as poor, often these groups lack information about entitlements and about the policies and projects on offer (MOLISA, CEMA, and UN Viet Nam, 2009). Even when they are aware, potential beneficiaries are not clear on the processes for accessing assistance, or may even be stigmatized by their community for qualifying for state support (VASS, 2009). At times, there is limited capacity among local government officials administering the programme; they may not be fully aware of the specific regulations and processes of each programme, and may thus undermine its implementation (MOLISA, CEMA, and UN Viet Nam, 2009). Given the cross-sectoral nature of poverty, it is important to develop coordinated and coherent approaches across several sectors in order to address effectively existing enclaves of chronic poverty and new forms of deprivation.

Adopting more appropriate approaches and measurement of poverty: As the country moves into middle-income status, it is appropriate to take stock and review the way in which it has approached poverty reduction and how it plans to address the remaining incidence of poverty. Viet Nam, like most countries, measures poverty in monetary terms, using a poverty line of 200,000 VND per month for rural areas, and 260,000 VND for urban areas for the 2006-2010 period. National survey data is used to calculate poverty rates according to the poverty line. The various poverty reduction plans, policies and programmes mentioned above use the poverty line to determine eligibility, and in some cases, community groups are also asked to collectively identify poor households to receive some kind of subsidy or benefit from these programmes. In its draft SEDP 2011-2015, the government's stated objective for poverty reduction is to reduce poverty by 2 percent per year on average until 2015 (SRV, 2010a).

This understanding and measurement of poverty is arguably no longer suited to Viet Nam's poverty context. Evidence shows that large numbers of Vietnamese are subsisting just above the poverty line, and that a major shock (illness of a family member, an economic crisis, disability of an income earner or a natural disaster) is enough to push them back under the poverty line. Furthermore, many of these people face other forms of hardship and vulnerability, often exacerbated by difficulties in accessing basic services and decent living conditions (VASS/CAF, 2010). In such a context, the value of using the poverty line to determine eligibility for certain forms of social assistance merits reconsideration.

Globally, with the recent UN high-level meeting on the MDGs, the 20th anniversary of the 'human development approach' championed by the UN, and in the context of the recent global financial crisis, there is greater awareness and recognition that monetary poverty alone is an inadequate and potentially misleading measure of the well-being of a country's people. The Multidimensional Poverty Index, developed recently by the University of Oxford, comprises ten indicators corresponding to the same three dimensions of the UN's Human Development Index: education, health and standard of living. The index captures a set of direct deprivations that affect a person at the same time (Alkire and Santos, 2010).

Similarly in Viet Nam, MOLISA and GSO have led an effort to develop and calculate a multi-dimensional child poverty rate using VHLSS data based on eight domains: education, nutrition, health, shelter, water and sanitation, child labour, recreation, social inclusion and protection (MOLISA and UNICEF, 2008). The multidimensional child poverty rate shows that when taking into consideration these additional dimensions of deprivation, poverty incidence in 2008 among households with children was several percentage points higher than when only using monetary measures of poverty: 29 percent compared to 21 percent (GSO, 2010). Such a multi-dimensional,

multi-sectoral approach to poverty, based on several non-income indicators, can be useful for improving the understanding of other forms of poverty as well, including urban poverty, ethnic minority poverty, female poverty and health-related poverty.

It should be noted that poverty rates are based on the VHLSS, which has a number of inherent limitations by its very nature. In such household surveys, there tends to be an under-sampling of the rich compared to the poor. Most importantly, these surveys exclude unregistered migrants and thus “it seems likely that VHLSS has under-estimated poverty by excluding a large number of very poor and vulnerable households...” (Pincus and Sender, 2006: 40).

6.3.4 Improving implementation of social insurance

Against this backdrop, extending social insurance to everyone will be critical to achieving the universalization of social protection in Viet Nam. To date, marked improvements can be seen in social insurance coverage. Between 2001 and 2008, the number of participants in compulsory social insurance rose from 4.8 million to 8.9 million, which represents 18 percent of the total labour force. One year of operation of the new voluntary social insurance scheme saw 65,000 participants register (MOLISA, 2010). The Law on Social Insurance, in effect since January 1, 2007, has been a major policy change that has facilitated increased coverage.

Viet Nam’s social insurance revenue and spending, on the other hand, is currently an area of success in the country’s social protection framework. Viet Nam Social Security (VSS) reported revenue of 60.7 trillion VND in 2006, with total spending (long-term and short-term benefits) totaling only 24.7 trillion VND, leaving a balance of 36 trillion VND (equal to roughly 3.7 percent of GDP). This is largely due to the very young composition of the Vietnamese population, with one pensioner for every 15 contributors to the pension system (World Bank, 2007), and is certainly further boosted now by the country’s ‘demographic bonus’ status.

However, while social insurance coverage has increased overall, it still remains quite low (e.g. only 70 percent coverage for the compulsory social insurance system), with many informal sector workers and non-state sector workers not yet covered. As a result, social insurance pension benefits only reach very specific groups of the population, typically those that are better off, the non-poor, households in urban areas, and Kinh and Hoa households, while rural, poor and ethnic minority households tend to benefit far less from social insurance coverage (World Bank, 2007; UNDP, 2008). In this sense, the design of the compulsory and voluntary social insurance schemes are in need of further refinement to increase their relevance to beneficiaries, provide a greater degree of flexibility, and address peculiarities in the financing of benefits and contributions. Addressing these problems will contribute to increasing the social insurance coverage and, therefore, the progressiveness of social protection systems in Viet Nam.

6.3.5 Increasing coverage and impact of social assistance

Similar improvements have taken place in relation to social welfare. MOLISA reports that the number of beneficiaries of regular social assistance (i.e. non-emergency relief) increased from 416,000 in 2005 to 1 million in 2008. These beneficiaries consisted of several different groups, as shown in Annex 2. The elderly constituted the majority of the beneficiaries, followed by persons with disabilities.

An important step forward in 2010 in terms of improving social assistance in Viet Nam has been the Prime Minister’s Decision 30/2010/QĐ-TTg which formally approved development of social work as

a profession with a financial contribution from the State budget of 2,347 billion VND (USD 120 million). This will be an important component in the institutionalization and professionalization of social assistance, as part of the country's adoption of a more systems-based approach to social assistance for vulnerable groups.

The major challenge with regards to social assistance is poor coverage. Currently, MOLISA estimates it is reaching only 1.23 percent of the population, while it should be reaching around 3 percent to be consistent with regional averages (MOLISA, 2010). Coupled with poor coverage is poor targeting. Generally, the NTPs are considered to be good in terms of their targeting with 'modest' amounts of leaking (World Bank, 2007: 74). However, with the proliferation of social assistance, poverty reduction and other programmes, and the changing circumstances of disadvantaged people and the poor in the country, it may be the case that targeting will become increasingly ineffective and inefficient. Hence, there is a need to progressively move away from NTPs or other such targeted or highly specific programmes in favour of the establishment of an effective, accessible, universal social protection *system*. This would include, for example, universal child benefits, conditional cash transfers, development of a cadre of professional social workers, and establishment of a 'continuum of care' for vulnerable groups or those who are in need of special protection, such as the elderly, people with disabilities, drug users and people at risk of or living with HIV.

Other challenges related to social assistance include inadequate benefit levels, narrow and inflexible criteria for eligibility (which excludes people who should qualify for benefits), lack of awareness of potential beneficiaries of their entitlements, absence of community-based approaches to social assistance (especially child protection), continued reliance on a 'medical model' of disability rather than a 'social model' which affects the kinds of support people with disabilities are offered (although there has been recent moves towards the 'social' model at all levels), and weak capacity at sub-national levels to target, implement and monitor programmes (MOLISA, 2010).

Provision of quality social welfare services – such as family counseling, child protection, support for victims of trafficking, and family violence prevention and protection services – staffed by qualified social workers, while largely nascent in Viet Nam at present, is critical to address social vulnerabilities and risks that result from social exclusion and discrimination (Jones and Van Anh, 2010). For example, at present there are only ten shelters for victims of domestic violence and trafficking in Viet Nam (UN Viet Nam, 2010 forthcoming). Social welfare services, together with quality child care, elder care and disability support services, are especially important to support women in their care-giving role. As the burden of care primarily falls on women, provision of these services supports women to take a more active role in income generation and in public life, including community planning and decision-making.

The non-government sector has an important role to play in delivering quality care and social welfare services, including piloting of different approaches, providing social support, and participating in oversight and monitoring of public and commercial service delivery. A precedent for greater engagement of civil society, including national NGOs and self-help groups, in providing social welfare services and ensuring quality care for vulnerable groups exists in the national response to HIV, where the policy and funding environment have supported the participation and proliferation of local NGOs and self-help groups and networks in service delivery, policy and advocacy, and support for PLHIV (Van Arkadie et al, 2010). An enabling policy environment, together with supportive funding, capacity building, and provision of opportunities to participate in

advocacy and oversight, would support scaled up engagement of civil society in other sectors and services.

7. HUMAN CAPABILITIES

Human capabilities constitute a fundamental pillar of human-centred development and inclusive growth. Developing human capabilities contributes to expanding people's choices to develop their full potential, and lead productive and creative lives in accordance with their needs, beliefs and interests. It enables them, therefore, to reap the full benefits of socio-economic progress. The capability approach commonly sees particular value in two core capabilities, which are the abilities to achieve health and to be well educated (UNDP, 1990).

In a period of rapid socio-economic and cultural transformation, such as the one Viet Nam is currently experiencing, people's capacities and choices are also bound to evolve. New socio-economic conditions require improved capabilities, so that people can continue to benefit from the development process. New conditions also affect the choices that people face, typically by expanding these choices, but also by changing their scope and nature. A changing society, on the other hand, means that people may need or wish to exert these choices in a different way. What's more, enhancing overall productivity will be critical to avoiding the middle-income trap, and quality education and health services are fundamental to increasing productivities as well as boosting competitiveness through a healthy and skilled workforce. Altogether, this requires reviewing the policy and institutional setting that underpins this dimension of development, so as to continue enhancing people's choices and capabilities; in other words, promoting human-centred development.

Viet Nam has made impressive progress in developing human capacities and capabilities, and this chapter focuses on two key contributions to this – education and health – for which the state has overall responsibility to ensure that at least a basic range of services are provided for the whole population. Viet Nam is well on track to achieving most national MDG and VDG targets on education and health (discussed further in Sections 6.1 and 6.2). Viet Nam is rightfully proud of the progress made to date. However, the country now stands at a crossroads in terms of future progress, with greater public investment, system strengthening (with a focus on quality), and provision of universal, free health and education as pre-requisites if Viet Nam is to meet the ambitious development goals and targets set out in the current SEDP and SEDS.

A key influence on the health and education sectors in the past five years in Viet Nam, which may act as a barrier to future achievements, has been the policy of 'socialization'. The original intention of this policy was that the government would keep its "central roles while encouraging people, enterprises, social organizations and individuals, domestic and foreign alike, together participating in solving social matters" (Communist Party of Viet Nam, 2006: 114). It is understandable, in a situation of considerable resource constraints, that the government would look to ways to increase investments in social sectors. However, Decree 43 (Decree 43/2006/ND-CP) translated this policy in practice by "... mobilising contributions from communities to develop social services, gradually reducing government budget subsidies". Additionally, public providers (such as schools and hospitals) have had greater autonomy to mobilize private funds for purchasing equipment, providing services and generating revenues from service users. But this has largely occurred without appropriate policies that would minimize conflicts of interest, improve accountability from professionals for the quality of services they provide, and ensure that the interests of consumers are

paramount. In the health sector, this may have contributed to unintended impacts, such as over-supply of services, cost escalation without quality improvement, and greater disparities across regions (Health Strategy and Policy Institute, 2010).

Given that the burden of higher costs predominantly falls on service users and therefore disproportionately affects poorer groups, it will be important to develop or enhance mechanisms to counter perverse incentives for staff which lead to extra fees and charges and increase out-of-pocket costs for health and education services, as well as to consider limiting or phasing out the 'socialization' policy in health and education so that universal access for these critical services can be achieved. Universal access to essential services must be achieved equitably, not just by focusing on national targets but also by ensuring that disparities are reduced and pockets of deprivation and under-development are addressed.

7.1 Systems for education: Improving access to quality education

Viet Nam has long recognised the importance of education to the future development of the country. As stated in the draft SEDS, the government aims to "focus on raising education and training quality ... Innovate radically and comprehensively Viet Nam's education in the direction of standardization, modernization, socialization and international integration, in which the key is innovation of the education administration mechanism, and development of the pool of teachers and administrators" (GOV, 2010a).

The State budget for education has increased from 15.3 percent of total public expenditure in 2001 to 18.1 percent in 2005 and 20 percent in 2010. The current education system has achieved a great deal. For example, provinces and cities nationwide have met national standards for literacy and universal primary education, and are making steady progress towards universal lower secondary education.³⁹ As of December 2008, 94 percent of the population aged 15 years and above were literate (GOV, 2010), though gaps remain among rural, female, migrant and ethnic minority groups,⁴⁰ and the average number of years of schooling of people aged 15 and above was 9.6 years. The qualifications gap between men and women has been steadily narrowing (with the exception of higher level qualifications) and gender equity has been achieved in basic education (MOET, 2010).

However, it is also evident that the education sector needs to undergo fundamental changes in the next decade to meet the current and emerging needs of Vietnamese society. Although 62.7 percent of the population is of working age, their qualification levels are low, in terms of both professional capabilities and life skills. There is also a shortage of highly qualified professional staff across different sectors: overall the workforce structure is not well matched to demand (MOET, 2009). While providing quality education up to the secondary level is vital, it is not sufficient. High quality education and vocational training must also be provided, including for an increasingly sophisticated range of trades and professions, so that Viet Nam can improve productivity, move up the value chain and take advantage of the latest technology and competitive practices. Indeed, improving the quality of higher education is rightly recognised in the SEDS and SEDP as a critical breakthrough if Viet Nam is to achieve its targets for economic growth and development.

³⁹ As at December 2008, 42 out of 63 (47 percent) provinces and cities had achieved correct-age universal primary education; and 47 out of 63 (74.6 percent) provinces and cities had achieved universal lower secondary education (MOET, 2007).

⁴⁰ See figures in Annex 2 in the appendices at the end of this report.

Early childhood education: Early childhood education (ECE) takes place at a time of remarkable brain development in children that lays the foundation for later learning. Children who are nurtured at an early age are more likely to survive, to grow in a healthy way, to have less disease and fewer illnesses, to fully develop thinking, language, emotional and social skills, and to improve their school performance. In later years they are likely to have greater self-esteem and have a greater chance of becoming creative and productive members of society.⁴¹ ECE is a right, recognized in the Convention on the Rights of the Child, and underpins achievement of the MDGs related to poverty, education and health. Investment in ECE yields very high economic returns, offsetting disadvantage and inequality, especially for children from poor families. It is more cost-effective to institute preventive measures and support for children early on than it is to compensate for disadvantage as they grow older (UNESCO, 2007).

In Viet Nam, ECE caters for children of 3 months to 6 years old through nursery schools and kindergartens. ECE is not compulsory and receives limited government funding: in past years, limited education resources have been directed to high school education and higher education, resulting in a significant proportion of ECE costs being covered directly by parents and communities. Greater development in ECE has occurred in urban and better off rural areas, while the coverage of ECE programmes is low in remote and mountainous areas, particularly for ethnic minority children, children with mental and physical learning disabilities, and children of poor families (Fjalland et al, 2009). The ECE coverage rate is 39.6 percent for ethnic minority children compared to 60.9 percent for Kinh ethnic group children. Gender differentials are also evident, with 53 percent of boys attending compared to 61 percent of girls, and 80 percent of children from the wealthiest families attending preschool, while the rate among children from the poorest families is as low as 36 percent (GSO 2007). However, the government has recognised the value of pre-school education to ensure that all children are well prepared for school in terms of skills, health and psychology, and that it also has an impact on achievements in upper education levels. As a result, a project on "Universal pre-school education for children of 5 years old in the period 2010-2015" has been approved (Decision 239/Q§-TTg, 9 February 2010). A key issue for the next few years will be effective implementation of this decision.

