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Millennium Development Goals
Closing the Millennium Gaps

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Millennium Development Goals

Closing the Millennium Gaps

Ha Noi, November 2003



Millennium Development Goals

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Foreword

Viet Nam's impressive advance towards the achievement of many of the Millennium Development Goals (MDGs) continues following the country's ratification of the Millennium Declaration together with 188 other nations at the United Nations Millennium Summit in September 2000.

Poverty has been halved in Viet Nam since 1990, well ahead of the MDG schedule, and considerable progress has been achieved across a range of other MDG indicators reflecting substantial improvements in human well-being. At the same time, as highlighted in last year's MDG report *Bringing MDGs Closer to the People*, a range of wide and in some cases vast socio-economic disparities and gaps persist across Viet Nam's 61 provinces and major urban areas.¹ Moreover, new preliminary data suggest that many of the poorest of the poor may have suffered an increase in food poverty and hunger over the past four years pointing to some major gaps and shortfalls in the inclusiveness of the development process.

Closing the Millennium Gaps is about further building upon the impressive progress achieved in improving human well-being in Viet Nam over the past decade, while at the same time broadening the development process to include those being left behind, and reversing widening socio-economic disparities. In short, this report is about achieving the MDGs for all Vietnamese people, girls and boys, women and men, ethnic minorities and Kinh, and urban and rural people.

Closing the millennium gaps will require substantial investments in capacity building at the provincial and sub-provincial levels to enable effective decentralization of finance and decision making authority. This strengthening of capacities for local solutions will be essential for meeting the real priorities of local communities in a sustainable manner while reaching those in most need. For some of the most isolated poor provinces, there will also be a considerable need in the foreseeable future for supplementing local efforts with a significant increase in equitable and efficient inter-provincial transfers from the central government.

In this context, equity and efficiency of such transfers would be greatly facilitated by an inter-provincial transfer formula anchored in objective needs-based criteria. The efficiency of such transfers needs to be supported by rational incentives that also strongly encourage local initiatives to develop local income, employment and tax generating activities.

Like last year's MDG report, this year's report provides policy makers and decision takers a range of MDG progress indicators and indices by province. This breakdown aims to facilitate inter-provincial analysis and could be useful to help better target resource allocations. As available data continue to improve, the intention is to further develop and refine such indices to help guide progress towards the full achievement of the MDGs.

This year's MDG report is also about sustainability. The sad experience of the last fifty years is that many developing countries have experienced extended periods of rapid GDP growth fuelled by access to easy finance, which in turn supported temporary improvements in social indicators, only to find themselves suddenly and unexpectedly destabilized and engulfed in socio-economic crisis, with major set backs to human well-being.

¹ This report builds upon the 2002 MDG report *Bringing MDGs Closer to the People*, November 2002, United Nations Country Team (UNCT) in Viet Nam; the work of the Poverty Task Force *Achieving the Viet Nam Development Goals*, June 2002; and the seminal 2001 MDG report, *IDT/MDG Progress*, July 2001 UNCT, which was the first attempt to survey the MDG landscape in Viet Nam.

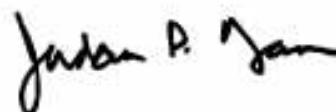
In this context, recent socio-economic data also highlight the emerging challenges to the sustainability of Viet Nam's development process. While economic growth appears to be picking up in quantitative terms, the underlying quality of much of this growth is being called into question by recent data and analysis reflecting a weakening quality of underlying public investments.

All of this also has direct implications for ODA effectiveness, especially given the general fungibility of finance. Current attention and efforts at harmonization of ODA procedures are laudable and will help rationalize and improve administrative efficiency of multiple donor procedures. However, as outlined in this report, the issue of allocative efficiency merits much greater attention in light of the declining underlying quality of public investments where most ODA is ultimately invested either directly or indirectly.

In sum, Viet Nam's progress towards the MDGs over the past decade has truly been impressive by most standards, but there are now a number of newly emerging challenges that will need to be met. Judging from the record, Viet Nam will more than meet these challenges so that the country's future will be even more impressive than its past with further substantial improvements in human well-being for all Vietnamese people.

Finally, this report is being issued as a *Discussion Paper* for several reasons. First, it aims to help generate useful discussion at the upcoming annual Consultative Group (CG) meeting in December 2003. Secondly, the policy implications and recommendations herein will be further enriched by a high level policy conference in January 2004. Thirdly, some of the underlying data from the Viet Nam Household Living Standards Survey (VHLSS) 2002 have not yet been finalized by the General Statistical Office (GSO), and hence may still be subject to some change over the coming few months.

In short, the consultative process for this report will be further deepened. In the meantime, we very much welcome any comments and suggestions for further enriching the policy recommendations in this report so as to better assist Viet Nam in the full achievement of all the MDGs and the further advancement of human well-being in the country.



Jordan D. Ryan
UN Resident Coordinator
Ha Noi, Viet Nam
November 2003



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Acknowledgements

The United Nations Country Team (UNCT) in Viet Nam gratefully acknowledges the contributions, advice and suggestions provided to earlier versions of this report from a wide range of colleagues and partners in the Vietnamese Government, research institutions and development community. The UNCT would like to offer special acknowledgement to Cao Viet Sinh (MPI) for past invaluable support and advice on MDGs in Viet Nam and Nguyen Phong (GSO) for invaluable support and advice on the underlying data.

Robert Glofcheski (UNDP), Juan Luis Gomez (UNDP), and Vu Quoc Ngu (UNDP) helped coordinate a broad based task force that researched and prepared the various sections of the report.

The section on MDG 1 analyzing poverty in Viet Nam was prepared by Juan Luis Gomez (UNDP) with substantive contributions and advice from Guillemette Jaffrin (ILO), Jojanneke Kraan (UNFPA), and Vu Quoc Ngu (UNDP) in consultations with Truong Thi Thuy Hang (Institute of Human Studies), Nguyen Cao Duc (Institute of Economics), Nguyen Van Huan (Institute of Economics), Vu Quoc Huy (Institute of Economics), Pham Van So (MPI), Nguyen Tien Phong (UNDP) and Pham Thu Lan (UNDP).

Nalinee Nippita (UNICEF) and Erik Bentzen (UNICEF) prepared the section on MDG 2 covering universal primary education with substantive contributions from Yayoi Segi-Vitchek (UNESCO) in consultations with Truong Thi Thuy Hang (Institute of Human Studies), Pham Van So (MPI), Tran Thi Thanh (MOET), Nguyen Quoc Chi (MOET), Hoang Van Sit (UNICEF), Ngo Kieu Lan (UNICEF), Vu Quoc Ngu (UNDP), Nguyen Cao Duc (Institute of Economics).

The section on gender equality, MDG 3, was prepared by Lisa Bow (UNDP) with substantive contributions from various members of the UN's Gender Working Group, particularly Aida Magrit Oikkonen (UNFPA), Yayoi Segi-Vitchek (UNESCO), Vu Ngoc Binh (UNICEF), Magali Romedenne (UNFPA), Kristen Pratt (NCFAW-UNDP Project 01-015), Maaïke Van Vliet (Royal Netherlands Embassy) in consultation with Truong Thi Thuy Hang (Institute of Human Studies), Tran Thi Thanh (MOET), Do Thi Bich Loan (MOET), Pham Van So (MPI), and Mr. Nguyen Cao Duc (Institute of Economics).

Helenlouise Taylor (WHO) prepared the section on MDG 4 covering child mortality, with substantive contributions from Heather O'Donnell (WHO), Nguyen Anh Dung (IMCI), Nguyen Duy Khe (Reproductive Health Department), Nguyen Thi Mai (World Bank) Maaïke Van Vliet (Royal Netherlands Embassy), and Bruce Rasmussen (Save the Children US).

Aida Alkohonen (UNFPA) and Jojanneke Kraan (UNFPA) prepared the section on MDG 5 on Maternal Health, with contributions from Heather O'Donnell and Helenlouise Taylor (WHO) in consultations with Seija Kasvi (UNICEF), Nguyen Thi Mai (World Bank), Nguyen Anh Dung (IMCI), Nguyen Duy Khe, Maaïke Van Vliet, Bruce Rasmussen.

Nancy Fee (UNAIDS), Duong Hoang Quyen (UNAIDS), Pascale Brudon, and Dominic Ricard (WHO), prepared the section on MDG 6 covering HIV/AIDS, with substantive contributions from Marteen Bossman (WHO) on Tuberculosis and Tran Cong Dai (WHO) in the area of Malaria following consultations with Aida Magrit Oikkonen (UNFPA), Jojanneke Evan Kraan (UNFPA), Le Duc Chinh (Sucecon against HIV/AIDS), Do Thanh Nhan (VWU), Dang Thi Khao Trang (VYU), Nguyen Thien Huong (National TB Control Program), Quy Vinh (APP. USA), Nguyen Cuong Quoc (NIHE), Mai Huy Bong (MOET), Tran Minh Gioi (Ha Noi School of Public Health), Tran Tien Duc (Policy Project/Future Group international), David Stephens (Policy

Project/Future Group international), Nguyen Thi Mai (World Bank), Seija Kasvi (UNICEF), Heather O'Donnell (WHO), Mr. Tran Cong Dai (WHO), Tran Quoc Tuy (NIMPE), Vu Huy Nam (NIMPE), Nguyen Phu Trong (CEPHAD), Nguyen Thi Minh Chau (COHED), Dam Viet Cuong (Central Commission of Science & Education.), Ly Ngoc Ha (MOH), Tran Thi Nga (SHAPC), Le Dien Hong (VICOMC), Nguyen Phuong Mai (UNDP), Jerome Bouyjou (UNDP) and Pham Thu Lan (UNDP).

Chanderpersad Badloe (UNICEF) and Dao Xuan Lai (UNDP) prepared the section on MDG 7 covering Environmental Sustainability in consultation with Pham Van So (MPI), Nguyen Cao Duc (Institute of Economics), Pham Duc Nam (MARD), Ha Huy Ky (Institute of Occupational and Environmental Health), Le Kim Dung (MOET), Tran Minh Hien, Nguyen Thi Dao (WWF Indochina), Hoang Thanh Nhan (VEPA), Dang Huy Ram (MONRE), Guillemette Jaffrin (ILO) and Pham Thanh Hang (UNDP).

Juan Luis Gomez prepared the section on MDG 8 on Developing a Partnership for Development, with contributions from Guillemette Jaffrin (ILO), Sara Spant (ILO) and Elizabeth Morris (ILO) in the area of Youth Employment, Lars Bestle (UNDP) on ITC and Swarnim Waggle (UNDP) in the area of trade. In consultations with Vo Van Nhat (Viet Nam General Confederation of Labour), Truong Van Phuc (Centre for Information Statistics on Labour and Social Affairs), Truong Thi Thuy Hang (Institute of Human Study), Nguyen Hai Anh (International Department National Committee on Youth of Viet Nam.), Phan Minh Huu (General Department of Vocational Training), Tran Lan Anh (SIYB/Bureau for Employees Activities), Ms. Pham Thi Thu Hang (SMEPC/VCCP), Nguyen Hoang Ha (ILO), Vu Quoc Ngu (UNDP), Murrey Gibbs (UNDP), and Swarnim Waggle (UNDP).

The section on Local Governance Challenges for the Achievement of the MDGs was prepared by Juan Luis Gomez, drawing extensively on the contributions of Nguyen Thuc Quyen, Nguyen Tien Dung, Trinh Tien Dung, Rab Nawaz and the Local Governance and Decentralization Working Group at UNDP.



Millennium Development Goals *Closing the Millennium Gaps*

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Summary of Millennium Development Goals

Overview of Millennium Declaration and Millennium Development Goals (MDGs)

The Millennium Declaration was ratified by 189 heads of state at the United Nations Millennium Summit in September 2000. The Declaration sets the global agenda for the initial years of the 21st century so that globalization becomes a positive force for all the world's people. The Declaration includes eight important Millennium Development Goals (MDGs). The MDGs represent a global commitment by all nations who signed the Declaration. The entire MDG framework is composed of eight broad goals, eighteen targets and forty-eight indicators.

The Millennium Development Goals

Goal 1: Eradicate extreme poverty and hunger

Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day, and the proportion of people who suffer from hunger

Goal 2: Achieve universal primary education

Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3: Promote gender equality and empower women

Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.

Goal 4: Reduce child mortality

Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

Goal 5: Improve maternal health

Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Goal 6: Combat HIV/AIDS, malaria and other diseases

Halt and reverse the spread of HIV/AIDS, malaria and other major diseases.

Goal 7: Ensure environmental sustainability

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

Goal 8: Develop a global partnership for development

Develop further an open, rules-based, predictable, non-discriminatory trading and financial system. Including a commitment to good governance, development, and poverty reduction – both nationally and internationally.



Millennium Development Goals *Closing the Millennium Gaps*

Overview and Summary

“The Vietnamese Government guarantees that it will do its utmost to make the best use of your [ODA] assistance in the interest of the Vietnamese people, and to realize Viet Nam’s commitment to achieving the Millennium Development Goals [MDGs].”²

Considerable Progress Achieved

Viet Nam’s impressive progress toward the achievement of many of the MDGs by 2015 continues as confirmed by a new set of data surveys. Similarly, progress towards a range of more localized Viet Nam Development Goals (VDGs) up to 2005 and 2010, which are helping guide Viet Nam’s planning process towards the MDGs, has also been considerable and will help bring Viet Nam closer to the full achievement of the MDGs by 2015.

Especially notable, poverty has been more than halved since 1990 and continues to decline, as do child mortality and maternal mortality rates. Net primary school enrollment rates already exceed 90% and continue to rise, and lower and upper secondary enrollment rates have increased dramatically in recent years. Net primary and lower secondary school enrollment rates are virtually gender balanced, and a number of new policies and laws have been put in place over the past few years that, once effectively implemented, offer considerable scope for further progress towards gender equity. On the environmental front, access to clean water has been further widened, as has forest cover.

In the area of effective governance, critical to achieving all of the MDGs, recent legislation in strengthening the role in budgetary oversight of the National Assembly and local People’s Councils is a potentially significant step towards increasing transparency and people’s participation in the development process, and helping ensure effective use of available resources.

Doi Moi Fundamentals Underlie Success

As was more fully analyzed in the 2002 MDG report, *Bringing MDGs Closer to the People*, the main reason for this impressive progress in improving human well-being over the past decade and a half has been the country’s broad-based policy and institutional reform process known as *doi moi* launched in 1986.³ The most impressive socio-economic development results have so far come from the more fundamental *doi moi* reforms in the late 1980s and early 1990s including land reform, price liberalization, agricultural deregulation and in more recent years, the Enterprise Law. Growth in the agricultural and other rural sectors throughout the 1990s fueled by such fundamental reforms has had by far the greatest impact on poverty reduction to date, and was clearly the main reason for the dramatic reduction in poverty rates from well over 70% in the mid-1980s to some 29% today. *Doi moi* has successfully expanded people’s choices, further liberalized their creativity, and generated a substantial increase in domestic incomes and budgetary resources needed to support the related socio-economic achievements and progress towards the MDGs.

Some Possible Setbacks and Emerging Challenges

At the same time, new preliminary data also point to some possible set backs, widening gaps in human well-being, and a number of emerging challenges. Particularly notable, following steady improvements during 1993-98,

² His Excellency Deputy Prime Minister Vu Khoan, Head of the Government delegation at the annual Consultative Group (CG) donor conference in December 2002.

³ *Bringing MDGs Closer to the People*, November 2002, United Nations Country Team in Viet Nam.

food poverty and hunger among the poorest of the poor, mainly ethnic minorities, appears to have worsened in most regions of the country over the past four years. This is especially the case in the North Central Coast, but also in the Northern Uplands, Central Highlands, South Central Coast and even in the Red River Delta. In the case of the South East, food poverty among ethnic minorities improved over the past four years following a deterioration during 1993-98, but still remains above its level of 1993. Among the general population in the Central Highlands, virtually no progress appears to have been made over the past ten years in reducing food poverty, pointing to some serious shortfalls and gaps in the inclusiveness of the country's development process. Whether these are temporary set backs or more fundamental in nature will require additional data and deeper analysis, but would seem to call for urgent action.

Widening Disparities in Human Well-being

In addition, most recent data indicate that a range of socio-economic disparities discerned during the research of last year's MDG report are significantly wider than earlier estimated and in some cases continue to widen. Various calculations of consumption and income inequality as measured by the country's Gini coefficient point to a widening gap between richer and poorer, particularly between urban and rural areas, the latter being where the vast majority of Vietnamese people live and work. Notably, the Gini coefficient measured in consumption expenditure terms has risen further to some 0.37 in 2002, up from 0.35 in 1998 and 0.33 in 1993.⁴ Measured in terms of income, the Gini coefficient has risen to around 0.42, close to the same order as China's income-based Gini coefficient, but at a much lower level of income per capita in the case of Viet Nam. Equally noteworthy, in terms of non-food expenditures, the Gini coefficient has risen to some 0.49, reflecting much greater inequality.

Moreover, newly calculated and updated provincial level indices covering a range of social indicators relevant to the MDGs confirm that disparities in human well-being across Viet Nam's 61 provinces and major urban areas

remain wide, and in the more isolated rural provinces, quite vast. On the extreme end, the poverty rate in an isolated province like Lai Chau is over 75% compared to an urban area like Ho Chi Minh City, under 2%. Vietnamese people living in provinces like Son La, Bac Can or Gia Lai have a more than 40% likelihood of suffering from food poverty and hunger throughout part of the year compared with only a 1.6% chance for those fortunate enough to live in the upper quintile of better off provinces like Dong Nai, Bac Ninh or Quang Ninh.

Available data on infant mortality and maternal mortality rates also reflect wide disparities in basic health conditions across the country. The likelihood of dying before one's first birthday is at least 8 times higher if one is born in a province like Kon Tum in the Central Highlands compared to an urban area like Ho Chi Minh City. Even across rural provinces, the likelihood of such early death is at least four times higher in provinces like Cao Bang, Gia Lai or Ha Giang than in one of the better off provinces like Vinh Phuc, Tay Ninh or Binh Phuoc.⁵ Similarly, the likelihood of a mother dying because of birth related complications is ten times higher in a province like Cao Bang than in a province like Binh Duong.

Wide disparities and gaps in human well-being also persist in other areas like child nutrition, maternal health, and access to clean water, despite significant progress in most of these indicators at the national level. A composite index of such MDG indicators highlights the continued plight of the worst off quintile of provinces including Bac Lieu, Lao Cai, Dac Lac, Ninh Thuan, Binh Phuoc, Tra Vinh, Kon Tum, Ha Giang, Gia Lai, Soc Trang, Cao Bang, Son La and Lai Chau.

In general, the slower rate of overall poverty reduction over the past four years compared with the 1993-98 period highlights the challenge of trying to reach many of the remaining poor, especially the poorest of the poor, who are often in the most remote parts of the country. These poorest of the poor are typically suffering from various forms of isolation, not just geographic isolation, but also linguistic and social isolation, as well as isolation from basic information and knowledge needed to improve their well-being.

⁴ A Gini coefficient of 0 would reflect perfect equality while a coefficient of 1 would reflect extreme inequality.

⁵ Available data indicate 4 times greater likelihood, but given the higher frequency of unregistered infant births and deaths in the poorer and more isolated provinces, the probability is likely higher.

Greater Distance to Some MDGs

In some cases, recent data also indicate that the distance remaining to the achievement of some MDGs is greater than previously estimated. For example, recently released data indicate that the maternal mortality rate is 65% higher than earlier thought and hence meeting the MDG goal on reducing maternal mortality rates, while still achievable, will now require much greater efforts.⁶ However, the related VDG targets to 2005 and 2010 may no longer be realistic if recent data are confirmed.

Moreover, while progress in reducing infant and under-five child mortality rates appears to be advancing significantly, recent field work also strongly indicate that many infant births and deaths still go unregistered and hence unreported, implying that their overall levels may be significantly higher than earlier estimated. Although birth and death registration are required by law, registration fees are reportedly a major reason for such lack of compliance, particularly in the poorest parts of the country. Given the fundamental importance of birth and death registration for many different reasons, serious consideration should be given to waiving birth and death registration fees for the poorest and ensuring stricter legal compliance on registration.

Quantitative Achievements Mask Qualitative Weaknesses

As indicated in previous MDG reports, a number of quantitative achievements continue to mask significant short comings in quality. For example, primary school pupils spend less than half the normal school day in class compared with many other countries in the region and elsewhere. Moreover, a significant share of teachers in the more remote areas of the country lack adequate qualifications and training. While primary school enrolment rates are quite high, some 23% of pupils still fail to complete to grade 5. Similarly in the health sector, a substantial share of staff in commune health centres lack adequate training and equipment for treating patients. In the environmental area, forest cover continues to expand, but the underlying quality of the new forest cover appears to be on the decline because of the introduction of non-native floral species and the associated loss of biodiversity.

Persistent Gender Gaps

Significant gender gaps also persist in some important areas. The Law on Family and Marriage (2000) stipulates that Land User Certificates (LUCs) for common land must list the names of both husband and wife. The inclusion of the wife's name is especially important to gender equity because of its implications for production, income, access to formal credit, shared wealth ownership, and the security of women and children. The financial cost of reissuing a LUC with both names is reportedly in the order of only 20,000-30,000 VND.⁷ However, three years after the law was passed, the Government Statistics Office (GSO) reports that only 2.3% of such LUCs carry both the husband's and wife's names. Recent revisions to the land law may accelerate such reissuing, but it is clearly an area with great scope for quickly helping to better equalize the position of women in Viet Nam.

Another important issue relates to female representation in public office. While women's participation in legislative bodies is high, executive decision-making bodies in Viet Nam count among their members a much lower share of women. The share of female participation on representative bodies like the National Assembly at 27% is relatively high (at least by regional standards). However, the new Cabinet includes only three women out of 30 members. Similarly, women's representation on People's Councils are in the order of 20% on average at the provincial, district and commune levels. In contrast, however, female representation on the important People's Committees at the provincial, district and commune levels is substantially lower in the order of only 5%. Therefore, more targeted implementation of public administration reforms also appear urgent to redress such imbalances and ensure that women are also part of the decision making process in such executive decision making bodies.

Emerging Risks to Sustainability

Recent data and analysis also highlight some potentially serious emerging risks to the sustainability of Viet Nam's development process. Challenges are emerging on the economic and financial front, as well as in the social and environmental areas.

⁶ *Research on Maternal Mortality in Viet Nam*, MOH 2002

⁷ Her Excellency Madam Ha Thi Khiem at the Monthly Donor Group Forum, UNDP, November 2003.

Economic and Financial Sustainability

Quality economic growth will be essential for generating the needed resources and finance in a sustainable and non-destabilizing manner to help achieve sustainable progress towards the MDGs. In this context, one particularly worrisome recent finding discerned from available data and analysis is that the country's resources have been shifting increasingly towards inefficient high cost, low return investments rather than towards more efficient low cost, high return investments.⁸ As a consequence, every year passing seems to require a disproportionately higher value of financial investment to generate a given level of growth in Viet Nam. This is clearly not sustainable and is potentially destabilizing over the longer term, judging from the painful experiences of so many other developing countries over the past forty years. Hence, the underlying quality of growth being generated in recent years warrants a careful review by policy makers and decision takers who could otherwise be led to complacency by the apparent quantitative economic achievements.

Especially notable, of the three major types of investment, public investment, foreign direct investment and domestic private investment, the latter appears to be generating by far the highest returns in terms of new jobs, poverty reduction and reducing inequalities. Since domestic private investment is also the largest potential source of future investment for Viet Nam, and tends to be more widely spread throughout the country, it offers by far the greatest scope for generating the incomes, tax base and sustainable finance needed to underpin the achievement of the MDGs in a sustainable manner, including much more balanced and equitable growth and development across the country.

Available data and analysis also suggest that there is an urgent need for a much more deliberate policy shift to free up resources, particularly from state owned banks and state owned enterprises, for lower capital intensive, higher job creating industries in agricultural processing, garments, shoes and light manufacturing, not more cement, steel, fertilizers and sugar which can be imported

much more cheaply than Viet Nam is currently producing. Similarly, the real value of some large show case public sector projects appears to need more careful review in terms of their contribution to the sustainable well being of Viet Nam and the Vietnamese people.

Safeguarding Social Sustainability

Ensuring longer-term social sustainability will call for maintaining reasonable balance and equity across different regions and different social groups, while reversing a number of widening socio-economic disparities that have emerged in recent years. Socio-economic disparities are particularly acute between urban areas and rural areas. The labor force is growing annually by some 1.4 million new young entrants mainly in rural areas, and underemployment is already high and rising as available farm land cannot effectively absorb more labor. Recent data indicate that underemployment in rural areas has reached 56% in 2002 (MOLISA 2003), particularly worrisome given the expected continued rapid growth in new young entrants to the labor force over the next five to ten years.

Therefore, arresting and reversing growing socio-economic disparities will require much greater attention to the development of rural areas, and further improving the local enabling environment for domestic private investment and domestic private business. This will be needed to generate meaningful employment for Viet Nam's rapidly growing young labor force, and ensure that migration to urban areas remains manageable.

Social Gaps and the Migrant Poor

The social implications of growing migration to urban and industrializing areas is one of the biggest development challenges facing urban areas like HCMC and Ha Noi, and the more rapidly growing provinces like Binh Duong. Official projections based on current trends suggest that by 2020, only 45% of the country's population will live in rural areas well down from more than 75% today, implying substantial migration over the coming years and a national transition to more rapid urbanization.

While much better and more timely data needs to be collected in this area, all available evidence indicates that most internal migration in recent years has been driven by the desire to escape poverty and the pursuit of a better life. In this context, the plight of internal migrant workers and their families is in need of much greater

⁸ *Viet Nam's Economy: Success Story or Weird Dualism? A special report prepared by David Dapice for UNDP and the Prime Minister's Research Commission, June 2003.*

attention by various levels of government and the private companies that attract and benefit from migrant workers.

Many migrants typically lose access to basic social services when they leave their home province because of lack of residency permits. Provinces like Binh Duong that attract large numbers of migrant workers find local capacities over stretched in basic housing, health services, education and other public services. Increased crime and public security have also become a significant concern of local governments, especially where migrants remain unemployed for extended periods of time. The environmental impact including deforestation in provinces like Binh Phuoc have also been substantial in some areas.

Therefore, creative and equitable solutions are needed to address these transitional challenges by both government and private companies. Inter-provincial transfers need to better take into account this growing challenge. Allowing those provinces experiencing substantial inflows of migrants to retain a larger share of taxes collected in their respective provinces would help ease the burden faced by local governments for providing adequate housing and basic social services, including basic health and education for migrant children. Similarly, allowing private companies tax breaks or other incentives for building quality migrant housing, and contributing to improved social services for migrant families would further help. Migrant workers building houses should be awarded residential certificates and their children allowed to join the public education system even before such certificates are issued.

The Evolving HIV/AIDS Threat

Increasingly worrisome is the evolution and pattern of HIV/AIDS in Viet Nam which points to a potentially explosive challenge ahead that could also threaten socio-economic sustainability. While the officially reported infection rate may appear low at 0.28%, HIV/AIDS is spreading rapidly with reported infections so far this year heading towards a 25% growth rate for 2003. All 61 provinces and urban areas are now reporting cases of HIV/AIDS in contrast to only a few years ago when infections were largely confined to the major urban areas and a small number of border and tourist areas. Moreover, since 1999, over 40% of new infections have been reported in the 15-24 age group, well up from just over 10% in 1994. All of this points to the rapid infiltration of HIV/AIDS into the general population, with

potentially major repercussions for increased human suffering and a rising risk to socio-economic sustainability unless more broad based urgent actions are soon taken.

Environmental Treasure Chest Threatened

On the environmental front, the threats to Viet Nam's environmental treasure chest are of continued concern. Forest cover is expanding, but its quality is reportedly weak. The number of rare and endangered species has risen from 721 to 857 in recent years. Rapid urbanization and industrial pollution threaten the quality of air and water in urban areas. Therefore, integrating environmental sustainability criteria and measures much more effectively into investment planning has become critical. Greater transparency and public debate on major projects, and the involvement in the decision making process of local communities impacted by such projects, would help better ensure that important environmental considerations are factored into the investment decision making process. In this context, there will also be a growing need for the effective planning of secondary cities to accommodate rapid urbanization and pressures on the environment.

Minimizing Corruption

All of the country's senior leaders have raised serious concerns about growing corruption. In this context, recent reports that infrastructure projects experience 30% losses due to waste and "administrative inefficiency" are of particular concern. The best safeguards here are increased transparency, reduced bureaucracy, open public debate and effective rule of law from the central to the local levels. Independent and reliable auditing capacity to support the oversight role of the National Assembly and People's Councils combined with a greater role of the local media in reporting on corruption and encouraging accountability would also appear urgently needed. Such safeguards would also help better ensure that state directed investments, including from the now very large Development Assistance Fund (DAF), are most effective in terms of sustainability and stability.

On a related issue, developing Viet Nam's domestic private business sector will be essential to achieving and sustaining most of Viet Nam's socio-economic development goals including the MDGs. However, as the private sector develops, Viet Nam will need to avoid the same grave mistakes made in a number of other developing countries where the interests

of the State and private sectors, at both the institutional and individual levels, became so blurred that they ultimately corrupted and destabilized development. Public administration reforms that provide adequate salaries through performance-based remuneration, combined with the other aforementioned safeguards, would greatly help in minimizing this risk.

A Framework for Further Progress and Local Capacity Building

Last year's MDG report offered a framework for further progress towards the MDGs based on the country's so far highly successful *doi moi* reform process, supplemented with greater efforts at reducing various forms of isolation and reaching those in most need.⁹ Within the *doi moi* framework, the report called for well-targeted adjustments to policies, institutions, programmes and resource allocations at the local levels. This would need to be combined with a further decentralization of adequate finance and decision making authority to enable local communities to meet local priorities while identifying and reaching out to the poorest of the poor.

Effective decentralization will require a great deal more investment in a range of local capacities at the provincial and sub-provincial levels including leadership, managerial, financial and technical capacities. These will be needed to ensure that available financial resources are effectively invested so as to improve the quality of social services and reach those in most need.

Within this framework, recent data and analysis help greatly in further defining possible priorities within *doi moi* for further substantial improvements in human well-being.

Considerable Scope for Further Developing Local Productive and Financial Capacities

Achieving the MDGs will call for the generation and effective allocation of sustainable sources of finance and investment. Recent data and research indicate that considerable scope exists for many more provinces to develop substantially greater sources of employment, income and local tax bases through the effective

improvement of their local business and investment environments.¹⁰

Notably, the small number of provinces like Binh Duong that have so far implemented effective public administration reforms for more business friendly local environments, created "one stop shops" for local investors, and effectively implemented the Enterprise Law are experiencing higher rates of domestic private investment and enterprise creation, and more rapid rates of job creation and poverty reduction. Moreover, because domestic private businesses and domestic private investment tend to be much more widely distributed geographically than other sources of investment, they also offer the greatest potential for supporting more balanced development across Viet Nam's 61 provinces and major urban areas, and the greatest scope for narrowing the large number of socio-economic disparities emerging in Viet Nam.

In short, much greater efforts and support to effectively implementing such high return reforms are needed in the majority of other provinces. Improving tax retention incentives facing provincial governments for developing their local economies and related tax bases could greatly help promote more resolute provincial government efforts at better developing their local economies and business environments. Carefully structured tax incentives can be consistent with both higher provincial tax retention for better off provinces and higher inter-provincial transfers to poorer provinces.

Capacities for Equitable, Efficient and Transparent Public Finance

For some of the most isolated poor provinces, there will also be a considerable need in the foreseeable future for supplementing such local efforts with a significant increase in equitable and efficient inter-provincial transfers through the central government. In this context, equity and efficiency of such transfers would be greatly facilitated by an inter-provincial transfer formula anchored in objective needs-based criteria by province. Again, the efficiency of such transfers needs to be supported by rational incentives that also strongly encourage local initiatives for developing local income and tax generating activities.

⁹ *Bringing MDGs Closer to the People*, November 2002, United Nations Country Team in Viet Nam

¹⁰ *Viet Nam's Economy: Success Story or Weird Dualism?* A special report prepared by David Dapice for UNDP and the Prime Minister's Research Commission, June 2003.

Effectively generating and investing public finance for further poverty reduction and the achievement of the MDGs will require a range of local capacities, including innovative and flexible leadership, as well as managerial, financial, and technical capacities. Ensuring effective use of finance will require increased transparency in public finance at the provincial and sub-provincial levels and the participation of local communities in helping set priorities. In this context, developing the capacities of local People's Councils to effectively play their budgetary oversight role and represent the interests of their local constituents will be critical. This will need to be underpinned by effective financial planning and management, and accounting capacity which in turn would be subject to review by independent and reliable auditing capacity.

In addition, much more resolute implementation of the Grassroots Democracy Decree would help better ensure increased transparency, participation and accountability at the provincial, district and commune levels. Deeper public administration reform efforts as well as capacity building for more effective and efficient local administrations and departments will be essential to ensure that available financial resources are well invested and reach those in most need. Priority areas include training in financial management, accounting and auditing.

Local Capacities for Higher Quality Social Services

In order to deliver increased and higher quality social services and achieve the MDGs, a range of much improved professional and technical capacities will also be essential.

For many poor people, health is their only asset. Maintaining and enriching this asset will be critical to improving human well-being and economic development in rural areas. Improving the availability and quality of health facilities and ensuring the presence of well trained staff with adequate incentives to provide quality services will be essential to further progress.

Primary education, secondary education and vocational education relevant to the practical needs of people, especially in rural areas, are prerequisites to more balanced and equitable growth and development in rural areas. Education has to become more than just a way out for rural people, but more importantly, a way up within rural communities. Quality teacher

training, including in ethnic languages, and adequate incentives will be essential. The Education for All strategy provides a comprehensive framework for progress in this area.

In short, massive investments in human resource development will be needed. This will also be essential to improving Viet Nam's international competitiveness and enabling Viet Nam to graduate to higher levels of value added in global markets.

Better Data Urgently Needed

In addition, despite considerable progress in improving the data situation in Viet Nam over the past ten years, there is still clearly a pressing need for much better and more reliable data in a range of socio-economic and governance areas to better understand local socio-economic challenges and target those in most need. In this context, there is a particularly urgent need for better data on HIV/AIDS, infant mortality rates, maternal mortality rates, access to safe water, and migrant poverty among others, ideally gender disaggregated. Strengthening the capacities of local statistics departments will be needed to support the collection of such essential data and information.

On the economic and financial front, much better data on the performance of public investments, state owned banks and state owned enterprises through independent and reliable quality audits are also clearly needed to help better guide resource allocations and public investments.

Goal-by-Goal Progress and Challenges

Poverty Reduction

- Latest available data suggests poverty rates in Viet Nam have been reduced to some 29% in 2002, down from well over 60% in 1990. The share of families unable to meet a minimum level of dietary energy consumption has also been further reduced over the last four years to some 11% of households, down from an estimated 30% in 1990.
- The depth of poverty in Viet Nam has been reduced from 18.5% of the poverty line in 1993 to 7% in 2002. The depth of poverty is however 6 times higher for rural than for

- urban areas, and 7 times higher for ethnic minorities than for the Kinh/Hoa majority.
- Malnutrition levels, an important poverty-related indicator, have also been reduced substantially to some 30% in 2002, down from 50% in 1990.
- Some 95% of the remaining poor in Viet Nam live in rural areas.
- Enormous disparities in poverty are observed across Viet Nam's 61 provinces and major urban areas, as reflected by poverty rates in HCMC at 1.8% and Lai Chau at over 76%.
- Food poverty rates for the poorest 12 provinces were on average 35%, compared to an average food poverty rate of 1.6% for the best off 12 provinces.
- Overall poverty rates for ethnic minority groups during 1998-2002 have decreased at a substantially slower rate than during 1993-98 and remain very high at 70% in 2002, down from 75% in 1998.
- More worrisome, food poverty rates for ethnic minorities appear to have increased in most regions according to available data.
- Importantly, all standard indicators of expenditure and income inequality report increasing inequalities in both expenditure and income terms, especially important for a country with such a low level of per capita income. Preliminary data from the VHLSS 2002 would suggest the Gini coefficient on consumption expenditure was 0.37 in 2002, up from 0.33 in 1993. Whereas the richest quintile of the population spent 4.6 times more than the poorest in 1993, it spent some 6 times more in 2002.
- A significant number of households are still vulnerable to falling back into poverty. If the poverty line were increased by as little as 10% (or the equivalent of one dollar per month per person), overall poverty rates would rise to some 36%, a nearly 25% rise.