Primary education: Viet Nam has made laudable progress in the area of primary education, which is compulsory for children aged 6 to 11 years in Viet Nam. Net enrolment rates have increased for all children in rural and urban areas, for both boys and girls, and for Kinh/Hoa and ethnic minorities (GOV, 2010). Gender parity has been achieved at primary level, and between ethnic minority girls and boys (GOV, 2010). Geographical differences have decreased, although an 8.9 percent difference is still evident between the North West region, with the lowest enrolment rates in Viet Nam, and the North Central Coast, Viet Nam's best performing region (Van Arkadie et al, 2010). Primary school completion rates have also improved overall (from 83.7 percent in 2001-2002 to 88.5 percent in 2008-2009), although the completion rate is as low as 64.5 percent in some provinces and cities (GOV, 2010). These achievements have been supported by government investment: in 2007, up to 28 percent of the State education budget was allocated to primary education (Van Arkadie et al, 2010)

While primary education is officially free of tuition fees, families actually pay a significant amount out of pocket for 'other' expenses related to schooling. Urban households contributed on average VND 808,000 in 2008 towards primary education (at constant 2002 prices) and rural households VND 246,000, an increase of 38 percent and 29 percent, respectively, over the period 2002 to 2008

⁴¹ UNICEF: <http://www.unicef.org/earlychildhood/9475.html>

(GOV, 2010). At the same time, it is notable that household income is now less likely to determine primary-level enrolment than in the past (Van Arkadie et al, 2010).

However, some important inequities remain. For example, without permanent registration, it is often difficult for migrants to enroll their children in public schools, leaving them with two options: enrollment in private schools, or using networks to access public schools. Private schools charge much higher fees than public schools and are often less well regulated (IOM, 2010). Similarly, assessments of grade five students reveal that a significant proportion of ethnic minority students do not achieve required standards in Vietnamese and mathematics compared to their Kinh peers (VIES and INTREC/Mekong Economics, 2008).

Secondary education: Improvements in educational outcomes are also evident in secondary education. Net enrolment for lower secondary education (11-15 year olds) increased 4.9 percent, to 91.5 percent, in 2008 compared to a decade earlier, with a completion rate of 77.6 percent in 2008-2009. This increase has occurred across all groups of children in rural and urban areas, for both boys and girls, and for Kinh and ethnic minority groups (GOV, 2010). Significant geographical differences still exist, with only 61.1 percent enrolled in the North West in 2006, compared to 86.9 percent in the Red River Delta (Van Arkadie et al, 2010).

For upper-secondary education (15-18 year olds), very similar trends can be observed, although the net enrolment rates for all groups at this level are significantly lower than those for lower secondary education (see tables in Annex 2). Notably, girls enrolment rates have outstripped those of boys in this age group, rising to 8.4 percent higher than boys enrolment in 2008, compared to 11.6 percent less in 1998. Of significant concern, however is the widening enrolment gap between Kinh and ethnic minority groups, which increased from 8.4 percent in 1998 to 18.9 percent in 2008. Just over half (51.8 percent) of ethnic minority children are enrolled in upper-secondary education (GOV, 2010).

Vocational training: The proportion of workers with training qualifications has increased, to 31.5 percent in 2007, compared to 20 percent in 2000 (MOET, 2009). However, women workers have lower levels of technical training qualifications than men; 29 percent compared to 40 percent, respectively (MOLISA et al, 2009). The number of students at vocational institutions has increased four-fold over the last decade, and the number of vocational training institutions has trebled (Van Arkadie et al, 2010). However, this has occurred in the absence of systems to ensure quality of training, skill development programmes and teaching. There continues to be insufficient linkages between training institutions and industry, which would ensure that graduates meet the market demand for specific skills (Fjalland et al, 2009). The lack of linkages contributes to serious shortages of skilled workers in high-tech industries. In addition, there is limited evidence regarding whether the expansion of vocational training has been successful, in particular for vulnerable groups such as migrants, sex workers and the poor.

Higher education: In Viet Nam higher education is provided by universities, polytechnics, colleges and teacher training colleges. Many institutions are specialised and are either under the control of or have close connections with sector-specific ministries. Many reforms have been undertaken in recent years aimed at narrowing the gaps between Vietnamese and regional higher education levels, and ensuring that the higher education system is ready for an expansion in the number of students as the country's demographic profile and demand for higher education services changes (Fjalland et al, 2009). The number of students enrolled (1.7 million in 2009) has doubled over the last decade, as has the number of training institutions, although institutions are unevenly distributed across regions. Private higher education accounts for 20 percent of total enrolments.

Wealth disparities persist in higher education, with poor and ethnic minority students much less likely to access higher education in Viet Nam. Students from the richest quintile are four times more likely to enrol in higher education than those from the poorest quintile, while ethnic minorities are significantly underrepresented (Arkadie et al, 2010). Although gender parity has been achieved at undergraduate levels, only 30.5 percent of masters' degrees and 17.1 percent of PhDs were awarded to women in 2007 (MOLISA, 2010). Significant gender segregation in major fields of study is also apparent, with women predominantly studying education and business, but few in technology and engineering-related fields (Fjalland et al, 2009).

Of greatest concern is the fact that Viet Nam's higher education system lags behind most countries in the region in terms of standards for measuring university quality – such as publication in peer review journals – and lacks a single institution of internationally recognised quality (New School, 2010). An estimated 50 percent of graduating students are unable to find jobs in their areas of specialisation, indicating a significant disconnect between higher education institutions and the needs of the market. Increasing numbers of Vietnamese are studying overseas because of dissatisfaction with domestic colleges and universities, and in recognition of the fact that employers and postgraduate programmes prefer overseas degrees to Vietnamese qualifications (FETP, 2008). Further, the rapid expansion of the higher education system makes it imperative that Viet Nam strengthen quality assurance and accreditation mechanisms for tertiary and higher education to ensure that it is on par with regional and international standards.

Gender inequality among rural populations and ethnic minorities: The government recognises there are major obstacles for some groups of the population to education attainment, particularly among ethnic minority groups. There is no gender difference for primary net attendance rates between Kinh and ethnic minority groups. However, net attendance rates are lower at the secondary level, with some gender differences – slightly more Kinh girls and boys attend secondary school, whereas fewer ethnic minority girls than boys attend. Net attendance rates of girl ethnic minority students, at 61.6 percent, are considerably lower than for girl Kinh students at 82.6 percent (UNICEF, 2010).

There is evidence that when poor rural households decide which of their children will attend school, girls are generally excluded (UNICEF, MOET and UNESCO, 2008). Ethnic minority girls are also less likely to continue to secondary school, as households value education less for girls and often reserve educational opportunities for boys. Barriers identified by ethnic minorities to girls continuing their education included economic and financial constraints; the need for girls to work to help the family; a perception among parents and girls that education lacks value; poor quality teaching and learning in schools and inadequate school infrastructure. Eventually, this lower prioritisation of education for girls translates into the loss of secondary education attainment and more limited skills, capacities and opportunities for women. This has resulted in a higher number of female labourers in agriculture, forestry and fisheries, and very few women in management and leadership positions (UNICEF, MOET and UNESCO, 2008).

Given the current situation as summarised above, three priority areas need to be addressed in the coming years in the education sector in Viet Nam: firstly, opportunities for equal access to quality education at all levels need to increase, especially for vulnerable and disadvantaged groups; secondly, improvements in education quality are needed to meet international standards and national goals; and finally, management systems need further strengthening at all levels to deliver quality education for all.

7.1.1 Service delivery and education resources⁴²

Early childhood, primary and secondary education all need to be expanded for ethnic minority girls and boys, children with disabilities and learning difficulties, and children from low income families, particularly in remote and mountainous areas. The quality of the learning environment is generally low, especially in remote and low-income areas. This is associated with a shortage of trained teachers, a shortage of basic learning materials and low school instruction time per student. Education resources and facilities are often in short supply (MOET, 2010). A gender bias still remains in textbooks; and gender bias is also reported in classroom teaching practices, with specific impacts on ethnic minority girls in particular (UNICEF et al, 2008). While construction of new schools and classrooms is important, it is equally crucial that existing schools and classrooms are maintained in order to meet appropriate standards. Greater planning and preparedness is necessary to ensure minimal disruptions to schools during emergencies. At the present time there is only one national curriculum, but in order to ensure that those who are hardest to reach are able to access education, greater diversification and flexibility is necessary so schools can modify their approach to effectively respond to local needs (for example, by instituting a flexible school calendar). In general, many education and training curricula are considered to be “out of touch” and not sufficiently responsive to meet the requirements of the current labour market (UNICEF, 2010).

Across education institutions, use of updated teaching and learning methods must be scaled up, so that teaching becomes more participatory and moves away from passive, lecture-based teaching methods, which are recognized to be less conducive to learning (Ministry of Education and Training 2010). Assessment methods currently focus on academic proficiency rather than skills acquisition, curriculum content needs to be upgraded to better balance theory and skills development, and training at the vocational level must be more directly linked to industry needs. Schools also need to develop students' life skills and integrate issues that are relevant to young people in the curriculum, such as reproductive health and HIV. Analytical, critical thinking, communication and problem solving skills are likewise needed to prepare the next generation to meet Viet Nam's emerging challenges. Improved career orientation and guidance is also necessary for learners, especially in technical and vocational areas, and to encourage lifelong learning. In tertiary and higher education, quality assurance and accreditation mechanisms need to be strengthened to ensure that Vietnamese students obtain good quality education that meets international standards.

7.1.2 Human resources for education

Quality of teaching is a significant concern across all types of education in Viet Nam (MOET, 2010). Inadequate quality of pre-service training and insufficient and low quality of in-service training results in teachers with low qualifications and skills compared to international standards and the needs of Viet Nam. For example, there are no vocational schools in Viet Nam that meet regional or international standards (Van Arkardie et al, 2010). Availability of teachers is also a problem at all levels, with insufficiently trained teachers in remote and mountainous areas (UN Viet Nam, 2005) and school teachers often not efficiently deployed when they are available. Teachers qualified to teach art, singing, music, physical education, foreign languages and newer skills such as computer training are in short supply. At early childhood, primary and secondary education levels, low salaries have driven teachers to seek opportunities for additional personal income (such as through extra classes), entrenching undesirable behaviours in the public education system that will be difficult to change. Low salary levels in vocational training have made it very difficult to attract and retain teachers with the most sought-after skills. Research institutes and universities lack capacity, and

⁴² Sections, 7.1.1, 7.1.2, 7.1.3 and 7.1.4 draw on Fjalland et al, 2009.

greater investment is needed to produce well-rounded, creative-thinking intellectuals and educational leaders of the calibre that Viet Nam needs for the future (New School 2010). Awareness of the rules and regulations in relation to ethics and codes of behaviour for educational professionals must be enhanced across all education sectors. Finally, greater attention is needed to support the capacity and management roles of school principals and education managers at all levels, given their different roles and responsibilities.

7.1.3 Financing of education

Despite substantial public funding for education, it is clear that resourcing remains a key issue. Although major efforts have been made to create free primary education, and efforts are now starting to address corruption, additional costs for stationery, learning materials, uniforms and various contributions expected under the socialization policy are beyond the financial means of poor families and deter their participation. Out-of-pocket costs in education are widely accepted by parents, according to a recent survey conducted by the Government Inspectorate. For example, parents recognise that they need to pay for help to get their children enrolled in school, and nearly 67 percent of parents view this as acceptable. One third of parents are worried about enrolment processes, and one fourth believe these processes are costly. More than 40 percent of parents pay in excess of 10 percent of their income for private tutoring, and more than 25 percent of parents pay over a fourth of their income for this purpose.⁴³

Direct costs to parents of students in secondary education are higher than for those with children in primary school. This deters participation by children in remote areas and those from low-income families, reducing their chances to complete their basic education to even the lower secondary level. Increased and sustained financial resources will be required to achieve desired quality objectives and to ensure affordable and equitable provision of early childhood, primary and secondary education. Mechanisms will also be needed to ensure that vocational and higher educational institutions are able to use up-to-date technologies for training. The role of the private sector in education provision merits further attention from the government given the large proportion of students enrolled in private schools – 51 percent at preschool level and 21 percent at upper secondary level in 2008-09 (MOET website).

7.1.4 Governance, management and information

Education management needs significant reform at all levels, particularly to ensure that managers have the capacity and training to effectively take up new responsibilities transferred under decentralization, including planning, managing and implementing programmes and coordinating public and non-public providers (MOET, 2010). Inter- and intra-institutional roles and responsibilities under decentralization also need clarification, to ensure better system-wide coherence across education departments and levels, and to avoid centrally driven approaches. Greater participation from a wider range of stakeholders is needed in education planning and management. Education data must be improved, particularly with respect to consistency, timeliness, transparency and level of disaggregation; performance benchmarks of schools and students need to re-focus on qualitative outcomes; and a reliable labour market information system is needed to inform vocational education.

⁴³ Data presented at the Roundtable Workshop in Ha Noi on 20 May 2010 “Corruption Perceptions and Impacts on Quality of Education in Viet Nam: How to Improve Transparency and Accountability”.

The government has recognized the importance of efforts to curb the influence of corruption in education.⁴⁴ Efficiency of investment in the education system also requires greater scrutiny. New policies and implementation strategies are needed to improve quality at all levels and to ensure development of a quality education network that effectively balances expansion of the existing network including non-state providers. Other policy and management mechanisms are needed to introduce mother tongue-based bilingual education to improve the education outcomes for ethnic minority communities, and to encourage and support greater ethnic minority participation in education at all levels, particularly at the weakest levels of upper secondary, vocational and higher education.

7.2 Systems for health: Improving quality, effectiveness and efficiency

The Government of Viet Nam has recognised the importance of a healthy population, noting in the draft SEDS the need to “focus on developing vigorously the healthcare system and raise the quality of medical services and... Ensure delivery of equitable, efficient and quality health services” (GOV, 2010 b: 16). Over the past two decades significant progress has been achieved in Viet Nam's health sector, resulting in better health outcomes for the population, which compare favourably to those achieved in countries with a much higher level of development (World Bank, 2008).

Notable achievements have been made in relation to many of the health-related MDGs. Maternal mortality fell from 233 live births per 100,000 in 1990 to 75 in 2009;⁴⁵ the under-five mortality rate dropped from around 58 per 1000 live births in 1990 to 25 in 2009 (although in this case the decrease has plateaued in recent years); and the underweight prevalence in children under five fell from 45 percent in 1990 to 19.9 percent in 2008 (GOV, 2010). Goals for mortality and morbidity have also been achieved for malaria and for tuberculosis (TB), although more than 98,000 new TB cases were still reported in 2008 and Viet Nam ranks 12 out of the 22 countries with the most TB cases globally (MOH, 2009; GOV, 2010).

Access to safe drinking water and basic sanitation has improved, although it still remains low, with only 89 percent of people having access to clean water in 2006, and only 64 percent to sanitation (GSO, 2007). Successful interventions have been undertaken to manage emerging diseases, such as SARS, H5N1 and H1N1. However, despite important progress in reducing new HIV infections and number of HIV deaths, considerable efforts will be needed to reach the target of halting the epidemic and starting to reverse it by 2015 (SRV, 2010).

Still, in general achievements have been less impressive in rural and remote areas compared to urban and wealthier provinces, and significant disparities remain across socio-economic groups, with access to some treatment and prevention services remaining limited, particularly for some groups of the population, such as ethnic minorities (Van Arkardie et al, 2010; MOH, 2009). For example, infant mortality, which contributes to under-five mortality, remains high in the Northern Mountainous regions and Central Highlands: at 21 and 23 per 1,000 live births, respectively, in 2008, compared to 15.5 nationally. Similarly, child underweight prevalence rates are as high as 23 percent in all northern regions, and 27 percent in the Central Highlands, compared with a national average of 19.9 percent in 2008 (Health Partnership Group, 2010). Stunting in children remains severe at 31.9 percent nationally, with higher rates in the Northwestern (35.7 percent) and Central Highlands (39.2 percent) regions (GOV, 2010). And while the maternal mortality rate (MMR)

⁴⁴ MoET Deputy Minister Tran Quang Quy as reported by <http://english.vietnamnet.vn/education/201005/Anticorruption-dialogue-focuses-on-education-913096/>

⁴⁵ It should be noted that measuring maternal mortality is difficult and costly because of under-reporting and misclassification. Other studies have estimated higher maternal mortality rates (WHO et al, 2007).

declined from 233 in 1990 to 75 in 2009, progress has stalled in the past four years, and the MMR in urban areas is only about half the rate in rural regions (GOV, 2010).