Achieving Universal Primary Education

- In addition to impressive net enrolment rates in primary education of over 90%, Viet Nam reports important progress on completion rates, currently placed at some 77%. Net enrolment rates in junior secondary education continue to increase, with the current level at some 67%. Capitalizing on early investments in literacy and basic education, much of

which predates the launching of *doi moi*, Viet Nam can today boast an adult literacy rate of some 91%, reflecting sustained improvements in human development.

- Achieving the 99% net enrolment rate in primary education by 2010 will importantly require the further integration of ethnic minority and disabled children into the formal education cycle. Net enrolment rates for ethnic minority children in primary education vary widely, ranging from 41.5% (Hmong) to 95% (Tay).
- Some 33% of disabled children have never attended primary school and completion rates for disabled children are estimated at some 15%.
- Viet Nam has virtually achieved gender balance in net enrolment rates in primary and lower secondary education. Achieving gender equity in primary education will however require further improving completion rates. Available evidence suggest girls still represent a disproportionate share of drop outs.
- Literacy rates for women below 40 years of age have reached an impressive 94%, reflecting improvements also for females from ethnic minorities, whose literacy rates remain lower at some 75%.
- At the provincial level, the weakest 12 provinces in the country report average female literacy rates of some 82%, compared to 97.5% for the top 12 provinces in the country.

Promoting gender equity and empowering women

- In addition to considerable progress towards achieving gender equity in primary education, Viet Nam is steadily progressing towards gender equity in access to secondary and tertiary education. The share of girls to boys in secondary education increased from 86% to 93% between 1993 and 1998, whereas in tertiary education progress was even more visible, with rates increasing from 56% to over 80% in the same period of time.
- Female representation in the National Assembly stands at some 27%, ranking Viet Nam among the leading countries in this indicator in the Asia Pacific region. Figures are, however, importantly lower for People's Councils at the provincial (22.5%), district (20.7%) and commune (16.6%) levels, and even lower if female

participation in People's Committees is analyzed, with around 5% on average at the provincial, district and commune levels.

- The implementation of the law requiring both the husband's and wife's name on Land Use Certificates (LUCs), critical to providing equal access to credit and increased security for women, appears to be at a virtual standstill. The General Statistics Office (GSO) reports that only 2.3% of all LUCs have been issued in both the names of husband and wife. Land allocation policy based on age and available labor force also puts women at a disadvantage. As a result, total farmland for female-headed farms is, on average, only 54% that of male-headed farms.
- Some preliminary evidence appears to indicate a relationship between domestic violence and the changing role of women in the transition to a market economy. A national scale survey is required to gain deeper understanding of domestic violence in Viet Nam so as to improve the national policy framework.

Reducing Child Mortality

- While available official data suggest consistent improvements in infant mortality rates (IMR) and under five child mortality rates (U5MR), the apparent significant number of unregistered and hence unreported births and deaths (especially within the first month after birth) would suggest caution in interpreting available data for these indicators.
- Estimates of IMR have come down considerably from the 1990 estimate of 44.4 deaths per 1000 live births to a level between 35-30 deaths in 2002, whereas U5MR is estimated at some 40 deaths per 1000 births, down from an estimated 58 in 1990.
- Available data suggest some 68% of deaths under-one year occur in the first month of life (neonatal mortality). However, the neonatal mortality rate is not yet a national indicator and data are poor and incomplete.
- The likelihood of a child dying before his or her first birthday is at least 6 times greater in the weakest 12 provinces of the country than in the 12 provinces and urban areas reporting the lowest IMRs.
- Importantly, IMR for newborns from mothers having completed upper secondary education are nearly 5 times

lower than those for mothers who never attended formal education. Depending on the ethnic origin of the mother, rates can range from 70 deaths per 1000 for the Gia-Rai or 30 for Khmer.

Improving Maternal Health

- Newly available data on maternal mortality suggests national rates are around some 165 deaths per 100,000 births, although as stated in the National Plan on Safe Motherhood, this is just the best available estimate.
- Provincial maternal mortality rates can be 10 times higher in isolated provinces than in urban and industrial centres. The MoH reported maternal mortality rates of 411 in Cao Bang compared to 45 in the Southeastern province of Binh Duong.
- The National Health Survey 2002 reports that in Hanoi, Ha Tay, Hai Duong, Da Nang and Vinh Long, all birth deliveries were attended by skilled birth attendants. The top 12 provinces reported an average of 74% of deliveries attended by skilled birth attendants, while for the bottom 12 provinces the average rate was reported to be at around 43%. In three Northern Uplands provinces of Cao Bang, Ha Giang and Lai Chau, more than 70% of deliveries at home were not assisted by skilled birth attendants. Lai Chau was an exceptional case where the proportion was 86%.
- While differences between urban and rural areas have decreased in the past 5 years, still only three-fourths of rural children are delivered at a health facility compared to almost all children in urban areas.

Combating HIV/AIDS and Other Communicable Diseases

- Confirming the important upward trend of the last 10 years, Viet Nam officially reported total cumulative cases of HIV/AIDS at some 70,000 in 2003, up 25% from the previous year. However, this was still less than half the Ministry of Health estimate of 160,000 cumulative cases. Viet Nam's official prevalence rate is therefore reported at 0.28%, lower than many neighboring countries. However, the evolution and pattern of HIV/AIDS in Viet Nam make it one of the potentially most serious threats to the country's human well-being and socio-economic development.

- Some 45 people get infected with HIV/AIDS every day in Viet Nam. Among reported cases, there is a noticeable trend towards a younger average infection age. In 1994, just over 10% of new infections were among people aged 15-24. However, since 1999, over 40% of newly reported cases have been among this age group.
 - In contrast to a few years ago, all provinces in the country are reporting HIV cases. Several provinces have reached the 1% prevalence rate, and nine cities and provinces reported more than 100 HIV cases per 100 000 people. Quang Ninh (572.5) and Hai Phong (331.9) led the ranking in number of reported infections, whereas Quang Binh, Quang Tri, Quang Ngai, and Ha Giang appear as the least affected provinces in the country in light of available data.
- associated with the introduction of non-native flora species. Habitat loss has led to a rise in the number of threatened species over the last five years. The number endangered species has increased from 365 fauna species and 356 flora species in 2000 to 407 fauna species and 450 flora species in 2002.
- In general terms, air in almost all cities and industrial areas throughout Viet Nam is severely polluted. The dust contamination is 1.3 to 3 times exceeding permitted levels in areas surrounding factories, even 10 times around some roads. Some progress may have been achieved after a period of worsening air and water quality, with 64% of Water and Air-Quality Monitoring Stations reporting better results than in the 1995 baseline year.

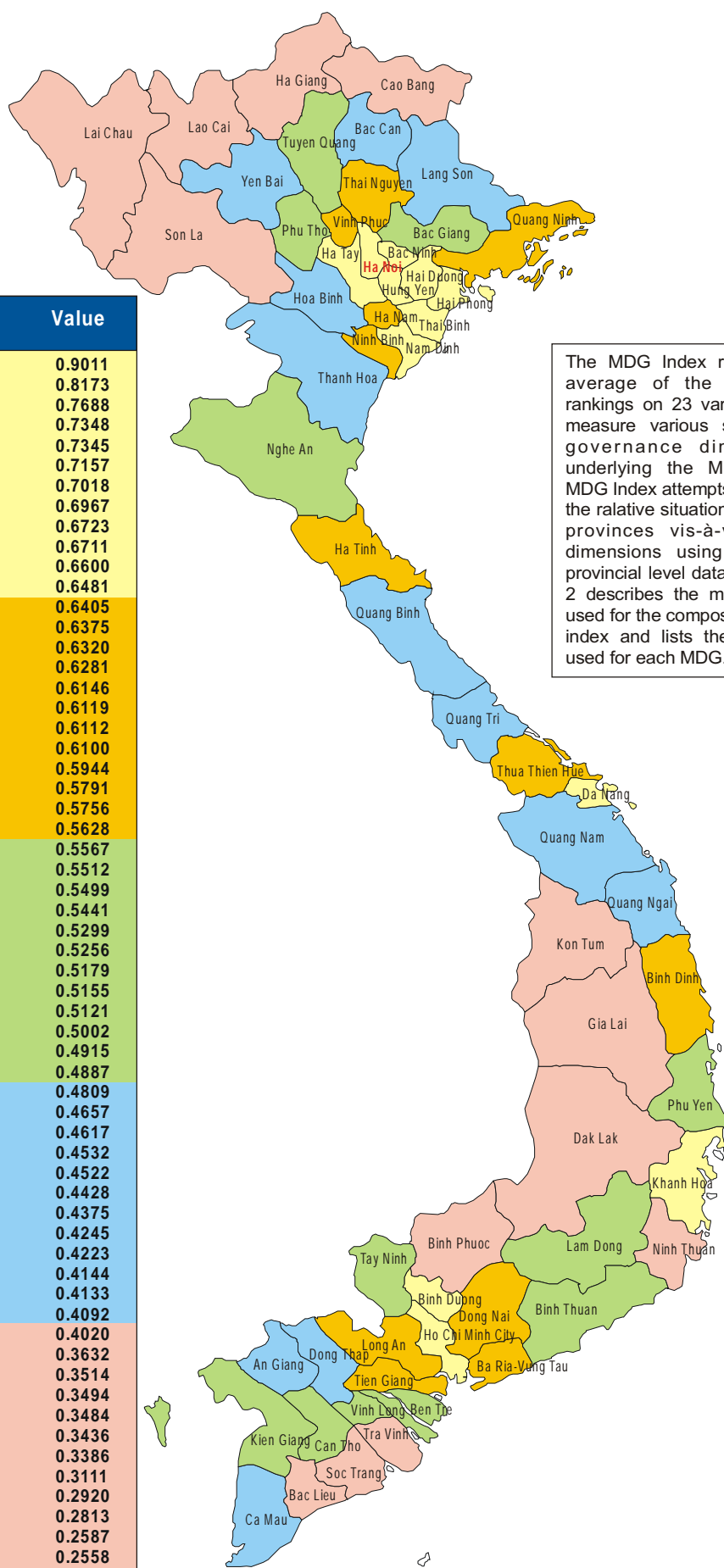
Ensuring Environmental Sustainability

- Preliminary data from different government sources confirm the important increase in access to clean water in Viet Nam in recent years, although data is wide and varied. Based on an average estimate, around 50% of Vietnamese households have access to clean water.
- Stark provincial disparities are observed, however, with the top 12 provinces reporting average rates of over 97% of households with access to clean water and the bottom 12 reporting an average rate of 32%.
- The twelve weakest provinces in Viet Nam reported an average rate of 12.4% of households with access to proper sanitation facilities, in comparison to 75% for the top quintile of provinces on this indicator.
- In 2002, only Ha Noi, Ho Chi Minh city and Da Nang reported access to garbage disposal rates over 60%. For the bottom quintile of provinces only 3.5% of household on average had access to garbage disposal services.
- Government official data suggests forest cover has increased to some 36% in recent years, although the overall quality of forest may be decreasing due to natural forest destruction and loss of biodiversity

Developing a Global Partnership for Development

- The eighth MDG involves important joint partnership responsibilities between developed and developing countries in the areas of trade, ODA effectiveness, debt sustainability, and access to new technologies.
- The collapse of the Cancun Summit in September 2003 has setback progress towards the further opening of agricultural markets in developed countries, critical to improving the development prospects of farmers from developing countries who comprise most of the world's poor.
- A new Commitment to Development Index, developed by the Center for Global Development and *Foreign Policy Magazine*, ranks the Netherlands and Denmark as top donors according to a variety of criteria.
- ODA harmonization will help improve administrative efficiency of ODA procedures. However, much more fundamental to ODA effectiveness is allocative efficiency. In this regard, recent data and analysis have raised concerns about the allocative efficiency and quality of public investments in Viet Nam, a critical area in need of urgent government review.

MDG MAP



Province	Value
Ha Noi	0.9011
Da Nang	0.8173
Hai Phong	0.7688
Ha Tay	0.7348
Ho Chi Minh City	0.7345
Hai Duong	0.7157
Thai Binh	0.7018
Bac Ninh	0.6967
Hung Yen	0.6723
Nam Dinh	0.6711
Binh Duong	0.6600
Khanh Hoa	0.6481
Quang Ninh	0.6405
Ninh Binh	0.6375
Ba Ria Vung Tau	0.6320
Dong Nai	0.6281
Vinh Phuc	0.6146
Ha Nam	0.6119
Tien Giang	0.6112
Long An	0.6100
Binh Dinh	0.5944
Thai Nguyen	0.5791
Thua Thien Hue	0.5756
Ha Tinh	0.5628
Ben Tre	0.5567
Bac Giang	0.5512
Phu Tho	0.5499
Nghe An	0.5441
Tuyen Quang	0.5299
Phu Yen	0.5256
Tay Ninh	0.5179
Can Tho	0.5155
Binh Thuan	0.5121
Kien Giang	0.5002
Lam Dong	0.4915
Vinh Long	0.4887
Quang Binh	0.4809
Quang Nam	0.4657
An Giang	0.4617
Lang Son	0.4532
Quang Tri	0.4522
Thanh Hoa	0.4428
Hoa Binh	0.4375
Bac Can	0.4245
Yen Bai	0.4223
Ca Mau	0.4144
Quang Ngai	0.4133
Dong Thap	0.4092
Bac Lieu	0.4020
Dac Lac	0.3632
Lao Cai	0.3514
Ninh Thuan	0.3494
Binh Phuoc	0.3484
Soc Trang	0.3436
Tra Vinh	0.3386
Kon Tum	0.3111
Gia Lai	0.2920
Ha Giang	0.2813
Son La	0.2587
Cao Bang	0.2558
Lai Chau	0.2039

The MDG Index reflects the average of the provincial rankings on 23 variables that measure various social and governance dimensions underlying the MDGs. The MDG Index attempts to assess the relative situation of various provinces vis-à-vis these dimensions using available provincial level data. Appendix 2 describes the methodology used for the composition of the index and lists the variables used for each MDG.



Millennium Development Goals Closing the Millennium Gaps

MDG 1 - Eradicate Extreme Poverty and Hunger

I. Progress towards the achievement of the goal

Poverty levels

Following a dramatic reduction during the 1990s, Viet Nam's has continued to bring down poverty rates significantly over the last four years, albeit at a slower pace. The country has met well ahead of schedule the MDG target of halving poverty rates between 1990 and 2015, and is well on track to meet the national target of further reducing the share of households below the poverty line to some 20% by 2010. In spite of the remarkable progress achieved at the national level, preliminary data from the new Viet Nam's Household Living Standards Survey (VHLSS) 2002 would suggest that the broad-based pattern of poverty reduction observed between 1993 and 1998 may have turned into a less equitable one. Significant disparities in poverty reduction dynamics are observed at the provincial level, and between the Kinh majority and ethnic minority groups, which appear to have benefited little from overall progress in poverty reduction over the last four years.

Table 1. Poverty Rates: Urban and Rural Gap

	1993	1998	2002
National poverty rate (%)	58	37	29
Urban poverty rate (%)	25	9	6
Rural poverty rate (%)	66	45	35

Source: GSO, VLSS 93, VLSS 98, preliminary data from VHLSS 2002

Estimates from the VHLSS 2002 suggest that poverty rates declined in Viet Nam from around 37% in 1998 to some 29% in 2002. A reduction of some eight percentage points over the last 4 years, in itself a significant achievement, reflects a slowing of progress compared to the remarkable reduction of more than twenty percentage points between 1993 and 1998.

The slower pace in poverty reduction since 1998 is more perceptible when the situation of the most vulnerable households is analysed. The

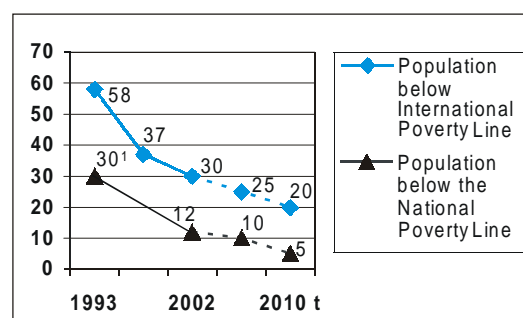
food poverty rate, estimated at 15% in 1998, has been reduced by some 4 percentage points over the last four years and stands now at approximately 11% in 2002.

In line with Viet Nam's traditional poverty features, substantial differences are observed in the distribution and poverty reduction trends between rural and urban areas.

Preliminary data suggest poverty rates in urban areas have been reduced by around 30% (from 9% to 6%), while the share of rural households below the poverty line have declined from 45% to 35% (a reduction of 22% over the 1998 levels).

The poverty gap, which measures the depth of poverty, declined slightly from 9.5% to 7% between 1998 and 2002. This indicator is the average gap between poor people's consumption expenditure and the poverty line, expressed as a percentage of the poverty line. The reduction of the poverty gap in Viet Nam increases the potential poverty-reduction impact of well-targeted policies and pro-poor budget mechanisms in assistance of the most vulnerable. Although progress has been achieved across the country, the depth of poverty is still some six times higher in rural areas than in urban centres, and seven times

Chart 1. Poverty Reduction in Viet Nam

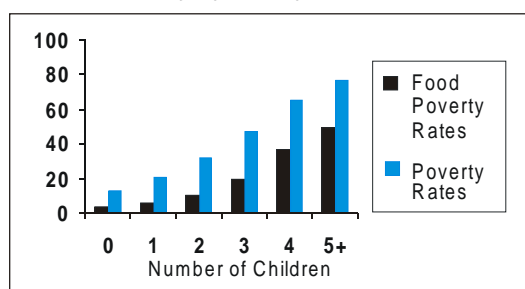


Source: GSO, VLSS 93, VLSS 98, preliminary data from VHLSS 2002, MOLISA 2003
(1) Old National Poverty Line definition

higher for ethnic minorities than for the Kinh/Chinese majority.

Around 95% of all poor in Viet Nam live in rural areas, a higher share than in 1998, as it was to be expected from the country's economic growth dynamics, with manufacturing and services activities concentrating in major urban areas and their neighbouring provinces. Poor households in Viet Nam are traditionally employed in the primary sector, with agriculture, fisheries and forestry being reported as the primary occupation of 84% of all poor households in 2002.

Chart 2. Poverty by Family Size



Source: GSO (2003), based on Viet Nam Household Living Standard Survey 2002

Low educational attainments, closely correlated with the expenditure levels of households, are an important determinant of poverty in Viet Nam. Poverty rates among those having completed lower secondary education are almost half those of individuals who did not

complete the primary education cycle. In a country in which almost 25% of children drop out of the primary education cycle, this is a matter of grave concern. Related to this, the poverty reduction impact of investment in vocational training would seem to be a promising policy alternative.

Another common characteristic of the poor in Viet Nam is large family size. In 2002, poverty rates for families with five or more children were well over 70%. Average family size has declined importantly since 1993 for each expenditure quintile in Viet Nam.

Malnutrition levels

Viet Nam reports steady declines in malnutrition rates of children under-five years of age. The National Institute of Nutrition reports underweight children (low weight for age) prevalence rates of some 30% in 2002, although data from the recently released National Health Survey 2002 would suggest further improvements and places current levels at 22.5%. Underweight prevalence is strongly correlated with the educational attainment of the mother, with rates up to 40% for children whose mothers are illiterate, and only 10% for children whose mother have completed higher education. In addition, expenditure levels and ethnic origin are critical determinants of underweight prevalence, with the poorest households reporting prevalence rates 3 times higher than the richest.

II. Provincial and Social Disparities

Progress in poverty reduction has however been quite uneven at the regional and provincial levels. The broad-based poverty reduction trend across all regions in the country over the last decade appears to have become less even and there may be preliminary indications of stalling in poverty reduction in some regions where poverty levels appear not to have improved at all.

The Mekong delta region has led poverty reduction in Viet Nam over the last four years, reducing poverty rates by 40%. The preliminary results from the VHLSS 2002 may however have been importantly affected by high rice prices at the time of the survey. This in turn appears to have been due to a combination of factors. First of all a change in the diversification of rice crops produced in the Mekong region

has increased the quality of rice produced (which for the first time is generating better prices than that of Thailand for the same quality levels). Secondly, generally higher international prices have also contributed to improve income

Table 2. Uneven Regional Patterns

Region	1993	1998	2002
Northern Uplands	81.5	64.2	43.9
Red River Delta	62.7	29.3	22.4
North Central	74.5	48.1	43.9
South Central Coast	47.2	34.5	25.2
Central Highlands	70.0	52.4	51.8
South East	37.0	12.2	10.6
Mekong Delta	47.1	36.9	23.4

Source: GSO (2003), based on Viet Nam Household Living Standard Survey 2002

levels. The northern part of Viet Nam has not been able to benefit from this favourable international situation due the generally lower quality of the soil, which limits the scope for producing quality rice for export.

Poverty reduction in the Northern Uplands, however, has also been significant, although it would seem to have concentrated in the Northwest part of the region (the Northeast sub-region reports a poverty rate of around 70%, with hardly any improvements in rural areas, where rates are still close to 80%¹). Moreover, virtually no progress in poverty reduction seems to have been achieved in the Central Highlands, where rates remained at some 52% of households, and where food poverty rates would appear not to have improved since 1993. The Central Highlands presents the opposite picture to the Mekong delta region, with depressed coffee prices that importantly affected income and expenditure. In addition, important migration of farmers from the Northern Uplands region towards the Central Highlands, in search of arable land may also be behind the stalled poverty levels in the region.

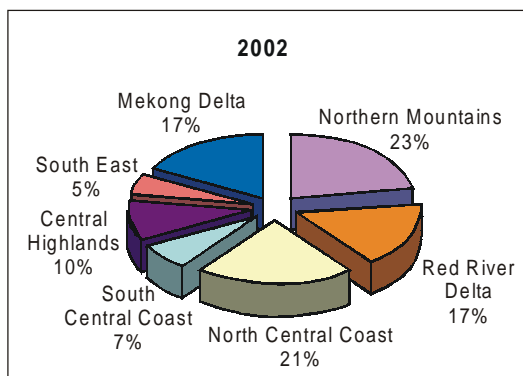
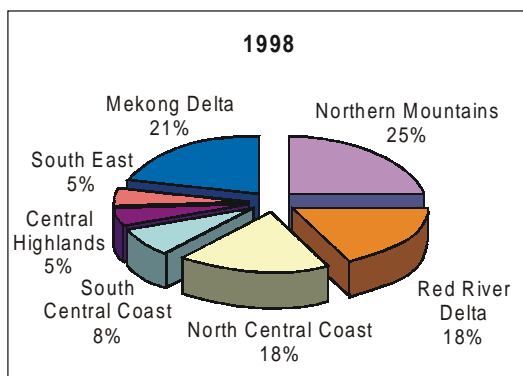
Table 3. Povert Disparities at the Provincial Level

Top 12 Provinces		Bottom 12 Provinces	
International Poverty Line			
Ho Chi Minh City	1.8	Kon Tum	45.3
Da Nang	3.5	Ha Tinh	48.0
Ha Noi	5.0	Thanh Hoa	48.8
Ba Ria Vung Tau	6.9	Dac Lac	54.3
Quang Ninh	7.2	Lao Cai	59.4
Binh Duong	8.4	Cao Bang	61.7
Khanh Hoa	9.1	Gia Lai	63.3
Dong Nai	9.9	Son La	63.9
Bac Ninh	11.5	Hoa Binh	66.1
Hai Phong	12.0	Bac Can	68.8
An Giang	14.4	Ha Giang	70.5
Ben Tre	14.7	Lai Chau	76.6

Source: GSO (2003), based on Viet Nam Household Living Standard Survey 2002

Provincial disparities in poverty rates as reported by the VHLSS 2002 preliminary data are dramatic. Ha Noi, Ho Chi Minh and Da Nang report poverty rates of 5% or less, whereas rates for Lai Chau, Ha Giang, and Bac Can are placed at some 70% or over.

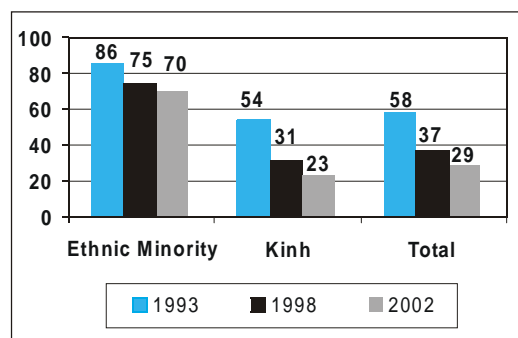
Chart 3. Share of total Poverty, by region



Poverty and Ethnic Origin

Ranking high among the more worrisome findings discerned from the preliminary data from the VHLSS 2002 is the slow progress observed in poverty reduction among ethnic minorities in Viet Nam. Poverty rates for ethnic minorities declined from 75% in 1998 to some 70% in 2002. In contrast, 23% of Kinh/Chinese households were reported below the poverty line, a level three times lower than that of ethnic minorities. As a result, the difference in poverty rates between the Kinh/Chinese majority and the remaining ethnic groups, measured in percentage points, continues to increase and is now close to 50 percentage points.

Chart 4. Poverty Rates by Ethnicity



¹ Data, however, needs to be treated with caution due to the small number of observations.

Especially worrisome following steady improvements during 1993-98, food poverty and hunger among the poorest of the poor, mainly ethnic minorities, appears to have worsened in most regions of the country over the past four years, particularly in the Northern Uplands (from 36.3% in 1998 to 37.3% in 2002), Central Highlands (from 58.4% to 59.2%), North Central Coast (22.7% to 42.5%), South Central Coast (79.4% to 82.2%) and even in the Red River Delta (from 36.5% to 44.4% in 2002). Among the general population in the Central Highlands, virtually no progress appears to have been made over the past ten years in reducing food poverty and hunger. Of the remaining two regions, the Southeast reported higher food poverty rates for ethnic minorities² in 2002 than in 1993, while the Mekong reported a modest decline (from 25.1% in 1998 to 22.6% in 2002). All of this highlights the challenge of trying to reach the remaining poor, especially the poorest of the poor, who are often in the most remote parts of the country. These poorest of the poor are typically suffering from various forms of isolation, not just geographic isolation, but also linguistic and social isolation, as well as isolation from basic information and knowledge needed to improve their well-being.

Gender distribution of Poverty

As was the case in 1998, female-headed households reported poverty rates considerably lower than male headed ones. In particular, female-headed households reported poverty rates of 20% in 2002 (down from 28% in 1998) whereas male-headed ones reported poverty rates of 31% (down from 40% in 1998). This finding needs to be interpreted with some caution, however, since there are important difficulties at establishing who is the household head, and data is not disaggregated between married female-headed households and unmarried ones, an area for further development in forthcoming surveys.

Moreover, many married female-headed households are recipients of large remittances from their migrant husbands working elsewhere in the country or overseas. In addition, female-headed households tend to have a smaller size, an important determinant of poverty levels. The further gender disaggregation of data from the living standards surveys is a critical need

² The Southeast region reports a decline of 53% in food poverty for ethnic minorities, but data from 1998 is based on only 6 observations of ethnic minority households and would seem hardly representative.

to evaluate in depth the relative situation of women in Viet Nam.

Challenges to further progress in Poverty Reduction

Vulnerability

Poverty estimates in Viet Nam must be interpreted with some caution. The definition of a poverty line is a technically complex and somewhat subjective process and the poverty rates obtained on its basis should be taken as simply the best possible estimates within a broad range. The sustainability of poverty reduction in some regions is still at stake and many households might still be vulnerable to falling back into poverty for different reasons. As an indication, if the poverty line were to be increased by 10% (or around 200,000 VND per year, or a bit more than one dollar per month per person) overall poverty rates would be brought up to 35.6%, a nearly 25% rise.

Another available alternative to assess the degree of vulnerability of households to fall back into poverty is to measure the distance between mean per capita expenditure and the poverty line. As the distance to the poverty line increases, the general vulnerability of non-poor households to fall into poverty is reduced (World Bank 2002a), although this line of reasoning may be based on the assumption of a reasonably even distribution of income. In Viet Nam, mean expenditure has increased consistently in absolute terms since 1993, albeit with huge disparities between expenditure quintiles and ethnic groups. However, as a percent of the poverty line, mean expenditure has increased only slightly from 167% in 1993 to 168.5% in 2002 (after falling substantially to 154% in 1998), pointing at modest improvements in the vulnerability of non-poor households to falling back into poverty measured by this indicator.

On an important related issue it is estimated that some 1 million people annually need emergency relief in Viet Nam due to natural calamities, bringing new households below the poverty line. In addition, an important number of households are still very vulnerable to falling back into poverty due to long-term illnesses and the relatively high cost of medical treatment.

Increasing Inequality

The rising trend in expenditure inequality perceived in 1998 might have been confirmed according to preliminary estimates from the

VHLSS 2002 data. Every major traditional indicator of inequality suggests increases since 1998, with a Gini coefficient for consumption expenditure in Viet Nam in the vicinity of 0.37 in 2002, up from 0.35 in 1998 and 0.33 in 1993. This increase in inequality as measured by the Gini coefficient is especially worrisome in light of Viet Nam's low per capita income. Non-food expenditure inequality has increased importantly to 0.49, confirming increasing disparities in expenditure and income patterns.

The share of the poorest households in total expenditure also continued to decrease between 1998 and 2002. In 1993, the poorest 20% of the population amounted to 8.8% of total expenditure in Viet Nam, but by 2002 this

share had declined to 7.8%. In contrast, the expenditure share of total expenditure of the richest 20% had increased between 1998 and 2002 from 43.3% to 45.9%. As a result, the richest 20% of households in Viet Nam reported in 2002 real expenditure per capita some 6 times higher than that of the poorest, up from some 4.6 times higher in 1993.

Table 4. Increasing Inequality

	1993	1998	2002
Gini Coefficient	0.33	0.35	0.37
Food Expenditure	0.256	0.256	0.274
Non-Food Expenditure	0.474	0.484	0.49

Source: GSO, VLSS 93, VLSS 98, based on Viet Nam Household Living Standard Survey 2002

III. Financing, Decentralization, and Local Governance Issues

Financing Development at the Local Level

Amendments to the State Budget Law, which should help better define the roles and responsibilities of government agencies and legislative bodies in budget preparation, approval, implementation and monitoring were passed by the National Assembly in January 2003. The amendments will affect the preparation of the 2004 national and local budgets.

Out of the main amendments approved, the increased responsibility of Provincial People's Councils to decide on district level allocations has legally endowed provincial administrations with important discretion in the use of public funds. In theory, this flexibility should allow provincial Government's to reallocate funds to pro-poor, employment-generating initiatives and social services. In practice, annual provincial allocations are hardly enough to cover for basic social needs. It is not expected therefore that substantial pro-poor modifications to provincial budget allocations will occur. Expenditure priorities in the form of minimum standards would need to be defined in a binding way, and it is expected that the formulation of sectoral Medium Term Expenditure Frameworks would assist the earmarking of additional resources for priority sectors. (In this regard, the Education For All Plan is a good start, defining effectively both quantitative and qualitative minimum standards for the country's provinces.)

In addition to low management capacity at the local level, the lack of spending flexibility (including lack of revenue raising powers) of local administrations is the main administrative constraint for the effective targeting of local development issues by provincial and district administrations. Increased decentralization of expenditure capacity will need to be balanced against the continued need to safeguard the fiscal stability Viet Nam has achieved over the past decade.

Targeting the Poor

In addition to broad-based socio-economic development policies, the Government of Viet Nam is allocating an important amount of resources to poverty reduction through a series of targeted mechanisms. The assessment of the success of national poverty reduction programmes in reaching the poor may provide interesting insights for the administration of the programmes.

A UNDP (2003b) study on the process for the allocation of State Budget resources to the Hunger Eradication and Poverty Reduction and Job Creation Programme (HEPR) and Programme 135, found that despite the significant amount of resources committed to both programmes (almost US\$60 million for HEPR and nearly US\$95 million for Programme 135 in 2003), important budget management shortcomings might be hindering the programmes' impact on the poor.

Box 1. Community Contribution in Rural Infrastructure: Ownership or burden for the poor?

Community participation in the development of rural social and economic infrastructure is a central plank in both the government and donor-funded programmes. A key aspect of this beneficiary participation in government programmes is the requirement that likely beneficiaries contribute certain percentage of the cost of infrastructure (10-15%) in the form of free labour or materials.

The prevalent wisdom is that community contribution helps in instilling a sense of ownership among the beneficiaries, thus leading to sustainability of the scheme. It is also assumed that it leads to greater involvement of the beneficiaries in decision-making, which builds their capacity, inculcates transparency and breeds efficiency and empowerment.

With all above-mentioned assumptions and sound arguments about the benefits of community contribution, a constant stream of concerns has been raised by various researchers and supervisory missions over the recent past about the application of this principle. These concerns related to:

- application of this principle even to large contractor-executed schemes where community is not an investment owner;
- participation, which has become synonymous to free labour rather than empowerment;
- arbitrarily fixed flat rates of contribution without taking into account the nature and type of the scheme or the ability of the beneficiaries;
- execution of a number of schemes at the same time with the same requirement by different programs thereby putting too much burden on the beneficiaries;
- an inherent contradiction in the intended aim of providing income generation opportunities to the poor through wage labour and at the same time expecting them to provide free labour as contribution;

A study was conducted to examine this practice in various projects in 18 communes in four different provinces and draw lessons/recommendations for the government and donor funded rural development programmes. Provinces targeted included Ha Giang, Tuyen Quang, Ha Tinh and Quang Binh, and all selected communes had a wide range of infrastructure schemes sponsored by various government and donor-funded initiatives. The study clearly showed that community contribution is but one part of the overall process of community participation.

Interviewees remarked that community contributions need to be preceded and succeeded by other essentials of community driven development. Those would include active involvement of the beneficiaries in the entire cycle of project implementation; meaningful control over the finances and contracting; training and capacity building; technical support and regular monitoring; inculcation of democracy, local accountability and transparency in decision making, helped by qualified social facilitation staff and concerned technical staff; and incentives for participation and contribution.

Perceptions about limited capacity of commune and village level administrations were addressed in quite different ways in the provinces surveyed. For some provinces, this sufficed as an excuse not to develop any concerted strategy to build the capacity of communes and provinces. Others have been able to arrange for comprehensive training of officials. Tuyen Quang, for instance, has arranged training for 700 engineers and technicians for the communes, and key commune staff are being sent regularly to Agriculture Universities or Technical Schools to upgrade their skills.

Tuyen Quang has shown consistent political commitment to the decentralization of rural development programmes like Programme 135 to the commune level, demonstrating that communes are capable of taking charge of basic infrastructure programmes provided they are properly guided and trained, given control and technical support of district level is ensured. The province has taken, in addition, the first step for the implementation of a strong Monitoring and Evaluation system and the commune level with the establishment of the Commune Monitoring Board of Programme 135.

Another province in the study, Quang Binh, is doing away with the practice of requiring free labour as a Community Contribution and authorities are opting for subsidized labour. Labourers are paid at half the labour wage rate (around VND 15,000) and the rest is considered their contribution. This might be a better way to ensure the poor derive direct financial support from project-funded schemes.

UNDP (2003a)

Box 2. Targeting credit for the poor? The new Social Policy Bank

The new Social Policy Bank was established in February 2003 in accordance with Decree 131 of the Government with a view to separate policy lending from commercial lending within the framework of the overall banking sector reform. The scope of the new Social Policy Bank will be larger than the scope of the former Viet Nam Bank for the Poor since it gathers policy lending previously undertaken by various ministries, excluding lending to SOEs.

The SPB's total legal capital will be 5000 billion VND (equivalent to USD 325 million), which in principle would allow the Bank to eventually mobilize and lend well over a few billion dollars worth of policy loans. Mobilized capital to date is however well below the 5000 billion figure. The Government has stipulated that state credit institutions would deposit 2 percent of their mobilized capital funds (receiving in return an interest rate over their deposits) to the SPB, to be used as part of its lending capital. The SPB will also receive the annual state budget allocation for national programmes such as job creation, housing for flood resistance, etc., and has been allowed to mobilize ordinary savings as other banks. It could also receive funds from both domestic and international sources, grants and loans, with or without interest.

Viet Nam's Bank for the Poor (VBP) was traditionally housed at the Viet Nam Bank for Agriculture [VBA] relying on its staff, funds and facilities for its operations. The Social Policy Bank will initially draw upon the VSP apparatus, but faces the huge challenge of establishing its own network of branches. An additional and equally important challenge would be to recruit skilled personnel for its operations, as it might not be possible to retain VBA staff previously supporting the operations of the VBP.

The separation of policy lending from commercial lending has been considered a crucial primary step in the banking reforms. In principle, the creation of the Social Policy Bank could allow for greater transparency in this process so that the size of subsidized credits is accurately estimated and planned in advance in order to avoid fiscal instability in Government's operations. The SPB would be in charge of providing policy lending with preferential conditions (e.g., with subsidised interest rates and without collateral), while other state-owned financial institutions would have autonomy to focus entirely on commercial lending.

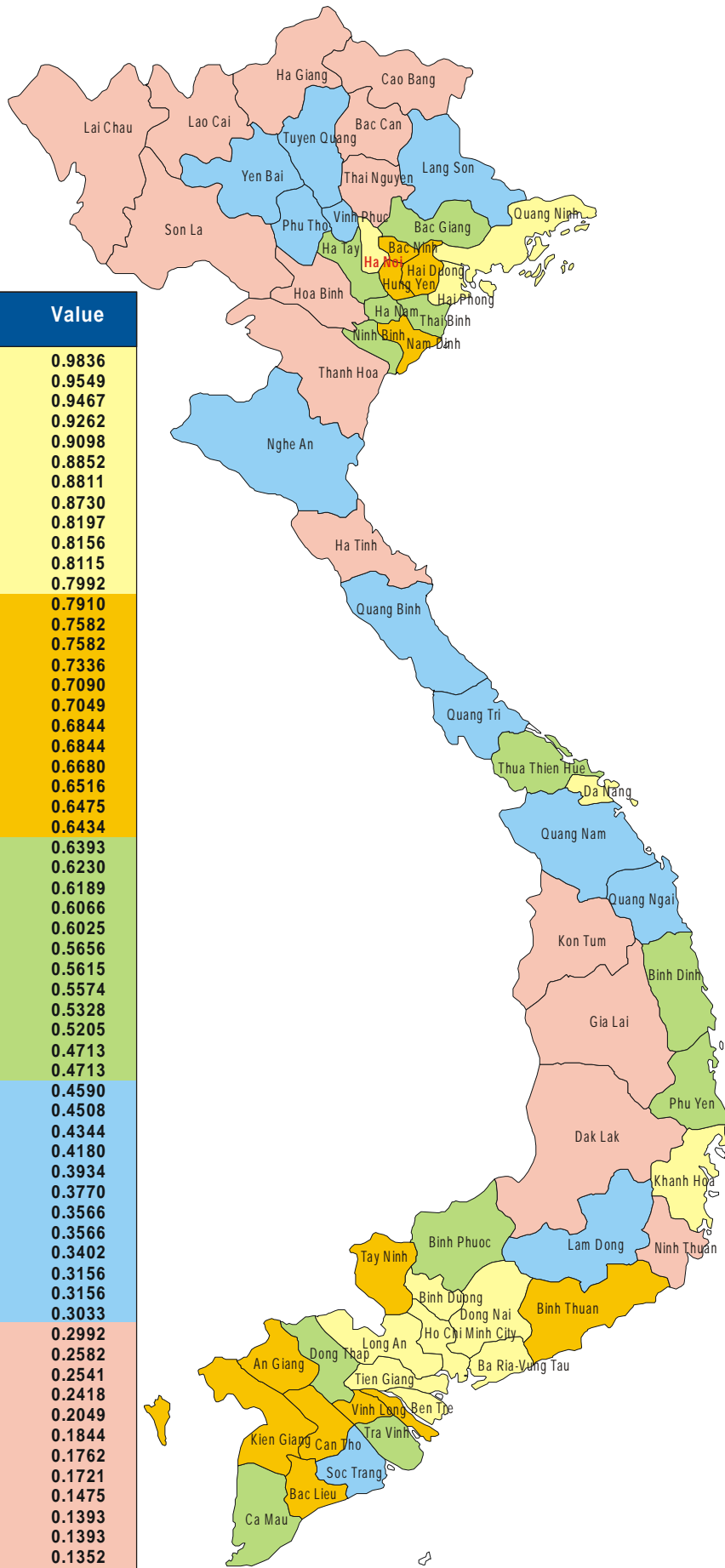
The size of policy lending by the SPB will be determined on the basis of specific criteria, such as the ratio of poor households, the annual lending scale, etc., in order to accurately estimate the size of subsidies required. Clear criteria will be determined for the selection of beneficiaries. For example, poor households willing to start a business but lacking collateral would be provided with loans through the job creation funds. In addition to poor households, those considered near poor, and unable to get a commercial loan, would be facilitated by access to policy lending. The maximum loan size would be 7 million VND (or USD 500), and average loan size is expected to be USD 200. The bank is also considering providing loans worth more than 7 million VND through the job creation programme (up to 15 million VND per household), and the flood-resistant housing programme (up to 10 million VND per household).

The selection of beneficiaries will be done at the commune level, on the basis of the poverty assessments undertaken by the district branches of MOLISA. An additional challenge to the success of the Bank will be to ensure the transparency of the process of selection of beneficiaries. Anecdotal evidence would suggest that on occasions the selection of poor households have not followed the participatory process proposed by MOLISA at the commune level, and the village head has exerted a disproportionate influence over the decisions.

As indicated above, the separation between commercial and policy lending is an important step in banking reform. However the challenges the Social Policy Bank is facing should not be underestimated. The Government has to develop all the infrastructures required by such an ambitious institution (branch network, staff, management, credit procedures, MIS, etc). Also, the lessons learnt from the experience of Vietnam Bank for the Poor should be considered, such as the distortions created by subsidised interest rates or issues linked with the selection process of disadvantaged households that can benefit from loans.

UNDP (2003), Monthly Donor Group Forum with Governor of the State Central Bank Le Duc Thuy

POVERTY



Province	Value
Ho Chi Minh City	0.9836
Ha Noi	0.9549
Da Nang	0.9467
Ba Ria Vung Tau	0.9262
Dong Nai	0.9098
Quang Ninh	0.8852
Binh Duong	0.8811
Hai Phong	0.8730
Long An	0.8197
Tien Giang	0.8156
Khanh Hoa	0.8115
Ben Tre	0.7992
Bac Ninh	0.7910
Tay Ninh	0.7582
An Giang	0.7582
Vinh Long	0.7336
Hai Duong	0.7090
Can Tho	0.7049
Binh Thuan	0.6844
Kien Giang	0.6844
Bac Lieu	0.6680
Nam Dinh	0.6516
Thai Nguyen	0.6475
Hung Yen	0.6434
Ha Tay	0.6393
Dong Thap	0.6230
Phu Yen	0.6189
Ninh Binh	0.6066
Binh Dinh	0.6025
Thai Binh	0.5656
Tra Vinh	0.5615
Thua Thien Hue	0.5574
Ha Nam	0.5328
Ca Mau	0.5205
Bac Giang	0.4713
Binh Phuoc	0.4713
Soc Trang	0.4590
Lam Dong	0.4508
Vinh Phuc	0.4344
Tuyen Quang	0.4180
Lang Son	0.3934
Phu Tho	0.3770
Quang Binh	0.3566
Quang Nam	0.3566
Quang Tri	0.3402
Yen Bai	0.3156
Nghe An	0.3156
Quang Ngai	0.3033
Kon Tum	0.2992
Thanh Hoa	0.2582
Ninh Thuan	0.2541
Cao Bang	0.2418
Ha Tinh	0.2049
Lao Cai	0.1844
Dac Lac	0.1762
Son La	0.1721
Hoa Binh	0.1475
Ha Giang	0.1393
Bac Can	0.1393
Gia Lai	0.1352
Lai Chau	0.1189

Firstly, increased transparency would be required in the budget allocations process. In particular, lower levels of administration seem to rarely know the overall amount allocated to the province through the programme and the priority areas defined for expenditure. In this area, additional information on the allocations to the National Ministry of Defence under the HEPR programme (which may amount to nearly 20% of total HEPR) needs to be further evaluated in terms of poverty reduction impact.

The search for increased transparency would notably include the preparation of unified sets of guidelines for both programmes that would ease their implementation at the local level, and a clear set of incentives that encourage improvements on provincial and sectoral implementation performance (probably in the form of higher forthcoming budget allocations).

Secondly, in line with the amendments conducted to the State Budget Law, increasing

the flexibility and discretionary powers of provincial administrations by the allocation of annual block grants might improve pro-poor impact of the programme. Moreover, announcing indicative planning figures early in the year for provincial block grants would endow the process with very necessary additional stability. The determination of the size of the provincial grants has traditionally been a controversial issue that might be resolved by ensuring block grants are a function of the poverty levels and of the population size in the province.

Lastly, increased accountability in the use of these resources appears needed. The implementation of a Monitoring and Evaluation system, including minimum standards and simple performance assessments would allow for enhanced efficiency. This should include annual preparation of narrative and financial reports on the activities under both programmes in the previous year.

IV. Framework for Further Progress

Viet Nam has maintained a commendable planning effort in the area of poverty reduction over the last few years, and has increased importantly the resources devoted to the fight against poverty since 1998. An important new piece of the institutional and policy framework underpinning poverty-reduction efforts in Viet Nam, the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), continued to progress towards implementation in 2003. The Poverty Task Force of government and donor agencies organized a series of regional workshops between May and June 2003 aimed at increasing awareness at the provincial level on the process of formulation and target setting followed for the drafting of the document. The workshops are a first stage in the process of "rolling out" the CPRGS to the provinces of Viet

Nam, and are planned to be followed by in depth assistance to selected provinces in order to integrate the planning process and investment criteria in local level administrations.

The implementation of the CPRGS at the provincial level requires, however, that the contents and approach of the CPRGS be adapted to the needs of provincial level administrations. Cross cutting principles to the formulation of socio-economic plans, like facilitating broad participation of government and non-governmental stakeholders, and ensuring gender-sensitive planning and budgeting process might be prioritised, as well as the definition of initiatives in assistance of the most vulnerable groups.

MDG 2 – Achieve Universal Primary Education

I. Progress towards the achievement of the goal

Thanks to early investments in education, much of which predates even the launch of *doi moi*, Viet Nam can boast today, according to the latest data from the VHLSS 2002, an adult literacy rate of some 91%, a critical indicator that reflects sustained improvements in human development. Progress in improving adult literacy has also been quite even across rural and urban areas, while gender differentials have been steadily reduced. Preliminary data from the VHLSS 2002 suggests over 94% women below 40 years of age were literate, although rates for women in this age group from ethnic minorities were significantly lower at around 75%.

Current net primary enrolment rates³ in Viet Nam stand at some 92% (MoET, 2002), which place Viet Nam close to achieving the national target of 97% by 2005. Official estimates indicate that the Gross Enrolment Rate⁴ (GER) at 106.8%, revealing a 15 percentage points gap between primary GER and NER that reflects the number of children in school who are either underage or over age because they

enrolled late or repeated grades. In spite of this substantial gap, Viet Nam reports faster progress than most low-income countries in bridging the gap on gross and net enrolment rates, an important achievement, since high GERs are traditionally a measure of the inefficiency of a primary school system.

Most importantly, available data would suggest primary education completion rates in Viet Nam have increased from some 68% in 1998 to 77% more recently. Sustained progress in completion rates is underpinning growth in net enrolment rates in lower secondary education, which currently stand at some 67%, approaching the 80% target set for 2005 by the Government.

Improving the quality of education in Viet Nam has been highlighted in the recently released Education for All National Action Plan (MoET 2003) as the major challenge of the sector. Viet Nam seems to be far from achieving international standards in primary education, and ambitious targets have been set for the

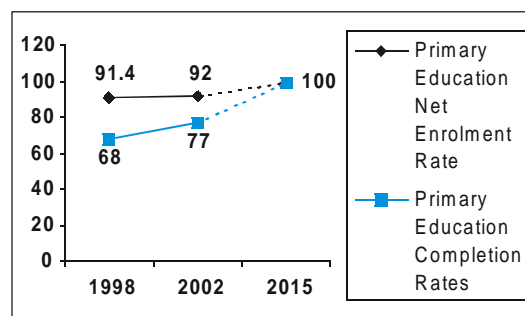
Box 3. Primary Education Salient Features

Net enrolment rate	91.6%
Gross enrolment rate	106.8%
Completion Rate	77%
Repeaters	2.3%
Drop-outs	3.7%
Pupil-teacher ratio	26.4%
Primary school children	8,927,000
Ethnic minority children	1,584,087
Disabled children*	200,900
Public expenditure as % of GDP	23.0%
Public expenditure on education as % of total public expenditure	13.9%
Public expenditure on primary education as % of education expenditure	37.0%

* MOLISA 2003 estimates 2.25% disabled out of total children 6-11 years of age

Source: MoET, MOLISA (Several years)

Chart 5. Primary Education Enrolment and Completion rates



Source: VLSS 98, MoET (2002)

³ The primary school net enrolment rate (NER) is the proportion of children in the officially designated age 6-10 cohort who are enrolled in primary school.

⁴ The GER is the number of children of any age who are enrolled in primary school as a proportion of children in the primary age group.

next twelve years. Underfunding of education services has resulted in Viet Nam's children in primary education attending only some 40% of the schooling hours provided in Thailand (DFID 2002). As the EFA Plan puts it "reliance on community contributions to deliver primary education has led to a widening gap in learning opportunities and learning achievements".

Teachers training has been rightly underlined as an investment priority to improve education standards. In 2001/2002, some 8% of all teachers received in-service training (4 days on average) (MoET 2003). The MoET aims to provide 30 days of in-service training to 100% of teachers by the end of the school year 2003-2004, and will aim to ensure all provinces have a teacher training resource center by 2015. In addition, only 50% of teachers in primary education (and 10% in lower secondary) received the teachers' guide. The Government aims to reach 100% of teachers by 2015.

In another indicator of quality of education, only 13.4% of primary schools had computers laboratories, and the same share of schools provided students the services of a functioning library. The Government targets to have 100% of schools in the country with Computer labs and functioning libraries by 2010.

While gender balance on primary education enrolment has been virtually achieved, Viet Nam is still some way from achieving gender equality in primary education. There is little overall difference between sexes in primary NER, with a national NER of 91% for girls and 91.7% for boys. However, there is evidence that a

disproportionate share of drop outs in primary education are girls, while they represent some 40% of repeaters.

Achieving the 99% net enrolment rate in primary education by 2010 will importantly require the further integration of ethnic minority and disabled children into the formal education cycle. These two groups represent some 20% of the total primary school population in Viet Nam (18% for ethnic minorities and 2.25% disabled children). Some 33% of disabled children have never attended primary school (UNICEF 2003a), and of those participating, only 15% finished primary schooling.

The total share of children ever enrolled in early childhood development programmes is estimated at 65%⁵ in Viet Nam, with girls enrollment greater than boys, 69% versus 59% respectively. Studies have confirmed that children who participate in organised Early Childhood Care and Education (ECCE) activities subsequently tend to perform better in school, to continue to school longer and to earn higher incomes later in life. These children are less prone to delinquency, drug use and other social problems. This better start in life that ECCE provides is the most persuasive justification for the investment, though the cost of a comprehensive system is substantial. Countries that have made this investment recover the costs through savings in other parts of the education sector for example, through reduced repetition and dropout incidence at the primary level (UNICEF 2003b).

II. Provincial and social disparities

An ethnic divide

Reflecting certain inefficiency in the enrolment of ethnic minority children in primary education, primary education Gross Enrollment Rate (GER) stands at around 130% for this group in the Central Highlands and in the Northern provinces. Available data suggest that a large proportion of ethnic minority children start school late and repeat grades, making it more difficult for them to complete primary education. For some ethnic minority groups in the Northern Uplands and Central Highlands, the primary NER falls below 70% due to poverty, geographic remoteness and language barriers. A NER of 41.5% is reported for the H'mong, the lowest

of all the ethnic minority groups (World Bank 2002b).

A significant number of ethnic minority children still learn in a 120-week (3 subjects) curriculum compared with the new 175-week curriculum (6 subjects introduced in grades 1 in 2001/2 and grade 2 2002/3 school years) for the majority of school-aged children. The 120-week curriculum is one of the major impediments for poor and ethnic minority children's transition and acceptance into lower secondary schooling since they are ill prepared to pass the

⁵ EFA Plan Annex IV, page 1

Table 5. Provincial Disparities in NER

Top 12 Provinces	NER Primary education	Bottom 12 Provinces	NER Primary Education
Thai Binh	99.59	Binh Phuoc	87.66
Ha Noi	99.07	Ha Giang	87.64
Bac Ninh	99.02	Tra Vinh	87.09
Ninh Binh	98.88	An Giang	85.10
Nam Dinh	98.82	Cao Bang	84.84
Bac Giang	98.59	Kien Giang	84.42
Hai Phong	98.49	Ninh Thuan	84.21
Hai Duong	98.43	Bac Lieu	84.21
Hoa Binh	97.94	Son La	82.01
Vinh Phuc	97.91	Gia Lai	80.32
Phu Tho	97.83	Soc Trang	78.98
Binh Dinh	97.79	Lai Chau	70.59
Average	98.53	Average	83.09

Source: UNDP (2003), Estimates from VHLSS 2002

standardized test for secondary education curriculum. However, it is planned that the 120-week curriculum will be gradually phased out during the coming years and completely replaced by the 175-week curriculum by 2007.

Gender equality is a bigger challenge for ethnic minority girls

Disaggregation by ethnic groups shows also significant gender disparities among three minority groups: Dao, Thai, and H'mong respectively, where the NER for girls is 4.9%, 6.7%, and 20% lower than those for boys.

Girls attending branch or satellite schools in remote rural areas are also less likely to complete the primary education cycle since

they would be required to enrol in semi-boarding schools after completion of their second year of primary education, an unpopular option due to cultural reasons.

Girls-sensitive policies in the provision of access to primary education would include ensuring the availability of good water sanitation facilities at the school, reducing distance to schools, and promoting their participation in activities and leadership within the school.

Provincial gaps are still apparent

Despite impressive national achievements, provincial disparities in access to and quality of educational services are still evident. The NER for the weakest 12 provinces in the country is an average 83%, while the top 12 provinces reported average NER of over 98%.

Steady progress in access to education is increasingly turning the policy makers' attention towards the need to raise the average quality of education services, as stated in the new Education for All Plan (EFA). The more remote and disadvantaged the provinces, districts, and communes are, the lower is the quality of primary education. Village or branch schools offer the poorest quality learning experiences for ethnic minority children. Factors contributing to the low quality of primary education in disadvantaged areas of the country include poorly designed school facilities, inadequate teacher preparation, ineffective teaching and learning methods, limited availability and quality of learning materials, lack of clean water and sanitary latrines.

III. Financing, Decentralization, and Local Governance Issues

An important amount of additional financial resources will be required to achieve the national objectives in quality of education and to ensure affordable and equitable provision of primary education for all. Financing of the new Education For All Plan is expected to exceed US\$ 1 billion per year and reach US\$ 2.5 billion by 2015. The important financial gap will need to be met with sustained community and donor contributions, the financial gap would amount to approximately 14 per cent of total resources needed in 2003, including the financial needs of the provincial and district levels of administration (MoET 2003).

The financial burden on communities and families to help cover costs of education inputs such as tuition and fees, stationery, books, uniforms, construction and maintenance of physical infrastructure is a major determinant of whether children stay in school. Important progress has been observed in the extension of cost exemption in primary and secondary education. Exemption levels (including full and partial cost exemption) increased from 18% in 1998 to 58% in 2002 of students aged 6-14. However, most of the change observed is due to the 2000-2001 policy decision to exempt children at state-owned primary schools from paying tuition fees. Full cost exemption

(including tuition fees, and other school contributions) for the poorest 20% of households in fact decreased from 14% in 1998 to 11.5% in 2002 (GSO 2003).

The National Committee on Ethnic Minorities (CEM) study on healthcare and education policies⁶ (CEM 2003) found that disadvantaged children of communes under Programme 135 were exempt from annual tuition fees but many were charged other ad-hoc costs for school construction, expansion and maintenance. If these fees were not paid, school authorities could bar students from attending classes. Parents often resorted to selling livestock and produce to afford the added costs.

Some 94% of primary school teachers are paid by the Government. While salaries are received on time, the money, including bonus and reward schemes, is not enough. For teachers, particularly those working in mountainous areas (five years for men and four years for women), poor transportation infrastructure means one trip home could cost three months wages, let alone cover basic necessities.

Education management systems at all levels (central, provincial, district, school) are inadequate to implement education reforms, and the skills required to meet the EFA Plan at the provincial level include planning for decentralised management and administration as well as support for supervisory and quality control.

Human resource administration in the education sector also require improved policies. There is a need to increase the flexibility of local administrations in hiring and training professionals. Changes to the curricula will not be effective if the teaching staff remains unchanged and untrained. The CEM study found that teachers from mountainous areas

were described as less qualified than their lowland counterparts and are likely to be less accepted at lowland schools. In some disadvantaged areas assessed by CEM, the level of unqualified teachers reached 50%.

The full implementation of the Education for All Plan must allow for better resourcing of primary and secondary school programmes, particularly in disadvantaged localities. However, Early Childhood Care Education programmes will continue to be a shared funding responsibility, where significant costs will be borne by parents and community. Unless these poor communities are exempted from both the cost of establishing and financing the programme itself, such direct costs to parents means that poor families would unlikely be able to access early childhood care and pre-school programmes.

Teachers lack appropriate in-service and career development opportunities and many are poorly trained. Their time is under-utilized particularly for those teaching the 120-weeks curriculum. Remuneration is low compared to international standards and to salary levels of other sectors of the economy.

According to the EFA Plan, of some 338,000 primary school teachers in the country, 10% are from ethnic minority groups. Chronic teacher shortage meant that many schools employed teachers with low qualifications, some having only five years of primary school education and two years additional training. CEM study on education policies found that while quality of teachers varied from district to district, language barriers contributed to low quality of education for these areas. Vietnamese speaking teachers had important difficulties communicating with students in ethnic minority areas since textbooks are only available in Vietnamese.

IV. Framework for further progress

National and Local level Policy Framework

The National Framework for Education for All (EFA), 2003-2015 was approved by the Prime Minister in July 2003. The EFA Plan provides a road map for the development of four major

components (target groups) of the education system during 2003-2015: (1) early childhood care and education (ECCE) and pre-schools, (2) primary education, (3) lower secondary education, and (4) non-formal education for out-of-school youth and adults. EFA sets overall national goals and targets to be reached and identifies the Action Programmes, which must be implemented particularly at local levels, in order to reach them. The EFA plan preparation

⁶ Data should be treated with caution due to the small number of observations.

Box 4. Child-friendly Monitoring and Assessment System

Viet Nam was one of the first countries in the world to sign the Convention on the Rights of the Child (CRC) in 1991, which recognizes the right of all children to quality basic education. School participation in and of itself does not assure children of a quality education. For this right to be realized it takes far more concerted efforts. Well-trained and committed teachers are first and foremost essential to children's education. Age appropriate and interesting textbooks, well-designed school facilities as well as parents and community members, who are deeply engaged in the education of their children, are other important components. However, for children's right to a quality education to be fully and truly realized, a positive learning environment that promotes their academic achievement, as well as their physical, psychological, social and emotional growth must be also fulfilled.

The UN actively supports the Government of Viet Nam to create such child-friendly school environments using a school and community-based monitoring system called *COMPAS – Community-based Monitoring and Progress Assessment System*. It is a first attempt to track the status and progress of the school learning environment over time. *COMPAS* is currently being applied in 500 of the most disadvantaged rural primary schools, including branch campuses on the basis of rights-based principals.

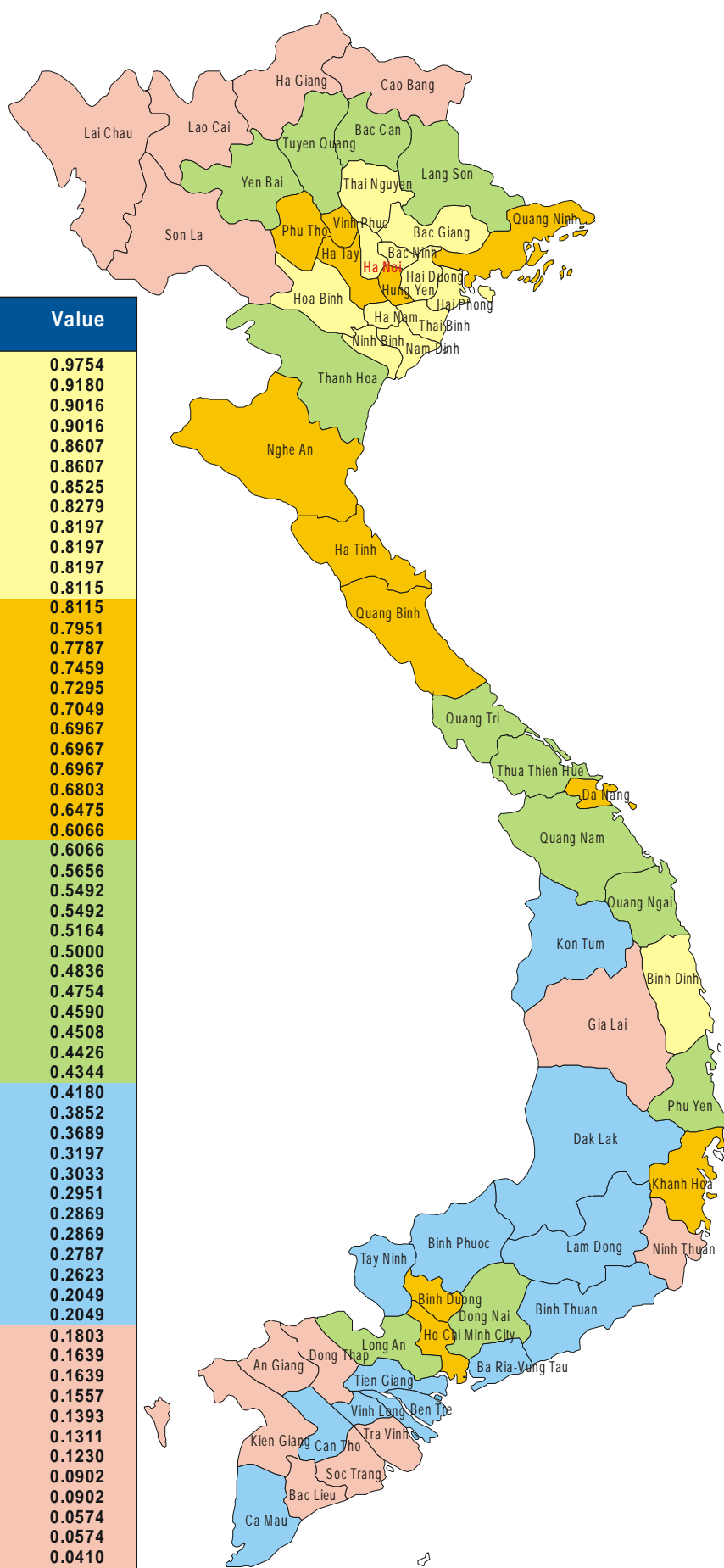
Inclusive child-friendly schools provide children with a quality education with an environment that is healthy and engaging – a place where they can play, be protected from harm, express their thoughts and opinions and actively participate in the learning process. Seven enabling actions that underpin the inclusive child-friendly learning environment concept are as follows:

- 1) **Guaranteeing safe, healthy, clean and protective spaces for children**, including strong school buildings, well-designed spaces and clean learning environments with appropriate furniture and light for classroom work. Clean drinking water, separate sanitary facilities for boys and girls, safe playgrounds, and health promoting services like immunisation and nutritional monitoring, are also fundamental elements of a child-friendly primary school.
- 2) **Fostering children's psycho-social, cognitive and academic development** within a supportive learning environment and age-appropriate curriculum, ensuring that all children, particularly girls, master the fundamentals of learning, including functional literacy and lifeskills. This is best achieved through child-centred and interactive teaching/ learning processes that respond to children's physical, emotional and intellectual needs and provide them with opportunities to experiment, play and learn by doing.
- 3) **Ensuring enrolment, attendance and completion** by tracing and tracking the enrolment and participation of all school-age children in the community, especially girls and other disadvantaged children; developing enrolment and retention plans, and assessing and addressing the causes for non-attendance. Heads of schools, parents, teachers and community leaders are co-responsible for working together to ensure that the right to a quality education is realised for all children.
- 4) **Supporting heads of schools to create child-friendly learning environments** by building their capacity for good school planning and management practices, making the best possible use of existing resources and staff support, in line with the *best interests of the child*, including promotion of their physical growth, social, emotional and cognitive development, and learning competencies.
- 5) **Raising teachers' morale and motivation** through a supportive environment that provides them with opportunities for professional growth, remuneration commensurate with their experience and qualification, and training. This includes skills and know-how of subject matters and interactive teaching/learning techniques, access to teaching materials and resources, and regular fora for meetings with their peers and supervisors to discuss pedagogical challenges and solutions.
- 6) **Mobilizing parental and community support** for children's education with strong community partnerships, for example through the formation of Parent-Teacher Associations that are actively involved in school planning and management together with the leadership of school heads and Education Councils, and through the mobilization of funds and other resources for education.
- 7) **Encouraging and respecting children's participation** in a broad variety of school and community activities in designing and monitoring of child-friendly policies and practices, in all areas involving their safety, health, academic growth and performance, physical and emotional development and wellbeing, including promoting high standards of conduct that foster respect and empathy in interactions both between teachers and students and among peers.

Integrating MDGs in programming for education is a central strategy for realising child rights. Community capacities must be supported to promote standards and to monitor performance so that key stakeholders actively identify children of school age to enrol and participate in classes, and complete the five-year primary school curriculum, regardless of race, gender, religion, disability or social status.

UNICEF (2003)

PRIMARY EDUCATION



Province	Value
Ha Noi	0.9754
Hai Duong	0.9180
Nam Dinh	0.9016
Thai Binh	0.9016
Hai Phong	0.8607
Bac Ninh	0.8607
Binh Dinh	0.8525
Ha Nam	0.8279
Ninh Binh	0.8197
Thai Nguyen	0.8197
Hoa Binh	0.8197
Bac Giang	0.8115
Ha Tinh	0.8115
Hung Yen	0.7951
Phu Tho	0.7787
Vinh Phuc	0.7459
Ho Chi Minh City	0.7295
Da Nang	0.7049
Ha Tay	0.6967
Nghe An	0.6967
Binh Duong	0.6967
Khanh Hoa	0.6803
Quang Binh	0.6475
Quang Ninh	0.6066
Thanh Hoa	0.6066
Dong Nai	0.5656
Bac Can	0.5492
Lang Son	0.5492
Phu Yen	0.5164
Yen Bai	0.5000
Long An	0.4836
Quang Ngai	0.4754
Quang Tri	0.4590
Tuyen Quang	0.4508
Quang Nam	0.4426
Thua Thien Hue	0.4344
Tien Giang	0.4180
Vinh Long	0.3852
Ben Tre	0.3689
Ca Mau	0.3197
Tay Ninh	0.3033
Lam Dong	0.2951
Ba Ria Vung Tau	0.2869
Can Tho	0.2869
Binh Thuan	0.2787
Dac Lac	0.2623
Kon Tum	0.2049
Binh Phuoc	0.2049
Dong Thap	0.1803
Tra Vinh	0.1639
Bac Lieu	0.1639
Kien Giang	0.1557
Lao Cai	0.1393
An Giang	0.1311
Ninh Thuan	0.1230
Ha Giang	0.0902
Cao Bang	0.0902
Gia Lai	0.0574
Soc Trang	0.0574
Son La	0.0410
Lai Chau	0.0000

process was participatory with engagement from all 61 provinces, contributing to identification of goals, targets and key components.

Decentralization of EFA action programmes and the new budget allocation system will require a new way of sector management, i.e. new provincial level responsibilities, authority and accountability, and strengthened advisory functions at central level in policy setting, ensuring quality (teacher training, curriculum, teaching and learning materials, fundamental school quality levels) and implementation monitoring.

In order to ensure targets are met, provinces are to be involved directly in the EFA roll-out. An intensive programme of assistance is envisaged to strengthen technical skills of provincial managers in planning, implementation, monitoring and analysis. The EFA roll-out to local levels will dramatically influence and is likely to accelerate the delivery of education services due to its decentralisation in management and finance. However, capacity shortfalls, insufficient resources and other practical challenges such as monitoring and quality assurance could hamper achievement of EFA targets particularly in the poorest provinces. Human resources policies need to increase the flexibility of local administrations in hiring and training professionals. Changes to the curricula might not be effective if the teaching staff remains unchanged and untrained.

Throughout the development of the EFA Plan, gender mainstreaming was identified as a priority. In order to achieve the EFA goals, including Universal Primary Education (UPE), focus on gender-responsive quality education is vital, i.e. gender-sensitive curriculum, teaching-learning processes and competency-based learning assessments. It is important

to note that the EDS 2000-2010, which has now been incorporated into the EFA framework, sets objectives for having 50 per cent of all children with disabilities included into the education system by 2005 and 70 per cent by 2010.

Under the non-formal sector of the four EFA framework target groups, the National Literacy Campaign emphasises programmes for young illiterate adults age 15-34, numbering about 1.8 million persons, particularly women. In addition, under the EFA strategic goal of providing lifelong learning opportunities, targets to be reached during the EFA Plan period include implementation of literacy campaigns, expansion of community learning centres up to 50% of all communes by 2005, diversification of post-literacy and life skills programmes. In support of 6-14 year olds out-of-school children, complementary primary or lower secondary school programmes will be established.

Overall, Viet Nam is on track to achieve the MDG of universalizing primary education. However, strong advocacy should continue for more pro-poor and pro-ethnic minority investments by the government and the international community in the areas of inclusive, pre-primary and lower secondary education.

Strengthening capacity for reliable routine data at sub-national levels is vital. The existing education information systems should be improved, while support is provided for special surveys and studies to increase reliability, comparability and coherence in methodology for data gathering and indicator definitions. Better applications in using more sophisticated methods of assessing learning competencies rather than subject-based tests and examinations would also provide MoET with more valuable feedback on the quality and appropriateness of basic education curriculum and its activities.



Millennium Development Goals

Closing the Millennium Gaps

MDG 3 - Promote Gender Equality and Empower Women

I. Progress towards the achievement of the goal

Of the eight Millennium Development Goals, Goal 3 on Promoting Gender Equality and Empowering Women is unique in that progress towards this goal is integral to the achievement of all other MDGs and to the country's overall development process. While the focus of this global MDG is on gender disparities in education levels, Viet Nam has identified additional specific country priorities that will be discussed in this chapter.

Viet Nam is steadily reducing gender disparities in access to education and is increasing the political representation of women in elected bodies. On the downside, women's equal access to land and credit is constrained by the slow progress on re-issuing Land Use Certificates (LUCs) in the name of both husband and wife, and little progress is reported in the assessment of vulnerability of women to domestic violence and the development of a supportive policy framework.

Gender and Education

While Viet Nam has nearly achieved gender balance in primary education enrolment, official data suggests gender imbalances in education are still apparent. Overall, girls are less likely to complete full school year cycles, and have higher drop out rates. In some rural and mountainous areas, and among poor and ethnic minorities households, access of girls to primary education is still substantially lower than that of boys. A mix of geographic and socio-cultural factors, such as the traditional attitude that domestic responsibilities lie with girls and thus girls do not need education, underlie some of the disparities observed.

Lower participation of girls in lower secondary school is highest in ethnic minority areas and among certain ethnic minority groups. In the area of non-formal education, girls and women are least likely to participate in and benefit from such education.

Literacy rates of women under 40 years of age have steadily improved over the 1990s and are currently placed at 94.3%, close to the national target of 95% by 2005. Rural-urban disparities in this indicator are slowly being reduced but a significant gap among ethnic groups persists. Whereas literacy rates for Kinh and ethnic Chinese females under 40 are high at over 97%, rates for their female counterparts from ethnic minority groups are slightly over 75% and have improved only marginally since 1998.

The ratio of literate females to males of 15-24 years old has remained stable while overall rates increased, sustaining an overall gender balance in this important indicator. Most remarkable disparities are found among ethnic minorities groups in selected regions, like the South Central Coast.

Political Representation - Women in Decision Making Bodies

Currently in Viet Nam, 27.3% of National Assembly members (2002-2007) are women, representing the second highest participation rate by women in the National Assembly in the Asia Pacific region, after New Zealand. This is an impressive achievement by international standards.

While women's participation in legislative bodies is high, executive decision-making bodies in Viet Nam count among their members

Table 6. Net school enrolment rate by education level and sex: 1993 - 2002 (%)

	1993		1998		2002	
	Female	Male	Female	Male	Female	Male
Primary	87.1	86.3	90.7	92.1	91	91.7
Lower Secondary	29.0	31.2	62.1	61.3	67	67.2
Upper Secondary	6.1	8.4	27.4	30.0	N/A	N/A

Source: VLSS 93, VLSS 98, MoET (2002)

a very reduced share of women. The new Cabinet includes only three women out of 30 members, and at sub-national level, women comprise only 6.4% of provincial level People's Committees, and even less at lower administrative levels.