There is also significant regional variation in access to antenatal care, while the rate of births attended by a skilled health worker ranges from 100 percent in the Red River Delta and Southwest to 79.2 percent in the Northwest (GOV, 2010). And while 68.8 percent of married women aged 15-49 use modern contraceptive methods, access to sexual and reproductive health services, in particular services targeting men and promoting male responsibility for family planning, continues to be uneven (MOLISA, 2010). Also of concern is the fact that abortion rates in Viet Nam are among the highest in the region, with an estimated 20 percent of abortions occurring among adolescent women⁴⁶ (GOV, 2010; MOLISA, 2010).

Access to anti-retroviral treatment is also limited to less than 54 percent of those who need it, and only 15 percent of male injecting drug users, 24 percent of men who have sex with men, and 47 percent of female sex workers are able to access HIV prevention programmes (SRV, 2010). Criminalization of sex workers and intravenous drug users, and stigma and discrimination against men who have sex with men effectively prevents these groups from accessing services, resulting in increased vulnerabilities to sexually transmitted infections, including HIV, as well as to gender-based violence. In addition, considerable differences are evident in the availability of health services between urban and rural areas and among various geographical regions, which is further exacerbated by financial and cultural barriers that exist to accessing available health services (MOH and WHO, 2007).

Over the next few years Viet Nam will face an increasing number of health problems as a result of changes in population size and structure, increased life expectancy, and population migration and urbanization, as discussed earlier in Section 3. The size, growth and composition of the population will create increasing pressures and demands on the curative parts of the system, with a changing emphasis towards non-communicable diseases and a greater need for services for the elderly and for sexual and reproductive services for young people (in particular young women).

Lifestyle-related diseases and health problems are increasing. For example, substance abuse is on the rise in Viet Nam, in particular among women and young people (UNODC, 2008). The World Drug Report 2010 reported an increase in use of drugs such as amphetamines and ecstasy in Viet Nam, though estimates of overall consumption remain low. Heroin remains the most commonly used illicit drug: around 81 percent of registered drug users use heroin, and 96 percent of them are male (UNODC, 2010). Young women and men's use of alcohol is also increasing (SAVY II).

A healthy population is a pre-requisite for successful economic development, while disease and ill-health constitute a serious impediment to growth, and poor quality health services and care impose unnecessary burdens on society and individuals. Looking ahead, it will be critical for Viet Nam to improve the quality of healthcare services, reduce financial risks for patients and their families, and improve the efficiency and effectiveness of preventative and curative health services. Ensuring that specific health diseases, injuries and other health problems can be prevented and treated requires an effective and efficient health system.⁴⁷ The building blocks of an efficient health system include

⁴⁶ Young, unmarried women are extremely reluctant to admit to having sex (3 percent in urban areas and less than 1 percent in rural areas according to SAVY II), and are therefore unlikely to seek help or support when they terminate a pregnancy.

⁴⁷ In this context, the health system is much more than the health sector, and it encompasses all sectors that have responsibility for health-related matters and safety (for example, the Ministry of Public Security and Ministry of Transport

governance and information, financing, human resources, and service delivery (including key inputs such as medicines and medical equipment).

7.2.1 Governance and information

Recent reports by the Ministry of Health (MOH) and development partners highlight significant challenges ahead for governance of the health sector, as costs, together with demand for and supply of services, are rising rapidly in an increasingly decentralized setting. The ministry's role needs to shift from direct oversight over specific activities and budgets to providing increased guidance for the sector's development and monitoring compliance with policies, regulations and standards (Health Partnership Group 2008a, 2010; MOH and WHO, 2007). An improvement in the policymaking process at the central level will be necessary, including greater use of evidence for decision-making and greater consultation among peers and communities during policy development, as well as improved enforcement and monitoring capacity (Health Partnership Group, 2010). It is increasingly recognized that many health problems can only be prevented or addressed through intra- and inter-sectoral coordination and collaboration. It will be important to strengthen this aspect of policy formulation and implementation, not only for broader issues that impact on health such as housing, but also to ensure effective responses in the event of pandemics, for example, to which Viet Nam is particularly vulnerable.

The health information system is fragmented across many different programs with poor utilization of available data and poor linkages among different databases. The system lacks adequate, coordinated resources including infrastructure and qualified staff at all levels, as well as data from the private sector (Health Partnership Group, 2008b). Improving the health information system is a high priority in view of the existing and upcoming challenges in the health sector. Appropriate disaggregated data must be collected to ensure that health problems and service delivery can be monitored for different population groups, and more effective programmes and policy responses developed.

Quality of data is a key issue, with significant differences being identified in studies used to examine key statistics, such as those related to maternal mortality or neonatal deaths (Van Arkardie et al 2010). Surveillance systems need further strengthening, particularly below district level, to ensure that there is timely reporting and analysis of health threats (e.g. potential pandemics) for both animal and human health, as well as timely sharing of information between the two sectors to enable a swift response. At the same time, greater integration and harmonization of existing parallel information systems across different areas of the sector, particularly for disease control programs, is necessary in order to ensure policy is based on sound evidence and thereby facilitates decision-making processes.

7.2.2 Health financing

Total health expenditure for human health in Viet Nam across all public and private sources is approximately 6.4 percent of GDP (US\$66 per capita), and rose by 5.3 times in the decade up to 2008 (MOH, 2010). The contribution from all 'public' sources of funding⁴⁸ to total health expenditure has also increased from 31 percent in 2000 to 42 percent in 2008, but still remains low relative to

have responsibilities for road traffic injuries, MOLISA for occupational health, and Ministry of Agriculture and Rural Development and Ministry of Construction for water and sanitation).

⁴⁸ 'Public' sources of funding include funding provided from central and provincial government budgets; social health insurance; and official development assistance (ODA).

many countries in the region.⁴⁹ Official development assistance (ODA) is low for health, comprising less than 2 percent of Viet Nam's total health expenditure in 2008.⁵⁰

Social health insurance expenditure doubled over the three years up to 2008, reaching almost 18 percent of total health expenditure, but this still remains proportionately low compared to the population coverage in 2008 of 45 percent (2010 coverage is estimated at 55-60 percent). This indicates that the subsidies that health insurance is able to provide are still quite limited. Strategies will be needed to enable universal health insurance coverage, and a health insurance scheme that generates adequate financial resources to cover Viet Nam's overall healthcare needs, particularly for migrants, the near-poor and self-employed groups. It is also imperative to ensure effective operation of the social health insurance scheme, in order to contain costs and ensure access to a range of essential services.

As the public funding contribution to health is limited, the bulk of health costs usually end up being met by individual households. Private health expenditure in 2008 totalled 57 percent of total health expenditure, of which 92 percent was for out-of-pocket payments (OOP) at the time of service use, with 39 percent of total OOP spent on drugs bought over the counter, with or without a doctor's prescription. High OOP payments have been identified as a significant cause of poverty in Viet Nam (Wagstaff, 2008). High reliance on OOP, rather than government funding or social health insurance, is likely to exacerbate existing gender inequalities in health investment for different household members, with several studies showing evidence of lower household spending on health for girls and women compared to men and boys (Van Arkardie et al, 2010). Migrants living outside their recognised residential area often face higher health costs as they may not be able to access services subsidised by provincial authorities or by health insurance.

While the government's socialization policy has facilitated investment in health, it has also created significant challenges in a sector that is well recognized as having a number of serious causes of market failure, leading to wrong incentives for service providers, and generating opportunities for providers to generate income by delivering inappropriate and unnecessary services. It will be essential for strategies and policies to be put in place to mitigate potential market failures that may lead to reduced access, impoverishment through out-of-pocket health expenditures, health insurance fund deficits, and delivery of inappropriate or unnecessary services (including drugs and diagnostic tests).

7.2.3 Human resources for health

The number of health staff in public facilities increased by 24 percent over five years to almost 300,000 in 2008. Ratios of 6.5 doctors, 7.8 nurses and 1.2 university-level pharmacists per 10,000 people have been achieved (MOH 2009), although these rates are below averages in the lower group of middle-income countries (WHO, 2010), and lower than the government's targets of seven doctors per 10,000 people by 2010 (eight by 2020), 24.5 nurses per 10,000 by 2010 (28 by 2020), and 2-2.5 pharmacists per 10,000 by 2020 (GOV, 2006). In general, there are significant staff

⁴⁹ Comparative figures for public funding as a proportion of total health expenditure: Indonesia 55%, Thailand 73% Philippines 35%, and China 45% (from <http://www.who.int/statistics/en/>).

⁵⁰ As noted in Section 4.4 above, the most notable exception to this is HIV, where ODA sources account for 90 percent of total spending on HIV services, potentially creating unsustainable and unstable funding for HIV services when donor contribution and priorities change as Viet Nam reaches middle-income country status.

shortages for district-level, preventive medical staff and for a number of medical specialties (Health Partnership Group, 2009).

By the end of 2008, 66 percent of communes had doctors, 93 percent of commune health stations had a midwife or assistant doctor specialized in paediatric and obstetric care, and 84 percent of villages had active village health workers. But there are still large disparities by region. For example, only 33 percent of commune health stations have a doctor in Northwest provinces (MOH, 2009), a particular concern as this region has the poorest transport infrastructure and access to district health facilities is often very difficult. Similarly, although maternal deliveries attended by trained health workers increased from 85 percent in 2000 to 94.7 percent in 2008, in difficult-to-reach areas such as mountainous provinces of the North and North Central Coast the rates are significantly lower, with 80 percent of deliveries occurring at home, the majority without trained assistance (Bramley, 2001; Nhu et al, 2003).

Policies have been put in place to try to improve rural and remote health worker retention, and help to transfer knowledge and skills to lower levels.⁵¹ However, in general these policies have not been fully able to address the challenges, and severe shortages in human resources persist, particularly at lower levels of care and in some specializations (Health Partnership Group, 2010). A larger program to address retention of the health workforce in rural and remote areas needs to be developed to attract and retain health workers.

Quality of health workers is an issue, as there is no certification or registration system in place for all health professionals. The recently adopted Law on Examination and Treatment will provide a key part of the solution to this problem, but many steps are still required to implement this law effectively. This is essential for Viet Nam to meet its ASEAN commitments on the mutual recognition of medical, dental and nursing practitioners. Efforts have been made to update curricula and improve the quality of training institutions, but a major effort is still needed to ensure that training is competence-based and that students have enough practice for essential skills. Implementation of effective continuing education is difficult due to a lack of quality assurance mechanisms and insufficient staff to replace staff on training.

7.2.4 Health services

Keeping men, women, and children healthy requires a wide range of cooperation, actions and services from the human health sector, animal health and a number of other sectors. Significant health concerns continue to arise in Viet Nam in relation to food safety and hygiene (from the production to the processing of food), and successful implementation of the Law on Food Safety will require improved management structures at all levels of authority, as well as sufficient budget allocation. Attention to improving food safety systems and practices is needed, including use of an integrated “farm-to-table” approach, the application of risk analysis and introduction of preventive measures throughout the food chain.

While improvements have occurred in access to water and basic sanitation, it is evident that very significant challenges remain. In particular, there are major disparities between provinces, with 57.3 percent of rural people in Dak Lak and 48.5 percent in Thai Nguyen using clean water (that meets MOH standards), compared to 22.2 percent in Binh Thuan and 23.7 percent in Yen Bai.⁵² Improving

⁵¹ These include salary supplements for health workers in disadvantaged regions (Decree 64/2009/ND-CP 30/07/2009), stipends for village health workers (PM Decision 75/2009/QD-TTg, 11/05/2009), and Ministry of Health Decision 1816 on rotation of the health workforce.

⁵² Data from the Rural Water Supply and Sanitation (RWSS) M&E system.

this situation will take concerted efforts by health and local authorities and significant resources. Nutritional status also poses significant challenges, requiring interventions outside the traditional health sector and attention to important differences in food patterns between geographical areas and among different ethnic groups. Not only does stunting prevalence continue to be a problem with 31.9 percent of children significantly below the height for age standards, but the proportion of overweight and obese children under 5 years of age is now approximately six times higher than in 2000 (GOV 2010).

The burden of non-communicable diseases and injuries is increasing, representing more than 82 percent of hospital mortality in 2008 (MOH, 2009). Many well-documented and cost-effective prevention strategies could be implemented in Viet Nam to address leading causes of death, which include cardiovascular and cerebrovascular disease, cancer and road traffic injuries. More than 40,000 tobacco-related deaths occur each year, primarily among men (Levy et al 2006), while road trauma and other preventable injuries account for more than 38,000 deaths and a million non-fatal injuries annually, also predominantly among men (MOH, 2007, 2006-2007). While the government has taken some significant steps, such as legislating the use of helmets by people over 6 years of age on motorcycles, and ratifying the Framework Convention on Tobacco Control, further concerted efforts, across a number of sectors, are needed to help prevent non-communicable diseases and injuries. The current disease-specific approach to non-communicable disease control in Viet Nam reflects the priority given to unsustainable clinical management and treatment as opposed to strengthened emphasis on the prevention and control of risk factors common to many non-communicable diseases. Successful prevention of many non-communicable diseases, as well as communicable diseases such as HIV, requires raising awareness and motivating individuals to change their behaviours.

Despite reductions in morbidity and mortality from communicable diseases, there is still a need to ensure that surveillance, prevention and treatment of known communicable diseases are adequately resourced (e.g. tuberculosis, dengue fever and HIV). This is essential for effective surveillance and so the health system can effectively respond when new threats emerge. At present this is hampered by weaknesses in the animal health system and a lack of timely information sharing between the animal and human health sectors.

Quality and efficiency of health services, particularly clinical services, remain a key concern, particularly at lower levels (MOH and WHO, 2007). Systems to ensure patient safety and improve accountability need strengthening. Stigma and discrimination against disadvantaged groups, such as victims of domestic violence, drug users and people at higher risk of or living with HIV, act as barriers to accessing services. Greater focus continues to be placed on curative services, in part because it is more lucrative for health care providers (Health Partnership Group, 2009). The design of primary health level services at communes and district level is based on administrative units, regardless of population size, geographical location or the needs of the people (Van Arkardie et al, 2010).

Unnecessary overuse of medical technology is widespread, reducing access to services due to increased cost (MOH and WHO, 2007). Inappropriate use of medical services and technologies is also contributing to adverse shifts in the sex ratio at birth. Pharmaceuticals is another area of concern, with per capita average spending on drugs rising from USD 6 in 2001 to USD 15.6 in 2008 (Health Partnership Group, 2009). This reflects the need for more effective mechanisms to reduce high prices and for more rational, cost-effective prescribing and use. The high cost and irrational use of drugs has been supported by a lack of standard treatment guidelines, weak competition from

generic medicines, and weak monitoring of prices in both the public and private sector – with wide variations of procurement prices among hospitals and large differentials for generic and banded medicines (Drug Administration of Viet Nam, 2010). A combined approach is needed to improve access to medicines, especially for the poor, including a comprehensive policy for quality assured generic medicines, efficient procurement systems, cost-containment mechanisms and regulations, including public advocacy for rational use of medicines.

The private sector has grown rapidly in the last few years as a result of the government's socialization policies, representing 60 percent of total out-patient consultations in 2003 (MOH and WHO, 2007). Rapid growth in private sector provision of health services has not been accompanied by appropriate government regulation, standards, inspection and oversight to ensure the protection of people's health. The 2009 Law on Examination and Treatment will take several years to implement effectively. More positively, this law details a number of patient rights, and should serve as a basis to strengthen the role of patients in their own care, provided that resources are allocated to educate the public and health professionals about these rights.

8. GOVERNANCE AND PARTICIPATION

Democratic governance is at the heart of the issues discussed in previous sections. For citizens to participate effectively in policymaking and policy implementation requires responsive and representative institutions that listen to their voices. Effective mechanisms are also required to ensure that each branch of government functions within its lawfully allocated responsibilities, and to ensure accountability. Rights (both those guaranteed under international conventions and under domestic laws) can be realised only when there are effective systems to enforce them: sustainable and equitable economic development depends upon a governance framework that facilitates it. The draft SEDS recognizes the underpinning nature of governance reform, emphasising that “enhancement of intra-Party democracy, and promotion of the people’s right as the master constitute a major content of political innovation and should be carried out in harmony with economic innovation” (GOV, 2010b: 22-23).

Decision-making processes that have driven Viet Nam’s development over the last two decades have yielded impressive results in reducing poverty and turning Viet Nam into a thriving market economy. The relationship between the state and society has changed, with an explosion in the number and diversity of stakeholders the government has to deal with.