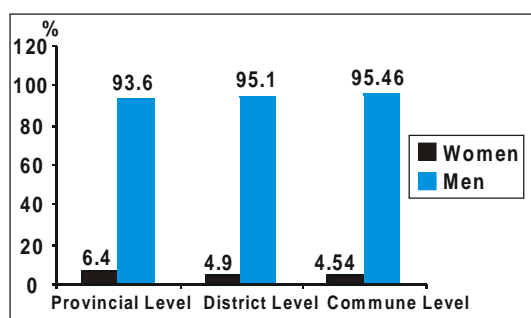
There is also a clear gender division of labor within the different Committees of the National Assembly and within central Government administration. The traditionally "softer" social portfolios within the National Assembly Committees (e.g. Committee on Social Affairs, Culture, Education, Youth and Children) are headed by women. Similarly, at the ministerial level, women tend to lead ministries with traditional caretaker characteristics (i.e. ministries of labor, invalids and social affairs; health; and population, family and children) and

men lead other ministries associated with fortitude and strategic decision-making (e.g. defense, trade, foreign affairs and public security) (UN 2002a). Overall, the share of women in leadership positions in central government administration remains low, with women representing only 11% of Ministers, 7% of Vice-Ministers, 12% of directors, and 13% of deputy directors.

Women's Access to Land and Credit

Women's equal access to land and credit is greatly hindered by the fact that the names of both husband and wife usually do not appear on LUCs. As illustrated in the table below, the national average of households having both husband and wife listed on LUCs is extremely low at 2.3 % (GSO 2003). While some regions of Viet Nam have fared better than others at ensuring registration of LUCs in both names, such as the South Central Coast at 7%, most regions hover more closely to a mere 1-2%.

Chart 6. Women and Men in People's Committees as a proportion of the Total 1999-2004 Tenure



Source: Statistics on Women and Men in Viet Nam, NCFW, 2002

Prevailing customary practices and social attitudes have precluded great numbers of women from having equal access to land use rights and credit. While the wording of the Land Law does not explicitly state that the male member of a family should be listed on the LUC, in practice, the majority of LUCs are registered under the name of the designated head of household – who is usually the eldest male in the family. In the event of divorce or family inheritance, women who do not have their names listed on LUCs do not have a legal basis for claiming their rightful share to land. Thus women are effectively disenfranchised from land, increasing as a result their economic vulnerability and dependency on men for productive inputs such as land and credit, as shown by the fact that almost two-thirds of all fund borrowers are male. In light of the growing number of legal cases for women when they try to claim their rights to land during divorce settlements, and in widowhood, this is a significant problem in Viet Nam.

Land allocation regulations based on age-based employment status also put women at a disadvantage. While a standard area of land is allocated to people within the labor age, only half of that standard land area is provided to people who are not within the labor age. Since women's mandatory retirement age in Viet Nam is 55 compared to 60 for men (i.e. 5 years earlier), land allocated to women aged 55-60 is only a half of that allocated to men of the same age. In addition, less land area is

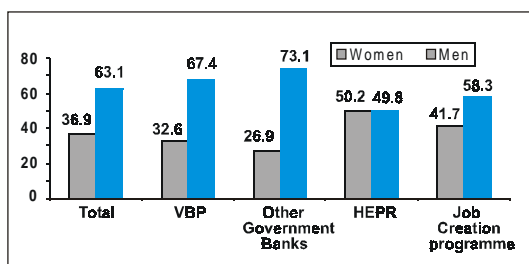
Table 7. Proportion of Women Representatives on governing bodies

Governing Bodies	Current term	Target for next election (PM Decision 19/2002/QĐ-TTg)
National Assembly (2002-2007)	27.3%	33%
Party Committees	2001-2005	2001-2005
Central	8.6%	15%
Provincial	11.3%	15%
District	12.9%	15%
Commune	11.9%	15%
People's Councils	1999-2004	2004-2009
Provincial	22.5%	28%
District	20.7%	23%
Commune	16.6%	18%
People's Committees	1999-2004	2004-2009
Provincial	6.4%	.
District	4.9%	.
Commune	4.5%	.

Source: Statistics on Women and Men in Vietnam, NCFW, 2002

allocated to female-headed households due to the absence of the husband, lack of labor force and loose regulation on the labor age. As a result, total farmland for female-headed farms is, on average, only 54% that of male-headed farms. The low number of women working on land administration also poses a problem for women as predominantly male land administrators are, reportedly, not gender sensitive when dealing with documents and cases relating to land issues⁷.

Chart 7. Share of Loans, by sex of borrower and source of loan, as a proportion of the total, 97-98



Source: Statistics on Women and Men in Viet Nam, NCFAW, 2002

Gender Based Domestic Violence

In Viet Nam, domestic violence is generally considered as a private issue the outside world should not interfere in. Moreover, several small studies indicate that it seems to be acceptable in most families and communities as long as

the woman is not severely hurt. The concept of violence is restricted to serious body violation cases and followed by criminal cases (RaFH 2001). Only very serious and systematic abuse of women, which severely damages the husband-wife relationship, is considered to be violent. In many cases it is the woman who is deemed responsible for the violence as it is considered as a sign that she has failed to fulfill her duties as a wife and failed to maintain family harmony. Although a comprehensive national study so far has not been conducted in Viet Nam, analysis of several small-scale studies suggest that gender-based violence may be very common in both urban and rural areas, and within families of all income levels (UN 2002a).

Although domestic violence is traditionally rooted in unequal gender relations and gender stereotypes, studies from Viet Nam indicate that economic hardship and alcohol abuse are contributing factors. Other major factors include issues of sexuality (eg, adultery, jealousy, and sexual incompatibility) and differing opinions in child rearing and relations with friends and relatives. A study from the Women's Union (2001) indicated that there is initial evidence showing a relationship between domestic violence and the changing role of women in the transition to a market oriented economy. Domestic violence tended to increase in cases where women had a strong economic position within the family, and where husbands felt that their traditional role was being jeopardized.

II. Provincial and social disparities

Although major gender equality indicators included in the MDG/VDG framework present balanced progress across the country, substantial provincial disparities still persist in many critical areas for the full development of Vietnamese women. Data on female representatives in the National Assembly by province shows that only six provinces have reached gender parity in representation; on average, in the remaining 55 provinces, only

one in four NA representatives per province is a woman.

In spite of the country achieving near gender balance in access to primary education, Lao Cai, Ha Giang, Son La and Lai Chau still reported in 2002 female literacy rates lower than 70%. The Northwest region also reported average rates of girls to boys in secondary education well below the national average.

⁷ Newspaper "Great Unity" – No. 54, 8 July 2003

Table 8. Share of Female National Assembly Deputies per Province, 2002-2007

Top 12 Provinces	Number of female deputies /number of total deputies	Share of women	Bottom 12 Provinces	Number of female deputies /number of total deputies	Share of women
Phu Tho	5/8	63%	Ha Giang	1/6	17%
Tra Vinh	4/7	57%	Lai Chau	1/6	17%
An Giang	5/10	50%	Lang Son	1/6	17%
Cao Bang	3/6	50%	Quang Tri	1/6	17%
Long An	4/8	50%	Yen Bai	1/6	17%
Tuyen Quang	3/6	50%	Binh Thuan	1/7	14%
Tien Giang	4/9	44%	Quang Ninh	1/7	14%
Quang Ngai	3/7	43%	Soc Trang	1/7	14%
Son La	3/7	43%	Khanh Hoa	1/8	13%
Ben Tre	3/8	38%	Thua Thien-Hue	1/8	13%
Ba Ria – Vung Tau	2/6	33%	Hai Duong	1/9	11%
Bac Ninh	2/6	33%	Ninh Binh	0/6	0%

Source: National Assembly Deputies 2002-2007, Office of the National Assembly, 2002

III. Framework for Further Progress

Cross-cutting challenges to gender

The persistence of traditional beliefs, attitudes and stereotypes about the role of women and men in Viet Nam, and the lack of a national level mechanism to collect sex-disaggregated data and other gender-specific information in a comprehensive, systematic manner are critical cross sectoral challenges to better understanding and further progress on gender equality in Viet Nam.

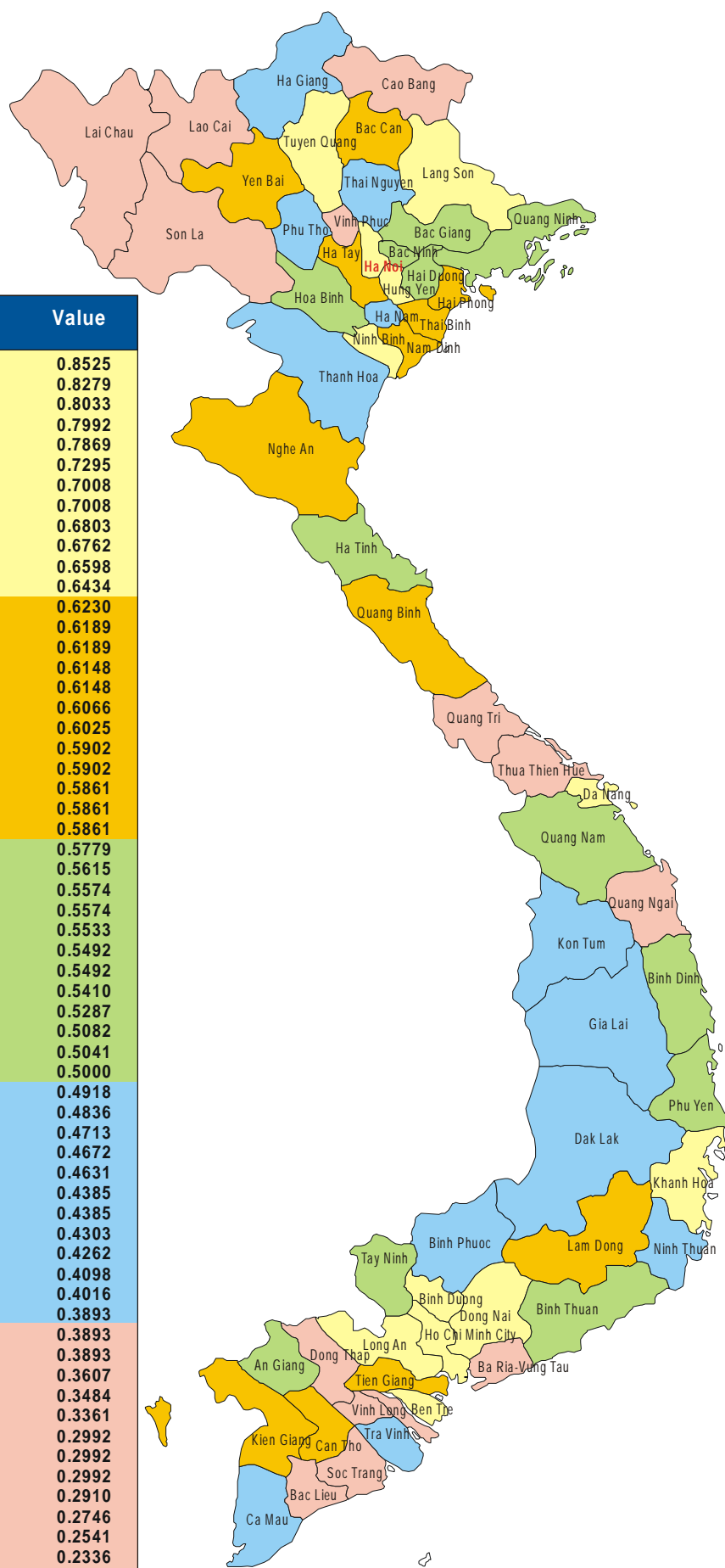
In spite of a strong national policy framework for gender equality, local implementation of policies and decisions has been weak. In addition, implementation responsibilities are often assigned to women-focused bodies such as the Viet Nam Women's Union or the National Committee for the Advancement of Women instead of other overall national policy making bodies, constraining the extent to which gender analysis and implementation is integrated into mainstream national institutions and public policy processes. The legal status of the Viet Nam Women's Union (VWU) has recently been enhanced with a new Government Decree (No. 19/2003/ND-CP, March 2003) stipulating that Government administrative agencies at its various levels are responsible for ensuring the participation of the

VWU at its various levels in state management. Specifically, Government authorities must consult women's unions of the same levels concerning matters relating to the rights and interests of women and children, and also assure their participation in state management of these matters. This provides for a useful safeguard system, but more needs to be done to ensure that gender issues are integrally considered within government agencies and as laws and policies are being implemented. The Gender Equality Law currently being considered by the National Assembly proposes to ensure greater accountability on the part of government agencies to mainstream gender equity into formal government administrative systems

To provide follow up and support implementation of the National Strategy for the Advancement of Women and the National Plan of Action by 2005, each province and municipality is required to develop and implement a local Plan of Action (PoA). Thus far, 42 of 44 ministries and sectors have completed developing their PoAs, and 59 of 61 provinces have completed their PoAs.⁸ Thus

⁸ Activities for the Preliminary Report of the NCFW, Viet Nam, First 6 months, 8 July 2003.

GENDER EQUITY



provinces and ministries have made good progress in developing their PoAs. However, preliminary findings from a number of provincial monitoring missions undertaken by NCFAW show that while there has been some progress towards reaching education and health targets, provinces and ministries were having difficulty reaching PoA targets in labor, job creation and state affairs. Ensuring that adequate budgets were allocated to implement local PoAs was also problematic.

Most importantly, sex-disaggregated data are not collected in a systematic or comprehensive manner in Viet Nam. In particular, it is significant that data on human poverty is disaggregated only to the household level (i.e. female-headed and male-headed households) rather than to the individual level. In a move towards collecting and documenting better data related to gender equality, the General Statistics Office (GSO) is in the process of developing CEDAW⁹ indicators, to be applied routinely to data collection. Indicators for the sectors of population, labor, education, health and leadership, are the first to have gender indicators in Viet Nam (NCFAW 2002).

Education

The new Education for All Action Plan places special emphasis on providing equal access for girls to affordable and quality formal education services. Moreover, with the EFA plan Viet Nam aims to ensure all adults, and especially women, have access to quality literacy and post-literacy programmes¹⁰, and to affordable and quality life skills programmes and lifelong learning opportunities.

Education policies, incentives and support programs that positively favor girls, such as academic scholarships for girls, are recommended in order to correct the prevailing cultural bias against girls. Such programs should encourage families to keep their girls in school and help lower girls' drop out rates,

particularly in upper secondary school. It is also necessary to undertake concrete action to ensure appropriate school facilities and to improve the learning environment for both girls and boys, including the development of gender-sensitive curricula, textbooks, education administration and teacher training which do not reinforce gender stereotypes.

Political Representation

A variety of Government Decisions and documents set targets to support more equal participation of men and women in elected bodies, government administration and the political system overall. The 2002 Prime Minister's Decision 19/2002/QD-TTg specifically calls for 50% women leaders in state agencies and other organizations at all levels by 2010. The VDG of increasing women's participation by 3-5% annually over the next 10 years may thus have to be revised to accelerate women's participation, in line with the Prime Minister's Decision.

Access to Land

In addition to the Law on Family and Marriage (2000), which stipulates that LUCs for common land must list the names of both husband and wife, as of May 2003 the Government requires couples living together as husband and wife without a marriage certificate, to apply for one by 31 December 2004 and to register. The mandatory marriage certificates are intended to protect the property rights of women and children in the occurrence of a separation from or the death of the male partner.

To date, women's names do not appear, on average, on 97.7% of existing Land Use Certificates and a formal program for reissuing LUCs has not been developed or implemented. The central Government may need to consider issuing specific implementation guidelines/regulations and instructions to local officials at the provincial, municipal and lower administrative levels so that they can be legally empowered to implement the Family and Marriage Law such that both the names of both husband and wife are listed on LUCs.

The responsibility of ensuring that both spouses are listed on LUCs should be placed on local public officials so that officials are held accountable for implementing this law within a short, time-bound period of time. A system to monitor the re-issue of LUCs is also necessary. Justice and land administration officials should

⁹ Convention on the Elimination of Discrimination Against Women (CEDAW)

¹⁰ Within the context of the United Nations Literacy Decade, MOET recently launched a National Literacy Plan to undertake further work on universalization of literacy among adults and young people. The Plan will focus on providing literacy and post literacy programmes relevant and appropriate to the needs of women, and in particular target ethnic minority women through community-based programmes in cooperation with the Viet Nam Women's Union.

receive training on women's rights and court officials should also be held accountable for the fair judgments and interpretation of the law in cases of inheritance, widowhood, divorce, and separation. In addition, as legal resources for poor women are not readily available, an expansion of legal aid programs to support women, particularly poor ethnic minority women, to redress legal grievances is strongly recommended.

At the same time, it will be necessary to raise women's awareness at the community level and explain in simple legal terms the reasons and need for reissuing LUCs according to the Family and Marriage Law, as a means for protecting women's land use rights and increasing women's access to formal credit. This will provide women with both the knowledge and incentive to initiate this process locally. Such information should be translated into different ethnic minority languages as necessary, so that women in these communities are also reached.

Domestic Violence

The legal framework on domestic violence remains weak in Viet Nam and improvements within the legislative area are urgently needed. The Criminal Code (1999) and the Law on Marriage and Family (2000), included tougher penalties against perpetrators and provisions for more protection to women and children. However, there seem to be a need to formulate and pass a specific law and regulations on domestic violence. Specifically, it is necessary to ensure that all forms of violence against women and girls constitute crimes, including

the criminalization of marital rape and harsher penalties for child sex abuse and domestic violence. Victims also need to be provided with protection, redress and counseling services at the local level.

Mass organizations and social groups could play important roles in preventing domestic violence. At the provincial level, and in most districts, the Women's Unions are a significant source of support services for women seeking help in cases of domestic violence. However, current resources and capacity of local level women's unions and social groups, particularly in providing legal support and counseling are neither systematically available nor sufficient for addressing existing needs, especially for poor women. In each province, there are Legal Aid Departments working under the Ministry of Justice which provide general legal support to aid the poor. However, it does not have a specific focus on services for women. In a positive step, provincial Women's Unions have recently signed an agreement with the provincial Departments of Justice to jointly conduct training on legal awareness on divorce and reconciliation and laws.

Among the most urgent priorities in this area would be conducting a national or larger scale survey to obtain accurate statistics on domestic violence and gain a deeper understanding of domestic violence in the Vietnamese context. The survey could serve as the basis for a comprehensive policy framework to prevent and address domestic violence in the country. Until now, only small scale, usually qualitative studies have been conducted on the subject.

MDG 4 - Reduce Child Mortality

I. Progress towards the achievement of the goal

While official data would suggest consistent improvements to child mortality rates since the early 1990s, the apparent magnitude of unrecorded child mortality in Viet Nam would advise caution in the assessment of levels of infant and under five mortality rates.

Available estimates place current Infant Mortality rates at 30 deaths per 1000 births¹¹ (UNICEF 2002a), down from an estimated 44.4 per 1000 live births in 1990 (GSO 1995, Inter-census Demographic Survey). Under-5 Mortality rates have followed similar patterns, having been reduced from a baseline level of 58 deaths in 1990 to an estimated 38 deaths per 1000 live births in 2002 (UNICEF 2002a). Additional available data sources, including the Viet Nam's Demographic and Health Survey (VNDHS) 2003 and the VHLSS 2002, confirm downward trends. However, as the VNDHS 2003 states "such extraordinary low rates and rapid decline should be viewed cautiously"¹².

Underreporting is the biggest challenge

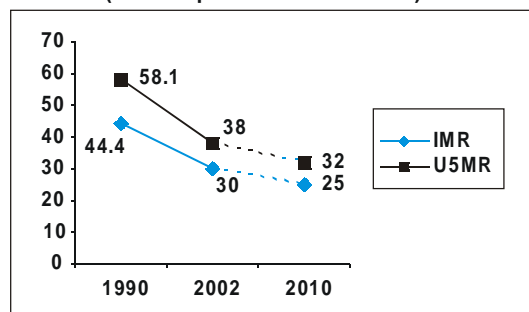
Improving the quality of mortality data in infants and young children in Viet Nam is an urgent challenge. Systematic under reporting of

deaths, stemming from the absence of an effective vital registration system of births and deaths; the lack of child and neonatal mortality surveys; and the consistent overlooking of neonatal mortality issues in maternal mortality studies and other surveys are behind the dearth of quality data in the area.

An indication of the size of unrecorded child mortality can be drawn from available data on Maternal Mortality Rates (MMR). The MMR study carried out in 2002 resulted in estimates for MMR for Viet Nam being readjusted from 90 to 165 deaths per 100,000 births (MoH 2002b). According to the study, 25.6% of children died after the death of their mothers, which would suggest a review of IMR estimates in light of new information available. Nearly three quarters of the infants who died were from mountainous areas, mainly from the provinces of Cao Bang, Dac Lac and Quang Tri.

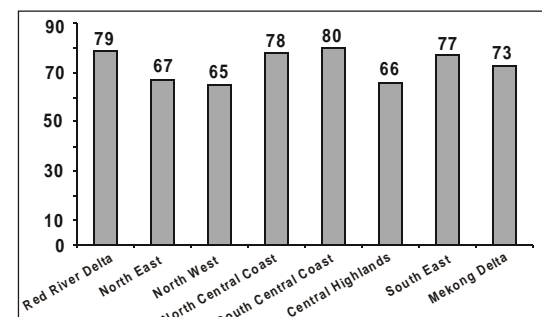
Moreover, available data suggests some 68% of deaths under one year occur in the first month of life (MoH 2001). However, the neonatal mortality rate, the indicator measuring child deaths occurring in the first month after delivery, is not yet a national indicator. No national level

Chart 8. IMR and U5MR (deaths per 1000 live births)



Source: GSO (1995), UNICEF (2002), GoV (2002)

Chart 9. IMR as a percentage of U5MR



Source: Population Census 1999

¹¹ As a reflection of data shortcomings in this area, other IMR estimates include 26 deaths per 1000 live births from the Population Dynamics and Family Planning Survey 2002, and 18 deaths per 1000 from the VHDS 2003.

¹² In the VNDHS 2003, the confidence intervals for Infant Mortality Rates are in the range of 9-27 per 1000, quite sizeable for the current levels of the indicator.

studies have been undertaken in this area, resulting in poor and incomplete data.

Importantly, data from the Viet Nam National Health Survey 2001-2002 (MoH 2003b) estimates that less than half of children under 5 years of age dying received any medical care prior to death. Since routine reports on national mortality data for the under 5 come from health facilities, it is therefore likely, in light of this data, that the number of deaths occurring in some provinces significantly higher than the levels reported.

The implementation of measles immunization campaigns over the last two years has allowed for measles immunisation coverage of 96.7%¹³ of children under one year of age being immunized. Due to the high sensitivity of measles coverage rates to the implementation of national campaigns, another common surrogate indicator of children immunization, DTP3 immunization rates, may be a more sensitive indicator than measles coverage, when measles campaigns are in place. As reported in the National Health Survey 2003, DTP3 immunization rate for Viet Nam was 77% with provincial rates ranging from 43-100%.

II. Provincial and Social Disparities

Provincial disparities in infant mortality rates are clearly illustrated in the data from the 1999 Population Census, still the most reliable source of provincial level data on IMR. Average rates of around 60 deaths per 1000 live births for the weakest 12 provinces in the country coexist with rates in the vicinity of 10 deaths per 1000 in the main urban centres of Ha Noi and HCMC.

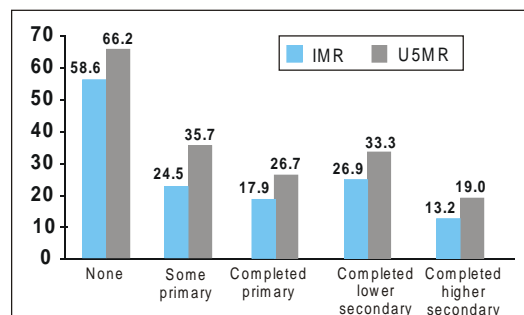
The new VNDHS 2003, with a sample of some 7000 households, confirms the marked disparities observed in IMR across the countries. Rural infant mortality rates are more than double those in urban areas, and no significant gender disparities in IMR are observed. Especially striking are the reported disparities in rates by the educational level of the mother. IMR are in the vicinity of 60 deaths per 1000 live births for those with mothers who have never attended formal education, whereas newborns from mothers having completed upper secondary education are nearly 5 times less likely to die in their first year of age.

In addition, while IMR are generally higher for ethnic minority groups than for the Kinh/Chinese majority, important disparities are also observed among ethnic minorities, with the Gia-Rai reporting IMR of nearly 70 deaths per 1000 live births or more than double the national average and more than three times higher than those of the Kinh. Among ethnic minority groups, the Khmer would report the lowest infant mortality rates, followed by the Muong.

Although the coverage rates for immunisation programs aimed at reducing childhood mortality in Viet Nam are extremely high, there are very significant disparities in coverage by

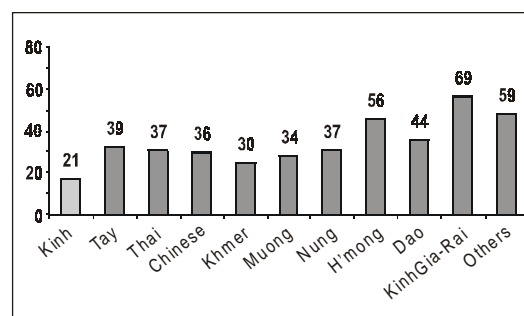
province and ethnic group. Whereas the top twelve provinces in the country average DTP3 immunization rates of nearly 94%, the weakest twelve report rates of 57%, or 34 percentage points lower. The recent VNDHS survey showed that less than 45 % of children in Northern uplands are protected against all 6 vaccine preventable diseases compared with 88% of those children from the Red River Delta (GSO 2003b).

Chart 10. IMR and U5MR by Educational Level



Source: VNDHS 2003

Chart 11. Infant Mortality Rates by Ethnic Group of Mother



Source: Population Census 1999

¹³ National Institute of Hygiene and Epidemiology 2002

III. Financing, decentralisation, and local governance issues

General access to health facilities has importantly increased in Viet Nam since 1998 and, according to preliminary data from the VHLSS 2002, nearly 27% of households accessed Government hospitals in the 12 months prior to the survey, while 11.5% of households accessed Commune Health Centres. The latter figure increases to 18.5% when the situation of the poorest 20% of households is analysed, an expected result due to the rural orientation of Commune Health Centres, where most of the poor live.

The reasons provided for those not using the commune health facilities were related overwhelmingly to the perceived low quality of the services provided, including the capacity of health workers and medicines and equipment available, and the comparison with alternative public and private services. Only a small share of respondents included the level size of service fees¹⁴.

Improving the quality of commune health services is a pro-poor strategy that would assist closing the gap in access to and quality of basic health services across provinces in Viet Nam.

Increased resources combined with decentralization and improved local capacity in those provinces with the highest national infant and under 5 mortality rates could result in interventions reaching those children at highest risk of death.

The Integrated Management of Childhood Illness, for instance, is now implemented in 32 Provinces of Viet Nam. The IMCI strategy is aimed at reducing under 5 mortality rates by targeting the major killers of children (ARI, diarrhoea, measles, etc) using both preventative and curative measures. The strategy emphasizes the training of health workers on assessing and treating sick children for their prompt referral to doctors after giving life saving treatment such as fluids and intravenous antibiotics. There is however low coverage in some provinces with only a few districts implementing the management procedures. At the commune level, only one health worker is trained per health station in districts where IMCI implemented, which in occasions is not the one managing sick children. There is an urgent need to increase the coverage of IMCI in areas of high under 5 mortality in Viet Nam.

IV. Policy Framework and Challenges for further progress

Viet Nam's policy framework on Child Health had recently been enriched with the approval of several new policies and the on-going formulation of new regulations in the area.

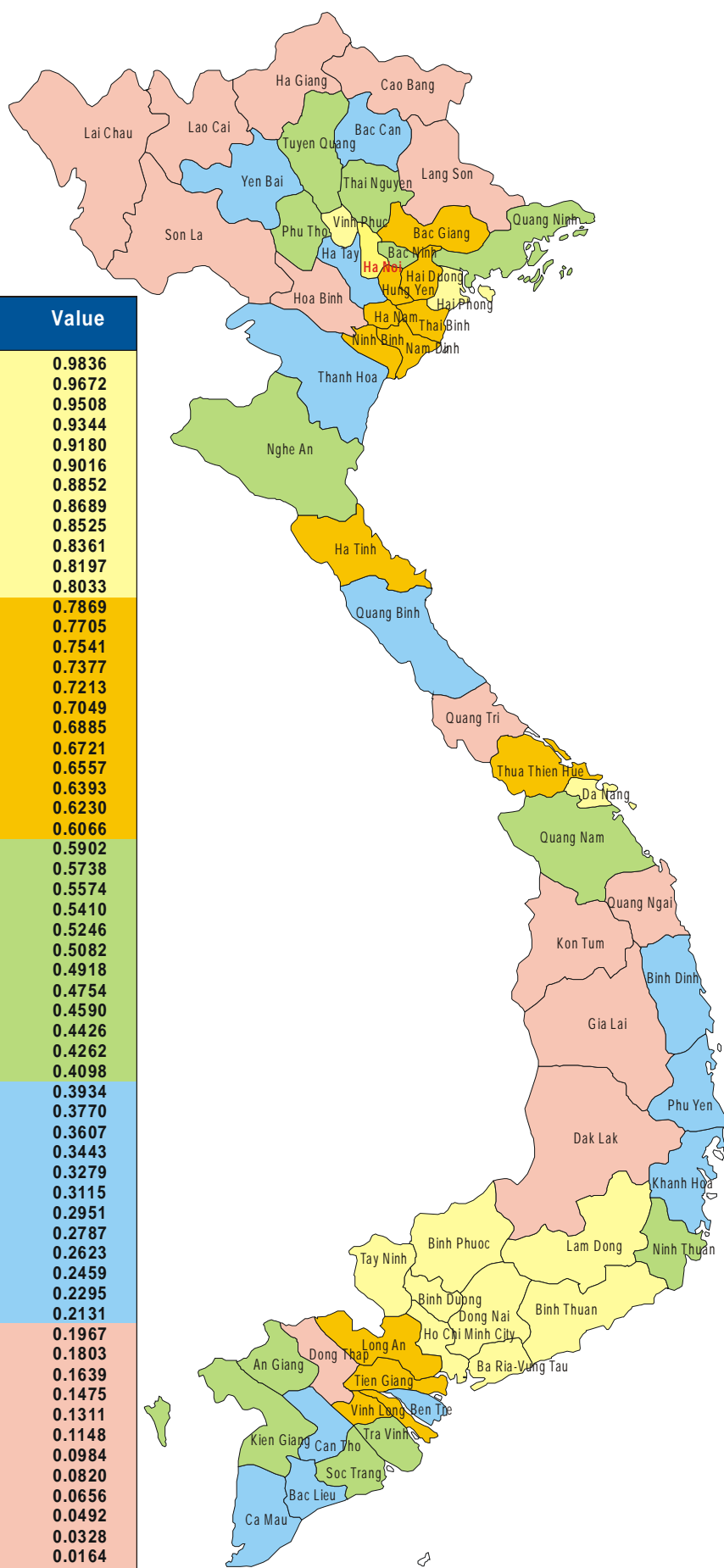
Currently, a national neonatal health policy does not exist in Viet Nam but newborn care is considered to be a part of safe motherhood services. A positive development in the area was the naming, in April 2003, of the Director of MCH-FP (now Reproductive health Department) as coordinator for newborn care. A draft Directive on newborn care is currently

being reviewed and will include an instruction to report data on mortality, further defining roles and responsibilities among Government agencies in the area. This directive recognizes the significant national burden of neonatal and infant mortality, due to, in many cases, preventable causes that have never been addressed in policy guidelines and training.

A new set of reproductive Health Standards and Guidelines was formally issued in September 2002, containing important guidelines on newborn care and breastfeeding. In addition, the National Master Plan on Safe Motherhood 2003-2010 includes measures to improve antenatal care and recognition of obstetric emergencies, and safe clean delivery. The national targets include reducing newborn case fatality by 90% by 2010. Provinces with the highest neonatal mortality rates and those with high home delivery rates with unskilled attendants should be prioritised in the implementation of the plan if the targets are to be met by the 2010 deadline.

¹⁴ A recent survey conducted by the Ministry of Health involving 28 communes showed that some 26% of patients classified as poor had to discontinue medical treatment due to the high costs of its provision. The survey also suggested some 36% of farmers in rural and remote areas need to borrow money when a family member required hospitalisation (Ministry of Health, Three Year review of the Hunger Eradication and Poverty Reduction and Job Creation Program, October 2003).

INFANT MORTALITY



Province	Value
Ho Chi Minh City	0.9836
Ha Noi	0.9672
Binh Duong	0.9508
Tay Ninh	0.9344
Ba Ria Vung Tau	0.9180
Da Nang	0.9016
Hai Phong	0.8852
Dong Nai	0.8689
Vinh Phuc	0.8525
Binh Phuoc	0.8361
Lam Dong	0.8197
Binh Thuan	0.8033
Long An	0.7869
Tien Giang	0.7705
Thai Binh	0.7541
Hung Yen	0.7377
Ha Nam	0.7213
Hai Duong	0.7049
Nam Dinh	0.6885
Vinh Long	0.6721
Ninh Binh	0.6557
Bac Giang	0.6393
Thua Thien Hue	0.6230
Ha Tinh	0.6066
Nghe An	0.5902
Ninh Thuan	0.5738
Thai Nguyen	0.5574
Bac Ninh	0.5410
Quang Ninh	0.5246
Tuyen Quang	0.5082
An Giang	0.4918
Phu Tho	0.4754
Quang Nam	0.4590
Tra Vinh	0.4426
Kien Giang	0.4262
Soc Trang	0.4098
Khanh Hoa	0.3934
Bac Lieu	0.3770
Can Tho	0.3607
Binh Dinh	0.3443
Bac Can	0.3279
Ben Tre	0.3115
Ca Mau	0.2951
Thanh Hoa	0.2787
Ha Tay	0.2623
Yen Bai	0.2459
Phu Yen	0.2295
Quang Binh	0.2131
Dong Thap	0.1967
Quang Tri	0.1803
Quang Ngai	0.1639
Son La	0.1475
Lao Cai	0.1311
Dac Lac	0.1148
Hoa Binh	0.0984
Cao Bang	0.0820
Lai Chau	0.0656
Lang Son	0.0492
Ha Giang	0.0328
Gia Lai	0.0164
Kon Tum	0.0000

Breast-feeding is an evidence based and cost effective method of reducing infant and child mortality. Infants aged 0-5 months who are not breast-fed have seven-fold and five-fold risks of death from diarrhoea and pneumonia respectively compared with infants who are exclusively breast-fed.¹⁵ Viet Nam actively promotes breast-feeding, and most mothers breast-feed, for a period of time, albeit not exclusively. National surveillance data for 2002 reports a rate of exclusive breast-feeding at 4 months of only 25% (NIN 2003). By the age of 4-6 months only 5 percent of infants are exclusively breast-fed.

National breast-feeding policy changed from exclusive breast-feeding until 4 months to exclusive breastfeeding until 6 months of age in April 2002 in order to improve the nutritional and health status of young infants and children. Abrupt cessation of breast-feeding and early introduction of complementary foods in Viet Nam contributes to the high levels of stunting and wasting seen in Viet Nam, which in turns affects mortality importantly.

Policy Priorities at the national level

If Viet Nam is to adequately progress towards achievement of the MDG/VDGs on IMR and U5MR, it needs to address the growing percentage of mortality in the under 5's occurring in the first year and first month of life, focussing child survival interventions on populations at risk. Improving the availability of quality data via the implementation of an efficient vital registration system that makes births and deaths registration a legal requirement ranks high among the policy

priorities in the sector. Quality mortality surveillance must include neonatal mortality data to monitor progress towards MDGs and to focus activities

The government has recently updated civil registration regulations, but coverage of birth registrations is still difficult to estimate. It is high in some areas (70-90%) and low or non-existent in others, with many children being registered late. UNICEF (2002b) has shown a variation in districts of children under 16 years not registered at birth from 4.2 to 91%. The overall rate of children not registered aged 0-5 years was 24.4%.

In addition, financial resources available for this critical challenge are still inadequate. The area of child health has been under resourced and in recent years increasingly donor dependant, and sustaining improvements to national rates while emphasizing assistance to vulnerable groups will require scaling up interventions with additional finance and by increasing the capacity and skills of health workers in Provinces with high mortality rates. Recently, however, the Ministry of Health has declared newborn care a priority, and for the first time the Government has committed one third of the WHO child health budget to this area.

The required coordination at all levels for effective progress in the area of child health is further hindered by the fact that there is currently no department of child health or coordinator of child health activities within the Ministry of Health. All activities are spread across departments and Institutes.

¹⁵ Victora et. al.1989, Infant feeding and deaths due to diarrhoea

Box 5. Child Mortality: Anecdotal Evidence of Underreporting and Low Local Capacity

In a random sample of 12 communes in Lai Chau, Women's Union volunteers asked Village Health Workers and Hamlet Health Volunteers of any deaths that they had heard about in children under 5 years during the previous year. Seven deaths were reported and recorded at the commune health station and 26 not reported. All unreported deaths were in children under one year of age with 65% under one month of age.

An educated woman from Hanoi gave birth to a healthy baby boy in a reputable hospital in Ha Noi. She did not immediately register the birth as she thought that it could be done at a later date. At around four weeks of age her son became seriously sick and died 4 days later. She did not register the death as the birth had not been registered earlier. The child was buried in a cemetery, where no death certificate was requested.

A four year old was admitted to a national centre of excellence with a diagnosis of encephalitis. She deteriorated rapidly and three days later had a cardiopulmonary arrest. The child was sent home as the doctors felt that no further intervention was possible. She immediately died on home arrival, and as it is common with deaths occurring outside health centres, it was not registered. The hospital records only recorded "very serious" as the outcome.

At a recent training course in newborn care and resuscitation in a Mekong Delta Region Province for obstetricians and paediatricians from the Provincial and District hospitals, only 2 of the 30 participants had ever had any formal training on newborn care. The provincial hospital had no newborn or paediatric bag and mask and none of the staff were able to resuscitate an asphyxiated infant or to manage an infant with respiratory complications.

Source: WHO (2003)



Millennium Development Goals

Closing the Millennium Gaps

MDG 5 - Improve Maternal Health

“The maternal mortality and neonatal mortality in Viet Nam are to date still considered as an estimate, for its inaccuracy and unreliability. The morbidity conditions of Vietnamese women in general and of pregnant women and mothers in particular are almost unknown to all-including themselves and their families.”

MoH, National Master Plan on Safe Motherhood 2003-2010

I. Progress towards the achievement of the goal

On the basis of the MoH’s routine monitoring system¹⁶, Maternal Mortality Rates (MMR) in Viet Nam in the baseline year of 1990 were estimated to be 200 deaths per 100,000 live births, although alternative data sources from the Ministry of Health would have placed it at 249 per 100,000 live births (MoH/UNICEF 1990). Recent research on maternal mortality from a study conducted in seven provinces by the MoH and WHO, estimated maternal mortality rates to be 165/100,000 live births in 2002 (MOH, 2002b). Available data would therefore suggest progress, although substantial, has been slower than expected and previously reported. On the basis of this new data, Viet Nam might be well on track to reduce MMR by three quarters of the 1990 level by 2015 (MDG target), effectively bringing rates to some 62 deaths per 100,000 live births. However, it will be more difficult for the country to reach the VDG target of 80 deaths/100,000 live births by 2005 and 70 by 2010.

Estimates from the Viet Nam Demographic and Health Survey (GSO 2003b) would place the proportion of births attended by skilled health personnel at 85%. The VDHS definition of skilled health personnel only includes medical doctors, and trained nurses and midwives as such. In comparison, data from the MOH surveillance system includes as skilled personnel not only trained physicians, assistant doctors, and nurses/midwives, but also traditional birth attendants (TBAs) who have received government training.

In Viet Nam, the majority (76%) of maternal deaths are caused by direct causes such as haemorrhage, pre-eclampsia (hypertension), infection, and complications of abortion, ruptured uterus, and rupture of ectopic pregnancies. Indirect causes account for 24% of maternal deaths, especially obstetrical heart disease and malaria (MOH, 2002b). Other factors that play in maternal deaths are malnutrition of the mother, poor hygiene, difficulties in accessing health facilities, and insufficient knowledge about women’s reproductive health and lack of essential drugs and instruments.

Table 9. Indicators for Maternal Health

Indicators	Baseline (1990)	Current (2002)	Target by 2015
Maternal mortality ratio (MMR)			
Routine monitoring	200	NA	50
Survey	249 (MOH/UNICEF)	165 (MOH)	62
Proportion of births attended by skilled personnel			
Routine monitoring	78.5%	94%	
Survey	NA	85% (2002 VDHS)	

¹⁶ Routine data is collected from commune health centers and reported to the Department of Planning at the Ministry of Health

II. Provincial and Social Disparities

As in most countries, the reasons for maternal mortality in Viet Nam can be contained in the “three delays framework”, namely i) delay in seeking care; ii) delay in reaching the health facility; and iii) delay in receiving appropriate care after arriving at the health facility. The incidence and causes of maternal death in Viet Nam vary greatly across provinces. As indicated in Table 10, the maternal mortality ratio ranges from 411 per 100,000 live births in Cao Bang, a northern mountainous province, to 45 in Binh Duong in the southeast, nearly ten times lower.

In addition, the lifetime risk of maternal health¹⁷ in Viet Nam ranges from 1 in 1176 to 1 in 101, a level considered being high-risk by international standards.

While differences between urban and rural areas have decreased in the past 5 years, still only three-fourths of rural children are delivered

at a health facility compared to almost all children in urban areas. In urban areas, the skilled provider is primarily a medical doctor (92.3%), whereas in rural areas there is a greater reliance on midwives (41.4%),

Table 10: Maternal Mortality and Lifetime Risk by Province

Province	Maternal mortality ratio (/100 000 live births)	Maternal mortality rate (/100 000 women age 15-49)	Maternal mortality life-time risk (one in...)
Cao Bang	411	19.8	101
Quang Ngai	199	17.6	201
Dak Lak	178	20.0	148
Quang Tri	162	6.9	220
Kien Giang	143	5.8	332
Ha Tay	46	3.5	1086
Binh Duong	45	2.9	1176

Source: MoH (2002b)

Box 6. Working through traditional birth attendants at the local level

The Viet Nam-Australia Primary Health Care for Women and Children project (VAPHC) is being implemented in five districts in Gia Lai and Quang Ngai provinces to provide training to traditional birth attendants (TBAs) (VAPHC, 2003). TBAs form in a unique category, outside of the official health care system, yet continuing to be the source of assistance for 8-11% of all deliveries (MOH, 2003), especially in remote and mountainous areas.

In the 5 districts where the VAPHC is active, the average distance from households to commune health stations is quite sizeable. As a result, over 90% of women in these areas give birth at home. Lack of financial means and/or transport to go to health facilities are commonly cited as the main causes for not seeking health care at the commune centers. Women prefer to be at home, where their husbands are available to help, and where there is someone to look after the other children and the house. They are, in general, shy, afraid of death occurring at the health facility, and afraid of injections.

Social beliefs favour the TBAs in these areas as the primary birth caregiver. However, the project found that “TBAs do not usually wash their hands before giving any help, the umbilical cord is cut by bamboo and tied with homespun thread or normal sewing thread, and the cord is not covered.”

The project took as its basis the CEMMA-UNICEF ‘Three Cleans for Delivery’ training methodology, which has been approved by MOH and used in many provinces. The training curricula and materials were reviewed by all stakeholders, and modifications made to adapt it to the local needs.

Basic training received by the TBAs included how to use the clean delivery kits correctly, wash hands properly before attending delivery, care for cord properly, basic management of common infant emergency cases (including birth asphyxia and newborn resuscitation), and the identification and referral of basic high-risk pregnancy and emergency cases. Emphasis was also given to the provision of proper counselling for pregnant women.

In spite of important advances in upgrading the skills of TBAs, some of the challenges for further work include their unclear and unsupported role as providers of health care. They lack supervision, are often poorly linked with the local health care system, and rarely receive refresher training. The normalization of their status within the health system would represent an important step ahead.

Source: VAPHC (2003)

¹⁷ Risk of a woman dying from pregnancy or childbirth during her lifetime.

Table 11. Women Delivering at Home Without Trained Medical Assistance

Province	Proportion of women giving birth at home without help from skilled birth attendants	Province	Proportion of women giving birth at home without help from skilled birth attendants
Ha Noi	0	Ninh Thuan	35.82
Ha Tay	0	Phu Yen	38.83
Hai Duong	0	Hoa Binh	42.83
Da Nang	0	Lang Son	46.19
Vinh Long	0	Kon Tum	52.54
Ho Chi Minh City	0.42	Bac Can	54.06
Tien Giang	0.67	Lao Cai	59.60
Nam Dinh	0.68	Son La	62.66
Hai Phong	1.39	Gia Lai	63.30
Ha Nam	1.49	Cao Bang	71.02
Vinh Phuc	2.02	Ha Giang	76.34
Binh Duong	2.25	Lai Chau	86.28

Source: MoH (2003b)

traditional birth attendants (TBAs) (6.3%), and relatives (11.4%).

Although the official recommendation is that each woman should have at least five antenatal checks (MoH 2003c) many women do not attend antenatal care at all, or on fewer occasions. Recent data confirms that women from mountainous and remote areas are at higher risk of death during pregnancy or birth delivery due to a variety of reasons. A substantial proportion of women in mountainous areas received no antenatal care

during pregnancy. As reported in the VDHS 2003, some 23.2% of women in the Northern Uplands, and 27.2% of women in the Central Highlands received no antenatal care, as compared to only 2.3% of women in the Red River Delta region.

In addition, less than half of births in the Northern Uplands (43.7%) and 63.6% of births in Central Highlands take place at a health facility, in comparison to 98.7% in the Red River Delta, and 96% in the Southeast. Over a third (37.3%) of births in the Northern Uplands are assisted by a relative, and only 56% by a doctor or trained nurse/midwife, compared to lowland areas where almost 100% are delivered by trained providers (GSO 2003b).

As suggested by the data from the National Health survey 2003, while less than 1% of women delivering at home in the top twelve provinces did so without trained technical assistance, the average rate for the weakest quintile of provinces is close to 60%.

Some disparities are specific to women and couples from minority ethnic groups. More than 80% of women from ethnic minorities deliver at home, compared to less than 30% of the Kinh population (UNDP & FAO 2002). Over 40% of ethnic minority women do not have skilled assistance when they give birth (WHO 2003). Against this background, very few information, education, and communication (IEC) materials are available in ethnic minority languages (MOH, 2003).

III. Financing, Decentralization, and Local Governance Issues

Based on data from the Safe Motherhood field assessment, most commune health centres, the first level of health service in rural areas, are poorly prepared for the provision of maternal health services, whether antenatal visits, deliveries, or receiving obstetric and newborn emergencies (MOH 2003a).

The Safe Motherhood field assessment (MoH 2003a) also revealed that 50% of commune health centres are not working full time as regulated, and that 36% of commune level facilities have multiple supply stock-outs every year. In addition, it was found that 86% of district and provincial hospitals do not have sufficient equipment and personnel to manage obstetrics complications. As a result, only 68% of district

hospitals are currently providing comprehensive obstetrics care, and more than 30% of Reproductive Health centres are not able to manage complications of abortion (MOH 2003a). Essential bookkeeping, such as birth and death records, are only available at about 50% of all commune health centres.

Traditional rural dependence on midwives is not corresponded by their technical skills (MOH 2003a). It is estimated midwives incorrectly diagnosed around 25% of obstetric complications and improperly managed around 30%. About 8-11% of deliveries are assisted by TBAs. However, most TBAs (75%) did not know the danger signs of pregnancy and 26% did not use clean delivery kits.

Box 7. Functioning at minimum capacity

Poor quality of services at the local level is influenced by weaknesses in infrastructure and management. An assessment of local capacities in seven provinces of Viet Nam found that facilities in the provinces surveyed had important gaps in basic equipment and essential drugs. While basic equipment such as thermometers, regular stethoscopes and disposable gloves were available, obstetrical forceps were missing from a third of provincial hospitals and two-thirds of district level hospitals, and incubators for the newborn from two-thirds of provincial and district level hospitals. Capacity of management was found to be good, with quarterly supervisory visits to check records, and sometimes to discuss how to improve services. However, almost half of the facilities said that feedback from higher-level authorities on reports was insufficient.

With the increased decentralisation of health services, new energy needs to be directed toward the improvement of the quality of maternal health services. Only part of the resources can come from user fees (currently fees range from 5,000 VND for antenatal services at commune facilities up to 11,500 VND at provincial level facilities). The rest has to come from the leadership of the maternal health care managers and the initiative of providers who wish to provide high quality services.

Source: Population Council (2000)

IV. Framework for Further Progress

Significant progress in the strengthening of the policy framework for maternal health has been achieved in the past two years. The first National Strategy for Reproductive Health was approved in 2000, providing strategic direction for safe motherhood and newborn care activities during 2001-2010 and indicating strong commitment from the Government to improving maternal and child health.

The Government approved the first National Standards and Guidelines on Reproductive Health Care Services in 2002, including protocols for maternal health and newborn care. The first effort at establishing unified technical standards for the entire country drew on expertise from a variety of national and international organisations, and established a basis against which to measure quality of care.

The Government also adopted in 2002 a unified Health Management Information System (HMIS). Simple and standardised forms replaced the numerous reporting forms from vertical targeted programs, with a long-term plan for a networked computer database at the district and provincial levels.

Finally, in 2002, the Ministry of Health developed the Safe Motherhood Master Plan to improve the quality of essential obstetric care, to enhance the Safe Motherhood activities, and to improve mother and neonatal

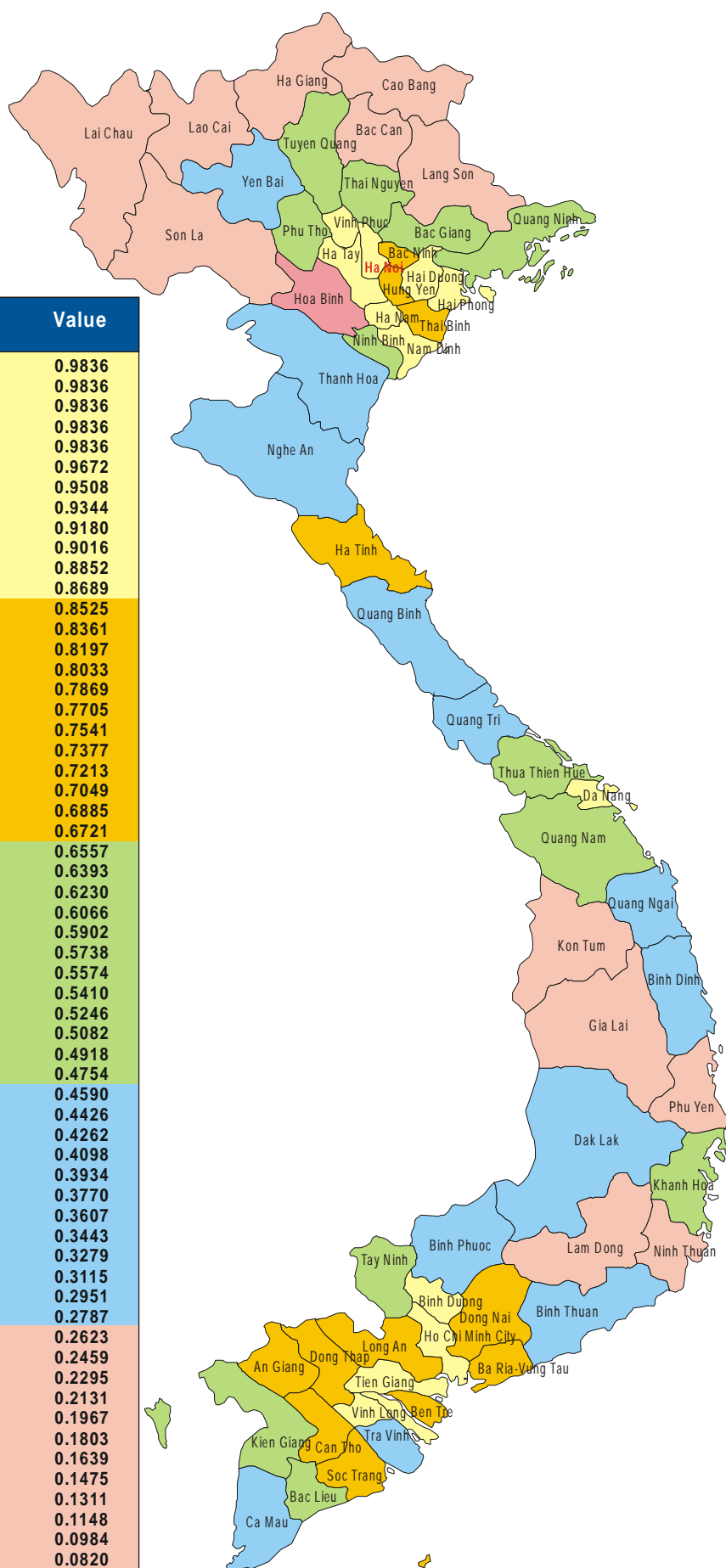
health in order to reduce maternal and child mortality. It identified crucial issues through a program review and field assessment, and outlined interventions for different regions of the country.

Recognising complications

The sustained high percentage of home births in rural areas and especially among ethnic groups demands the improvement of community knowledge on the risks of pregnancies. Pregnancy-related management needs to be changed to emphasise that all pregnant women are at risk. As most women currently receive antenatal visits at least once, it is clear that the opportunity to provide counselling on danger signs is not being fully taken advantage of. While pregnancies are taking place at home, it is also critical that pregnant women and couples identify means of transportation for emergencies.

The recognition of complications in the home and transportation to appropriate facilities can be improved not only through training of health providers, but also working with communes to increase awareness of the risks of pregnancy, and make adequate preparations for birth. Commune-level interventions are not necessarily costly, but require a significant investment of human resources and non-standard approaches relevant to the local

MATERNAL HEALTHCARE



Province	Value
Ha Noi	0.9836
Ha Tay	0.9836
Hai Duong	0.9836
Da Nang	0.9836
Vinh Long	0.9836
Ho Chi Minh City	0.9672
Tien Giang	0.9508
Nam Dinh	0.9344
Hai Phong	0.9180
Ha Nam	0.9016
Vinh Phuc	0.8852
Binh Duong	0.8689
Ba Ria Vung Tau	0.8525
Thai Binh	0.8361
Ben Tre	0.8197
Hung Yen	0.8033
Can Tho	0.7869
Bac Ninh	0.7705
Long An	0.7541
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Ninh Binh	0.6230
Thua Thien Hue	0.6066
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Thai Nguyen	0.5410
Tuyen Quang	0.5246
Bac Lieu	0.5082
Bac Giang	0.4918
Quang Ninh	0.4754
Binh Phuoc	0.4590
Nghe An	0.4426
Ca Mau	0.4262
Binh Dinh	0.4098
Quang Binh	0.3934
Quang Ngai	0.3770
Binh Thuan	0.3607
Quang Tri	0.3443
Tra Vinh	0.3279
Dac Lac	0.3115
Thanh Hoa	0.2951
Yen Bai	0.2787
Lam Dong	0.2623
Ninh Thuan	0.2459
Phu Yen	0.2295
Hoa Binh	0.2131
Lang Son	0.1967
Kon Tum	0.1803
Bac Can	0.1639
Lao Cai	0.1475
Son La	0.1311
Gia Lai	0.1148
Cao Bang	0.0984
Ha Giang	0.0820
Lai Chau	0.0656

context, including knowledge of cultural traditions among the different ethnic minorities and ability to provide information and counselling in their language.

Treating complications

Direct causes currently contribute 76% of Viet Nam's maternal deaths. To reduce deaths from these complications, it is essential to improve the availability and quality of basic and comprehensive emergency obstetric care.

One of the primary needs for steady reductions to MMR is to increase the availability of skilled providers in mountainous and remote areas. Providers must have recent and appropriate skills-based, on the job training on how to treat obstetric and newborn complications. Skilled attendance would also require ongoing supervision of health workers to maintain high-quality practices.

The current lack of equipment and supplies and basic infrastructure, such as clean water and telephones, must be addressed. The challenge would include not only allocating enough funds for such improvements, but also ensuring the logistical supply and maintenance plans are in place. Improved management of health systems, including regular supportive supervision and active problem-solving is necessary for the development of quality services and for attracting clients to *all* levels of service, not only district and provincial facilities.

Addressing high abortion rates

Abortion complications represent some 11.5% of all maternal deaths. Viet Nam's abortion rate remains one of the highest in the world. Abortions are more common in rural areas, where a woman is calculated to have 0.65 pregnancy terminations during her lifetime¹⁸ (compared to 0.49 in urban areas) (GSO

2003b). In urban areas, abortions are most common among 25-29 year olds, and in rural areas, among 30-34 year olds (GSO 2003b).

The VDHS 2003 found that about half of the women who terminated their pregnancy had a complication following the termination. Although specific abortion-related causes of maternal deaths are difficult to establish, the overall quality of abortion care raises concerns. Secondly, increased attention needs to be paid to the decontamination of equipment and instruments, especially at more peripheral facilities. These practices could be readily improved with appropriate training and supervision, and do not require additional expensive or difficult-to-obtain equipment or solutions (WHO, 1999)

Improved reporting systems

Obtaining data on maternal mortality continues to be a challenge. Results from the MCH-FP 2002 survey would suggest the routine monitoring system systematically underreports maternal deaths. For example, in the study of 7 provinces, the routine reporting system captured on average only 22% of the maternal deaths found by the survey (MOH, 2002b).

An improved reporting system for maternal mortality, especially from the commune level, is critical if interventions are to be applied strategically and impact measured. Consideration should also be given to improving the Vital Registration System, including making it free of charge, which would facilitate the registration of births and deaths. While the current HMIS is a step in the right direction, additional efforts must be made to develop a functioning strategy to collect information from the commune level about births not taking place at health facilities. A method for collecting and reporting data on maternal deaths due to abortion or abortion complications should be developed.

¹⁸ Reflecting data shortage in this area, routine MOH surveillance for 2002 indicates that 46% of pregnancies are terminated.

Box 8. Recording of Maternal Death in Viet Nam: Looking behind the statistics

A study by Save the Children US, examined the quality of actual data on MMR (Bramley, 2001). Importantly, it was found people are largely unaware of any legal obligations to officially report a death. They are also constrained by the lack of funds for purchasing a death certificate and possible loss of the land belonging to the deceased.

“Regarding death declaration, in some cases, after we went to the local Justice Department to buy a death declaration form, we came to the family where the relative had just died to ask them to declare the death. They said they would not do it as after the death of their family member, they had no inclination to do it and it would cost them money for the form fee. ‘Who will reimburse us the charges we pay for the forms?’ That is really a problem. We report these difficulties so that you may help us to solve the problems related to birth and death declaration.” Policeman, Quang Xuong district

“...Having death certificates is better because it ensures people’s benefits. However, having a poor life, the matter of death is not important to the people here. To comply with laws, death notifications are not required. But because getting a death certificate costs 10.000 dong [sometimes less], being poor, people don’t want to have it. Therefore local authorities should consider a solution to encourage people to declare. For example, death certificates can be issued freely.” Village head, Quang Xuong district

Moreover, the study also reported confusion on the number and use of official registers at lower levels of administration. Village level information gatherers are not able to identify maternal mortalities due to lack of training, and do not possess standardised tools to collect such information and forward it to health facilities. Often reporting is done orally, dependent on the memory of the person. Staff was often unable to correctly fill out records and systematically collect data according to standardised indicators, and there was no systematic cross-checking of information by police, People’s Committees, and commune health centres.

Source: Save the Children US (2001)



Millennium Development Goals Closing the Millennium Gaps

MDG 6 – Combat HIV/AIDS, Malaria and Other Diseases

I. Progress towards the achievement of the goal

HIV/AIDS

The official estimate of HIV prevalence among adult men and women aged 15-49 years old in Viet Nam was 0.28% by the end of 2002. As of 30th September 2003, a cumulative total of 72,240 people had been reported as HIV positive, 11,020 people were diagnosed with full-blown AIDS, and 6,195 AIDS patients had died. The Ministry of Health has estimated that by the end of 2002 there were 160,000 HIV infections cumulatively and projected that by the end of 2005, 197,000 people would be living with HIV in the country.

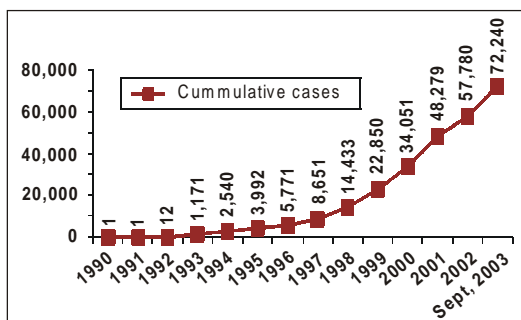
As illustrated in Chart 12 the cumulative total of reported cases of HIV is continuing to increase, and to follow a classic epidemic curve. HIV cases have been reported from all 61 provinces in Viet Nam. Under-reporting of HIV, however, is a continuing problem, as most of those infected do not refer to health services until well into the disease. The vast majority of reported cases are from urban areas, and there seem to be indications of large underreporting, and mis-diagnosis from rural areas.

It is clear that in Viet Nam HIV infection is rapidly being transmitted among Injecting Drug Users (IDUs), through sharing needles and syringe. Chart 13 shows that among of 72,240 HIV reported cases by 30th September, 2003, nearly 60% of them were IDUs. Currently, the proportion of reported HIV cases due to sexual transmission is low. However, as in other Asian countries, the number of these cases is increasing, and it is expected that sexual transmission will become the dominant mode of HIV transmission in Viet Nam in the coming years.

HIV surveillance is undertaken yearly among female Sex Workers and IDUs in "05" and "06" rehabilitation centers. Based on this surveillance system, Chart 15 shows that the HIV prevalence rate among IDUs increased from

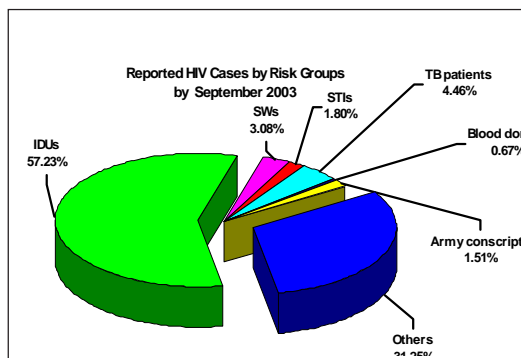
18% in 1996 to 31.31% in 2002. The trend among SWs rose from 0.6% in 1994 to 5.2% in 2002. Substantial provincial differences in prevalence rates for SWs and IDUs are observed.

Chart 12. Cumulative Reported HIV Infections



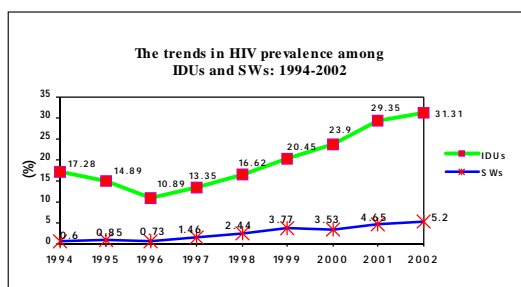
Source: Ministry of Health, October 2003

Chart 13. Reported HIV Cases



Source: Ministry of Health, October 2003

Chart 14. Trends in HIV Prevalence

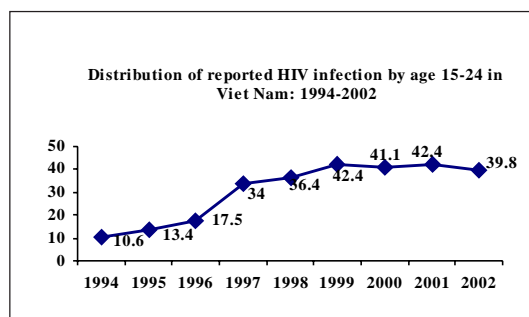


Source: Ministry of Health, October 2003

Among reported HIV cases, there is a noticeable trend towards a younger average age. Just over 10% of reported cases were among young people aged 15-24 years in 1994. Five years later, just over 40% of all newly reported HIV cases were found among this age group. Since 1999, around 40% of all reported HIV cases are among young people, highlighting the continuing vulnerability of youth to HIV.

Young people aged 15-24 makes up some 20% of total population and more than 70% of them are living in rural or suburban areas (GSO 2001). A recent survey of HIV risk behaviour was undertaken among unmarried youth aged 15-24 in five mountainous and border provinces (Lai Chau, Quang Tri, An Giang, Dong Thap and Kien Giang). This study showed that only 26.3% (24.2% of male and 32.2% of female) of them were able to answer correctly two questions related to prevention methods of sexual transmission of HIV (faithfulness, condom use) and to reject major misconceptions on HIV transmission

Chart 15. HIV Infection among age group 15-24



Source: Ministry of Health, October 2003

(mosquito bites, having meals with HIV infected people). Only half of young men and a third of young women (52.7% male and 33.3% female) used a condom in their last sexual intercourse with non-regular sexual partners.

Among the most worrisome trends in HIV infection is the evidence that the epidemic is also beginning to spread to the general population. Nationally, HIV prevalence among pregnant women attending antenatal clinics increased more than 10 fold in the past seven years, from 0.03% in 1995 to 0.39% in 2002. However, HIV sentinel surveillance data from five urban areas shows that the HIV prevalence rate reaches up to 1% among pregnant women attending antenatal services in An Giang and Hai Phong.

Tuberculosis

WHO estimates that there are 140,000 new cases of TB in Viet Nam each year. In 1995 the Government of Viet Nam declared TB control a national priority, and since 1996 the National Tuberculosis Programme (NTP) has detected approximately 80% of the cases occurring each year. Full DOTS (Directly Observed Treatment Short Course) coverage was reached in 1998.

Between 1993 and 2000, the NTP treated 294,712 new infectious cases of TB with the WHO recommended short-course treatment regimen. The NTP achieved the second WHO target of curing 85% of new cases from the start of the program. In total 92% of cases were successfully treated.

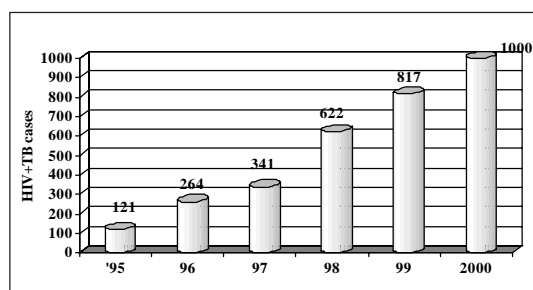
Box 9. Risk Behaviour Patterns

Careful analysis of risk behaviour is critical to understand the potential risk for HIV transmission in Viet Nam. This includes understanding the behavioural links between IDUs and SWs; for example, what percentage of female sex workers also inject drugs, and what percentage of IDUs also go to sex workers. A recent HIV risk assessment survey in 7 provinces (Thanh Hoa, Nghe An, Binh Phuoc, Ha Tinh, Binh Duong, Long An and Soc Trang) found that among 2,000 sex workers including street based (SSWs) and karaoke based sex workers (KSWs), the percentage of condom use with regular clients in the last 12 months was low, 43-61% and 16-70% in KSWs and in SSWs, respectively. A high percentage of SSWs also used and injected drugs (23.8% in Nghe An). Among SSWs injecting drugs, about half to three fourths of SSWs shared needles and syringes in the last month. The percentage of IDUs who had sex with SWs in the last 12 months ranged from 18.2% in Thanh Hoa to 59.4% in Ha Tinh; while only 28.6% and 60.5% (respectively) reported consistent condom use with SWs. More than half of IDUs correctly identified three ways of preventing HIV transmission (regular use of condoms, do not share needles and syringes, and faithfulness).

Source: National Committee for Population, Family and Children (2002)

Sentinel surveillance data shows that HIV prevalence in tuberculosis (TB) patients has increased from 0.57% in 1995 to 3.03% in 2002 for the whole of Viet Nam (Chart 16). However in selected provinces the prevalence is between 5 and 15%. Though the data is biased by overrepresentation of hospitalised TB patients, there is still a clear increase in all provinces. A great challenge to TB control will be to find and treat new TB cases among HIV positive persons as early as possible. A second challenge is to provide preventive therapy with Isoniazid to HIV positive people who are infected with TB, but have not yet developed the disease. The National Tuberculosis Program (NTP) is actively seeking collaboration with the AIDS program to achieve this.

Chart 16. HIV + TB Cases



Source: Ministry of Health, April 2003

The increasing numbers of HIV infections, and their subsequent infection with TB, poses a major threat to the efforts of the NTP to decrease transmission of TB in the community. HIV-positive people infected with TB have a 60% lifetime risk of developing TB disease. This compares with 10% in HIV-negative individuals. Chart 16 shows that the number of reported HIV-positive TB cases has increased ten-fold since 1995.

Malaria

Early efforts in the area of malaria included the Government of Viet Nam's implementation of the "malaria eradication strategy" from 1958 to 1975 in the North and the expansion of its activities to the whole country after reunification in 1975. However, during the period of 1980 to early 1990, malaria control was given low priority and hundreds of malaria outbreaks occurred. Millions of malaria cases and thousands of deaths due to malaria were recorded yearly. To reverse this situation, in 1991 the MOH included malaria control as one of the target objectives of the National Health Program.

Between 1991 and 2000, the malaria control program also developed and implemented a strategy with interventions at the district level to sustain the achievements. For example, impregnated bed nets were supplied free of cost to all target households, target areas received regular indoor spraying and anti-malaria drugs were provided free of charge. These steps helped the program reach and surpass the WHO/WPRO objectives for effective malaria control.

However, significant challenges remain for successful malaria control. A significant proportion of the country is in the malaria endemic area. This includes 75.6% of all districts, 64.7% of all communes; and 72.6% of all villages. Nearly 40% of all communes are in high and moderate malaria risk areas, with a population of about 15 million people.

People in the central highlands area are at especially high risk for malaria, which includes significant numbers of ethnic minority populations. In 2000, the malaria morbidity in the central highland region was 5 times higher than the average morbidity of the whole country. The malaria mortality was 10 times higher than the average of the whole country.

II. Provincial Disparities

Bordering provinces, large urban and industrial centers and tourist areas continue to report larger rates of HIV prevalence. Whereas the 12 least affected provinces reported an average of 10 HIV cases per 100,000 people, the worse affected provinces reported an average of 200 cases per 100,000 people. Quang Ninh, with some 572 cases, Hai Phong, HCMC, and Ba ría Vung Tau ranked bottom, with the central

provinces of Quang Binh, Quang Tri, and Quang Ngai ranking as those with the lowest prevalence rates.