Some of the biggest challenges resulting from these developments relate to governance. In order to support the structural reforms needed to transition successfully through middle-income status towards an industrialized market economy, institutional reforms in a number of areas are crucial to sustain economic growth and human development. These include:

- **Parliamentary development and oversight.** The increasingly complex growth processes in a middle-country context will require institutional reform to the National Assembly, which currently meets for only two months a year in plenary sessions, has only 29 percent of deputies serving full-time, has a high-turnover of deputies every five years, and exhibits considerable conflict of interest among deputies who also hold functions in the executive. The complex growth processes will heighten the need for more effective participation by citizens, media and CSOs in legislative processes.

- **Rule of law and access to justice.** The overlaps and inconsistencies in Viet Nam’s legal system are viewed by the government itself as the main obstacle to the development of society and the exercise of human rights, but further challenges exist in the implementation of laws. Full accountability under the law also requires strengthening access to justice, particularly for those who depend on the law to protect them from discrimination, stigma and other disadvantages – such as women, children, the poor, ethnic minorities (especially in remote areas), migrant workers and people living with HIV.
- **Public administration and local governance.** Here the challenge is to continue the fundamental reforms so that the public administration system is able to provide better quality public and administrative services in order to ensure that those Vietnamese families that have left poverty do not fall back into it, and to reduce opportunities for corruption.
- **Civil society.** Citizen participation and government accountability can be fully effective only when organisations and interest groups are able to present their members’ views and concerns effectively to policymakers. The current institutional framework needs to be enhanced to provide an enabling environment for civil society organisations, and they in turn need continued capacity building to enhance their ability to engage in policy dialogue with state actors, and to hold government accountable.
- **Treaty implementation.** Greater international integration (including further accession to international human rights instruments) will heighten the need for effective systems to implement and monitor Viet Nam’s compliance with its international treaty obligations.
- **Corruption** is widespread and is a systemic⁵³ development problem in Viet Nam, as recognized by the Government of Viet Nam, which has stated: “corruption is still taking place in a rampant, serious and complicated fashion in multiple areas” and “has significantly hindered the success of *Doi Moi* process and the fighting force of the Party, threatening the survival of the regime”.⁵⁴ The main causes for the existence of corruption in the country are diverse and manifold, but as recognized by Resolution No. 21/2009/NQ-CP, they include significant weaknesses in the public administration system.⁵⁵

⁵³ For a discussion on the “systemic” nature of corruption see Gainsborough, M., Dang Ngoc Dinh and Tran Thanh Phuong (2009) Corruption, Public Administration Reform and Development: Challenges and Opportunities as Viet Nam moves Towards Middle-Income Status, in: UNDP, VFF, CECODES. *Reforming Public Administration in Viet Nam: Current Situation and Recommendations* (Ha Noi, National Politics Publishing House), pp.377-427.

⁵⁴ Resolution No. 21/2009/NQ-CP signed by the Prime Minister, p.3. The problem of corruption has also been expressed similarly as a “national plague that has compl[i]cated economic, legal, social dimensions [and] that happens in various localities, sectors” in the Central Party Committee for Internal Affairs’ report entitled “Report on The Findings of the Diagnostic Study on Corruption in Viet Nam” (2005, p.6). In an interview with the *Tuoi Tre* newspaper in 2006, Mr. Mai Quoc Binh, deputy general inspector of the Government Inspectorate, said: “corruption is so systematically structured [embedded] that it is very difficult to be addressed” (*Source*: Tuoi Tre Online Newspaper (04/11/2006). “Tham nhũng cấu kết có hệ thống nên “gỡ” cực kỳ khó” [Corruption is systematically structured, thus very difficult to be addressed]. URL: <http://123.30.128.12/Chinh-tri-xa-hoi/Phap-luat/170596/Tham-nhung-cau-ket-co-he-thong-nen-%E2%80%9Cg%E2%80%9D-cuc-ky-kho.html>]. And for a discussion on the “systemic” nature of corruption see Gainsborough, M., Dang Ngoc Dinh and Tran Thanh Phuong (2009) Corruption, Public Administration Reform and Development: Challenges and Opportunities as Viet Nam moves Towards Middle-Income Status, in: UNDP, VFF, CECODES. *Reforming Public Administration in Viet Nam: Current Situation and Recommendations* (Ha Noi, National Politics Publishing House), pp.377-427.

⁵⁵ In particular, Resolution 21/2009/NQ-CP recognizes that “the main causes of the above-mentioned situation are the fact that the system of policies and laws has not been well synchronized or well aligned; the strengthening of agencies and organizations in the political system still fails to keep up with the development of the socio-economic life; the personnel of

- **Limited access to information.** This is a contributing factor to the systemic nature of corruption in Viet Nam.⁵⁶ Recognizing this problem, the government has been working on introducing an Access to Information Law to the National Assembly, yet consensus has not been reached and while National Assembly Resolution 27 assigned the government responsibility to draft this law, further discussion has been postponed several times in the past couple of years.⁵⁷ This is becoming an area of particular importance as it relates directly to the role of media in anti-corruption efforts.⁵⁸ While Viet Nam has some regulations in place to provide information,⁵⁹ an access to information framework will enhance the ability of the media to inform the public about government anti-corruption efforts; discover, investigate and expose corruption cases; help the public make informed choices/decisions; and create a discussion forum for citizens to exchange opinions and dialogue with the government.
- **Policy development.** Both policy development and the impact of policies are increasingly constrained by low availability and insufficient use of relevant evidence, limited participation and representation of all relevant groups, limited capacity of policymakers and policy implementers, and inadequate inter-sectoral coordination in cross-cutting areas such as gender equality, poverty reduction, or ethnic minority development. Encouragingly, there has been recognition by the government of the need for planning reform, as evidenced by recent decisions by MPI on SEDP planning reform. However, a successful transition to middle-income status requires improved and better informed planning methods and approaches, which are also able to respond to emerging social and economic issues in Viet Nam. Ineffective policy development processes raise the risk of poor use of resources and budgets and of rising inequity and diluted impact, and can thus be an obstacle to socio-economic development in Viet Nam across all sectors.

8.1 Enhancing parliamentary development and oversight functions

public officials and civil servants are still unprofessional, the ethics of a significant portion of public officials and civil servants is downgraded; the implementation of guidelines, policies and solutions for preventing and combating corruption that were put forward during the past few years still fail to meet the requirements and expectations, with poor effectiveness, especially there is a lack of a comprehensive long-term strategy or plan for preventing and combating corruption”.

⁵⁶ As identified earlier by the Asian Development Bank, “Corruption in Viet Nam thrives because of complicated and unclear administrative procedures, excessive regulation, the opaque nature of decision-making, lack of public information, bureaucratic discretion on the part of middle-level official and long delays” (ADB, 2001. Summary of Viet Nam Governance Assessment, p.59, emphasis added). See also Acuña-Alfaro, J. (2009) Heightening access to information in Viet Nam: The challenge of monitoring and implementation. *Viet Nam Law and Legal Forum*. 15(180) August, pp. 10-13.

⁵⁷ Some discussions with development partners on the draft law were organized on 6 May, 2009 by the drafting team at the Ministry of Justice, and on 17 December, 2009 by the Viet Nam Journalists Association (VJA). The former was supported with funding from DfID and the latter with funding from the UN.

⁵⁸ For a detailed discussion on the role of the media in anti-corruption see McKinley, Catherine (2009) *Media and Corruption: How has Viet Nam's print media covered corruption and how can coverage be strengthened?* UNDP Policy Discussion Paper. This study highlights the extent of corruption coverage by key media outlets and, among other things, indicates that media coverage of corruption is complicated by a number of difficulties, including lack of access to reliable information, poor (but improving) reporting skills, and a weak understanding of the ethical issues that surround anti-corruption reporting.

⁵⁹ See Box 6.9 on “Regulations on Information” in the Joint Donor Report to Consultative Group Meeting (2010) *Modern Institutions*, Ha Noi, pp.123.

Significant reviews since 2001 of the constitutional and legal frameworks applicable to the National Assembly and Provincial People's Councils have laid out the grounds for a more substantial role for these bodies in the political arena. A more independent and transparent National Assembly began to emerge during the XI legislature as "Question Time" started to be broadcast live and the power to dismiss senior Members of Government was used.

The increase in the number of full-time Members of Parliament (MPs) from 25 percent to 29 percent in the XII legislature has further contributed to a more professional performance. Committees have not only reviewed draft laws more critically but have also exercised the right to initiate legislation. For example, the Committee on Social Affairs introduced the Law on the Prevention of Domestic Violence (adopted in 2007). The committee system has also been restructured to enable further specialization, especially in relation to oversight functions. The Committee on Justice and the Committee on Finance and Budget were created in the XII legislature. The adoption of the Law on the Promulgation of Legal Documents (also known as the Law on Laws) in 2008 has opened the window for the introduction of public consultation mechanisms in the legislative process.

However, further political and institutional reforms are needed to keep pace with Viet Nam's continued socio-economic development. As the country takes up middle-income status, addressing gaps in requirements for inclusive decision-making, accountability, transparency and efficiency becomes more critical for the sustainability of the reform and development process.

The National Assembly has a strong constitutional mandate in relation to **national policy decisions**, and is showing increasing initiative in this area, as illustrated by the recent vote on the national high-speed railway project as well as the debate on the government proposal to move the political capital to Bavi District. However, the National Assembly faces a number of challenges that constrain its ability to meet growing expectations to guide complex growth processes in a middle-income country context. A number of factors challenge the effectiveness of the National Assembly's work: limited time for deliberations, with only two, one-month plenary sessions each year; limited availability of independent, qualitative in-house policy analysis capacity and resources for MPs and committees as the Institute for Legislative Studies (ILS), the National Assembly's research body, was only recently established; few (29 percent) MPs that are full-time; high turn-over among MPs; and the potential for conflicts of interest among part-time MPs. Consensus needs to be reached on new practice models for institutional strategic planning, benchmarks and objective measurement of the National Assembly's effectiveness and a system for performance monitoring.

The same is true for the **People's Councils**, which also have to deal with an increasing number of tasks, including oversight, but have only a low percentage of full-time deputies (4 percent) and are faced with a high turn-over rate of deputies, limited qualified supporting staff and scarce financial and other resources. In addition, the piloting of the abolishment of People's Councils at district and commune level in ten provinces/cities needs to be monitored. Should a decision be made to abolish district People's Councils this will naturally require adjustments in the role of Provincial People's Councils to oversee local government and engage citizens in decision-making at those levels. **Consultation mechanisms** between the National Assembly and People's Councils need further development to ensure that National Assembly decisions are fully informed by local needs.

Despite many good practices, the quality of constituency relations would benefit from improvements in the methods for organizing constituency contacts, resources available and adequacy of the supportive legal framework. Currently, these constraints, together with limited incentives for elected representatives to improve constituency relations may undermine the ability of deputies to regularly

listen to voters, especially to vulnerable groups (such as women, children and ethnic minorities), and use the information provided by voters, in their deliberations, both in law-making and oversight functions (UNDP-ONA, 2008).

Participation by citizens, media and civil society organizations (CSOs) in legislative and oversight processes has recently started to be systematically addressed and requires further development. The Law on Laws (2008) provides for an umbrella legal framework for agencies to consult relevant stakeholders in the process of drafting legislation. It also requires the publication of draft laws on the website of the relevant agency for at least sixty days to collect comments from the public. These provisions have been recently introduced, and so detailed procedures for a consistent practice and transparent public consultation have yet to be developed. Links between the National Assembly and CSOs, especially those with specific expertise and research capacity and CSOs representing children, women and ethnic minorities, need to be further developed.

For their part, CSOs and citizens have limited capacity and lack opportunities to advocate their views effectively to parliamentarians and participate in public consultations. An enabling space for conducting advocacy is still in the making, and many CSOs and citizens lack the skills for effective engagement (Norlund, 2007). The practice of systematic public consultation is in a very early stage. As the opportunities expand for public participation in the law-making and other relevant legislative and oversight processes, CSOs and citizens would benefit from guidelines for public input into such processes. While the mass media is playing an increasingly influential role in Viet Nam, it will be important to further develop its relationship with the elected bodies to bring the public closer to the legislative processes.

At present women make up 25.8 percent of National Assembly members, a majority on a part-time basis, and they make up 19.5 percent of People's Council members at the commune level. The proportion of women in leadership roles at commune and village levels is very low (MOLISA, 2010a). Support during the election process, together with capacity building and support once elected, is required to enable effective participation and voice in decision-making. Some progress has been made in this area: a Women's Parliamentarian Group was established in 2008, and the Committee on Social Affairs has the mandate to verify incorporation of a gender perspective in draft laws before they are enacted. However, obstacles to achieving gender equality targets remain, in part due to weak implementation of legislative and policy frameworks including requirements for gender mainstreaming in legislation (MOLISA, 2010a).

8.2 Promoting access to justice and strengthening the rule of law

Viet Nam is committed to building a rule-of-law state. Since the beginning of *doi moi*, there have been many notable achievements, including: the establishment of a comprehensive legal framework; institutional reforms to strengthen the self-management of the Supreme People's Court; reform of legal training institutions; a rapid development of the legal profession; the establishment of an administrative justice system; and the institution of legal aid for the poor and disadvantaged throughout Viet Nam.

In the next phase of transition, Viet Nam faces five main challenges. First, some laws and other legal documents are still subject to shortcomings, with vague and imprecise provisions. In some cases they do not fully implement Viet Nam's international human rights commitments,⁶⁰ and

⁶⁰ See Trần Ngọc Đường *Bàn về thực trạng và nhu cầu pháp luật về tổ chức bộ máy nhà nước và pháp luật về quyền con người theo Nghị quyết 48 của Bộ Chính trị (kỳ II)* (Discussion on current issues and demand of laws on the state

systems for resolving conflicts and inconsistencies between the Constitution and laws, or between laws and other legal documents, are not yet effective.⁶¹ Second, insufficient attention has been paid to the implementation of laws. Systems for monitoring and assessing implementation of laws are incomplete (Le Thang Long, 2009), and as a result people's rights are not fully respected in practice. Third, people's awareness of their rights and how to enforce them is still low (UNDP, 2004). Fourth, access to the justice system for the protection of rights is constrained by a number of factors, including too few lawyers,⁶² a low awareness among the poor and disadvantaged of free legal aid services,⁶³ and low public confidence in the judiciary - for instance, only about one-third of respondents in the Governance Module of the 2008 VLHSS said that they trusted the courts.⁶⁴ The activities of courts remain insufficiently understood⁶⁵ with few decisions published,⁶⁶ and judicial and administrative procedures do not fully meet applicable international human rights standards. This is the case, for example, with juvenile justice generally (MOLISA/UNICEF, 2009), and in the use of administrative detention for juveniles, drug-users and sex workers,⁶⁷ fair trial rights and rights of access to counsel.⁶⁸ Fifth, challenges remain in ensuring human security and protection from crime, particularly in relation to domestic violence, trafficking in human beings and drugs, and corruption.

Special attention needs to be paid to those groups whose access to justice is especially constrained, such as the poor who cannot afford lawyers;⁶⁹ those living in remote and mountainous areas (among them many ethnic minority communities) for whom access to legal advice is

apparatus and on human rights following the Politburo's Resolution No.48 (part III) in Nghiên Cứu Lập Pháp (Legislative Research) no. 15 (176) (Office of the National Assembly of Viet Nam, Ha Noi: August 2010) at p. 8; for examples of commentary by UN international treaty bodies on individual human rights treaties see e.g. Concluding Observations of Human Rights Committee (CCPR/CO/75/VNM 26 July 2002), Committee on the Rights of the Child (CRC/C/OPSC/VNM/CO/1 17 October 2006) esp at paras 10-13, 25-26 and CRC/C/OPAC/VNM/CO/1 17 October 2006 esp at paras 5-6), and also see UNIFEM CEDAW and the law: A gendered and rights-based review of Vietnamese legal documents (UNIFEM Ha Noi, May 2009)

⁶¹ The government's National Report on Human Rights, submitted to the Human Rights Council in relation to the 2009 Universal Periodic Review (A/HRC/WG.6/5/VNM/1), described the inconsistencies and overlaps within the Vietnamese legal system as the "main obstacle to the development of the society and the exercise of human rights" (see para. 72).

⁶² The ratio of lawyers to the population in Viet Nam ranks among the lowest in the world at 1:21,000 inhabitants, compared with 1:1526 in Thailand, 1:1000 in Singapore, 1:4546 in Japan, 1:1000 in France and 1:250 in US (Đỗ Hoàng Yến, 2009).

⁶³ In UNDP's 2010 Access to Justice Survey, only 36.9 percent of respondents knew of a legal aid centre in their locality (largely unchanged from 35 percent in 2003), while only 3 percent of very poor and 5 percent of poor respondents had ever accessed the service.

⁶⁴ Quoted in World Bank *Viet Nam Development Report 2010*, p. 89. See also UNDP's 2010 Access to Justice Survey, in which only 49.6 percent agreed that judges were regularly impartial and independent when making judgments, although this is an improvement from the figure of 35.6 percent in 2003. Also, 46 percent consider prosecutors just and fair, an improvement from 27.9 percent in 2003.

⁶⁵ Overall, 17.7 percent of all respondents to UNDP's 2010 Access to Justice Survey had no knowledge of the court system, but among farmers this percentage rose to 46.3 percent.

⁶⁶ Decisions of the Judicial Council of the Supreme People's Court began to be published only within the last few years. There are plans to publish decisions of the SPC Economic Court in the near future. There are no plans to publish decisions of other jurisdictions of the Supreme People's Court, or of provincial or district courts.

⁶⁷ See on this MOLISA/UNICEF (2009, 76 and 89). Relevant human rights instruments include the Convention on the Rights of the Child, UN standards and norms on health requirements for detainees, and (in relation to due process generally) the prohibition on arbitrary detention in art. 9 of the International Covenant on Civil and Political Rights (as further interpreted in the reports of the Working Group on Arbitrary Detention). The Working Group on Arbitrary Detention was last invited to visit Viet Nam in 1994, and during the Universal Periodic Review process in 2009, Viet Nam agreed to consider Mexico's recommendation to invite the Working Group once again.

⁶⁸ International Covenant on Civil and Political Rights art. 14.

⁶⁹ In UNDP's 2010 Access to Justice Survey, only 3-4 percent of poor respondents had ever used a lawyer, as opposed to 35 percent of rich respondents.

particularly difficult;⁷⁰ and groups of rights-holders who rely upon the justice system to protect them against vulnerability, stigma, discrimination or other disadvantage – such as women (UNIFEM, 2009; UN Viet Nam, 2010 forthcoming), children (VLA/UNICEF, 2010 forthcoming), people at risk of, affected by and living with HIV (VLA/UNAIDS, 2010)⁷¹ and workers including migrant workers (ILO/UNDP/UNFPA, 2003, pp. 10-12). For example, women experiencing domestic violence typically do not turn to formal authorities for assistance. Generally women will only seek redress if the violence is extremely severe, or if they are seeking a divorce (UN Viet Nam, 2010 forthcoming). The response of the formal justice system, including the police and courts, is not sensitive to the needs of women experiencing violence, and often reinforces existing norms, encouraging women to accept the abuse. This is exemplified by a statement from a 44 year old survivor of violence, who said: “I have to fight with not only the perpetrator, but also the whole system at resident area level, the local authorities, and my in-laws” (UN Viet Nam, 2010 forthcoming).

Underlying these challenges are a number of other factors. Although President Ho Chi Minh himself underlined that the operations of the Communist Party of Viet Nam and State should be separate, with the former setting policy and leaving implementation to the latter, in practice this division is not observed, and the Party intervenes in State management and decision-making, so that institutionalizing the rule-of-law remains a “work in progress” (Painter et al, 2009, pp. 329-331). In addition, the draft SEDS 2011-2020 includes a direction to “overcome practices of the Party ... substituting for the Government in management and executive functions and tasks” (GOV, 2010b). Although since 2009 the legal requirements for publication and consultation on draft laws and many draft regulations have been strengthened, in practice consultation on draft legal documents is still not regularly undertaken, and some consultations are still formal and ineffective, with inadequate measures taken to encourage the active participation of citizens and organizations;⁷² in fact public participation in such consultations is low⁷³ (UNDP, 2010 forthcoming).

The system of legal education is in urgent need of reform (Sidel and Pham Duy Nghia, 2010). Public servants who draft and enforce the laws do not yet have adequate knowledge and understanding of the principles of the rule of law and Viet Nam’s international human rights commitments.⁷⁴ Mechanisms to ensure the independence of judges in deciding cases, free from external pressure or corruption, are not yet effective (MOJ-UNDP, 2007, pp.131-150, 296-315).

8.3 Deepening public administration reform (PAR) and improving local governance

Viet Nam is a highly decentralized country where the devolution of authorities to sub-national governments has been a key part of reforms in the past two decades.⁷⁵ To some extent this has

⁷⁰The UNDP 2010 Access to Justice Survey found that 3,644 (63.8 percent) of Viet Nam’s 5,714 lawyers are based in Ha Noi and HCMC; by contrast, the six poorest provinces (all in the mountainous Northern region) have the fewest lawyers in the country (none in Lai Chau, 3 in each of Ha Giang and Cao Bang, 4 in each of Son La and Bac Can and 6 in Dien Bien – an average of one lawyer for every 173,500 people, as opposed to one lawyer for every 15,000 people in Viet Nam as a whole, or one lawyer for every 3,700 people in Ha Noi and Ho Chi Minh City (Source: MOJ, as of 31.12.09)

⁷¹ Also see Viet Nam Fourth UNGASS report (2010) esp. page 14.

⁷² See Summary Report (*Báo Cáo Tóm Tắt*) of the Editorial Board of the Steering Committee for the review of Action Plan 900/UBTVQH11 implementing Resolution 48-NQ/TW (*Tổ Biên Tập, Ban Chỉ Đạo Sơ Kết Kế Hoạch 900/UBTVQH11 Thực Hiện Nghị Quyết Số 48-NQ-TW*) draft 08.07.10 section I.1.2.

⁷³ The 2010 UNDP Access to Justice survey found that only 16.4 percent of respondents had given comments on a legal document, much the same as the response in 2003 (17.7 percent). Within that percentage, the figure was much higher for civil servants (45 percent) but much lower for other groups such as workers (8 percent).

⁷⁴ See Viet Nam’s National Report for the 2009 UPR (footnote 2 above) at paragraph 77.

⁷⁵ For a discussion on the importance of local government in Viet Nam see Marr (2004). Marr argues that that “since at least the 15th Century, one dominant political ideology after another in Viet Nam has insisted upon vertical governing

contributed to improved living conditions at the local level. However, development also comes with **disparities** and a new set of challenges in terms of access to public services for the **poor, vulnerable and marginalized**, including **children, women ethnic minorities and migrant population** in poor provinces as well as in urban areas. There is thus a continued need for local governments to tailor public investment programmes and projects to local realities.

More than a decade of implementing a comprehensive PAR programme has brought progress and it remains an important policy priority in the renovation process of Viet Nam.⁷⁶ Policy discussions recognize that there is a need to improve **accountability and transparency** in the public administration performance at the central and local levels.⁷⁷ At the local level it becomes imperative, as Viet Nam moves towards a higher human development performance, to enhance the interactions and relationship of three mutually reinforcing processes: policymaking, policy implementation and public service delivery (including monitoring and evaluation systems). Access to information is still rather limited and the environment is not yet fully conducive for **civil society and citizens' participation** in these three developmental process, including assessment of the quality of public services delivered by administrative agencies.⁷⁸ There is a need to strengthen feedback and transmission mechanisms from citizens on the quality of public services and their impact on their own development needs in order to ensure effective implementation of government decisions and improvement of service delivery.

The current efforts and approaches to administrative reform contribute to tackling issues formalistically and are mostly focused at the input level, but they are not leading to deep changes required in middle-income countries nor to better monitoring of outputs and outcomes in the provision of public administration functions.⁷⁹

Regulation of Viet Nam's formally decentralized public institutions is **not yet fully effective** and transparency and accountability demonstrated by local governments towards public administration and public services is less developed than desirable. For effective decentralized governance, the government issued the **Grassroots Democracy Decree** as the legal framework, which recognizes the importance of information sharing and people's participation in decision-making. However, after the implementation of this decree for more than a decade, the results are quite limited.⁸⁰

hierarchy extending from the capital down to every village in the land" (page 47). The 2010 Viet Nam Development Report, entitled "Modern Institutions", includes a detailed and updated discussion on the extent of devolution as it "focuses on devolution and accountability, two aspects of modern institutions that are the essence of Viet Nam's experience in the past two decades" (pp. i).

⁷⁶ For a discussion on this, see UNDP, VFF and CECODES (2009). *Reforming Public Administration in Viet Nam: Current Situation and Recommendations* (Ha Noi, National Politics Publishing House). In addition, see Resolution No. 17/2007/NQ-TW of 1 August 2007 by the Party's Central Committee and Resolution No. 53/2007/NQ-CP of 7 November 2007 promulgating the government's programme of action of the Resolution of the Fifth Plenum of the Party Central Committee, X Congress, on accelerating administrative reform and raising management effectiveness and efficiency of the State apparatus.

⁷⁷ Accountability and transparency, along with access to information and the role of media are constant issues of deliberation at the bi-annual Anti-Corruption Dialogues held between the Government of Viet Nam and development partners.

⁷⁸ For a detailed discussion see UNDP, VFF, CECODES (2009a), Acuña-Alfaro (2009) and Nguyen Thi (2009).

⁷⁹ Party's Resolution 17/2007/NQ-TW illustrates this by arguing that the administration system is still weak and exposes a number of limitation and weaknesses due, among others, to unclear directions and perceptions of some major important issues of reform; unclear responsibilities and authorities and lack of discipline in administrative reform.

⁸⁰ For a discussion on the extent of implementation of this decree see UNDP-VASS (2006). This report argues that "although democracy has been deepening in some areas, for many people the system remains inaccessible. These people tend to be poor, female, ethnic minorities, socially excluded, rural or lacking connections in government" (page 39).

Inconsistent monitoring mechanisms⁸¹ to assess public administration performance and **limited citizen's participation** in policymaking, policy implementation and in holding the government accountable are key constraints to measuring public sector performance effectively.

The rapid decentralization and devolution of authorities have not been coupled systematically and intensively with comprehensive capacity building (i.e. institutional, organizational and individual). This has resulted in **less effective functioning of public institutions at the local level**. The **inadequate capacity** of local authorities, especially in the poor provinces, to prepare evidence-based SEDPs linking planning with budgeting and ensuring sectoral plans are in line with relevant policies, remains a challenge. **Poor horizontal and vertical coordination** between administrative agencies are clearly reflected in the SEDP process. **Lack of clear and systematic criteria** for selection of public investment projects/programs and poor coordination in planning have caused low efficiency of public investment. **Insufficient independent oversight** of the public investment programmes is another issue that is related to limited public administration performance at the local level. In addition, monitoring and evaluation of the public investment programmes and projects receives low attention resulting in very few impact assessments of public investment programmes and projects. In the **absence of baseline data**, there is hardly any basis for evaluation of the impact of the project when completed.

8.4 Strengthening citizens' voice and participation through social, professional and civil society organizations

In Viet Nam, a high percentage of the population participates in the activities of mass organizations, associations and community-based organizations, which have been growing in the past twenty years. Legal frameworks like the Ordinance on Grassroots Democracy, Law on Complaints and Petitions of Citizens, and rules increasing the rights and autonomy of associations have widened opportunities for people's voices to be heard by state institutions. This emerging civil society has been gradually recording success stories in channeling the views and concerns of their organizations' members to public officials; transmitting people's petitions and complaints; conducting policy research and advocacy; and monitoring the government (Kerkvliet et al, 2008).

The United Nations has a specific mandate to work in partnerships with civil society organizations,⁸² and the current One Plan 2006-2010 identifies strategic engagement with civil society as a priority. Looking forward, various factors require further attention to enhance the impact of these organizations in holding the state accountable, influencing public policies and ensuring responsiveness of government to people's concerns. These include insufficient and unclear legal frameworks; inadequate (independent) funding, capacities and networking; overlapping roles among government and mass organizations; and unclear incentives for public officials to respond to

⁸¹ An overview of national initiatives on measuring public administration includes the annual Viet Nam Chamber of Commerce and Industries (VCCI) Provincial Competitiveness Index (PCI), the ongoing process of simplification of administrative procedures (known as Project 30), as well as a few local level initiatives by the Association of Cities of Viet Nam and Konrad Adenauer Foundation in 2009 in Nam Dinh, Hue, Thu Dau Mot and Lang Son, the 2006 and 2008 citizen reports cards in HCMC, the 2009 ActionAid surveys in Ha Tinh and Dak Lak. For a discussion on these and other initiatives see UNDP, VFF, CECODES (2009a, pp. 11-14), *Towards a Public Administration Performance Index in Viet Nam. Pilot Report*, pp.11-14.

⁸² "The UNCT is required to partner with all relevant stakeholders; all levels of government, including line ministries; social partners; civil society, including indigenous peoples and minorities, forms of civic engagement, volunteerism; donors; international financial institutions (such as the World Bank and other regional IFIs) and other relevant development actors." UNDG (2010) How to Prepare an UNDAF Part (i) Guidelines for UN Country Teams. January 2010,

initiatives from social, professional and other civil society organizations (UNDP, 2006; Norlund, 2007). Consequently, directions for future intervention should include (Norlund, 2007, pp. 24):

- improving the social, legal and economic environment for Vietnamese social organizations, associations and movements;
- strengthening capacity in Vietnamese social organisations and networks;
- focusing on and strengthening effective networks of CSOs;
- strengthening cooperation with the private sector; and
- strengthening the capacity for and implementation of research and evaluation of CSO activities.

8.5 Enhancing implementation and monitoring of international treaty commitments

Viet Nam has shown strong commitment to international integration, not only in economic terms with WTO accession in 2007, but also in terms of ratification of international human rights treaties. Viet Nam has ratified or acceded to five of the nine core international human rights instruments^[1] as well as the Genocide Convention and several ILO conventions; has signed and is actively preparing to ratify the Convention on the Protection of Persons With Disabilities;^[2] is seriously considering signing and acceding to the sixth, namely the Convention against Torture and Other Forms of Cruel, Inhuman and Degrading Treatment or Punishment;^[3] and has agreed to consider ratification of the Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.^[4] Viet Nam engaged fully in the Universal Period Review of human rights under the auspices of the Human Rights Council in 2009, and agreed to implement 93 out of the 123 recommendations made to it by Member States.^[5] This presents a challenging agenda for action, including commitments to:

- consider accession to a number of international human rights treaties;
- further improve the legal framework to better protect and promote human rights in Viet Nam;
- take measures to better ensure economic, cultural and social rights, the rights of women, children and ethnic minorities; and
- accelerate poverty reduction programmes, healthcare, education and assistance for ethnic minorities in mountainous areas.^[6]

At the same time, while Viet Nam continues to make progress in its systems for monitoring and reporting on the situation of human rights to international treaty bodies, there is scope for further

^[1] International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, International Convention on the Elimination of All Forms of Racial Discrimination, Convention on the Elimination of All Forms of Discrimination against Women, Convention on the Rights of the Child, International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families, International Convention for the Protection of All Persons from Enforced Disappearance, Convention on the Rights of Persons with Disabilities.

^[2] See Viet Nam UPR Report (footnote 1 above) at paragraph 54 and 88(a).

^[3] See Viet Nam UPR Report (footnote 1 above) at paragraph 15 and 88(a).

^[4] See Report of the Working Group on Universal Periodic Review – Viet Nam (A/HRC/12/11 of 17.09.09) paragraph 99 recommendation 6.

^[5] See Report of the Working Group on Universal Periodic Review – Viet Nam with its Addendum (A/HRC/12/11 of 17.09.09 and A/HRC/12/11/Add.1 16.09.09).

^[6] See Addendum (footnote 12 above) at paragraph 3.

progress in this area, including ratification of conventions on disability and others; continued implementation of UPR recommendations; and capacity development in the area of human rights research and policy development.

III. THE UN'S COMPARATIVE ADVANTAGE AND KEY MESSAGES OF THE REPORT

9. THE UN'S COMPARATIVE ADVANTAGE

“The UN has a unique mandate and is uniquely placed to help where others cannot.... The UN has a fundamental role as a peacekeeper, a peace builder, in delivering humanitarian aid, helping countries out of crisis and upholding global standards.”