Southern Provinces on the Mekong, Southeast, and South Central Coast regions reported the highest rates on TB case detection. An average of 177 TB cases detected was reported by the 12 most affected provinces, with An Giang

Table 12. Provincial Disparities in HIV/AIDS prevalence, TB, and Malaria

Top 12 Provinces	Number of HIV case/ 100,000 people (July 03)	Bottom 12 Provinces	Number of HIV case/ 100,000 people (July 03)
Quang Binh	4.27	Thai Nguyen	91.27
Quang Tri	4.56	Dong Nai	92.24
Quang Ngai	5.21	Binh Duong	94.75
Ha Giang	9.64	Khanh Hoa	101.51
Vinh Phuc	11.00	Cao Bang	127.79
Phu Yen	11.07	Lang Son	150.62
Ha Tinh	12.67	Ha Noi	175.40
Quang Nam	12.73	An Giang	184.27
Ca Mau	12.73	Ba Ria Vung Tau	229.10
Thua Thien Hue	14.64	Ho Chi Minh City	248.05
Tuyen Quang	15.78	Hai Phong	331.96
Phu Tho	16.35	Quang Ninh	572.56

Source: UNAIDS (2003)

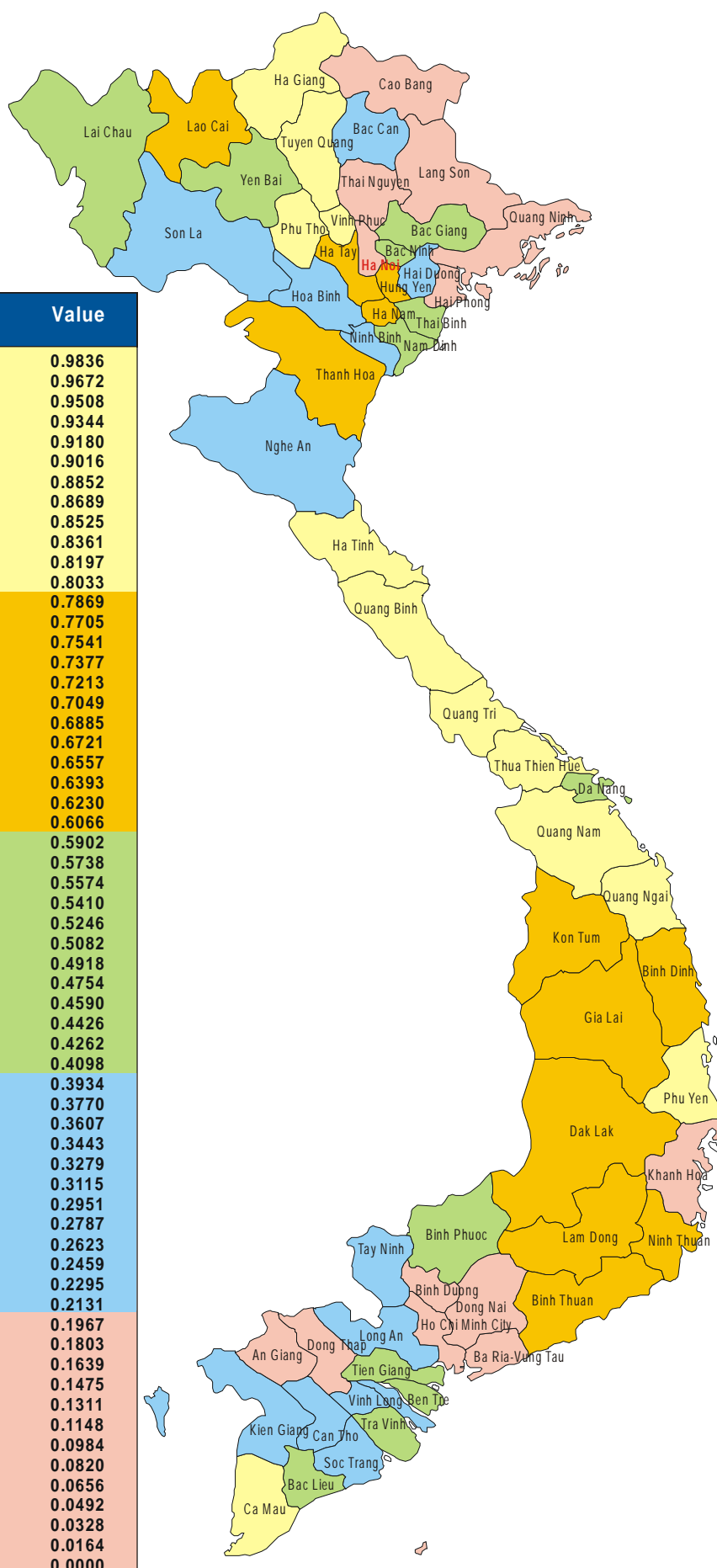
Top 12 Provinces	TB cases detected per 100,000 people (2002)	Bottom 12 Provinces	TB cases detected per 100,000 people (2002)
Bac Can	31.09	Tra Vinh	139.89
Lao Cai	32.13	Soc Trang	149.13
Son La	36.33	Binh Dinh	150.88
Ha Giang	39.20	Long An	154.08
Lam Dong	39.27	Ninh Thuan	157.94
Tuyen Quang	44.24	Can Tho	161.73
Dac Lac	45.49	Kien Giang	166.87
Lai Chau	48.17	Dong Thap	186.46
Gia Lai	51.48	Da Nang	189.92
Hoa Binh	61.33	Tay Ninh	195.69
Vinh Phuc	62.79	Ho Chi Minh City	196.70
Ha Tay	69.03	An Giang	279.83

Source: National Hospital of TB (2003)

Top 12 Provinces	Malaria morbidity per 100,000 people	Bottom 12 Provinces	Malaria morbidity per 100,000 people
An Giang	1.22	Quang Binh	670.41
Ha Noi	1.71	Lao Cai	695.28
Can Tho	2.98	Ha Giang	701.11
Ho Chi Minh City	4.71	Ca Mau	733.76
Dong Thap	7.22	Cao Bang	758.98
Long An	9.11	Quang Tri	897.01
Tien Giang	10.16	Dac Lac	955.20
Ben Tre	17.57	Binh Phuoc	1194.77
Ha Tay	18.20	Bac Can	1227.51
Thai Binh	24.30	Gia Lai	1317.58
Vinh Long	25.07	Kon Tum	1400.00
Da Nang	26.18	Lai Chau	1724.30

Source: MoH (2003)

HIV/AIDS



Province	Value
Quang Binh	0.9836
Quang Tri	0.9672
Quang Ngai	0.9508
Ha Giang	0.9344
Vinh Phuc	0.9180
Phu Yen	0.9016
Ha Tinh	0.8852
Quang Nam	0.8689
Ca Mau	0.8525
Thua Thien Hue	0.8361
Tuyen Quang	0.8197
Phu Tho	0.8033
Lao Cai	0.7869
Binh Dinh	0.7705
Ha Tay	0.7541
Kon Tum	0.7377
Ninh Thuan	0.7213
Thanh Hoa	0.7049
Gia Lai	0.6885
Lam Dong	0.6721
Dac Lac	0.6557
Ha Nam	0.6393
Hung Yen	0.6230
Binh Thuan	0.6066
Bac Lieu	0.5902
Tien Giang	0.5738
Bac Giang	0.5574
Ben Tre	0.5410
Binh Phuoc	0.5246
Bac Ninh	0.5082
Thai Binh	0.4918
Tra Vinh	0.4754
Da Nang	0.4590
Yen Bai	0.4426
Lai Chau	0.4262
Nam Dinh	0.4098
Hoa Binh	0.3934
Vinh Long	0.3770
Ninh Binh	0.3607
Long An	0.3443
Bac Can	0.3279
Nghe An	0.3115
Kien Giang	0.2951
Soc Trang	0.2787
Tay Ninh	0.2623
Hai Duong	0.2459
Son La	0.2295
Can Tho	0.2131
Dong Thap	0.1967
Thai Nguyen	0.1803
Dong Nai	0.1639
Binh Duong	0.1475
Khanh Hoa	0.1311
Cao Bang	0.1148
Lang Son	0.0984
Ha Noi	0.0820
An Giang	0.0656
Ba Ria Vung Tau	0.0492
Ho Chi Minh City	0.0328
Hai Phong	0.0164
Quang Ninh	0.0000

Table 13. The success of the Viet Nam Malaria Control Programme, 1991 to 2002

Indicators	1991	2002	Reduction (%)1991 - 2002
Malaria cases	1,091,251	185,500	83
Morbidity/1.000 people	16.5	2.8	83
Malaria deaths	4,646	50	98
Mortality/100.000 people	7.3	0.078	98
Outbreaks	144	0	100
Malaria endemic communes in 31 provinces	2.167	709	67

Source: National Program on Malaria Control, National Institute of Malariology, Parasitology, and Entomology Annual Reviews

(280), HCMC, and Tay Ninh ranking last. This compares with an average of 46 cases of TB detected among the 12 better-off provinces, where the Northern Uplands provinces ranked among the least affected.

III. Policy Framework and Challenges at the Local Level

HIV/AIDS

The HIV/AIDS epidemic in Viet Nam is spreading rapidly. Forty to 120 Vietnamese are getting infected every day. The epidemic is evolving into dual and overlapping epidemics, with transmission through both injecting drug use and unprotected sex. This complex epidemic requires a comprehensive policy and programme response.

The government is increasingly recognizing the need to address HIV/AIDS. A directive issued by the Prime Minister in February 2003 emphasized the need for a comprehensive and multisectoral approach to HIV/AIDS. A HIV/AIDS National Strategy for 2004-2010, with a vision to 2020 is being finalized. And the Community of Concerned Partners was formed in 2002 as a coalition of stakeholders in Viet Nam concerned with the growing threat HIV/AIDS poses to the people of Viet Nam and to the nation's development, and the achievement of the Millennium Development Goals.

This expanding epidemic needs an extraordinary response from the leadership and people of Viet Nam. To be effective, this response must involve all sectors of the county, and be undertaken at all levels. The first priority is to engage the Party, National Assembly and the Government in leading and promoting the national response to the epidemic.

Interventions with drug users, sex workers and their male clients must be undertaken on a large scale, if the number of HIV infections is to be reduced. HIV/AIDS is largely an epidemic among young people, and they need to be provided with the information, skills and to

services to protect themselves from infection. There is also a need to strengthen the involvement of communities in HIV prevention, care and support, including care for orphaned and vulnerable children. Urgent action is needed to prevent stigma and discrimination against people living with HIV/AIDS, and to promote their involvement in HIV/AIDS activities.

Tuberculosis

The NTP has made considerable achievements over the past decade, but efforts must be taken to maintain and institutionalize TB control in Viet Nam. In particular, The Ministry of Health, with the support of the National Tuberculosis Programme should develop the next medium term development plan for the period 2006-2010, including a strategy for resource mobilization. There is a need to ensure long term and adequate financing of the NTP activities. Expected costs over the next five years amount to US \$ 35 million, including US\$ 9 million for drugs.

In the technical area, there is a need to discuss and agree on the introduction of new national treatment guidelines which should include FDC regimens for community DOT. Importantly, the existing good drug management practices of the NTP should be continued, including batch testing of drugs from international and domestic suppliers. There is also a need for improved training and monitoring of treatment provided by the private sector. Regulations should be established prohibiting the sale of 1st and 2nd line drugs in the private sector, to limit the development of resistance to these crucial drugs.

At the district and provincial level, TB control activities should be integrated into a larger programme for the control of communicable diseases, developed under the leadership of the Ministry of Health. A coordination mechanism should be established to bring together all stakeholders, and to ensure linkages between programmes (e.g. TB and HIV).

Malaria

Important challenges remain in malaria control in Viet Nam, including the risk of malaria resurgence. Due to internal migration, larger numbers of people are moving into malaria endemic areas, potentially exposing more people to malaria. Migrants may take the disease back to their communities as imported cases, causing transmission and outbreaks. Annually, thousands of people migrate to the central highlands and southern provinces for employment. Reports indicate that migration to the highly malaria endemic areas included 880,000 people in 2000 and 2.2 million migrant people in 2001.

Climatic change and man-made actions are expanding malaria endemic areas. Climatic and environmental changes such as drought, floods or man-made actions such as expanding the brackish water shrimp cultivation areas, construction of hydro-electronic plants, irrigation projects, road building in the malaria areas and forestation etc. are the main causes of malaria increase and malaria outbreaks where good surveillance and appropriate control measures are lacking.

People's self protection against malaria in the highly endemic and remote areas is limited: A high proportion of population (20-40% of malaria patients in the malaria endemic areas, especially in the southern provinces) buy anti-malarial drugs from the private sector for self treatment. According to a survey in Tra Mi of Quang Nam province (8/2001) only 16% of the population used bed nets regularly, the rate of

born bed nets was 73.9%. In Huong Hoa, Quang Tri province, only 30% of the people used bed nets regularly.

There is a need to strengthen the village and commune health network in malaria control, particularly in mountainous and remote areas. At present, some 62% of Village Health Workers are operative, with only 38.68% trained in malaria control. The mobile team in the mountainous district is lacking of personnel, means of transportation, and budget for surveillance and supervision activities. Some provinces in malaria highly endemic areas still lack provincial malaria control centers, and needed personnel, equipment and working facilities.

There is a lack of stable funding for malaria control. The budget from government and provinces for malaria control has been reduced in the last few years despite the expanding threat of malaria, and on occasion, available monies provided by the national malaria control programme are used for other activities. The serious risk of malaria resurgence is still not yet fully understood or accepted by some local authorities

Policy priorities in this sector would include maintaining sufficient resources for malaria control, for which continued international cooperation would be required. Viet Nam needs to improve malaria epidemiological surveillance, case management, and interventions for migrant populations, in particular by establishing commune microscopic points.

The successful model of civilian-military cooperation to improve the effectiveness of malaria control in remote and border areas needs to be strengthened, while the intensification of Information and Education Communication activities with special attention to high risk groups are required. Improve contents and training methodology at all levels, particularly for VHWs and private sector activities in malaria control.

Box 10. HIV prevention among Injecting Drugs Users

Sharing needles is a very common practice among the Vietnamese injecting drug users, and remains the major cause of HIV transmission in the country. In response to the fast increase in HIV/AIDS cases observed in the northern provinces of the country, the United Nations International Drug Control Programme (UNODC) in Viet Nam launched in 1997 an innovative initiative to improve HIV prevention and reduce drug-related harm among high-risk target groups.

As the first initiative of its kind ever executed in Viet Nam, the project aroused much controversy, as many people consider harm reduction lenient and condoning of social evils, running counter to the conventional suppressive measures.

After intense negotiations, the Government of Viet Nam agreed to implement a series of then daring initiatives in 11 wards of five northern cities and provinces, including Ha Noi, Hai Phong, Lang Son, Thai Nguyen, and Nghe An. Project implementation met with considerable difficulties. Some peer educators were arrested while distributing disposable syringes and condoms in the streets and the paraphernalia that they carried around were used as obvious evidence for their 'social evil' activities.

An outstanding feature of the initiative was the adoption of a 'community-based' approach to applying the harm reduction model and providing a comprehensive package of intervention measures. Peer education was the major intervention activity carried out at the ward level, with the direct supervision and participation of the community leaders. Training was provided to the peer educators with particular focus on life skills in order to achieve behavior change among drug-injecting users. In addition, a network of volunteer drug users was also created through the peer educator groups. The sustainability of the approach is demonstrated by the fact that more than 50 per cent of the peer educators trained in the project are still working actively with the national and international NGOs after the project is finished.

Empirical lessons learned in Viet Nam have shown that harm reduction can hardly succeed in the absence of support from local authorities and law enforcement. Policy advocacy workshops to create awareness among the law enforcement officers who would facilitate prevention activities in the community were indispensable.

Families of drug users and of HIV positive drug users were also encouraged to take care of their children. At least within the project setting, drug users were no longer stigmatized and discriminated against, and opportunities were given to drug users, also those with HIV/AIDS, to play a positive role in the community.

UNODC (2003) Strengthening National Capacity for Prevention of Drug Abuse and HIV/AIDS Among High-Risk Target Groups in Viet Nam (AD/VIE/97/B07)



Millennium Development Goals

Closing the Millennium Gaps

MDG 7 – Ensuring Environmental Sustainability

I. Progress towards the achievement of the goal

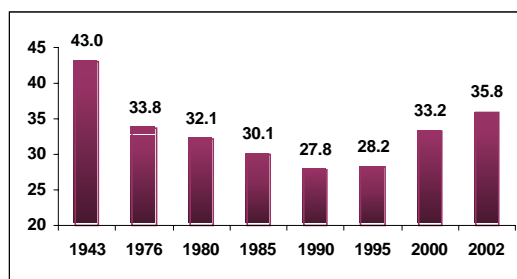
Viet Nam is slowly mainstreaming the principles of sustainable development into the country's policies and programmes. Rapid economic growth, along with growing population and substantial migration has exerted over the last decades enormous pressures over the environmental quality and natural resources of Viet Nam, making environmental sustainability one of the greatest challenges for the achievement of the MDGs. Moreover, Viet Nam is a country prone to natural disasters, particularly typhoons, floods and drought. An average of more than 1 million people need emergency relief each year due to natural calamities. Many of these people are just above the poverty line, and the impact of a flood or typhoon often pushes them back into poverty.

Forest Cover and Biological Diversity

Natural forest cover shrunk from 43 per cent of total land in 1950s to 27 percent in 1990, and though the forest cover has increased to 35.8 per cent in 2002¹⁹, the overall quality of forest has decreased due to natural forest destruction and loss of biodiversity associated with the introduction of non-native flora species. Habitat loss has led to a rise in the number of threatened species over the last five years. The number endangered species has increased from 365 fauna species and 356 flora species in 2000 to 407 fauna species and 450 flora species in 2002.

In response to this threat, the government has encouraged the development of the protected areas system. The number and total surface of protected areas has increased from 95 areas with 2,175,802 ha, accounting for 6.7% of total land in 2001 to 121 areas with 2,478,293 ha, accounting for 7.54% of total land in 2003²⁰.

Chart 17. Forest Cover Recovering but Quality Weakened (percentage of total land)



Source: Prime Minister's Office Decisions (several years), MARD (2001)

Water supply and sanitation

Although water is abundant in many parts of Viet Nam, supplies are not evenly distributed and are often polluted by poor environmental conditions. Despite Government's determined action and the growing involvement of donors, NGOs, and the private sector, still over half of Viet Nam's rural population do not have access to a safe water supply, while more than 70% of the population lack a hygienic sanitation facility.

Viet Nam has built up important capacity in water management, developed in response to water shortages during dry season, a monsoon climate that regularly causes extensive flood damage, and to the need to intensify agricultural production. Viet Nam is one of the most disaster-prone countries in the world: about 70% of its population are exposed to the risk of typhoons and torrential rains in combination with strong winds and floods. On water resources, approximately 60% originate from catchment in neighboring countries. It is estimated that the total water use is at 4.6 billion cubic meters (bcm) a year, which is shared between Urban Water Supply (26%), Industrial Water Supply from private sources (60%) and Rural Water Supply (14%).

¹⁹ MARD Decision 2490/QD/BML-KL, 30 July 2003, publication of information on forest areas and forest land as of 2002.

²⁰ Forest Protection Department, MARD (2003)

Table 14. Environmental Indicators

Indicator	1990	1995	1999	Latest Value	Current Targets			Source of Verification
					2005	2010	2015	
Percentage of the population that has long-term access to safe water	48%	—	53%	56 % (2002)	60% for RWS	85% for RWS	100% for RWS	MARD – for RWS and MOC data
Forest cover as a percentage of total country area	27%	28%	-	35.8% (2002)	38%	43%	—	Annual forest cover government 'decision'
Percentage of water and air quality monitoring stations showing improvements over the baseline	—	base-line	58%	64% (2001)	—	—	—	Annual NEA State of Environment Report

In 2002, between 48-56% of the Vietnamese population had access to safe water supply. This national figure, however, conceals the urban-rural disparities in the country. While 78% of the urban households are using safe water supply, only 44% of the rural households have access to safe drinking water sources. From 1998 to 2000, Viet Nam increased overall access to safe water by 13 percent—an average of 4.6 percent per annum. This is one of the fastest improvement rates in the world. Sri Lanka, Nepal and Paraguay were the countries with the greatest increases in access to safe water during the last decade according to UNICEF data, yet these countries averaged only about 1.7 percent growth in coverage annually.

To meet the government’s goal of 85 percent overall safe water coverage by 2010 and 100 percent coverage by 2020, Viet Nam needs an average growth rate of 3.3 percent per year from 2000 to 2010 and an average annual growth of 1.5 percent from 2010 to 2020. Achieving these goals is possible provided the government maintains access to safe water as a funding priority for the next 20 years.

Quality of air and water

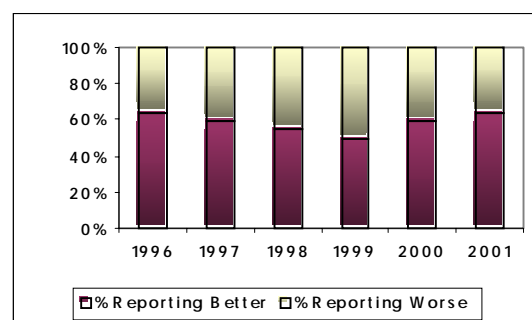
In general terms, air in almost all cities and industrial areas throughout Viet Nam is severely polluted. The dust contamination is 1.3 to 3 times exceeding permitted level in surrounding areas for factories, even 10 times in some specific roads.

Water pollution has been observed in major cities, including Hanoi, Ho Chi Minh City, Hai Phong, Da Nang, Hue, Nam Dinh, and Hai Duong. In Ha Noi and Ho Chi Minh City, most

waste water from households and industries is not treated before discharging to the open channels. Available data indicates some 90% of enterprises released waste water without meeting the permitted levels to the environment. Around 73% of those companies did not have adequate equipment and facilities for treatment of wastewater²¹.

The trend on air and water quality was negative from 1996 through 1999, and then gradually improved in 2000 to 2002. This indicator has strong pro-poor implications, since the poor suffer most from water and air pollution, and they are the ones who often live in the marginal areas where pollution levels are highest. Moreover, they are the ones who can least afford medical care for pollution-related ailments or the loss of livelihood due to illness caused by pollution.

Chart 18. Percentage of Water and Air-Quality Monitoring Stations Reporting Better or Worse Results versus the 1995 Baseline Year



Source: State of the Environment Report 2002

²¹ Page 41, *State of the Environmental Report, 2002.*

Important efforts in the enforcement of environmental laws and regulations, and especially the implementation of the Prime Minister Decision No./24/2000/CT-TTg of 23 November 2000 banning the use of lead petrol for non-military vehicles starting 1 July 2001,

have combined for a considerably positive impact on air and water quality over the last few years. As a result of the Prime Minister's decision, the lead contamination in both Ha Noi and Ho Chi Minh city has observed a reduction of between 40 – 50%²².

II. Provincial disparities

Access to water

The significant disparities in access to safe water at the provincial level are especially obvious when provincial rural areas are compared. The provinces of BR - Vung Tau, Binh Duong, and Tra Vinh reported access of over 70%. Meanwhile, provinces such as Tay Ninh (29%), Dong Thap (29%), or Bac Can (29%) reported rates almost three times lower. Looking at access by region, the Tay Nguyen Plateau with Kon Tum, Gia Lai, Dak Lak and Lam Dong have the lowest access (39 % overall against the 51% national average). The Red River delta, the North central region, as well as East southern and Mekong Delta provinces average close to or above the national average.

In Viet Nam, the proportion of households with access to proper toilet facilities has increased importantly from over 10% of households in 1993 to some 25% in 2002 (GSO 2003). However, most of the progress seems to have concentrated among the richest households, with 70% of them having access to hygienic latrines, compared to only 2% of the poorest quintile of households. Disparities at the provincial level, reflected in Table 16, are acute, with main urban centers reporting rates of access to proper toilets of well over 85% whereas the Mekong Delta provinces of Tra Vinh and Dong Thap do not reach 10% of the households.

Table 15. Access to water in rural areas

Top 12 Provinces	Objective coverage (%)		Bottom 12 Provinces	Objective coverage (%)	
	RWS 2002			RWS 2002	
	plan	Impl.		plan	Impl.
BR-Vung Tau	83	86	Quang Ngai	36	42
Binh Duong	74	76	Kon Tum	43	41
Ha Noi	63	73	Lang Son	38	40
Ho Chi Minh City	70	70	Bac Ninh	40	40
Long An	56	65	Bac Kan	29	39
Tien Giang	64	65	Dak Lak	45	37
Tra Vinh	70	65	Yen Bai	40	36
Thai Binh	58	62	Phu Yen	38	36
Kien Giang	61	62	Gia Lai	37	35
Hung Yen	68	61	An giang	34	33
Vinh Long	59	60	Tay Ninh	29	29
Soc Trang	55	60	Dong Thap	29	29

Source: National Objective Program, MARD 2003

Table 16. Access to Proper Sanitation facilities

Top 12 provinces	Having a proper toilet	Bottom 12 provinces	Having a proper toilet
Ho Chi Minh City	87.13	Tien Giang	18.83
Da Nang	85.91	Ca Mau	16.61
Ha Noi	85.63	Son La	16.53
Hai Duong	85.25	An Giang	15.69
Quang Ninh	78.9	Kon Tum	15.33
Bac Ninh	78.52	Vinh Long	13.33
Hai Phong	75.68	Lai Chau	13.28
Bac Giang	71.94	Ha Giang	12.38
Ba Ria Vung Tau	65.5	Ben Tre	11.92
Nam Dinh	63.18	Cao Bang	10.13
Ha Tay	62.33	Dong Thap	9.29
Hung Yen	62.29	Tra Vinh	7.45
Average	75.2	Average	13.4

Source: GSO (2003) Preliminary results from VHLSS 2002

²² State of the environment report, VEPA, 2003, page 32.

III. Financing, Decentralization, and Local Governance

The Ministry of Planning and Investment estimates that, given current water consumption levels and population projections, about US\$147 million (VND2.2 trillion) in investment capital will be required for the sector annually from 1999 to 2020.

In recent years, much of the financing for new water infrastructure has come via loans or grants from bilateral and multilateral donors. The 1998 Water Resources Law encourages private sector investment in the water sector, but the greatest needs and imbalances are found in rural areas where few economies of scale are possible, and there is little potential for private sector water profits. Urban areas have been more successful in attracting private sector water investment. At least one private sector Build-Operate-Transfer (BOT) urban water supply project is now operational (Binh An Water Treatment Plant for HCMC).

In spite of initial experiences in private provision, water supply in urban areas has so far been mostly provided by SOEs. However, these water companies are in weak financial position and face important efficiency challenges. The under-pricing of services due to price regulation by government agencies at both central and local levels exerts pressure over the financial viability of the companies, forcing them to rely on government subsidies. There are some joint venture water plants in HCMC, but not put into

operation yet, as these companies are not allowed to fix their own unit price.

The future promulgation of a decree²³ enforcing a fee for the discharge of wastewater into the environment has the potential of being a milestone in the implementation of the user-pays principle in the generation of revenue for environmental policies. The fee will impose different charges for domestic and industrial wastewater, the latter calculated in accordance with the level of pollution. Significant challenges will be faced, however, in the calculation of the fee in light of the important number of enterprises to be charged and the variety of their wastewater. The private sector's true commitment to this initiative will be critical, especially if the still low monitoring capacity of the Ministry of Natural Resources and Environment is taken into account. The decree provides that water companies will be eligible to collect no more than 10% of the revenues and 20% will be allocated to the Ministry of Natural Resources and Environment to cover the cost of collection and testing waste water. Some 35% of revenues from the fee will be allocated to the local levels of administration, earmarked for environmental protection activities, which provides a good incentive for local levels of government in the successful implementation of the scheme. The remaining 35% will be allocated to consolidated revenue at the State Treasury²⁴.

IV. Framework for Further Progress

Forest Cover

The Government has promulgated a number laws and regulation in connection with forest protection and reforestation, including the Law on Forest Protection and Development (1991), and the Law on Environmental Protection (1993). Currently, a National Strategy for Environmental Protection 2010 and Vision 2020 is being considered by the Prime Minister, while the Ministry for Natural Resources and Environment is importantly contributing to the amendment of the Land Law.

The Tropical Forestry Action Plan, and the First National Forestry Policy all heralded a shift away from state-controlled Forestry. Under the Household Forest Programme, households are

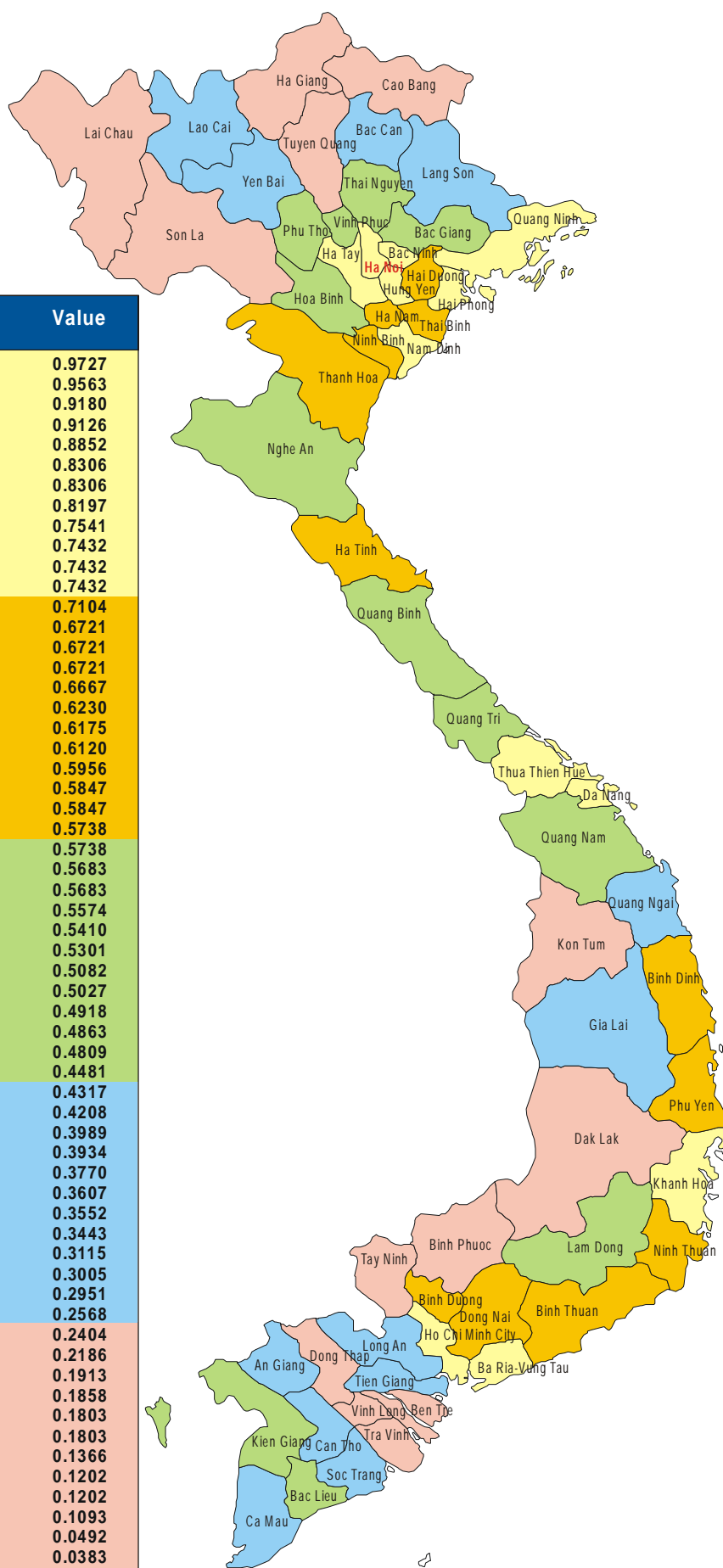
empowered with long-term use rights over forestlands, receiving technical extension support by reformed state enterprises, and credited by newly established rural banking system.

Sustainable forest management in Viet Nam will require speeding up forest land re-allocation (both forested and open lands) to households and collectives, creating the adequate policy framework for the attraction of private investment into midland forest, and providing support to forest farms to undertake the

²³ Decree 67/2003/ND-CP

²⁴ Viet Nam Economic News, October 14, 2003

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effective utilization of lands and forests that have been re-allocated so far.

Water Supply

The 8th Party Congress resolution already advised on the need to “improve urban water supply and sewerage, and to supply more safe water to rural areas.” The Government Of Viet Nam adopted the Water Resources Law in 1998 and the National Rural Clean Water Supply and Sanitation Strategy up to year 2020 in 2000.

On 23rd July 2002, Prime Ministerial Decision 99 was issued to establish the National Standing Committee on Rural Water Supply & Sanitation (RWSS) for the period, 2000-2005. The decision was administered to enable the former National Target Program on RWSS (managed by MARD) and the National RWSS Strategy²⁵ to be managed by the Standing Committee for the National RWSS Target Program. The Committee comprises representatives from concerned Ministries and mass organizations under the chairmanship of the Minister of MARD. The current Director of the Centre for Rural Water Supply and Sanitation (CERWASS), under MARD, was nominated as the executive secretary of the standing office, yet to be established. This is a very important decision regarding the future management of RWSS in Viet Nam, and the prompt definition of CERWASS exact roles and responsibilities is an issue of critical importance.

A primary bottleneck in increasing access to safe water in Viet Nam is the fact that around 35% of the rural population get their water from untreated surface sources, whose quality is more difficult to protect. As in many countries, Viet Nam uses surface water for irrigation and disposal of wastes, as well as for drinking. Yet many surface water sources are known to be polluted. Boiling water to kill microbial contaminants is the most common form of surface water treatment. This does not, however, eliminate many of the environmental pollutants such as fertilizers and pesticides, which are a growing problem. To ensure safe water quality, more emphasis is needed on eliminating pollution sources (both domestic and industrial). The National Environment Agency capacity in environmental pollution regulation should be strengthened, and

improvements in monitoring and enforcement of existing water regulations—particularly Article 18 of the Water Resources Law—would have a significant impact on surface water quality.

Following the discovery of a large number of arsenic contaminated tubewells in Bangladesh and given similar geological conditions between Bangladesh and the Red River and Mekong River Delta regions, MARD and other related ministries have been encouraged to look into the issue of arsenic in drinking water. MARD, sent official note No.755/TT.BNN-QLN, on 22/3/2002, to the Prime Minister, requesting establishment of an inter-ministerial Steering Committee on Arsenic Contamination, with the Prime Minister’s Decision No. 333/CP-NN on “Arsenic Contamination of Water and Remedial Actions”, issued on 4th April 2002 confirming the establishment of an inter-ministerial steering committee under MARD, and the development of the National Action Plan. At present, the National Action Plan is under consideration by the Prime Minister.

Air quality

The Prime Minister’s Decision No.64/2003/QD-TTg, dated 22 April 2003, approving “the Plan for Settling Critical Polluting Resources” has paved the way to deal with a number of heavy polluters, especially factories and establishment located within cities and close to inhabited areas. In addition, a National Environmental Fund has been established through the Prime Minister Decision No. 82/2002/QD-TTg, dated 26 June 2002 for which a legal framework is being developed by the Ministry of Natural Resources and Environment. The government has approved an initial seed fund of VN Dong 2 billion, while the fund is expected to be replenished by application of the polluter-pay principles. This fund will help both State and private enterprises and NGOs to apply environmental friendly technology and environmental protection activities.

Additional efforts will be required in the promulgation of regulation and criteria to ensure clean air in the cities and industrial areas, promotion of clean production, improving the efficiencies of energy utilization, and strengthening the capacity and equipping additional facilities for air monitoring system.

²⁵ Approved by the Prime Minister, Decision No.104/2000/QD-Ttg, dated 25 August 2000

Box 11. Safe water vs. Clean water

“Safe water” and “safe water sources” are concepts somewhat different. Not all water samples from so-called “Safe water sources” are safe. For example, tube wells/boreholes with pump is traditionally considered a safe water source, but past analysis reveals that only 8 of 10 wells produce safe water, hence an adjusted coefficient is used of 0.8. Given that 20.48 % of the population in 2000 had access to tubewells/boreholes with pump, applying the adjusted coefficient of 0.8, the percentage of the population having access to tubewell/borehole with pump would be around 16 %.

The National Rural Clean Water Supply and Sanitation Strategy up to Year 2020 notes that the definition of “safe water” is the same as “clean water”. This strategy defines “clean water” as water that meets the 51 parameters in Ministry of Health Standard 505.

MDG 8 – Develop a Global Partnership for Development

“UNDP considers the MDGs as a global deal, based on the notion of joint responsibility and mutual accountability. Slow progress in the crucial area of trade will eventually call into question the seriousness with which developed nations are addressing the goal of building a global partnership for development...”

UNDP’s Statement at the Cancun Ministerial Conference of the WTO

I. Progress towards the achievement of the goal

At the Monterrey International Conference on Financing for Development, donor and developing countries translated into an agreement - the “Global Deal” – the understanding that the first seven Millennium Development Goals defined at the UN Millennium Summit would be the primary responsibility of developing countries, while goal 8 deals with the responsibility of OECD countries to provide an “enabling international environment” for developing countries to achieve the first seven goals.

The United Nations is actively campaigning in OECD countries to increase awareness on the accountability of developed countries towards the achievement of the MDGs. Moreover, Non Governmental Organizations are starting to use the Monterrey deal and the MDG framework to demand that their governments act on the ODA, debt and trade aspects of goal 8.

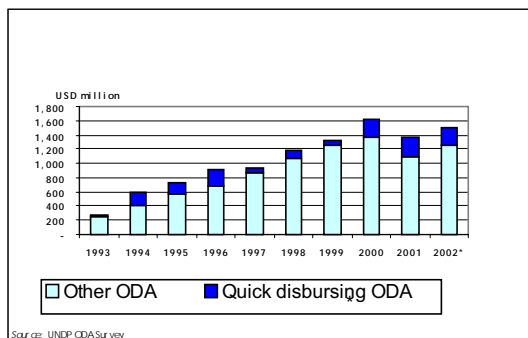
MDG 8, on *develop a global partnership for development*, needs to become, more than any other, a living framework that is enriched continuously by the cooperation between developed and developing countries. This would involve including relevant development indicators and targets currently missing in the framework and, most importantly, the definition of concrete time-bound benchmarks especially in the areas of trade and finance for development, discussed at Doha and Monterrey.

OECD countries must contribute decisively to the accountability of the MDG framework by both embedding the internationally agreed targets and indicators in their national planning frameworks and working hand in hand with the UN as a “scorekeeper” of progress towards the achievement of the MDGs. In addition, determined action by OECD countries in critical areas of the international trade and financial system will be required.

Increasing Official Development Assistance

Despite substantial increases between 2001 and 2002, global official development assistance represented only 0.22% of donor countries’ gross national income in 2001, down considerably from 0.33% in the early 1990s (UNDP 2003d). The East Asian region, following global trends, witnessed ODA decrease also importantly during this period. In this framework, it is especially remarkable the continuous increase in ODA commitments and disbursements in Viet Nam over the last decade, from around US\$250 million in 1993 to well over US\$1 billion annually since 1998.

Chart 19. Annual ODA Disbursements (US\$ Million) in Viet Nam



Source: UNDP ODA Survey

Source: UNDP (2002)

Estimated ODA disbursements in 2002 were around US\$ 1.4 billion, up from US\$1.36 billion in 2001, or some 4-5% of GDP. The proportion of ODA to basic social services in 2001 (defined as basic education, primary health care, nutrition, safe water and sanitation) stayed at around 7.5% of total ODA disbursements, the same level as in 2000. Disbursements in the area of basic social services will have to be increased substantially however, if the provincial disparities in access to and quality of social services are to be bridged in the future. The recently approved Education for All Plan estimates that ODA disbursements for the strategic target areas of the Plan will need to be doubled to US\$150 million by 2005 if the targets are to be met.

Donor Harmonization

In February 2003, the heads of multilateral and bilateral development institutions expressed, in the Rome Declaration on Harmonization, their determination to effectively address the increasing transaction costs derived from the variety of donor requirements and processes for the implementation and monitoring of development projects, which are severely

taxing the capacity of recipient governments to administer efficiently ODA disbursements.

Ha Noi served as venue for the Asian regional workshop organized in preparation for the Rome Forum. Viet Nam is a leading partner in the development community on harmonization efforts, with three main initiatives deserving particular mention.

The Harmonization of procedures among the three main multilateral banks operating in Viet Nam (WB, ADB and JBIC) continued to progress in 2003 with both the Agence Francaise de Developpement (AFD) and the Kreditanstalt fur Wiederaufbau (KfW) joining the original members of the initiative. The group held a Joint Portfolio Performance Review on May 2003 to discuss issues related to procurement and disbursements plans and reporting systems, and defined an agenda for future progress.

The "Like-Minded" bilateral donors' group is a leading voice in the harmonization debate in Viet Nam. The group's contribution to achieving greater administrative efficiency in aid delivery has focused on supporting the Vietnamese

Box 12. Measuring the Global Partnership: The Commitment to Development Index

The new Commitment to Development Index jointly drawn up by the Centre for Global Development and Foreign Policy Magazine is an ambitious, but still crude first attempt to measure overall donor countries commitment to the development of a Global Partnership for Development as stated in goal 8 of the MDG framework.

By measuring donor countries' performance in six development-related policy areas, the index importantly attempts to broaden the debate on aid effectiveness from the traditional indicators of aid to GDP to a wider spectrum of policies including trade, investment, migration, peacekeeping, and environmental policies. It suffers, however, from the common problems of designing a composite index, especially at the time of weighting the indicators included, the relatively high complexity of its construction, including a bias against large economies, and the lack of adequate data to measure qualitative dimensions of development policies.

The index provides some surprising results mostly due to the equal weights allocated to all six policies areas. Importantly, the US and Japan are ranked at the bottom, scoring relatively high exclusively in the area of trade (in which the US is ranked top), while countries like Portugal and New Zealand, far from the aid levels of the most traditionally generous donors like Denmark or the Netherlands, rank among the top four.

These startling results should not, however, obscure the main message behind this first annual ranking. As the authors say, "the most important result of the index, however, lies not on the relative rankings, but in the fact that even the top country is barely half way to a perfect score" (Birdsall and Roodman, 2003).

Of special importance for a country like Viet Nam is the ranking attempt to capture not only the quantity of aid disbursed, but also its underlying quality. Under the assumption that aid is more effective when is disbursed in a transparent and accountable institutional framework, "higher scores are given to countries with good governance than to those where the need may be greater" (Birdsall and Roodman, 2003). The study also subtracts administrative costs, principal and interest repayment and discounts tied aid by 20%.

UNDP (2003c)

Table 17. Commitment to Development Index

Countries	Aid	Trade	Environment	Investment	Migration	Peace-Keeping	Average
Netherlands	6.9	7	5.7	6.1	4.5	3.5	5.6
Denmark	9	6.8	5	1	4.4	7.1	5.5
Portugal	2.2	6.9	5.1	9	1	6.8	5.2
New Zealand	1.7	7.2	3.4	2.3	9	6.9	5.1
Switzerland	3.3	4	7.2	6.3	9	0.1	5.0
Germany	2.1	6.8	6	1.4	8.1	3.8	4.7
Spain	2.4	6.8	6	8.2	1.8	2.9	4.7
Sweden	7	6.9	6.1	1.8	3.9	1.3	4.5
Austria	2.8	6.8	5.4	2.6	6.5	2.6	4.4
Norway	6.6	1	2.8	3.5	4.6	7.4	4.3
Britain	3	6.9	5	3.4	3.1	3.6	4.2
Belgium	3.5	6.7	4.5	1.4	4.5	3.5	4.0
Greece	1.5	6.7	4.6	0	1.6	9	3.9
France	3.1	6.8	4.9	1.7	0.8	5.2	3.8
Ireland	2.6	6.6	1.6	2.3	4.5	3.7	3.6
Italy	1.4	7	5.3	1.5	1.1	5.3	3.6
Finland	3	6.8	5.4	1.7	1.3	2.9	3.5
Canada	1.7	6.6	1.7	2.1	6.1	2.4	3.4
Australia	1.7	7.2	1.8	1.6	3.7	2.8	3.2
United States	0.8	7.7	1	2	2.3	1.5	2.6
Japan	1.2	4.6	4	2.8	1.5	0.5	2.4

Source: Center for Global Development and *Foreign Policy Magazine* (2003)

participation in the international harmonization process – especially the OECD-Development Assistance Committee and EU initiatives, encouraging debate on new aid instruments in Viet Nam and implementing concrete harmonization procedures on the basis of the CPRGS as a common framework for ODA planning, implementation and monitoring. The Like-Minded donor group is actively assisting the Government on the development of management capacity for ODA management.

The United Nations system, as part of the UN Secretary General’s reform to strengthen the effectiveness of UN agencies in host countries, is actively working on the simplification and harmonization of its rules and procedures in priority areas including financial regulations, monitoring and reporting, shared services and recruitment, remuneration and training of project personnel. In Viet Nam, important progress has already been achieved in the definition of a UN strategic programme framework.

The increasing size of ODA disbursements and the limited absorption capacity of the Vietnamese administration to manage the huge volume of resources according to a wide variety of rules and procedures has placed the need

for harmonization among the priorities of the donor community in Viet Nam. The rapid increase of ODA resources without effective delivery mechanisms and appropriate national capacity in place for their delivery to those in need might be encouraging corrupt practices that would actually reduce the effectiveness of ODA importantly. Addressing this common responsibility will need strong national leadership, but also increased accountability of the donor community for the potentially pervasive effects of uncontrolled aid increases.

Increasing Market Access for Developing Countries

“Trade has been an indispensable engine for economic growth across the world throughout human history. But while growth has in many instances been translated into sustained poverty reduction, the connection is not automatic.” (Making Global Trade Work for the People, UNDP 2003)

The recent collapse of the WTO Ministerial Conference in Cancun has raised doubts about the real chances of implementation of a global trade regime that balances the interests of developed and developing countries alike. General failure at meeting the deadlines defined

at the Doha “development round” turned Cancun into a different summit from the one initially envisaged, increasing the pressures to reach agreement in critical areas like the reduction of agricultural subsidies and the consideration of investment issues.

Cancun has been an important opportunity lost to progress towards the achievement of the MDGs. No progress, for instance, was achieved in Cancun in ensuring tariff and quota free access for exports from the Least Developed Countries, a target agreed at Heads of State level in the Millennium Summit and ratified in Doha. Additional efforts are also required, via the Integrated Framework for Trade-Related Technical Assistance, to strengthen the capacities of least developed countries for the design and implementation of trade related policies.

Moreover, the much-needed agreement in the agriculture sector was not negotiated since the Conference was closed when it was perceived no agreement could be reached in the investment area. Improving overall living standards of farmers, the central aim of developing countries’ requests for reduced agricultural subsidies and tariffs by developed countries, is however key to sustain a global reduction of poverty rates and to obtain steady improvements to many of the MDGs. It would be indispensable for the future of the developing world to ensure a quick resolution to stalled negotiations in this area.

The negative impact for developing countries of high subsidies in this area has been once more exemplified in the cotton sector, where increased subsidies to US farmers have damaged importantly the economic prospects of several sub-Saharan countries. Consideration needs to be therefore given to further liberalization of the agricultural sector of developed countries. Agricultural subsidies for OECD countries amount to more than US\$300 billion per year (or six times higher than global official development assistance) and a reform of the system could decisively improve farming conditions and benefit consumers in developing countries. The reform of the European Union’s Common Agricultural Policy is a first step in this direction, effectively de-linking financial assistance to farmers from the volume of production, thus discouraging over-production that damages the prospects of developing countries’ farmers by bringing prices down.

On the other hand, Cancun has served to show the bargaining power of collective action by developing countries, a substantial change from previous Ministerial conferences, in which poor countries were easily divided by their national interests, and by powerful western economic blocks.

It is on the basis of this coordinated action that a trade agenda including the most relevant issues for developing economies would be moved forward. Critical elements of such an agenda would include further negotiation of the General Agreement on Trade in Services, so that it importantly covers the area of movement of natural persons, including categories of occupations where developing countries have a comparative advantage. In addition, agreement on the Special and Differential Treatment Package²⁶, critical to ease the burden on the implementation of critical trade reforms in developing countries would assist importantly the creation of a multilateral trading system more responsive to the realities faced by developing countries (UNDP 2003e).

The outcome of the Cancun Summit is especially disappointing for Viet Nam, since agreement of some of the proposals presented would have eased considerably the country’s negotiating effort. Viet Nam’s access to WTO represents a great opportunity for the country to spur internal competitiveness, develop domestic markets, access new technologies and knowledge networks and, in sum allow for important improvements to human development via enhanced economic growth.

The country’s exports have soared during the 1990s to reach a value of over US\$16 billion in 2002 (or nearly 50% of GDP) with average

²⁶ Special provisions in favour of developing countries have been included in the agreements which, together, constitute the WTO multilateral trading system. These include provisions aimed at increasing trade opportunities for developing countries; provisions which require WTO Members to safeguard the interests of developing country Members when adopting protective trade measures; provisions allowing flexibility to developing countries in the use of economic and commercial policy instruments; provisions granting longer transitional periods for the implementation by developing countries of various commitments flowing from these agreements; and the provision of technical assistance in the implementation of their commitments as well as in their efforts to reap full benefits from the results of the Uruguay Round. (WTO website, 2003)

annual growth rates of around 19%. Over 50% of Vietnamese exports go to Asian countries, while European countries account for over 23%. Japan remains Viet Nam's single largest export market, representing around 15% of total exports. Exports to the US market have however rocketed since the implementation of the USBTA, and the United States has become the second most important destination for Vietnamese products, accounting for just under 15%. China and Singapore, each with over 9%, follow the US.

As negotiations for WTO accession proceed, the Government of Viet Nam must determinedly take the necessary steps to ensure that the gains from increased trade flows translate into more efficient social services and pro-poor economic growth that enlarge the choices of all Vietnamese people.

Donor countries, in turn, have a great responsibility at developing a non-discriminatory trading system. This should involve careful analysis of the commitments and obligations requested to new entrants (usually higher than for original members) and their impact on the human development process of the acceding countries.

Although its application varies importantly by trading partner, the Generalized System of Preferences²⁷ (GSP) provides important opportunities for increased access of Vietnamese products to developed countries' markets. Viet Nam has consistently increased both the total value of eligible exports and actual exports under preferential treatment to the EU, with preferential exports reaching well over US\$2 billion in 2001 (up from US\$1.3 billion in 1998). This represents a utilization rate of eligible GSP exports of around 60%.

In spite of significant progress, recent trade conflicts (e.g catfish) have exemplified the risks of operating outside the general WTO framework, and the capacity shortage of the Vietnamese administration in critical trade areas. Viet Nam needs to be able to access the dispute settlement mechanism operating under the WTO in order to effectively defend its interests, while continuously improving its technical capacity in areas like dispute settlement, quality and health standards, etc.

²⁷ System through which high-income countries grant preferential access to their markets to developing countries.

Box 12 summarizes the evolution of the catfish trade conflict.

Almost US\$6.2 million were disbursed in 2001 to directly assist the government of Viet Nam build international trade capacity, up from US\$4.4 million in 2000. The bulk of funds were directed to support the formulation and implementation of sectoral policies and plans, and on capacity building on global trade policies and procedures.

Youth Employment

According to ILO estimates, 74 million young people²⁸ are unemployed in the world today; this represents about 41% of the world's 180 million unemployed people. In some countries, youth unemployment is two or three times that of adults. The national economic challenge in many developing countries is not limited to high unemployment rates among young people. What often does not show in statistics is the magnitude of underemployment among young women and young men.²⁹ Some work fewer hours than they would like and others work very long hours with little return. Underemployment is especially high among young people who work in the large informal economy.

Viet Nam's population has nearly reached the 80 million mark, with a total work force of around 40.7 million (MOLISA 2002). During the period 1999 – 2010, an estimated 11 million new jobs are needed to meet the supply of new entrants in the labour force³⁰. Meaningful job creation, particularly for young people is, therefore, an urgent need. Young people engaged in economic activities currently account for some 22% of the total work force.

Despite steady economic growth, formal job creation in Viet Nam has not been able to match the needs of the growing labour force. Unemployment rates appear to have risen moderately between 1996 and 1999 with the group of youth aged 15-24 experiencing higher unemployment rates than older age cohorts. In 2002 youth unemployment was 4.3% (MOLISA 2003). However, the census data for

²⁸ The UN definition of youth is people from 15 to 24.

²⁹ MOLISA defines as underemployed a person working less than 300 days in the previous year and willing and able to take on additional work.

³⁰ Viet Nam Workshop Report, Summary Report of the National Workshop on Youth Employment, Ha Noi, 4 December 2001

Box 13. Fishy Lessons

Catfish farming has been a traditional means of livelihood, small in scale and largely artisanal, for tens of thousands of Vietnamese in the Mekong Delta for generations. Historically reared for domestic consumption, catfish were first exported in the mid-80s, which in tandem with the country's efforts at progressive liberalization, continued to grow and find markets overseas. By the late 90s, the US had become a major market, earning farmers on average a sizeable sum of US\$ 50 million annually. Although these imports comprised a small fraction of the US market, local producers (numbering less than 15,000) from the southern states like Mississippi and Arkansas, represented by the Catfish Farmers of America (CFA), protested that these imports were hurting their business.

First, the CFA financed a campaign to encourage consumers to buy American catfish only, portraying their cousin fish from the Mekong as unclean; a team of US investigators dismissed this slander after visiting the sites. *Second*, the CFA argued that the Vietnamese catfish were not catfish after all. It lobbied the US Congress to include language in the 2002 Agriculture Appropriations Act that specifically barred Vietnamese exporters from labeling their fish as catfish. Only catfish of the species *Ictalurus Punctatus* can accurately be labeled as catfish, the Act said, Vietnamese fish is of the family *Pangasius*. Although a dubious assertion in the face of a common reference in English as "catfish" to all the world's 2500 species belonging to the order, catfish *Siluriformes*, the Vietnamese complied by renaming their fish "basa" or "tra" and dropping the suffix "catfish". This change in name had little effect on sales — basa and tra stayed popular for their distinctive taste, that also owed their lean shape to the currents of the Mekong, as opposed to growth in stable ponds.

The CFA then resorted to the ultimate trade remedy by filing an antidumping complaint, arguing that the Vietnamese fish were being sold in US markets at unfair prices — below their cost of production, and at prices lower than at home. The Vietnamese maintained that their export prices were competitive because of geographic attributes of the Mekong delta, low labor and feed costs, and accumulated traditional knowledge; and there were also no state subsidies involved. They tried hard to defend their case along these lines, even employing at one point a law firm in Washington D.C. at the rate of US\$ 469 per hour. The CFA had petitioned for the low prices to be redressed by slapping a dumping margin (tax) of 191 percent. This was also the first antidumping complaint against Viet Nam in its history.

Although many Vietnamese liken their country to a "market economy with socialist orientation", the US went on to brand it a non-market economy for the purpose of anti-dumping investigation, and used prices from surrogate markets (Bangladesh and India). On January 27, 2003, the US Department of Commerce announced a preliminary determination that imports of frozen basa and tra fish fillets were indeed being dumped, and that the margins against their imports had to be levied in the range of 37.94 to 61.88 percent. Duties on catfish prior to this investigation were under 5 percent. These interim rates were more or less confirmed in July by the US International Trade Commission, which after being notified to the Department of Commerce became effective from August 6. Voluntary pledges by Vietnamese exporters to restrain their export to agreed quota levels (to 90% of last year's level in 2003, 95% in 2004, and 100% in 2005) in return for the rescinding of anti-dumping duties does not seem to have worked.

Viet Nam has since seriously tried to diversify its reach to markets in the EU, Japan, Australia and Russia, although the stiff taxes charged by the US on their exports will affect livelihoods of thousands of Mekong farmers (the local industry employs over 300,000). Recently, in August, they have teamed up with the German supermarket giant, Metro Cash and Carry to aggressively market basa and tra globally.

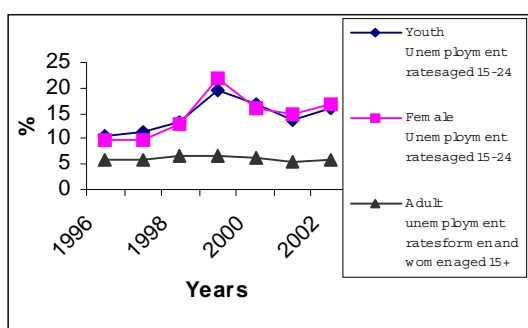
Overall, the catfish dispute provides three broad lessons. *First*, it demonstrates the need for more stringent multilateral rules and special and differential treatment in the form of meaningful thresholds to protect developing country exporters and new entrants to the global market from trade harassment by small protectionist interests. *Second*, although the central government — Ministry of Fisheries — actively collaborated with seafood processing and exporting companies to defend the national interest, huge capacity gaps were evident when it came to affairs of international lobbying and legal defense. This necessitates further international assistance in technical trade matters to the government. And *third*, this problem could have been addressed at the WTO if Viet Nam were a member. The non-market economy criteria used by the US was out of line with WTO provisions, together with the dumping and injury findings, as well as the lack of scientific basis for the classification of catfish. These could have been challenged under the WTO dispute settlement understanding. The WTO would also have been friendlier on issues of sanitary regulations and use of subsidies for human development objectives in countries with per capita income of under US\$ 1000. This will probably nudge the country to pursue its accession process more vigorously, while seeking to avoid the kind of discriminating terms and provisions that are usually floated more boldly in bilateral agreements.

Source: UNDP Asia Trade Initiative research (2003)

1999 show 11.0 per cent unemployment for 15-19 year group and 6.6 per cent unemployment for the 20-24 year group.³¹ The census data also show higher rates of unemployment for young men than young women.

The data suggest that young people experience difficulties in the transition from school to work.³² Especially youth aged 15-19 face problems in finding the first job while their older counterparts might have adjusted to the labour market and gained some working experience. The economically active young people between 15-19 also tend to be less educated on average, since they joined the labour force rather than pursuing education and training.

Chart 20. Urban Unemployment Rates by Age and Sex



Source: MOLISA (2003)

Urban youth unemployment and rural youth underemployment are increasingly pressing issues. The youth unemployment rate for urban areas (16.1%) is on average eight times that for rural areas (2.1%) and almost four times that for Viet Nam as a whole (4.3%).

While unemployment is higher in urban areas, rural areas of Viet Nam account for 95% of all underemployed workers. According to the 2002

survey on Labour and Employment there are almost 4.7 million youth classified as underemployed³³. However, these data should be treated with caution in light of the well-known seasonal nature of agricultural employment.

Access to Information and Communications Technologies

Information and Communication Technology (ICT) has become an indispensable tool in the fight against poverty. ICT provides developing countries with an unprecedented opportunity to meet vital development goals such as poverty reduction, basic healthcare, and primary education, in an increasingly effectively way. Those countries that succeed in harnessing the potential of ICT can look forward to greatly expanded economic growth, dramatically improved human welfare and more effective forms of governance along with improved delivery and access to public services.

Viet Nam Post and Telecommunications Corp. (VNPT) reported 695,703 new telephone subscribers in the first 8 months of 2003, raising the total telephone users in Viet Nam to above 6.1 million. Among the new subscribers, there are 254,703 fixed telephones, 271,854 mobile phones in the Vinaphone network and 117,849 mobile phones in the MobiFone network. This gives a rate of **78 telephones per 1000 people**, which compares still unfavourably with China, but is well above neighbouring countries like Laos and Cambodia and is nearing the levels of Thailand

Although important overall progress in increasing access to ICT has been achieved over the last decade, the share of households owning basic ICT assets, such as TV or a computer, varies importantly by region and expenditure groups. While well over 90% of rich households own a TV, only some 30% of the poorest households do.

ICTs give the burgeoning domestic private sector and also SOE in Viet Nam a tool to increase efficiency and competitiveness as well as

Table 18. Access to ICT by Region

	1993		1998		2002	
	Radio	TV	Radio	TV	Radio	TV
Northern Mountains	19.3	8.7	36.8	46.9	20.9	60.1
Red River Delta	19.4	25	34.6	61.8	19.5	73.1
North Central	18.1	5.5	31.8	40.5	21.1	61.7
South Central Coast	36.6	27	47	53	22.4	68.1
Central Highlands	21.7	6.7	43.1	40.3	30	61.6
South East	43.3	41.6	56.6	72.4	32	81.4
Mekong Delta	30	28.9	53.4	58.6	35.7	68.2
Viet Nam	26.3	23.1	42.8	56.3	25.8	69.1

Source: GSO: VLSS93, VLSS 98, VHLSS 2002

³¹ 1999 Population and housing census - Census monograph on labour force and employment in Viet Nam, 2002.

³² 1999 Population and housing census - Census monograph on labour force and employment in Viet Nam, 2002.

³³ MOLISA defines as underemployed a person working less than 300 days in the previous year and willing and able to take on additional work.

enabling them to access market information nationally, regionally and globally, strengthening a firms ability to operate in the global environment and ensure stronger growth. At the same time ICTs are increasingly assisting the Vietnamese government in providing public services and strongly support such programs as the Public Administration Program, this is strengthening the both the ability of government to provide services as well as ensuring increased access to government services for both the poor and firms. ICTs are increasingly increasing the ability of government and development agencies to assist, support and strengthen poverty mapping, monitoring and evaluation in Viet Nam, further enhancing support to the poor.

Table 19. Internet Penetration

Countries (and year of estimate)	Percent of Population
USA (2002)	53.00%
Korea (2002)	34.90%
Singapore (2002)	30.20%
Taiwan (2002)	28.70%
Malaysia (2002)	9.00%
Thailand (2002)	5.64%
Philippines (2002)	2.50%
Indonesia (2000)	1.0—1.75%
Viet Nam (2003)	2.50%
Cambodia (2000)	0.05%
Laos (2000)	0.04%

Source: National Institute for Post and Telematics, 2003



Millennium Development Goals

Closing the Millennium Gaps

Local Governance Challenges in Achieving the MDGs

The need to ensure more balanced economic and social development across Viet Nam, and better meet the priorities and needs of local communities, has recently focused increased attention on the important role of local governments in Viet Nam's development process. The perceived trends in increasing inequalities between urban and rural areas, and among ethnic groups, are being translated into dramatic provincial disparities. "Localized" mixes of policies are increasingly required for the balanced achievement of the MDGs across Viet Nam.

As Viet Nam integrates into the global economy, the protection provided by the central government to particular industrial sectors in the form of high import duties and other technical barriers to trade will no longer be a viable option to sustain economic activity in many sectors. The downside of increased international competition, measured in terms of potentially higher unemployment or depressed economic activity in some regions will likely be very unevenly spread across the country.

Some 95% of the poor in Viet Nam live in rural areas, and 7 out of 10 ethnic minority households can not cover their basic needs. Whereas there is still ample room for the further implementation of broad base socio-economic development policies, the need for targeted interventions in favour of disadvantaged groups is ever greater to tackle the particular challenges faced at the local level. The greater the distance from the political center, the less likely the mix of public policies at the national level will reflect the set of preferences of people in more distant regions. Viet Nam, with a 70% mountainous area, two deltas, a disaster prone coastal belt, and a central highlands with its own socio-political circumstances, is a country with very diverse development needs.

The Government of Viet Nam is taking determined steps towards allowing for increased flexibility of local governments in the delivery of basic services. The administrative

and technical capacities of local level governments, as highlighted in the MDGr 2003, remain a basic constraint for further decentralization of authority from the centre, and one of the priority areas for attention for future development initiatives.

Limited discretion over the use of available public funds, dependency on Central Government transfers, and constrained options for the generation of local revenue sources further limit the ability of local governments to attend to their specific development challenges. The obvious need for additional financial resources in rural and remote areas, where the unit cost of the provision of education and health services is much higher than in urban centres, call for the implementation of equitable and efficient inter-provincial transfers, and increased revenue raising powers for local governments. Importantly, the efficient implementation at the local level of major national reforms like the PAR, SOE and Financial Sector reform, and the Enterprise Law is critical to develop the local domestic private sector, the most promising strategy available for job generation and the extension of local revenue bases.

Importantly, recent research (Dapice 2003) points to declining allocative efficiency in Public Investment. Every year passing, a higher value of investment seems to be required to generate a given level of growth, a clearly not sustainable pattern. The underlying quality of growth deserves the in depth analysis of policy makers and decision takers, and a general tightening of public investment criteria that ensures sustainability of investment while maximizing its job creation impact seems to be further required. On the efficiency of public investment may greatly depend the development prospects of many provinces in Viet Nam. If that investment concentrates on unsustainable state owned industries or low return white elephant infrastructure works, the opportunity to reduce dependency of poor provinces on the central government transfers might be lost, since the development of a healthy domestic private sector would be constrained.

Decentralization in Viet Nam – Constraints and Opportunities

Among the most important institutional constraints to further decentralization in Viet Nam is the absence of a national guide or plan that represents a coherent framework or enforcement mechanism for the transfer of control to sub-national levels of government. The reluctance of provincial and district levels of government to further decentralize authority is thus reinforced by the absence of this plan. As an example, the central government's decision to allow provinces discretion in the designation of communes as "investment owners" for schemes under Program 135 has resulted in only a few provinces venturing beyond the district level in the implementation of the Program.

Decentralization of administrative and expenditure capacity has been approached generally without proper assessment of the staffing situation at the local level. When steps are taken towards strengthening the capacity of local level administrations, these are more reactive than responding to a systematic needs assessment. Moreover, the considerable capacity imbalance between provincial and district and commune levels of administration is commonly cited as a constraint for limiting the transfer of administrative and fiscal capacity beyond the provincial administration. The concentration of investment in capacity building and resources at the provincial level, reinforces this vicious cycle in which lower levels of administration hardly develop any self-government critical mass.

The role of mass organizations like the Women's Union, the Youth Union and the Farmers' Association needs to be complemented by the work of other civil society organizations that allow for increased participatory governance, transparency, and administrative accountability. In this area, the creation of a legal environment for the development of civil society is an important priority for which an initial step has been taken in 2003 with the promulgation of the Decree 88 on Associations. This is the long-expected outcome of a 10 year drafting process, which grants MoHA and Provincial People's Councils the capacity to issue permits for permanent establishment, division, separation, merger, affiliation and dissolution of associations.

Despite representing an important milestone for the regularization and development of the fledging national NGO sector of Viet Nam, a

more consultative approach on the drafting of the Decree could have better allowed reflecting additional issues of interest for the relevant stakeholders. There are concerns about the wide discretionary powers allocated to MoHA and PPCs on the functioning and day to day activities of associations and importantly, the decree does not establish a mechanism for appeal in case an application for the establishment of an NGO was rejected, or the relevant government institutions decided to abolish one. It is generally felt that on the way in which the decree will be interpreted and administered by local government officials will rest greatly its successful implementation.

In spite of the obvious institutional and capacity constraints to the decentralization of government functions, Viet Nam has carefully drawn lessons from other countries and piloted with excellent results innovative initiatives in this area. Decentralization may prove a good policy option for increased transparency of government processes, in times in which corruption is growingly gaining importance as a development challenge. Participatory government is critical if decentralization is to render increased accountability leading to enhanced government efficiency.

As it will be analysed in this section, the Public Administration Reform Program is a manifestation of the Government's resolve towards reducing cumbersome procedures, strengthening judicial and legislative systems, and rationalizing staff at all levels. Viet Nam's network of public officials at the local level saves the country the huge investment in institutional building required in other countries for effective decentralization. In addition, the rapid growth of information and communication technologies and the development of mass media have resulted into better awareness of Government policies at the local level, and of the apparent gaps between policy pronouncements and actual operations.

Migration and Local Governance in Viet Nam

The social implications of mass migration to industrialized areas and the living conditions of migrants is one of the most important potential development challenges facing well-off industrial provinces like Binh Duong and the great urban centres of HCMC and Hanoi. The responsibility of local level governments and private companies in this area is unavoidable in facilitating the supply of decent accommodation to migrant workers and assisting migrants in achieving decent living

conditions. In addition to the most important urban areas, bordering provinces like Binh Phuoc and the Central Highlands region have in recent years been important recipients of migrants.

The Government has in the past actively discouraged rural urban migration and organized rural re-settlement. However, since Viet Nam started the implementation of Doi Moi, a large number of migrants have moved into urban centres. Data from the 1999 census showed that approximately 6.5% of the population aged 5 and over, or 4.5 million people, moved location between 1994 and 1999 (GSO/UNDP 2001). Official projections suggest that by 2020, only 45% of the country's population will live in rural areas.

Among those who migrated during the 1994-1999 period, 55% moved to locations within the same province, 45% moved across provincial boundaries, and 30% of the total also crossed regional boundaries. Hanoi and HCMC, together with the fast industrializing provinces like Binh Duong remain the main magnets for migrants. In addition, only the Southeast and the Central Highlands region gained population (the latter mostly due to the expansion of coffee crops).

Traditionally, the main concern of local authorities in relation to migration has been the increase in crime and social evils that has been linked to immigrant population. Lately, the pressures migration exerts in the provision of basic social services have come to the fore as a formidable challenge to provincial and district governments, and might be importantly

affecting poverty reduction patterns across the country.

Finding adequate accommodation for migrants is hard, leading them to endure living conditions that affect negatively their productivity. Migrants commonly send home over 60% of their salary, leaving enough for hardly anything more than food and a sleeping place. Most earn the minimum salary of 400,000 dong, although as much as 100,000 dong can be deducted from their salaries in contributions to health insurance and company-provided benefits. Being often requested to work three daily shifts, it is normal practice to refuse to go to the doctors when illness symptoms appear, for fear of losing their jobs.

In recipient provinces, the housing offer will need to be increased importantly, and private companies will need to be encouraged to build housing of adequate standards for their workers. Migrant workers building houses in the area should be awarded residential certificates and children allowed to join the public education system even prior to the issuing of the residential certificate. In Ben Cat district (Binh Duong), the district authorities encourage people to build guesthouses by providing 10 bags of cement for each household willing to build a guesthouse. The district is also actively requiring that old guesthouses be upgraded in quality to provide better accommodation services to migrant workers.

Free migration is also leading to fast deforestation in some provinces. In Binh Phuoc, the authorities acknowledged around 60,000 free migrants mostly from the North of Viet Nam and from Cambodia. Landless migrants settle in the forest, clearing the sites first and bringing their families afterwards, rapidly forming small hamlets. Settlement of free migrants has often led to land conflicts with the locals, who complain of worsening public security, and increased "social evils". Further progress in this area will require increased cooperation between provinces of origin and recipient provinces of migrants, under the supervision of central authorities.

The full development impact of internal migration in Viet Nam over the last years is still to be accurately determined, and remains an important area for future research. However, the obvious consequences at the provincial and district level, in terms of increased pressure on the delivery of health and education services, law and order challenges, environmental management, and poverty reduction patterns

Box 14. Conflicts from the dual supervision system

There are known instances where the decentralization initiatives of provincial governments were openly contradicted by the directives issued by a concerned central ministry. One pertinent example is that of Farmer Extension Department in one of the Northern Uplands provinces. After repeated complaints from the people of the province about the unsuitability of the hybrid maize seeds being forced upon them by the Extension Department, the Provincial People's Committee issued instructions to the department to respect the choice of the farmers in selection of varieties and crops. In spite of these instructions, MARD issued its annual targets for area under various crops in each province and the referenced province also got its quota of hybrid maize along with quota of seed to be distributed by an Extension Supply Company. Soon enough, Commune Chairmen were being pressurized to ensure a certain Ha of hybrid maize were planted in their communes.

UNDP (2003)

reinforce the need to allocate additional flexibility to local governments to effectively address this challenges if the equitable achievement of the MDGs across Viet Nam is to be realized.

Policy framework for Decentralization and Local Governance

Fiscal decentralization

While data from the 2000 Public Expenditure Review suggests some 43% of total expenditures in Viet Nam are made at the local level (higher than in countries like Philippines), Viet Nam cannot be considered an effectively decentralized country. The introduction of the State Budget Law in 1996 provided for the first time some official autonomy to local level governments in the revenue collection and expenditure functions to be performed at the local level, but in 2003 some 10 provinces out of 61 were financially self-sufficient, with the rest of the country fully dependent on ring-fenced transfers from the central administration.

In 1998, the stability of the fiscal system at the local level was importantly improved by fixing provincial revenue shares for several years. Recent amendments to the State Budget Law have further officially enhanced the authority of Provincial People's Councils in the allocation of resources to districts and communes, an important change from a past in which district level allocations were also decided at the central level. This legislative change, that should in principle allow for efficiency gains in the matching of resources with development priorities at the local level, is constrained in effect by the low capacity of People's Councils in the analysis of budget documents and the earmarking of a substantial share of all local level funds made at central level.

The State Budget Law will now allow urban district governments and commune authorities to retain a greater share of the sources of revenue available to them. It is difficult to ascertain what impact this will have in terms of increasing the funds available to provinces traditionally dependent on central government transfers. The measure provides an incentive for increased revenue collection, and makes readily available funds that formerly were transferred directly to the central government. However, with any substantial increase in spending discretion at the local level, the effect of this policy remains unclear. The amended Law confirms the authority of line Ministries in

the definition of ratios and levels of fund allocation to the provinces.

Encouraging the generation of economic activity at the local level is the most sustainable alternative for the enlargement of local revenue bases and the increased financial self-sufficiency of provinces in Viet Nam. The implementation of the Enterprise Law has shown the enormous job generating potential of the domestic private sector, the potentially most important available development strategy for rural provinces. The implementation of the Enterprise Law needs to be however importantly supported by progress on the critical areas of PAR, and State Owned Enterprises reform, as the private sector requires a supportive and

Box 15. Ho Chi Minh City: Piloting Decentralization

A critical pilot experience in this area is the Decentralization Decree 93/2001/ND-CP giving HCMC decentralized areas in a) management of development planning, investment and socio-economic development; b) management of land housing and physical infrastructure, c) Management of the city's budget, and d) organization of city administration and personnel. For these competencies, block grants are allocated, greatly increasing the city's decision power on areas like personnel and financial management. Since the implementation of the decree, the city has promulgated 40 legal normative documents and an additional 23 documents are being drafted. Preliminary assessments suggest an important clarification of functions and responsibilities within and among departments was achieved, together with the delegation of authority to district People's Committees in the management of public facilities. In addition, bidding processes and domestic investment procedures have been significantly streamlined, while land lease authority was being decentralized. The citizens' supervision of the city's Public Administration Reform Process is now being encouraged with the opening of a PAR Hotline in which citizens discuss general progress in the organization of public services.