Mr Alan Duncan, Minister of State for International Development, UK, 16 June 2010, Ha Noi Conference

The UN is indeed unique in the world. There is no other organisation with its reach, mandate, scope, resources, influence and impact. In Viet Nam, the diversity of the UN is apparent in the wide scope of its work, undertaken by 16 agencies, to support Viet Nam in achieving results related to equitable economic and social policy, quality public services, environmental protection, governance and institution-building, and emergency preparedness and response. The important contribution of the UN in Viet Nam has been recognized by stakeholders, including in the 2008 Stakeholder Survey, and most recently, in the Independent Country-Led Evaluation of the One UN Initiative in Viet Nam. However, the question is how can the UN now *maximise its comparative advantage and inherent differentiation* to provide the greatest value to Viet Nam?

In this context, it is helpful to consider the UN's *competitive* advantage – where the UN is better positioned to deliver support to Viet Nam because the support it provides is more relevant, unique, or sustainable than that provided by other development partners - rather than a more traditional assessment of *comparative* advantage which is usually used to describe the UN's strengths vis-à-vis other development partners. Two aspects of comparative advantage are relevant: differentiation, where the support provided is only available from a particular provider or development partner, i.e. it is unique in the field; and cost, where the support provided is the most cost effective. Strategies to build competitive advantage typically include pursuing 'uniqueness' by focusing on developing excellence; identifying and cultivating a 'niche' market; and increasing cost efficiency (Porter, 1985). This framework provides a useful starting point for considering the UN's comparative and competitive advantage vis-à-vis other development partners in the current Viet Nam context.

Defining the UN's comparative, and indeed competitive, advantages is particularly critical in the context of the changing ODA environment, discussed in Section 3.1 of this report. Several trends are key in this respect: overall declining global ODA since 2009; climate change financing commitments made in Copenhagen which are set to affect overall ODA resources; and Viet Nam's shift to middle-income status, which will result in adjustments in future aid to Viet Nam. In this context, it is critically important that the UN defines its priorities, and its unique role, in support of national development priorities.

In terms of uniqueness and differentiation, the challenge is to clearly identify the specific comparative and competitive advantages of the UN in Viet Nam, including at a sectoral level. This kind of specificity is important to contextualise global statements about the comparative advantage of the UN. In Viet Nam, the UN has been recognised for the following roles (Poate et al, 2010; TNS Viet Nam 2009):

- Promoting global standards, norms, and commitments;
- Convening diverse actors together to dialogue around critical or sensitive issues;
- Inspiring trust which enables the UN to engage effectively on potentially sensitive issues, including human rights (e.g. the work UN has done with the government during the UPR process);
- Influencing policy development and implementation;
- The ability to access key decision-makers in many critical policy areas, e.g. legal reform and social protection;
- Bringing a multilateral perspective to policy dialogues;
- Advocating for cross-cutting issues that are central to development; – i.e. gender equality, HIV, human rights;
- Pioneering new approaches to development such as the human development framework, and multi-dimensional approaches to understanding poverty;
- Advocating on behalf of vulnerable and/or voiceless groups, such as the chronically poor, people at higher risk of or living with HIV and ethnic minorities;
- Ensuring a focus on equity in development, as a result of the UN's human rights-based approach to development;
- Accessing international knowledge and networks and making these available to the government; and
- Building the capacity of individuals, organizations/agencies and systems over the long term.

The UN is arguably not the only development partner that can effectively provide the kinds of support outlined above to the Government of Viet Nam: other partners are also effectively contributing, for example, to building capacity or pioneering new approaches. In order to differentiate the UN's specific contribution, the question is 'what are the roles that *only* the UN can play, or can play *more effectively* than other development partners in Viet Nam, including in specific sectors'?

In terms of cost efficiencies, it is not yet clear whether the UN has an advantage over other development partners. While the UN is often perceived as a large, bureaucratic and process-heavy institution, UN reform in Viet Nam has been explicitly designed to create greater efficiencies and effectiveness. Considerable efforts have been made to simplify and harmonise the UN's work across the 14 agencies under the One Plan, including by developing the Harmonised Approach to Programme/Project Management (HPPMG). The Country-Led Evaluation noted that it is difficult to measure exactly to what extent efficiencies have increased so far: there is evidence of some cost savings, but unforeseen costs associated with UN reform should not be underestimated (Poate et al, 2010).

In discussions with the donor community in June 2010, four key dimensions of comparative advantage were clearly identified as areas where the UN had a unique role to play, including at a sectoral level:

- Provision of policy advice, linked with international norms and standards, including support to integrate these norms and standards into national legislative and policy frameworks and monitoring their implementation and impact on beneficiaries.
- Applying a multi-sectoral approach to development, and supporting government to address key development challenges which require a cross-government approach.
- Utilising the UN's convening power to bring together stakeholders, including via partnership groups; establishing fora for discussion between development partners; and supporting cross-government coordination. The UN can also play a stronger role in coordination on cross-cutting issues which require specialist expertise, such as gender, human rights and HIV.
- Provision of technical advice based on international best practice, in particular in the context of Viet Nam's shift to middle-income status.

In addition, it was noted that:

- 'Delivering as One' is itself a 'comparative advantage' as the UN can bring a multi-dimensional approach to supporting government to address cross-government, cross-sectoral issues and challenges, which over time will come to predominate in a middle-income country context.
- Although the UN does not have the resources or mandate to be directly involved in all areas of government policy and programming, the UN does have a role to play in ensuring good governance, evidence-based decision-making, and monitoring the impact of policy and programmes on beneficiaries.
- The UN can use its mandate to raise sensitive issues and engage donors and civil society in discussion of these issues with the government, which can be more challenging for bilateral organisations.

In light of the above discussion, the UN may be considered to have competitive advantages, and a key role to play, in the following potential functions and support to the government of Viet Nam:

1. Support to government on multi-sectoral issues that require a cross-sectoral, cross-government approach, drawing on the UN's multilateral networks and expertise, and capacity to 'Deliver as One'.
2. A coordination and convening role, including at a sectoral level, based on specific technical expertise, the UN's normative role, and expertise in cross-cutting issues (gender, HIV, human rights); bringing together different development partners, and government, and supporting inter-ministerial, cross-government coordination.
3. Promoting and supporting dialogue on potentially sensitive issues and acting as a bridge to enable government to dialogue with development partners and civil society.
4. Advocating for the most disadvantaged and vulnerable people – those without a voice.

5. Provision of technical expertise and exchange of knowledge and information, based on international best practice, innovative approaches to human and social development issues (i.e. poverty measurement), and global normative standards.
6. Supporting and monitoring the integration of international norms and standards in national legislative and policy frameworks, and monitoring their implementation and impact on beneficiaries.
7. Ensuring decision-making is evidence-based, is in line with international norms and standards, and benefits the people of Viet Nam.

In consultative discussions with government, donors, and civil society organizations in September and October 2010, a broad consensus emerged in regard to the most critical areas of comparative advantage for the UN in Viet Nam, which were:

- the UN's key convening and coordination role, in particular on issues which require a cross-sectoral response;
- in line with this, facilitation and support to government to work 'as one' on multi-sectoral issues;
- policy and technical advice, in particular on sensitive issues and in accordance with the UN's normative role (human rights, gender equality); and
- advocacy on behalf of the most vulnerable and disadvantaged (those with least voice), in particular at the national level and including in national policy processes.

These potential comparative advantages can be brought to bear in supporting the Government of Viet Nam to address many of the key development challenges identified in this report, over the life of the next One Plan 2012-2016. These are summarized below.

10. CONCLUSION AND KEY MESSAGES

The analysis in this report has drawn out some of the major themes and trends in Viet Nam's socio-economic development, as viewed from the UN's perspective in 2010.

Viet Nam's socio-economic development record during the past two decades has been impressive. It has gone from being a poor, underdeveloped and centrally-planned economy, to attaining middle-income status in little more than two decades, thanks to a very dynamic economy and a vibrant society. Gains in living standards have been equitably shared across most segments of the population, greatly contributing to poverty reduction and social development. Viet Nam has also made significant progress with respect to other important aspects of its socio-economic development, including in social policy, governance, health and education, to cite a few examples.

However, as Viet Nam is now a middle-income country, a new set of development challenges are emerging. If Viet Nam is to continue on a path of **social and broad-based human development**, and avoid the so-called middle-income trap, efforts need to be directed towards ensuring increased **quality of life, social equity, resilience to economic and environmental shocks and stresses** and **voice and participation** of all Vietnamese people in the development process.

The UN believes that in order to maintain the country's rapid economic growth and social stability, Viet Nam must act now to re-orient its growth model and development priorities to achieve greater

balance between economic, human and social, and sustainable development. Issues of disparity and inequality are becoming more apparent, and this could have an impact on social cohesion, especially if reforms to governing institutions and anti-corruption efforts proceed too slowly to make a difference in the lives of the majority of Vietnamese people. Climate change and environmental considerations have not yet been fully integrated into the country's economic and social development planning though Viet Nam does not have the luxury of postponing climate change adaptation and mitigation efforts. Greater use of reliable data and evidence, more cross-sectoral and coordinated approaches, and more innovation and flexibility are required to address Viet Nam's development challenges. All of these are essential underpinnings for Viet Nam's development ambitions.

The role of the UN is to support Viet Nam in achieving its international obligations, including the Millennium Declaration and MDGs and various human rights commitments, as well as its national development goals. As Viet Nam completes the transition to middle-income country status over the next decade, and as it navigates the complex and emerging issues outlined in this analysis, the UN will also need to continue to redefine its role so as to most effectively support a changing Viet Nam.

In this light, the following key messages have been identified, which summarize the main elements of the analysis presented in this report, and which should help to inform the selection of possible programming priorities in the next One Plan 2012-2016. These messages capture the UN's reading of Viet Nam's development "story" to date, the key development challenges Viet Nam faces and suggests priorities that, from a UN perspective, require the most urgent action in the next 5-10 year period.

The draft SEDS sets out the need to 'accelerate proactively economic restructuring and [a] growth paradigm shift, prioritizing quality, productivity, efficiency and competitiveness, and attaching importance to intensive development and knowledge-based economy development. Harmonize economic growth with social progress and equity; improve constantly the quality of life of the people, develop vigorously culture, and promote democracy' and recognizes that 'Socio-economic development should always go along with environmental protection and improvement' (GOV, 2010b). The priorities identified below are in alignment with these objectives, focusing on **improving quality of growth**, addressing **inequality and vulnerability**, ensuring **access to quality social services** to develop human capabilities, and promoting **participation and voice** for all Vietnamese people.

Quality of growth

1. As the historical experience of today's advanced economies shows, improving the quality of growth in Viet Nam will invariably involve a **gradual transformation of Viet Nam's economic structure**. At present Viet Nam's exports and production are largely concentrated in low-value added, low-technology, resource-intensive activities in commodity agriculture, light manufacturing, assembly-type operations and extractive industries. To continue ensuring **rising incomes and decent, better paid jobs**, the Vietnamese economy needs to increase economy-wide productivity levels, and move into more sophisticated production activities with greater technological content that are able to generate greater domestic value added. Achieving this will require a mix of interventions to increase workers skills, enhance enterprises' technological capabilities, promote innovation and competition, and facilitate the international transfer of technology and know-how. Specific interventions are also required to help increase productivity in agriculture and promote the broader rural economy, as well as interventions that contribute to

a regionally more balanced model of growth. A well-educated, healthy workforce is critical to support this agenda.

2. Today, Viet Nam is highly **integrated in the global economy**, having become one of the most open economies in the world, a major exporter of commodities and light manufactured goods, and one of the most important destinations in the world for FDI, all of which have contributed to Viet Nam's fast economic development over the past two decades. Yet, in a context of great economic uncertainty and increasing competition from new emerging economies, Viet Nam needs to press forward with reforms that will ensure its economy-wide competitiveness in the medium- and long-term and allow it to adapt to the evolving global economic environment. This is necessary if Viet Nam is to remain a key player in international markets.
3. **Environmental concerns** figure high on the government's agenda. There is a growing recognition that rapid economic growth in Viet Nam has, in many cases, been driven by the unsustainable exploitation of natural resources and cultural heritage, leading to widespread environmental degradation, especially noise, air and water pollution, and loss of cultural heritage and identity. Efforts in this sphere should be oriented in three main directions: i), reducing environmental degradation caused by economic and human activity (for example through clean production models, sustainable infrastructure and investment in natural capital) and scaling up efforts to preserve cultural heritage; ii), strengthening the resilience of sectors, regions, communities, households, women, men and children to environmental stresses; and iii) promoting greater energy efficiency, sustainable consumption, green business models and economies to reduce any negative environmental impacts of growth.
4. With regard to **climate change**, Viet Nam has been identified by the international scientific community as one of the most affected countries, and there is growing recognition of the significant challenges that climate change poses for Viet Nam's future socio-economic development, with increasing resources required to address these challenges. Viet Nam needs to urgently accelerate the use of international as well as national resources to **adapt to the effects of climate change**, which threaten the development potential of present and future generations. The country must also shift to a **low-carbon, green economy**, thus reducing the carbon intensity of growth. Achieving this will require full implementation of the government's NTP to Respond to Climate Change, including integration of climate change into sectoral and provincial development plans; enhancing Viet Nam's research base in order to develop low-carbon technologies; designing sound climate change adaptation strategies; and encouraging private sector investment in climate-resilient, low-carbon technology and infrastructure.
5. Finally, achieving growth that is more inclusive, equitable and sustainable requires the full and **active involvement of all economic actors**, including government, the private sector, SOEs, trade unions, business and consumers associations, as well as the provision of an **adequate and fair economic and policy environment** for all of these actors to participate in and benefit from growth. Strengthening **policy dialogue** and **industrial relations**, promoting **responsible business practices** and strengthening market, environmental and health **regulation** can all contribute to achieving this.

Inequality and vulnerability

1. Viet Nam's socio-economic development during the past decade has been relatively equitable, largely due to the many income and employment opportunities that Viet Nam's economic growth

has generated, as well as to the design of social policy interventions that have ensured basic needs were met. Yet some forms of **poverty** and deprivation are now becoming more **entrenched and resistant** to conventional forms of intervention, while in many areas **inequalities and disparities** are on the rise. Disparities are also increasing between geographical regions, and between urban and rural areas. As the SEDP acknowledges “*it is critical not to allow the development gap between areas to become an urgent problem*” (SRVN 2010a:146). To achieve this, Viet Nam needs to invest in *improved growth* and *quality of growth* to reduce these disparities so that all groups in Vietnamese society can benefit from the country’s progress.

2. Viet Nam has achieved a relatively high degree of **gender equality**, especially in education, women’s participation in the labour force, and equal rights enshrined in law and policy frameworks. Key challenges that are urgent from a gender equality and human development perspective include the growing imbalance in the sex ratio at birth and persistent son-preference; the prevalence of, and tolerant attitudes towards, domestic violence; and the double burden women experience because of their primary role as care-givers as well as their role in income-generation, which constrain women’s ability to participate in formal employment and in decision-making at all levels. Greater efforts need to be devoted to tackling gender-based discrimination; boosting women’s participation in decision-making; ensuring equitable access to income generation opportunities and social protection; and combating gender-based violence. These issues require changes in the **policies, attitudes, behaviours, and institutions** that perpetuate gender inequality in Viet Nam.
3. Viet Nam is responding to the HIV epidemic through concerted action by government, development partners and civil society. However, while HIV still remains concentrated among key at-risk populations, Viet Nam needs to act now if it is to meet its national and international HIV-related commitments and achieve MDG6. This requires improving the HIV legal and policy environment and ensuring access to a package of quality HIV prevention, treatment, and care and support services. HIV is a poverty and a development challenge, rooted in, and with the potential to exacerbate, inequality and disparity, and requires a cross-government, multi-sectoral response. Preventing HIV from spreading will help to contain future government spending on health and social services. Viet Nam also needs to support people living with and affected by HIV, and scale up national funding in light of declining ODA as Viet Nam reaches middle-income country status.
4. Viet Nam has a strong record of reducing poverty and promoting equitable socio-economic development. Yet, **new forms of vulnerability and disadvantage** are emerging, partly driven by the changing nature of the type of shocks that Vietnamese people are exposed to in this new development phase (e.g. macroeconomic shocks, climatic shocks, natural disasters). In this context, there is a pressing need for universal approaches to social protection, as this is typically a better way to address these new forms of vulnerability and disadvantage than area-based, targeted programmes. In this respect, **a comprehensive, inclusive and sustainable social protection system** that lies at the *core of Viet Nam’s development strategy* is needed, in order to contribute to economic growth and poverty reduction, and mitigate economic and environmental crises and shocks for different population groups. It is also critical to address the care burden which largely falls on women, and ensure that social security mechanisms enable women’s full participation in the economy and in employment.

Access to quality social services

1. Significant progress has been made in providing **access to public services**, especially health and education. Yet in this area Viet Nam faces the challenge of ensuring universal access to quality public services for all its people, especially health and education services. Without a healthy and educated population, many of Viet Nam's development targets and aspirations will be difficult to reach. However, the policy of '**socialisation**' has emerged as a significant barrier to access, preventing those most in need – the poor, the disadvantaged – from accessing these services. Viet Nam needs to strengthen its health system, increase public investment in social services, phase out user fees for health and education, and strengthen planning and public financial management systems so as to ensure a good, efficient and effective use of social policy financing.
2. While Viet Nam has made significant progress towards achieving national and international targets in education and health, significant disparities remain across socio-economic groups. For both the health and education systems there is a need to improve the **quality of services** at all levels in line with national and international standards; ensure access for the **most vulnerable and** disadvantaged groups; and strengthen **management systems**, including by ensuring sustainable public financing and a sufficient supply of qualified professional staff. Viet Nam needs to improve its vocational and higher education system, and ensure a balance between preventative and curative health care, if it is to have a healthy, well-educated population with the capacity to contribute effectively to the country's development and also benefit from the process.
3. In addition, the country's changing demographic profile will continue to create new demand for social services and social protection. Viet Nam's **demographic profile** is changing as a result of trends such as the rising **sex ratio at birth**; peak in **youth population** rates; and **population ageing**. While offering tremendous opportunities, changing demographic patterns also pose important challenges. **Older people are living longer**, increasingly without the traditional family and social networks of the past, which requires substantive reform of the country's social assistance, pension systems, and medical insurance. Today's **young people** are more formally educated, more empowered, more globally integrated, and more consumer-minded than previous generations. Yet they also have a need for constructive outlets for self-expression and for participation and engagement in political, social and economic life. More tangibly, they need high quality, relevant education and training, and access to health and social services which can effectively support them to make healthy life choices as they transition to adulthood.
4. **Population mobility** is set to increase as more and more Vietnamese people move within and across borders seeking to improve their lives. **Migration** offers new opportunities and is a driver of economic growth – but migrants in Viet Nam are not yet entitled to the full range of social services and protection available to permanent residents and the poor. **Trafficking** is on the rise, and like other countries in the region, while policy frameworks are in place, Viet Nam is struggling to deal with this complex and diverse phenomenon.

Voice and participation

1. As the country modernises, key institutions, including the National Assembly and CSOs have begun to play a more active and critical role in support of national development. Viet Nam's institutions need to be reformed in order to address inefficiencies, poor accountability, corruption, and the challenges of decentralization, especially inadequate capacity at sub-national levels. With the increasing complexity of the many challenges Viet Nam faces –

including climate change, chronic poverty, and vulnerability in the face of economic integration – comes a need for even **greater sophistication in the design of institutions** (e.g. more inter-ministerial coordination mechanisms/processes) and enhanced **ability to execute their functions** (e.g. with greater independence, objectivity, and use of evidence). Multi-sectoral, cross-government responses will be required to address many of the challenges Viet Nam faces. Increasingly, the Government of Viet Nam will be required to act ‘as one’ in order to respond effectively.

2. Viet Nam has progressively created greater space for public participation and civic engagement, for example with the move towards grassroots democracy, greater decentralization and more active roles of the National Assembly and People’s Council’s. The country is currently at a critical juncture – Viet Nam needs to seize the opportunity to harness the vast potential of all its citizens for **better, more effective, and more accountable and transparent governance** in order to promote greater social cohesion. Enhancing parliamentary development and oversight functions; stepping up the fight against corruption; and enhancing participation by citizens, media and CSOs in legislative and oversight processes can all contribute to making this possible.
3. Addressing constraints in **access to justice and protection of rights** is also key to ensure all Vietnamese people are able to realize their capacities and aspirations. The overlaps and inconsistencies in Viet Nam’s legal system are viewed by the government itself as the main obstacle to the development of society and the exercise of human rights, but further challenges are faced in the implementation of laws. Full accountability under law also requires strengthening access to justice, particularly for those who depend on the law to protect them from discrimination, stigma and other disadvantages – such as women, children, the poor, ethnic minorities (especially in remote areas), migrant workers and people living with HIV.
4. Viet Nam is signatory to many of the core international human rights treaties and needs to continue to implement and monitor its adherence to national and international **human rights commitments**, implement the recommendations accepted from the UPR process, and continue strengthening its engagement in human rights dialogue, including through regional and global institutions.
5. Viet Nam has made significant efforts since *doi moi* to reform and modernize its **policy development process and institutional framework**, for example by embracing decentralization and promoting more inter-sectoral programmes and policies such as Programme 135-II and the various NTPs. However, policy impact is constrained by low availability and poor use of relevant evidence, limited participation and representation of all stakeholders, and weak capacity and inter-sectoral coordination within and across government agencies. A **one-size-fits-all approach** to policy development and implementation no longer serves Viet Nam in an increasingly complex environment, nor is it sufficient to meet the needs of different population groups. **Ineffective policy processes** can lead to poor use of resources and budgets, contribute to rising inequity and diluted impact of policy interventions, and can act as a major obstacle to socio-economic development in Viet Nam across all sectors.
6. Finally, many of the most critical development challenges – adjusting to smaller families and more equitable gender norms, application of the rule of law to everyone, anti-corruption, protection and conservation of the environment, adoption of healthier lifestyles, and skills development to support economic restructuring - require **changes in deep-rooted attitudes**

and behaviours among leaders, policy and decision makers, businesses, and individual Vietnamese people. Widespread behavior and attitude change takes time and will require significant investment, together with continued strong leadership and commitment from the Government of Viet Nam.

The next five years will mark a significant period of transition for Viet Nam as it moves into the period of implementation of the next SEDP and SEDS, consolidates the shift to middle-income country status and meets emerging challenges associated with an uncertain global economy, climate change and changing demographic trends.

Viet Nam has already proved its resilience, successfully weathering the global economic crisis, and continuing to build on development gains in different sectors. Looking forward, it will be increasingly critical that Viet Nam gives equal weight to key social and human development challenges; threats to environmental sustainability; and ways to ensure good governance, along with meeting key economic goals and targets. Not only are social and human development, environmental sustainability and good governance important national goals in their own right, they are an important precondition to enable Viet Nam to achieve economic growth and stability and successfully make the transition to middle-income status – and beyond.

11. ANNEXES

Annex 1: List of key development indicators

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
KEY DEVELOPMENT INDICATORS										
Human development index (HDI)¹										
Rank	109	109	112	108	109	105	116	116	-	-
Value	0.688	0.688	0.691	0.704	0.709	0.733	0.725	0.725	-	-
GDP/capita (PPP US \$)	1,996	1,691	2,300	2,490	2,745	2,269	2,426	2,600	-	-
Life expectancy at birth (years)	68.2	68.6	69	70.5	70.8	73.8	74.1	74.3	-	-
Adult literacy rate (% aged 15 and above)	90.3	92.7	90.3	90.3	90.3	90.3	90.3	90.3	-	-
Combined gross enrolment ratio in education	67	64	64	64	63	63.9	62.3	62.3	-	-
Human Poverty Index (HP-1)¹										
Rank	39	20	41	47	33	36	55	55	-	-
Value	19.9	-	-	21.2	15.7	15.2	12.4	12.4	-	-
Gender Empowerment Measure¹										
Rank	-	-	-	-	-	-	52	62	-	-
Value	-	-	-	-	-	-	0.561	0.554	-	-
Gender-related Development (GDI) Index¹										
Rank	89	89	87	83	80	91	-	95	-	-
Value	0.68	0.687	0.689	0.702	0.708	0.732	-	0.723	-	-
HIV										
Prevalence of HIV, total (% of population ages 15-49)²	-	0.30	0.4	0.4	0.5	0.5	0.5	-	-	-
HIV contraction rates by year (%)¹⁴										
Drug addiction	-	29.4	29.4	27.7	28.6	25.6	23.1	20.2	20.3	18.4
Female prostitution	-	4.7	5.9	3.8	4.4	3.5	4.2	3.9	3.1	3.2
Male homosexual sex	-	2.3	2.1	1.8	1.8	2.5	2.2	1.9	2.1	1.7
Pregnant women	-	0.30	0.34	0.24	0.35	0.35	0.37	0.34	0.27	0.28
TNKTNVQS (young testing for military duties)	-	0.93	0.65	0.45	0.44	0.32	0.16	0.21	0.28	0.15

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
CLIMATE CHANGE										
CO₂ emissions (kt)¹	53597	59,977	71,360	79,431	101,682	103,464	104832	111,378	-	-
CO₂ emissions (metric t per capita)¹	0.68	0.75	0.88	0.97	1.22	1.23	1.23	1.29	-	-
CO₂ per \$1 GDP (PPP)¹	0.43	0.45	0.50	0.52	0.62	0.58	0.54	0.53	-	-
Methane emissions (kt of CO₂ equivalent)²	71560	-	-	-	-	75080	-	-	-	-
Energy related methane emissions (% of total)²	43.91	-	-	-	-	42.02	-	-	-	-
Road sector fuel consumption (% of total consumption)²	9.03	9.23	10.52	11.44	12.43	12.33	12.70	13.05	-	-
Consumption of ozone-depleting substances (metric t)²	369.4	353.7	447.4	404.6	419.3	458.7	401.1	298.2	277.5	-
Nitrous oxide emissions (1,000 metric t of CO₂ equiv.)²	27110	-	-	-	-	37470	-	-	-	-
KEY DEMOGRAPHIC INDICATORS										
Population size (thousands)³	77,631	78,621	79,539	80,468	81,438	82,394	83,313	84,221	85,122	86,025
Population growth (annual %)⁴	0.2	1.3	1.3	1.5	1.4	1.3	1.2	1.2	1.2	1.2
Urban population (% of total)⁴	24.3	24.7	25.1	25.6	26.0	26.4	26.9	27.4	27.8	29.6
Rural population (% of total population)⁴	75.7	75.3	74.9	74.4	74.0	73.6	73.1	72.6	72.2	70.4
Crude birth rate⁵										
Entire country	-	18.6	19.0	17.5	19.2	18.6	17.4	16.9	16.7	17.6
Urban	-	15.4	16.9	15.0	16.7	15.6	15.3	-	15.8	17.3
Rural	-	19.7	19.6	18.9	19.9	19.9	18.2	-	17.3	17.8
Crude death rate⁴										
Entire country	5.4	5.4	5.3	5.3	5.3	5.3	5.4	5.4	5.4	6.8
Urban	-	-	-	-	-	-	-	-	-	5.5
Rural	-	-	-	-	-	-	-	-	-	7.4
Total fertility rate (TFR)⁵										
Entire country	-	2.25	2.28	2.12	2.23	2.11	2.09	2.07	2.08	2.03
Urban	-	1.86	1.93	1.70	1.87	1.73	1.72	1.70	1.83	1.81
Rural	-	2.38	2.39	2.30	2.38	2.28	2.25	2.22	2.22	2.14

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sex ratio at birth (number of boys born per 100 girls)⁵										
Entire country	-	109.0	107.0	104.0	108.0	106.0	109.8	111.6	112.1	110.6
Urban	-	-	-	-	-	-	109.0	112.7	114.2	110.7
Rural	-	-	-	-	-	-	110.0	111.3	111.4	110.5
Proportion of population aged under 15, 15-64 and 65 and older⁶										
Under 15 years (%)	-	-	-	-	-	-	-	-	25	25.0
15-64 years (%)	-	-	-	-	-	-	-	-	67.5	68.4
65 years and older (%)	-	-	-	-	-	-	-	-	7.5	6.6
Ageing index (No. of people aged 60 per 100 people aged below 15 years)⁵	-	-	-	-	-	-	-	-	-	35.7
Contraceptive prevalence (% of women ages 15-49)²	74.2	-	78.5	-	-	76.8	75.7	-	-	-
Adolescent fertility rate (births/1,000 women aged 15-19)²	22.30	21.25	20.19	19.36	18.76	18.15	17.55	16.94	16.53	-
Urban-rural migration flows, 5 years prior 2009 Census⁶										
Rural to urban	-	-	-	-	-	-	-	-	-	1,943,000
Urban to rural	-	-	-	-	-	-	-	-	-	548,000
Net rural-urban migration	-	-	-	-	-	-	-	-	-	1,395,000
Effect on rural population growth (%)	-	-	-	-	-	-	-	-	-	-0.23
Effect on urban population growth (%)	-	-	-	-	-	-	-	-	-	0.57
INCLUSIVE AND EQUITABLE GROWTH										
GDP growth (annual %) ²	6.79	6.89	7.08	7.34	7.79	8.44	8.23	8.46	6.18	-
GDP per capita (current US\$)²	401.52	415.39	439.73	480.42	553.50	635.38	711.17	805.88	1051.43	-
Average consumption expenditure (VND-thousands)⁷										
Entire country	-	-	3.181	-	3.786	-	4.025	-	4.546	-
Male-headed households	-	-	2.939	-	3.518	-	3.807	-	4.287	-
Female-headed households	-	-	4.116	-	4.752	-	4.792	-	5.465	-
Urban	-	-	5.698	-	6.426	-	6.370	-	6.857	-
Rural	-	-	2.419	-	2.868	-	3.170	-	3.664	-

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Kinh	-	-	3.400	-	4.060	-	4.334	-	4.882	-
Others	-	-	1.646	-	1.887	-	2.047	-	2.356	-
Income share held by lowest 10%²	-	-	-	3.32	-	3.16	-	3.08	-	-
Income share held by highest 10%²	-	-	-	30.31	-	31.63	-	29.82	-	-
Unemployment rate⁸										
Entire country	2.3	2.8	2.1	2.3	2.1	2.1	2.3	2.4	2.4	2.9
Male	2.4	2.3	1.9	1.9	1.9	2	2.3	2.4	2.0	4.9
Female	2.1	3.3	2.3	2.6	2.4	2.2	2.2	2.5	2.8	4.2
Urban	-	-	-	-	-	-	-	-	4.7	4.6
Rural	-	-	-	-	-	-	-	-	1.5	2.3
Employment to population ratio 15+ (labor force ppatio)⁸										
Entire country	73.3	74	73.5	73.2	72.6	72.3	72.2	72	72	76.5
Male	76.8	77.4	76.8	76.5	76.1	75.8	75.6	75.4	75.3	81.8
Female	69.5	70.4	69.8	69.5	68.7	68.5	68.3	68.2	68.2	71.4
Urban	-	-	-	-	-	-	-	-	-	67.1
Rural	-	-	-	-	-	-	-	-	-	80.6
Vulnerable employment (% of total employment)⁸										
Entire country	80.1	-	-	-	73.4	73.4	76.9	76.7	-	-
Male	76.9	-	-	-	69.5	69.8	73.1	75.3	-	-
Female	83.2	-	-	-	78.5	78.4	80.9	78.2	-	-
Unemployment rate of young people aged 15-24 years⁸										
Entire country	4.8	5.9	4.3	4.8	4.6	4.9	4.9	6	-	-
Male	5	4.7	4.1	4.5	4.4	4.7	4.9	5.8	-	-
Female	4.6	7.1	4.6	5.1	4.9	5	4.8	6.3	-	-
Proportion of own-account and contributing family workers in total employment¹										
Entire country	80.1	77.5	78.3	77	73.9	-	-	-	-	-
Male	83.2	81	81.8	81.1	78.5	-	-	-	-	-
Female	76.9	74.2	75	73.1	69.5	-	-	-	-	-