Efficiency improvements in the delivery of public services are most visible in the areas of electricity provision and garbage disposal, where services that have been contracted out successfully. As it was to be expected, the HCMC administration has been faced with teething problems in the implementation of Decree 93, mostly related to the lack of a critical mass of capable and skilled personnel, and cultural barriers among the bureaucracy that constraint the innovative attitude required for the successful implementation of this kind of initiatives. Despite the obvious benefits derived from the pilot experience, a determined commitment to capacity building in public administration at lower levels will need to be in place for additional provinces to be able to undertake this governance challenge. This will need to be coupled with carefully sequenced decentralization of authority to encourage learning by doing experiences.

UNDP (2003)

efficient public administration to flourish, and equal access to credit and other resources.

In addition, equitable inter-provincial transfers are required to ensure minimum standards in the provision of basic social services. The formulae used for the allocation of resources from the central government to the provinces would need to take into account human development disparities across the country. In the Education sector for instance, the predominance of population as the main criteria for fund allocations from the central government should be balanced with the introduction of other needs-based and quality-related criteria like literacy rates, teacher-class ratio, etc. In addition, the varying geographical conditions across the country determine importantly the cost of the provision of basic services. Maintaining population as a main budget allocation criterion may well add to the perpetuation of important disparities in access to and quality of services (Vu 2003).

Despite the increased coverage of exemptions observed since the Government resolution to exempt all children from tuition fees in State schools was implemented, a wide variety of infrastructure and parents fees still pose important barriers to the education of poor children. Preliminary results from the VHLSS 2002 would suggest only 11.5% of the poorest households in the country received complete education cost exemptions.

In Health, a vast amount of funds available to provinces come through the national targeted programmes. Each programme, however, has its own set criteria for budget allocation, comprising a complex financing system that stretches the capacity of local administrations to the limit. Importantly, unspent national government allocations to targeted programs cannot be carried over to the next year and should be transferred back to the central Government in December. This punishes provinces with lower implementation capacity, which are normally those in the greatest need of funds. In addition, targets are defined at the central level, constraining the flexibility to deal with specific local issues.

The share of total health budget represented by hospital fees collection depends greatly on the general socio-economic situation of the provinces, and it may come up to only 5-15% of health expenditure in poor provinces. The quality of services is not helped by the fact that there are hardly any funds for training of staff, which makes difficult to retain them since

the local outlets do not provide opportunities to improve their skills. Finally, the approval and construction of new health infrastructure is subject to long administrative procedures. It is not uncommon for a district health centre to take three years from its inception phase until the end of construction.

Administrative Decentralization

During the 1990s, the Government of Viet Nam has incrementally transferred administrative authority to sub-national level of Government through a variety of initiatives. In 2000, the National Assembly requested the review and adjustment of the division of specific responsibilities between administrative levels in each specific sector, beginning with the allocation of responsibilities between central and provincial governments. The duality of controls in the administrative sphere, where line departments are under the dual supervision of People's Committees and their departmental hierarchy from central to provincial level, are a limiting factor for the successful implementation of decentralization initiatives. Many regular functions at the provincial level are still controlled by Central Government Decrees. Decree 52 on implementation of Civil Works, and Decree 88 the Conduction of Bidding do not recognize a Village Board/Group or a user group as a legal entity fit to undertake any simple civil work. This provides an automatic constraint to the provincial and district authorities for not involving the beneficiaries in actual implementation beyond the extent of their contribution in the form of free labour.

Important steps are being taken towards the allocation of increased administrative authority to provincial and district levels of government in Viet Nam. However, the current policy and institutional framework is somewhat piecemeal, composed of a wide variety of pilot experiences in local self-government and several legislative initiatives.

In this framework, the Public Administration Reform Master Programme 2001-2010 refers repeatedly to the need to develop a comprehensive legal framework for the delineation of the function of central and local levels of administration, with a view towards enhancing the quality of basic social services.

Under the Public Administration Reform Master Programme, the Government of Viet Nam is currently debating a draft resolution on Decentralization prepared by the Ministry of Home Affairs that should provide the general

framework for the further decentralization of authority to local levels of government. It is critical that the resolution being discussed approaches the general principles of decentralization and re-organization of the state as a means towards the priority developmental objectives of Viet Nam. In addition, the full involvement of lower tiers of government, and the public at large in the preparation of the resolution might prove vital to ensure the appropriate balance between the “top-down” approach required to ensure the achievement of national minimum standards across the country, and the “bottom-up” flexibility required to ensure local governments are able to tackle their specific, localized development challenges. In this area, the traditional double accountability of line Ministries to both People’s Committees and central offices in Hanoi should be resolved to ensure good coordination in the provision of public goods.

The forthcoming resolution will need to also attend to the significant differences in management capacity at the local level. ODA trends seem to point out to an increased role of sub-national levels of Government in the planning and implementation of development initiatives funded by donor agencies. The expected increase in ODA funds being delivered at the local level will require transparent accounting mechanisms, and efficient administration to be in place if the country is to avoid the creation of perverse incentives for the misuse of ODA funds. The Ministry of Planning and Investment has launched an important initiative for capacity building for ODA management that highlights general areas of process management; financial management; contracting and procurement management; quality management; social and environmental safeguards, and monitoring and evaluation as priority area for capacity building. A critical objective of the initiative would be to ensure the capacity created spills over the mere domain of ODA and positively impacts in general public investment and social services delivery.

In June 19th 2003, Decree 71 CP on Decentralization of Staff Management in the Administrative and Public Service Agencies was promulgated, ensuring the consistency in payroll administration with the amendments performed to the State Budget Law. The decree, while confirming the enhanced authority of People’s Councils in the approval and monitoring of annual plans and budgets, falls short from providing additional flexibility for personnel management at the provincial level the way Decree 93 does in HCMC. It would be difficult for a provincial government to respond

to specific local development challenges if the administration is constrained by legislation that limit the organization of its human resources. The creation of permanent positions in the administration continues to be a centralized and lengthy process, and resort to temporary contracts is not an option to attract valuable human resources.

In a province like Binh Duong, the enormous increase on newly registered enterprises witnessed since the implementation of the Enterprise Law, has not been matched with additional human and material resources for enterprise registration, service and monitoring. Human resources constraints are especially regrettable in a province that has pioneered a very positive attitude towards private sector development, including a market-friendly interpretation of the law, and a policy that makes People’s Councils responsible to

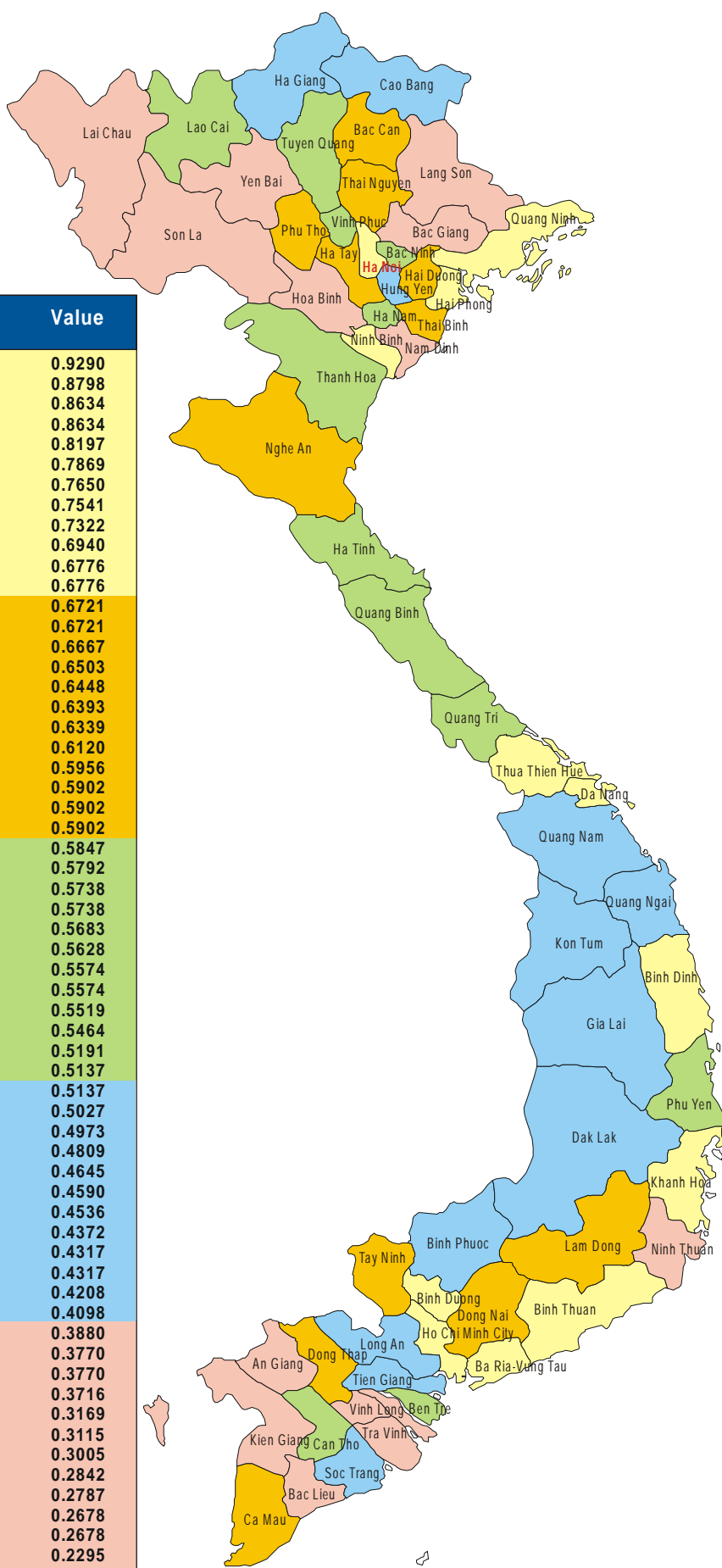
Box 16. Can communes become investment owners in national programs? The case of Tuyen Quang

The province of Tuyen Quang took its first initiative to decentralize public investment funds to districts in 1996, when the Provincial People’s Committee decided to pool together all regular resources for infrastructure works into a single provincial infrastructure development fund, to make subsequently annual budget allocations to districts. District authorities were responsible to make decisions on how to use this infrastructure fund in their areas, becoming effectively investment owners, not just technical line departments, and reducing the fragmentation of infrastructure works. Village level involvement was institutionalised with the creation of Village Development Boards (VDB), which helped sustain the local participatory planning process at the village level¹. Every year, a district in Tuyen Quang would receive some 3-5 billion dong from this provincial fund, an amount that was later doubled with the launching of Program 135.

By the time Program 135 was launched, VDB had been formalized in Tuyen Quang for more than two years, and commune cadres had been active in working with village institutions and groups. Planning and implementation capacities of the VDB had been building up gradually, while monitoring capacity of the provincial and district authorities were strengthened. Most importantly, local leaders’ trust in village level institutions was strong, making the option of transferring resources further down to communes a realistic and manageable one. Communes took over implementation and financial management responsibilities, with district departments providing only technical support. The province has obtained important efficiency gains in the provision of infrastructure works, and the close monitoring of local people have in turn render increase transparency and accountability of the local governments. Local ownership has been strengthened, and a strong motivation for operations and management is perceived.

UNDP (2003)

LOCAL GOVERNANCE



Province	Value
Da Nang	0.9290
Ha Noi	0.8798
Hai Phong	0.8634
Thua Thien Hue	0.8634
Khanh Hoa	0.8197
Quang Ninh	0.7869
Ho Chi Minh City	0.7650
Ba Ria Vung Tau	0.7541
Binh Dinh	0.7322
Binh Duong	0.6940
Ninh Binh	0.6776
Binh Thuan	0.6776
Hai Duong	0.6721
Dong Nai	0.6721
Ha Tay	0.6667
Dong Thap	0.6503
Tay Ninh	0.6448
Bac Can	0.6393
Lam Dong	0.6339
Nghe An	0.6120
Thai Binh	0.5956
Thai Nguyen	0.5902
Phu Tho	0.5902
Ca Mau	0.5902
Phu Yen	0.5847
Quang Binh	0.5792
Bac Ninh	0.5738
Thanh Hoa	0.5738
Quang Tri	0.5683
Can Tho	0.5628
Lao Cai	0.5574
Ben Tre	0.5574
Ha Tinh	0.5519
Ha Nam	0.5464
Tuyen Quang	0.5191
Vinh Phuc	0.5137
Tien Giang	0.5137
Long An	0.5027
Hung Yen	0.4973
Cao Bang	0.4809
Dac Lac	0.4645
Gia Lai	0.4590
Ha Giang	0.4536
Kon Tum	0.4372
Quang Nam	0.4317
Quang Ngai	0.4317
Soc Trang	0.4208
Binh Phuoc	0.4098
Kien Giang	0.3880
Nam Dinh	0.3770
Hoa Binh	0.3770
Lang Son	0.3716
Bac Giang	0.3169
Yen Bai	0.3115
An Giang	0.3005
Vinh Long	0.2842
Lai Chau	0.2787
Son La	0.2678
Tra Vinh	0.2678
Ninh Thuan	0.2295
Bac Lieu	0.2022

represent the companies to the central level administration, accompanying them in support of their demands.

In an initiative critical to facilitate the successful implementation of other decentralization policies, the Prime Minister regulated in 2003 the nation-wide replication of the One-Stop Shop service (OSS) centres. By May 2003, OSSs had opened in some 35 provinces, including 15% of provincial departments across the country, 25% of district level departments and 8.5% of departments at the communal level. Main services being delivered are land and housing services, investment and business registration, construction permits, public notary and complaint settlements.

Political Decentralization

Amendments to the Law on Organization and Functioning of People's Committees and People's councils and to the Law on Elections of Deputies to the People's Councils were passed by the National Assembly of Viet Nam in November 2003, and are expected to become effective in January 2004. These parallel and mutually enforcing initiatives aim to facilitate and promote stronger relationships between voters, and their elected representatives at the local level. In 2004, Viet Nam will hold new elections to People's Councils and for the first time, there will be full-time elected Deputies at sub-national levels of government. As such, they will have increased capacity to respond to voters' demands and get involved in the local dynamics of their constituencies. This will be critical to inform their decisions on budget allocations to districts and communes.

The increased amount of responsibility for Deputies at the provincial and district level uncovers important training needs of elected officials. They include increased capacity for policy analysis, legislation drafting techniques, communication and public speaking skills, questioning and debate facilitation, local development planning, advocacy skills for women and ethnic minorities, women leadership, public hearings and public investigations, contacts and relationship with the media, budget oversight and accountability, surveying methods, etc.

The somewhat slow implementation of the landmark Grassroots democracy decree³⁴ is

commonly attributed to the lack of implementation guidelines for the decree, and the unwillingness of provincial and district levels of government to devolve authorities to the commune level. Recent amendments to the decree provided increased independence of the communal level from the district level of government in land management and financial management and liabilities.

In the recently conducted Participatory Poverty Assessment in the Mekong Delta Region (AusAID, UNDP 2003), locals complained of few opportunities to interact with People's Council members. In addition, public officers were perceived as unable to effectively facilitate participation and consultation forums, while village heads were seen as usually overloaded with work in spite of receiving only a modest allowance for their dedication. Also, corruption was listed as a huge obstacle for implementation of the Grassroots Democracy Decree, including the hiding of information or delivery of wrong information. In fact, most of infrastructure works at present are decided, called for bids, and owned by district authorities, with local participation or consultation being rather symbolic. For grassroots people, ignorance on their rights, benefits and obligations, and lack of self-confidence to express their concerns and convey their demands were behind the low exercise of their rights and decision making powers.

In addition, the recent Decree on the Implementation of the Revised Ordinance on Public and Civil Servants³⁵ clarifies the public servants roles at the commune level, which now have importantly been granted the status of civil servants. This should lead to improvements to their salary allowances, which as civil servants will now be discussed by the National Assembly.

Challenges for successful decentralization

Further decentralization is therefore an option for better matching resource allocations with the development priorities of particular localities, allowing all of Viet Nam's provinces to meet the MDGs by 2015. Decentralization, however, as a means towards improved living standards in Viet Nam, requires a critical mass of administrative and financial capacity for its success.

³⁴ Decree 29/CP

³⁵ Decree 114-117

Firstly, the pillars on which successful local development processes are founded, namely local entrepreneurship and a supportive institutional framework, including an efficient public administration, are only very unevenly present across Viet Nam for historical and socio-economic reasons. Effective decentralization will therefore involve the careful sequencing of authority decentralization, a process that will need to be matched with important capacity building efforts at the local level.

Secondly, further decentralization of resources and authority must not compromise Viet Nam's long-term fiscal sustainability. International experience warns on the risks of uncontrolled fiscal deficit at local levels of Government for which the central government is subsidiary responsible, but also points out at the limited development impact of ring-fenced budgetary allocations to local level administrations mostly defined at central levels of Government. A sustainable provincial revenue base should be based on the generation of income from the development of private sector and the creation of jobs. For provinces unable to attract FDI, creation of an enabling environment for private entrepreneurship, including the implementation of the Enterprise Law and the successful reform of Public Administration; and ensuring equal access to capital through the reform of State Owned Enterprises, the State Owned Commercial Banks and Land Law and is critical.

Thirdly, the legitimacy of the decentralization process must stem from the sub-national levels of Government. The demand for decentralization should be carefully analysed before policy initiatives are defined. A process of decentralization of fiscal and administrative authority that is imposed from the political center is likely not to be accompanied by the financial and human resources required by lower tiers of government to take up new functions.

Fourthly, in spite of several "decentralization" initiatives being implemented over the last few years in Viet Nam (e.g. Public Administration

Reform, Enterprise Law, Decree 29 on Grassroots Democracy, etc), the political will of provincial authorities in the implementation of national regulations and in the further decentralization of functions to districts and commune level governments determines greatly the development impact of the initiatives.

As an example, amendments to the State Budget Law that increase the influence of Provincial People's Councils in provincial resource allocations are likely to have greater impact in those provinces with an already adequate administrative capacity. For other provinces, constrained financial resources and low technical expertise of the local administrations would limit the efficient re-allocation of resources to social or economic sectors, and the traditional incremental budget formulation process will proceed.

In order to tackle these and other challenges, it would have been expected the Government would accompany the amendments to the Budget Law with increased flexibility in personnel management and recruitment, additional funds for training and the flexibility to decide on priorities, and implementation mechanisms for the Grassroots Democracy Decree to ensure the potential of the Budget Law amendments for policy change are well known by the public at large. Reforms, however, in these areas, are slow.

An improperly managed decentralization process may indeed exacerbate the existing socio-economic disparities, and compromise the achievement of the MDGs, since only a handful of provinces with a critical mass of skills in the local administration would be able to profit from increased flexibility in policy processes. For those localities lacking the capacity to experiment with their own institutional resources, a supportive central state is required to ensure inter-regional solidarity. The definition of pro-poor criteria for the allocation of resources through the national budget process is a critical area to achieve the desired balanced development process.

ANNEX1: Measuring Poverty in Viet Nam

Poverty measurement in Viet Nam involves the assessment of a wide range of poverty indicators, from income-based measures to the broader “deprivations” approach used by the UNDP in its Human Poverty Index. Out of the available income-based indicators of poverty, the comparison of Viet Nam’s poverty rates according to the national poverty line, and according to an internationally accepted (food) poverty line based on caloric consumption may appear puzzling. This is due to the different methodologies employed in the calculation of the poverty lines and the surveying methods.

The General Statistical Office led in 2002 the implementation of the Viet Nam Household Living Standards Survey (VHLSS 2002), the first of a series that merges the former Viet Nam Living Standards Survey and the Multipurpose Household Surveys. A total of 75,000 households were surveyed, turning the VHLSS 2002 into a comprehensive databank to assess the living conditions of the Vietnamese population at large and of specific groups. A food poverty line is established on the basis of the basket of food items deemed necessary for good nutritional status. The internationally accepted average is 2100 calories per person per day. The poverty line is then obtained by

adding the cost of non-food items on the basis of the actual levels of consumption of the middle quintile of households. The poverty estimates obtained thus are therefore comparable by province, ethnic group, rural urban areas, and gender.

According to MOLISA’s national poverty line, households with an average income of less than 80,000 VND per person per month would be considered poor. The MOLISA methodology for calculating the national poverty line is determined at the income equivalent of buying a certain amount of rice. Income estimates are obtained from the provincial branches of MOLISA. Provinces can alter their poverty lines depending on such factors as the cost of living, or the classification of areas into urban, rural and mountainous areas, making inter-provincial comparisons difficult. The system implemented by MOLISA presents the important advantage of requiring higher involvement of households and village heads. Village meeting councils are in principle convened in order to decide, in discussion with the village neighbours, which households can be defined as poor and therefore have access to resources from national targeted programs.

Table 20. Comparison National and International Poverty Lines

Top 12		Top 12		Bottom 12		Bottom 12	
National Poverty Line		International Poverty Line		National Poverty Line		International Poverty Line	
Binh Duong	3.23	Ho Chi Minh City	2%	Quang Ngai	18.39	Ninh Thuan	45%
Ha Noi	4.10	Da Nang city	4%	Quang Binh	18.6	Thanh Hoa	48%
Da Nang	4.23	Ha Noi City	5%	Tra Vinh	19.10	Ha Tinh	50%
Tien Giang	4.39	Quang Ninh	6%	Lao Cai	19.19	Dak Lak	55%
Ho Chi Minh City	4.92	Ba Ria Vung Tau	8%	Gia Lai	19.46	Lao Cai	60%
Long An	5.76	Binh Duong	9%	Quang Nam	19.54	Cao Bang	60%
Tay Ninh	6.01	Khanh Hoa	10%	Ha Tinh	21.74	Son La	63%
Tuyen Quang	6.54	Dong Nai	10%	Dac Lac	22.03	Gia Lai	64%
An Giang	6.70	Hai Phong City	12%	Kon Tum	23.48	Hoa Binh	66%
Vinh Long	6.83	Bac Ninh	12%	Bac Can	26.05	Bac Can	69%
Can Tho	6.99	An Giang	15%	Soc Trang	27.08	Ha Giang	69%
Ha Tay	7.42	Binh Thuan	16%	Lai Chau	36.93	Lai Chau	77%

Source: GSO (2003), Preliminary results from the VHLSS 2002, MOLISA 2003

ANNEX 2:

MDG Index Calculation and Indicators

The MDG report 2003 utilized the same methodology for the calculation of the MDG Index that was previously used in the MDG report 2002. The purpose of this index is to compare the overall progress between provinces and cities in their achieving different indicators underlying the 8 MDGs. As indicated in last year's report, the MDG Index will be further developed as new data and indicators become available. Therefore, at least in the initial years of development, the MDG Index is not strictly comparable over time, but only for the given year concerned. In this year's report, 23 indicators were used for 8 goals. These indicators were selected because they reflected the MDGs (and also the VDGs) and the data for these indicators were available for all 61 provinces. A number of indicators in last year's report were utilized again but several new indicators were also introduced in this year's report.

The data were compiled from several official sources for the year 2002 for most of the indicators. For a few indicators for example: number of HIV case per 100,000 people, or average number of new enterprises registered per 1000 people, more recent data are used. All data were compiled by each of the 61 provinces to allow the ranking and comparison among them.

For each indicator, all provinces were ranked according to their performance on that indicator from the best off to the worst off with the number assigned accordingly from 1 to 61. This procedure was carried out for all indicators within each goal and then the average ranking of all indicators within each goal was calculated for each province. After calculating the average ranking for each of the 8 goals for each of 61 provinces, the final ranking for each province was calculated by averaging again the ranking of each province over the 8 goals. Then the next step was to divide the resulting average ranking of each province (over the 8 goals) by 61 to reduce the range of the index to 0-1. Finally, the MDG Index for each province was derived by subtracting the value of the average ranking (within 0-1 range) from 1.

The specific indicators used for each of the 8 goals in the calculation of the MDG Index in the MDG report this year are listed below:

Goal 1

- Total poverty rate 2002
- Total food poverty rate
- Poverty gap index
- Share of malnutrition rate among children of less than 5 years old measured by weight/age

Goal 2

- Net primary enrolment rate
- Total literacy rate for people between 15-24

Goal 3

- Proportion of girls at primary school
- Proportion of girls at secondary school
- Literacy rate for women of more than 15 years old
- Share of females in provincial People' Councils

Goal 4

- Infant mortality rate
- DPT 3
- Proportion of children under one year old fully vaccinated

Goal 5

- Share of women without assistance at birth by qualified health worker

Goal 6

- Number of HIV case per 100,000 people
- Malaria morbidity per 100,000 people
- TB cases detected per 100,000 people

Goal 7

- Proportion of households with access to clean water
- Proportion of households with access to proper toilet
- Proportion of households with access to garbage disposal

Goal 8

- Share of member of provincial people' council with at least a graduate degree
- Average number of new enterprises registered per 1000 people
- Share of ethnic minorities' representatives in provincial people' councils relative to ethnic composition of population

Table 21. MDG Provincial Ranking

Ranking	Province	MDG Index	Ranking	Province	MDG Index
1	Ha Noi	0.9011	31	Tay Ninh	0.5179
2	Da Nang	0.8173	32	Can Tho	0.5155
3	Hai Phong	0.7688	33	Binh Thuan	0.5121
4	Ha Tay	0.7348	34	Kien Giang	0.5002
5	Ho Chi Minh City	0.7345	35	Lam Dong	0.4915
6	Hai Duong	0.7157	36	Vinh Long	0.4887
7	Thai Binh	0.7018	37	Quang Binh	0.4809
8	Bac Ninh	0.6967	38	Quang Nam	0.4657
9	Hung Yen	0.6723	39	An Giang	0.4617
10	Nam Dinh	0.6711	40	Lang Son	0.4532
11	Binh Duong	0.6600	41	Quang Tri	0.4522
12	Khanh Hoa	0.6481	42	Thanh Hoa	0.4428
13	Quang Ninh	0.6405	43	Hoa Binh	0.4375
14	Ninh Binh	0.6375	44	Bac Can	0.4245
15	Ba Ria Vung Tau	0.6320	45	Yen Bai	0.4223
16	Dong Nai	0.6281	46	Ca Mau	0.4144
17	Vinh Phuc	0.6146	47	Quang Ngai	0.4133
18	Ha Nam	0.6119	48	Dong Thap	0.4092
19	Tien Giang	0.6112	49	Bac Lieu	0.4020
20	Long An	0.6100	50	Dac Lac	0.3632
21	Binh Dinh	0.5944	51	Lao Cai	0.3514
22	Thai Nguyen	0.5791	52	Ninh Thuan	0.3494
23	Thua Thien Hue	0.5756	53	Binh Phuoc	0.3484
24	Ha Tinh	0.5628	54	Soc Trang	0.3436
25	Ben Tre	0.5567	55	Tra Vinh	0.3386
26	Bac Giang	0.5512	56	Kon Tum	0.3111
27	Phu Tho	0.5499	57	Gia Lai	0.2920
28	Nghe An	0.5441	58	Ha Giang	0.2813
29	Tuyen Quang	0.5299	59	Son La	0.2587
30	Phu Yen	0.5256	60	Cao Bang	0.2558
			61	Lai Chau	0.2039

Table 22. Characteristics of the bottom 12 provinces in the MDG Index ranking

MDG Ranking	Province	Share of rural population (%) - 2002	Share of ethnic minorities (%) - 2002	Distance to main city (km)
50	Dac Lac	79.21	29.49	355*
51	Lao Cai	82.30	66.74	354
52	Ninh Thuan	71.53	21.49	334*
53	Binh Phuoc	84.38	18.05	104*
54	Soc Trang	81.14	28.88	230*
55	Tra Vinh	86.30	30.19	198*
56	Kon Tum	66.89	53.60	589*
57	Gia Lai	74.53	43.56	541*
58	Ha Giang	89.23	86.83	319
59	Son La	88.40	82.56	339
60	Cao Bang	86.34	95.29	281
61	Lai Chau	87.46	82.65	522

Note: * To HCMC, otherwise to Ha Noi

Sources: GSO 2002, Population census 1999

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VDGs directly based on the MDGs

VDGs directly based on the MDGs	Baseline	Current Level
1. Reduce the percentage of poor and hungry households		
Target 1. Reduce by 40% the proportion of people living below an internationally accepted poverty line between 2001 and 2010	>60% (1990)	29% (2002)
Target 2. Reduce by 75% the number of people living under an internationally accepted food poverty line by 2010	>30% (1990)	11% (2002)
2. Universalize education and improve education quality		
Target 1. Increase net enrolment in primary school to 97% by 2005 and to 99% by 2010	86% (1990)	92% (2001)
Target 2. Increase net enrolment rate in junior secondary school to 80% by 2005 and 90% by 2010	30% (1993)	67% (2001)
Target 3. Eliminate the gender gap in primary (ratio girls to boys in primary education) and secondary education by 2005, (ratio girls to boys in lower secondary education) and the gap with ethnic minorities by 2010	99% (1993) 86.1% (1993) n/a	99% (2001) 93%(1998) n/a
Target 4. Increase literacy to 95% of under-40-year-old women by 2005 and 100% by 2010	92.2% (1993)	94.3% (2002)
Target 5. By 2010 have improved the quality of education and increase full-day schooling at primary level (exact target depends on funding)	n/a	n/a
3. Ensure gender equality and women empowerment		
Target 1. Increase the number of women in elective bodies at all levels (female MPs at NA)	18% (1992)	27% (2002)
Target 2. Increase the participation of women in agencies and sectors [includes ministries, central agencies and enterprises] at all levels by 3-5% in the next 10 years	n/a	n/a
Target 3. Ensure that the names of both husband and wife appears on the land-use right certificates by 2005		2.5% (2002)
Target 4. Reduce the vulnerability of women to domestic violence	n/a	n/a
4. Reduce child mortality, child malnutrition and reduce the birth rate		
Target 1. Reduce the infant mortality rate to 30 per 1000 live births by 2005 and 25 by 2010 and at a more rapid rate in disadvantaged regions	44 (1990)	31 (2002)
Target 2. Reduce the under-5 mortality rate to 36 per 1000 live births by 2005 and 32 by 2010	58 (1990)	38 (2002)
Target 3. Reduce under five malnutrition to 25% by 2005 and 20% by 2010	50% (1990)	30% (2002)
5. Improve maternal health		
Target 1. Reduce the maternal mortality rate to 80 per 100,000 live births by 2005 and 70 by 2010 with particular attention to disadvantaged areas	249 (1990)	165 (2002)
6. Reduce HIV/AIDS infection and eradicate other major diseases		
Target 1. Slow the increase in the spread of HIV/Aids by 2005 and halve the rate of increase by 2010 (number HIV reported Cases)	1 (1990)	70,000 (2003)
7. Ensure environmental sustainability		
Target 1. Extend forest cover to 43% by 2010 (from 33% in 1999)	27% (1990)	35.8% (2000)
Target 2. Ensure that 60% of the rural population has access to clean and safe water by 2005 and 85% by 2010. This should be the case for 80% of urban people by 2005.	48% (1990)	56% (2002)
Target 3. Ensure there are no slums and temporary houses in all towns and cities by 2010 (Percentage of Households Living in Temporary Houses - Data Includes Rural Households)	36.5% (1993)	23.6%(2002)
Target 4. Ensure that all waste-water in towns and cities is treated by 2010		
Target 5. Ensure that all solid waste is collected and disposed of safely in all towns and cities by 2010 (Access to garbage disposal)		15% (2002)
Target 6. Air and water pollution must attain national standards by 2005 (Percentage of water and air quality monitoring stations showing improvements over the baseline of 1995)	59% (1999)	64% (2001)

VDGs and Targets not directly based on the MDGs

VDGs not directly based on the MDGs	Baseline	Current Level
<p>8. Reducing vulnerability Target 1. By 2005, increase the average income of the lowest expenditure quintile to 140% of that in 2000 and to 190% of that by 2010 (Growth in per capita expenditure of the poorest 20% of households) (Mean per capita expenditure as percentage of the Poverty Line) Target 2. Reduce by half the rate of poor people falling back into poverty due to natural disasters and other risks by 2010 (Number of People Needing Emergency Relief Annually due to Natural Disasters)</p>	<p>28.7% (1993-1998) 167% (1993)</p> <p>n/a</p>	<p>8.9% (1998-2002) 168.5% (1998)</p> <p>1 million (2002)</p>
<p>9. Improving governance for poverty reduction Target 1. Effectively implement grass-roots democracy Target 2. Ensure budget transparency Target 3. Implement legal reform agenda</p>	Several significant legal and Institutional Reforms (a)	
<p>10. Reducing ethnic inequality Target 1. Preserve and develop the reading and writing ability of ethnic languages (Range of primary school enrolment rates for ethnic minority groups) (Literacy rates for ethnic minorities aged 15-24) Target 2. Ensure entitlement of individual and collective land-use rights in ethnic minority and mountainous areas (Share of ethnic minority households with both the names of husband and wife on Land Use Certificates) Target 3. Increase the proportion of ethnic minority people in authority bodies at various levels (Share of ethnic minorities' representatives in provincial people's councils relative to ethnic composition of the population) (Poverty rates for Ethnic Minorities) (Food Poverty Rates Ethnic Minorities)</p>	<p>41.5% (Hmong) - 74.4 (1993)</p> <p>n/a</p> <p>75% (1998) 41% (1998)</p>	<p>94.9% (Tay) 84.1% (2002)</p> <p>1.2% (2002)</p> <p>70% (2002) 41% (2002)</p>
<p>11. Ensuring pro-poor infrastructure development Target 1. Provide basic infrastructure to 80% of poor communes by 2005 and 100% by 2010 (Communes identified under Program 135) (Communes identified under HEPR) (Newly Identified coastal poor communes) Target 2. Expand the national transmission grid to 900 poor commune centers by 2005</p>	<p>2362 Poor communes reached 800 out of 987 poor communes 99 coastal poor communes newly identified (2003)</p>	

Source: United Nations Country Team 2003

Various Government of Viet Nam Sources

Note: This is a summary of a fuller set of VDGs outlined in the CPRGS. The VDG papers have more targets and indicators

(a) Amendment to the Law on Organization and Functioning of People's Committees and People's Councils submitted to National Assembly in 2003. National Budget Documents Published since 2000

Legal Sector Development Strategy submitted to Standing Committee of National Assembly in 2003

Main Acronyms

ADB	Asian Development Bank
ADF	Agence Francaise de Developpement
AIDS	Acquired Immunodeficiency Syndrome
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CEM	National Committee on Ethnic Minorities
DFID	Department for International Development
ECCE	Early Childhood Care and Education
EFA	Education for All Action Plan
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GSO	General Statistical Office
GSP	Generalized System of Preferences
GoVN	Government of Viet Nam
HEPR	National Programme on Hunger Eradication and Poverty Reduction
JBIC	Japan Bank for International Cooperation
KfW	Kreditanstalt fur Wiederaufbau
ICT	Information and Communications Technologies
IDU	Injecting Drug Users
IMR	Infant Mortality Rates
LUC	Land Use Certificates
MARD	Ministry of Agriculture and Rural Development
MCH-FP	Mothers and Children Care and Family Planning Department
MDGs	Millenium Development Goals
MoH	Ministry of Health
MOLISA	Ministry of Labor, Invalids and Social Affairs
MOET	Ministry of Education and Training
MMR	Maternal Mortality Rates
NCFAW	National Committee for the Advancement of Women
NEA	National Environmental Agency
NMR	Neonatal Mortality Rates
ODA	Official Development Assistance
PIP	Public Investment Programme
RWSS	Rural Water Supply and Sanitation
SOE	State Owned Enterprise
SPB	Social Policy Bank
SW	Sex Workers
TB	Tuberculosis
TBA	Traditional Birth Attendants
U5MR	Under five Mortality Rates
UNDP	United Nations Development Programme
UNGASS	United Nations General Assembly Special Session
UNICEF	United Nations Children's Fund
VDGs	Viet Nam Development Goals
VDHS	Viet Nam's Demographic and Health Survey
VHLSS	Viet Nam Households Living Standards Survey
VWU	Viet Nam Women's Union
WB	World Bank
WHO	World Health Organization
WTO	World Trade Organization

The designations employed and the presentation of material on all maps in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNDP concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.

Graphic Design:
Dang Huu Cu

Photos:
Diem Dam
Nguyen Van Thanh



Office of the United Nations Resident Coordinator
25-29 Phan Boi Chau
Ha Noi - Viet Nam
Tel: (84 4) 942 1495
Fax: (84 4) 942 2267
Email: registry@undp.org.vn
www.un.org.vn