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Proportion of the labor force with technical qualifications⁹										
Entire country	-	-	-	-	-	-	-	-	-	14.9
Male	-	-	-	-	-	-	-	-	-	16.8
Female	-	-	-	-	-	-	-	-	-	12.9
Urban	-	-	-	-	-	-	-	-	-	31.6
Rural	-	-	-	-	-	-	-	-	-	8.8
Proportion of the labor force with university qualifications or higher⁹										
Entire country	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	5.4
Female	-	-	-	-	-	-	-	-	-	4.6
Share of women, wage employment in non-agric. sector¹	40.7	40.7	40.8	40.1	40.4	-	-	-	-	-
Total businesses registered (number)²	10458	16291	23485	30164	40918	52506	-	-	-	-
ENVIRONMENT AND SUSTAINABLE GROWTH										
Energy use (kg of oil equivalent per capita)²	477.44	496.74	529.28	543.31	608.47	613.59	626.73	655.12	-	-
Energy use (kt of oil equivalent)²	37066.0	39086.0	42198.0	43955.0	49914.0	50993.0	52731.0	55787.0	-	-
GDP per unit of energy use (const. 2005 PPP \$ per kg of oil equi.)²	3.35	3.39	3.36	3.47	3.29	3.49	3.65	3.75	-	-
Energy related nitrous oxide emissions (% of total)²	0	-	-	-	-	0	-	-	-	-
Organic water pollutant (BOD) emissions (kg per day)²	260,430	296,096	353,819	399,522	443,078	470,233	500,482	-	-	-
Fertilizer consumption (kg per hectare of arable land)²	-	-	3049.64	3423.03	4122.19	3607.21	4002.99	4250.63	-	-
Agricultural methane emissions (% of total)²	65.20	-	-	-	-	66.77	-	-	-	-
Agricultural nitrous oxide emissions (% of total)²	93.43	-	-	-	-	94.90	-	-	-	-
Alternative and nuclear energy (% of total energy use)²	3.38	4.01	3.71	3.72	3.04	3.55	3.90	4.61	-	-
Combustible renewables and waste (% of total energy)²	60.37	58.02	54.45	53.05	47.37	46.97	45.97	43.99	-	-
Terrestrial & marine areas protected to total territory(%)²	4.22	4.22	4.85	4.85	4.85	4.85	4.85	4.85	4.85	4.85
Forest area (% of land area)²	37.69	38.47	39.31	40.15	40.93	41.70	42.48	43.26	-	-
Mammal species, threatened²	-	-	-	-	-	-	-	-	54	-
Fish species, threatened²	-	-	-	-	-	-	-	-	11	-

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Water pollution, paper & pulp industry (% total BOD emissions) ²	3.64554	3.56078	3.36615	3.49776	3.69267	3.48536	-	-	-	-
PRODUCTIVITY AND TECHNOLOGY										
GDP per person employed (constant 1994 VND - 000's) ¹⁰										
Overall	7133	7501	7800	8166	8565	9045	9548	10124	-	-
Agriculture	2545	2630	2744	2883	3017	3119	3272	3464	-	-
Industry	20,312	19,749	19,836	19,146	19,423	20,289	21,357	21,993	-	-
Services	13,206	13,894	13,675	13,811	13,928	14,367	14,256	14,308	-	-
GDP per person employed, annual growth rate ¹⁰										
Overall	6.1	5.2	4	4.7	4.9	5.6	5.6	6	-	-
Agriculture	3.5	3.3	4.3	5.1	4.7	3.4	4.9	5.9	-	-
Industry	5.5	-2.8	0.4	-3.5	1.4	4.5	5.3	3	-	-
Services	7.9	5.2	-1.6	1	0.8	3.2	-0.8	0.4	-	-
Research and development expenditure (% of GDP) ²	-	-	0.19276	-	-	-	-	-	-	-
High-technology exports (% of manufactured exports) ²	11.0062 2	8.43916 3	5.85433 2	5.55824 8	4.46339 6	5.33770 5	6.20583 1	8.93060 9	-	-
Mobile cellular telephone subscriptions per 100 ¹¹	1.00	1.57	2.35	3.35	5.97	11.41	18.22	27.56	80.37	-
Internet users per 100 ¹¹	0.25	1.27	1.85	3.78	7.64	12.74	17.25	20.76	23.92	-
NATIONAL COMPETITIVENESS										
Export value index (2000 = 100) ²	100	103.77	115.35	139.12	182.87	224.00	274.99	335.30	434.34	-
Import value index (2000 = 100) ²	100	103.71	126.27	161.50	204.43	236.46	287.06	401.36	514.23	-
Trade in services (% of GDP) ²	19.10	18.94	18.96	18.84	18.95	16.38	17.06	18.67	16.58	-
External debt stocks (% of GNI) ²	41.7405 9	39.0267 6	38.6843 8	41.8085 1	40.5107 2	36.9366 6	34.3779 8	35.7393 1	29.7307 6	-
Total debt service (% of exports of goods, services and income) ²	7.49	6.71	6.04	3.43	2.58	2.58	2.08	2.24	1.89	-
Inflation, consumer prices (annual %) ²	-1.71	-0.43	3.83	3.22	7.76	8.28	7.39	8.30	23.12	-
ISO certification ownership (% of firms) ²	-	-	-	-	-	11.4	-	-	-	-
Time required to start a business (days) ²	-	-	-	63	56	50	50	50	50	50

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Logistics performance index: Overall (1=low to 5=high)²	-	-	-	-	-	-	2.89	-	-	2.96
Firms using banks to finance investment (% of firms)²	-	-	-	-	-	29.38	-	-	-	-
Domestic credit to private sector (% of GDP)²	35.26	39.29	43.14	48.37	58.72	65.86	71.22	93.36	90.63	-
EDUCATION										
Literacy rate of population 15 years and older¹²										
Overall ²	90.1561 3	-	-	-	-	-	-	-	92.5	-
Male	-	-	-	-	97.8	97.5	97.7	98.1	98	-
Female	-	-	-	-	96.5	96.3	96.6	97.1	97.1	-
Urban	-	-	-	-	99.2	99.1	99.2	99.6	99.4	-
Rural	-	-	-	-	96.4	96.0	96.4	96.8	96.8	-
School attendance status⁶										
Currently attending	-	-	-	-	-	-	-	-	-	24.7
Attended in the past	-	-	-	-	-	-	-	-	-	70.2
Never attended	-	-	-	-	-	-	-	-	-	5.1
Net enrolment rate in primary school⁹										
Entire country	-	-	-	-	-	-	-	-	-	95.5
Urban	-	-	-	-	-	-	-	-	-	97.2
Rural	-	-	-	-	-	-	-	-	-	94.9
Net enrolment rate in lower secondary school⁹										
Entire country	-	-	-	-	-	-	-	-	-	82.6
Urban	-	-	-	-	-	-	-	-	-	88.9
Rural	-	-	-	-	-	-	-	-	-	80.6
Net enrolment rate in upper secondary school⁹										
Entire country	-	-	-	-	-	-	-	-	-	56.7
Urban	-	-	-	-	-	-	-	-	-	68.4
Rural	-	-	-	-	-	-	-	-	-	52.8

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net enrolment rate in tertiary⁹										
Entire country	-	-	-	-	-	-	-	-	-	16.3
Urban	-	-	-	-	-	-	-	-	-	36.2
Rural	-	-	-	-	-	-	-	-	-	6.7
Children out of primary school²										
Male	-	143.32	-	-	-	-	-	-	-	-
Female	-	369.55	-	-	-	-	-	-	-	-
Ratio of female students at various educational levels¹³										
Primary education	-	47.5	-	47.6	47.7	48.2	48.5	46.2	47.9	-
Lower secondary education	-	47.5	-	47.8	47.9	48.1	48.3	48.8	48.5	-
Upper secondary education	-	46.8	-	48.5	48.9	49.4	49.3	51.7	52.6	-
College	-	50.9	-	46.8	51	53.1	53.8	50.8	51.2	-
University	-	44.3	-	49.5	47	47.2	48.4	48.4	48.5	-
Public spending on education, total (% of GDP)²	-	-	-	-	-	-	-	-	5.34	-
Trained teachers in primary educ. (% of total teachers)²	80.05	84.95	87.01	-	-	93.37	95.64	97.79	98.63	-
HEALTH										
Life expectancy at birth (years)²										
Overall	71.95	72.38	72.78	73.13	73.44	73.71	73.94	74.16	74.37	-
Male	70.23	70.64	71.00	71.33	71.61	71.86	72.07	72.28	72.47	-
Female	73.75	74.22	74.65	75.03	75.36	75.65	75.91	76.14	76.37	-
Under-five mortality (per 1000)¹⁴		42.0				27.5	26.0	25.9	25.50	25
Under-one mortality rate (per 1000)¹⁴	-	30	24.8	21	-	17.8	16	16	15	15
Immunization rate among children under one year old (%)¹⁴										
BCG	-	-	96.7	95.3	95.6	98.2	97.5	93.7	95.7	-
Poliomielitis	-	-	91.6	96.3	96.3	97.8	96.8	92.0	95.6	-
Diphtheria, pertussis, tetanus	-	-	74.8	96.3	96.2	96.2	96.7	92.1	95.5	-
Measles	-	-	95.7	96.2	97.1	97.1	96.4	82.8	95.6	-

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Full immunization	-	-	89.7	97.1	96.5	96.5	95.7	81.1	93.9	-
Discovered tuberculosis patients (per 100,000)¹⁴										
Contracted	-	-	-	-	-	95.97	98.284	-	98.684	98.192
Death	-	-	-	-	-	1.936	1.852	-	1.802	1.689
Maternal mortality ratio (maternal deaths per 100,000 live births)¹⁴	-	130	-	-	85	80	75.1	75	76	75
Births attended by skilled health staff (% of total)¹⁵	68.3	-	85	-	90	-	87.7	94.3	94.8	94.8
Pregnant women receiving prenatal care (%)²	68.3	-	86.4	-	-	-	90.8	-	-	-
Improved sanitation facilities (% of population with access)²	51	-	-	-	-	-	65	-	-	-
Improved water source (% population with access)²										
Urban	94	-	-	-	-	-	98	-	-	-
Rural	72	-	-	-	-	-	90	-	-	-
Health expenditure, total (% of GDP)²	-	-	-	5.34	5.67	5.97	6.55	7.11	-	-
Health expenditure per capita (current US\$)²	-	-	-	25.79	30.92	37.57	46.91	58.34	-	-
Public health expenditure (% of total health expenditure)²	-	-	-	31.36	26.83	25.90	32.33	39.32	-	-
Out-of-pocket health exp. (% of private exp. on health)²	-	-	-	89.57	89.07	89.54	90.20	90.23	-	-
POVERTY AND VULNERABILITY										
Population below \$1 (PPP) per day, %¹¹	-	-	40.1	-	24.2	-	21.5	-	-	-
Poverty rate, national poverty line (%)¹⁶										
Entire country	-	-	28.9	-	19.5	-	16.0	-	14.5	-
Urban	-	-	6.6	-	3.6	-	3.9	-	3.3	-
Rural	-	-	35.6	-	25.0	-	20.4	-	18.7	-
Kinh and Chinese	-	-	23.1	-	13.5	-	10.3	-	-	-
Ethnic minorities	-	-	69.3	-	60.7	-	52.3	-	-	-
North East	-	-	38.4	-	29.4	-	25	-	24.3	-
North West	-	-	68	-	58.6	-	49	-	45.7	-
Red River delta	-	-	22.4	-	12.1	-	8.8	-	-	-
North Central Coast	-	-	43.9	-	31.9	-	29.1	-	22.6	-

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
South Central Coast	-	-	25.2	-	19.0	-	12.6	-	13.7	-
Central Highlands	-	-	51.8	-	33.1	-	28.6	-	24.1	-
South East	-	-	10.6	-	5.8	-	-	-	3.5	-
Mekong Delta	-	-	23.4	-	19.5	-	10.3	-	12.3	-
Malnutrition prevalence, height for age (% of child. under 5) ²	43.4	-	-	-	-	-	35.8	-	-	-
Malnutrition prevalence, weight for age (% of child. under 5) ¹	33.1	-	30.1	28.4	26.6	25.2	20.2	-	-	-
SOCIAL PROTECTION										
Minimum wage (VND-thousands)¹⁷										
Domestic enterprises	-	-	210	-	290	-	450	-	-	-
Foreign-invested companies Region 1*	-	-	487	-	487	-	810	-	-	-
Foreign-invested companies Region 2*	-	-	556	-	556	-	626	-	-	-
Foreign-invested companies Region 3*	-	-	626	-	626	-	710	-	-	-
* Region 1 includes Ha Noi and HCMC. Region 2 covers their suburbs, several other large cities and some districts with industrial zones. All the rest for the country is under Region 3.										
Viet Nam Social Insurance Revenue and Spending¹⁸										
Total revenue	-	-	26.7	33.7	42.6	51.6	61	-	-	-
Long-term benefits										
Old-age pensions	-	-	7.0	10.2	11.2	15.3	21	-	-	-
Lump sums	-	-	0.4	0.4	0.5	0.9	1	-	-	-
Survivor benefits	-	-	0.3	0.4	0.4	0.4	1	-	-	-
Short-term benefits										
Sickness invalidity	-	-	0.2	0.2	0.2	0.2	0	-	-	-
Maternity	-	-	0.3	0.5	0.6	0.7	1	-	-	-
Industrial injury	-	-	0.1	0.1	0.1	0.1	0	-	-	-
Total spending	-	-	8.2	11.7	13.1	17.6	33.9	-	-	-
Balance	-	-	18.5	22.0	29.5	33.9	36.0	-	-	-
Note: Figures are in trillion dong.										

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Access to health care by ethnicity (Have health insurance and free healthcare card (%))¹⁹										
Kinh and Chinese	-	-	-	-	35	-	49	-	-	-
Ethnic minorities	-	-	-	-	55	-	78	-	-	-
Number of beneficiaries from targeted social programs¹⁸										
Isolated elderly and poor disabled	-	68,000	73,000	77,000	103,000	110,000	122,000	-	-	-
Orphaned children	-	24,000	39,000	32,000	45,000	47,000	61,000	-	-	-
Disabled	-	90,000	111,000	120,000	155,000	179,000	180,000	-	-	-
Elderly above 85	-	-	-	-	26,000	70,000	88,000	-	-	-
People with HIV/AIDS	-	-	-	-	-	10,000	10,000	-	-	-
Other	-	-	-	-	-	-	9,000	-	-	-
Total number of beneficiaries	-	182,000	223,000	229,000	329,000	416,000	470,000	-	-	-
Economically active children, total (% of children ages 7-14)²										
Overall	-	-	-	-	-	-	21.3	-	-	-
Male	-	-	-	-	-	-	21	-	-	-
Female	-	-	-	-	-	-	21.6	-	-	-
GOVERNANCE PARTICIPATION										
Women's representation in People's Councils (%)²⁰										
Provincial level	21.1	21.1	21.1	21.1	23.9	23.9	23.9	23.9	23.9	23.9
District level	21	21	21	21	23	23	23	23	23	23
Commune level	16.1	16.1	16.1	16.1	19.5	19.5	19.5	19.5	19.5	19.5
The rate of women deputies in the National Assembly (%)²⁰	26.2	26.2	27.3	27.3	27.3	27.3	27.3	27.3	25.8	25.8
Ethnic minority participation in the government²¹										
National Assembly level	-	-	-	-	17.7	17.7	17.7	17.7	17.7	17.7
Provincial level	-	-	-	-	20.4	20.4	20.4	20.4	20.4	20.4
District level	-	-	-	-	20.2	20.2	20.2	20.2	20.2	20.2
Commune level	-	-	-	-	24.4	24.4	24.4	24.4	24.4	24.4
Informal payments to public officials (% of firms)²	-	-	-	-	-	67.2	-	-	-	-

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Execution of civil judgements²²										
Percent of judgements completely enforced of those subject to enforcement			-	-	-	-	45.0%	46.7%	50.7%	-
Percent of judgements completely enforced of those meeting enforcement requirement			-	-	-	-	71.2%	75.70%	79,0%	-
Percent of judgements meeting enforcement requirement of those subject to enforcement			-	-	-	-	63.3%	61.7%	64,1%	-
<p>Sources: 1. UNSTATS, UNDP HDR 2001 to 2009; 2. WDI; 3. GSO, 2009 Statistical Handbook; 4. CPHCSC 1999, 2009, WDI; 5. CPHCSC 1999, 2009, GSO; 6. CPHCSC 1999, 2009; 7. GSO (as reported in MDG 2010 Report); 8. MOLISA, ILO 2009/2010; 9. CPHCSC 2009; 10. GSO (as reported in ILO 2009/10 Report); 11. UNSTATS; 12. MOLISA (as reported by the ILO 2009 Report); 13. Ministry of Education and training (as reported by the MDG 2010 Report); 14. Ministry of Health (as reported by the MDG 2010 Report); 15. WDI, CPHCSC 2009; 16. GSO; 17. World Bank VDR 2008, based on data from MOLISA; 18. World Bank VDR 2008, based on data from VSS; 19. World Bank VDR 2008, based on data from GSO; 20. National Committee for the Advancement of Women (as reported by the MDG 2010 Report); 21. Ethnic Commission (as reported by the MDG 2010 Report); 22. Ministry of Justice.</p>										

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