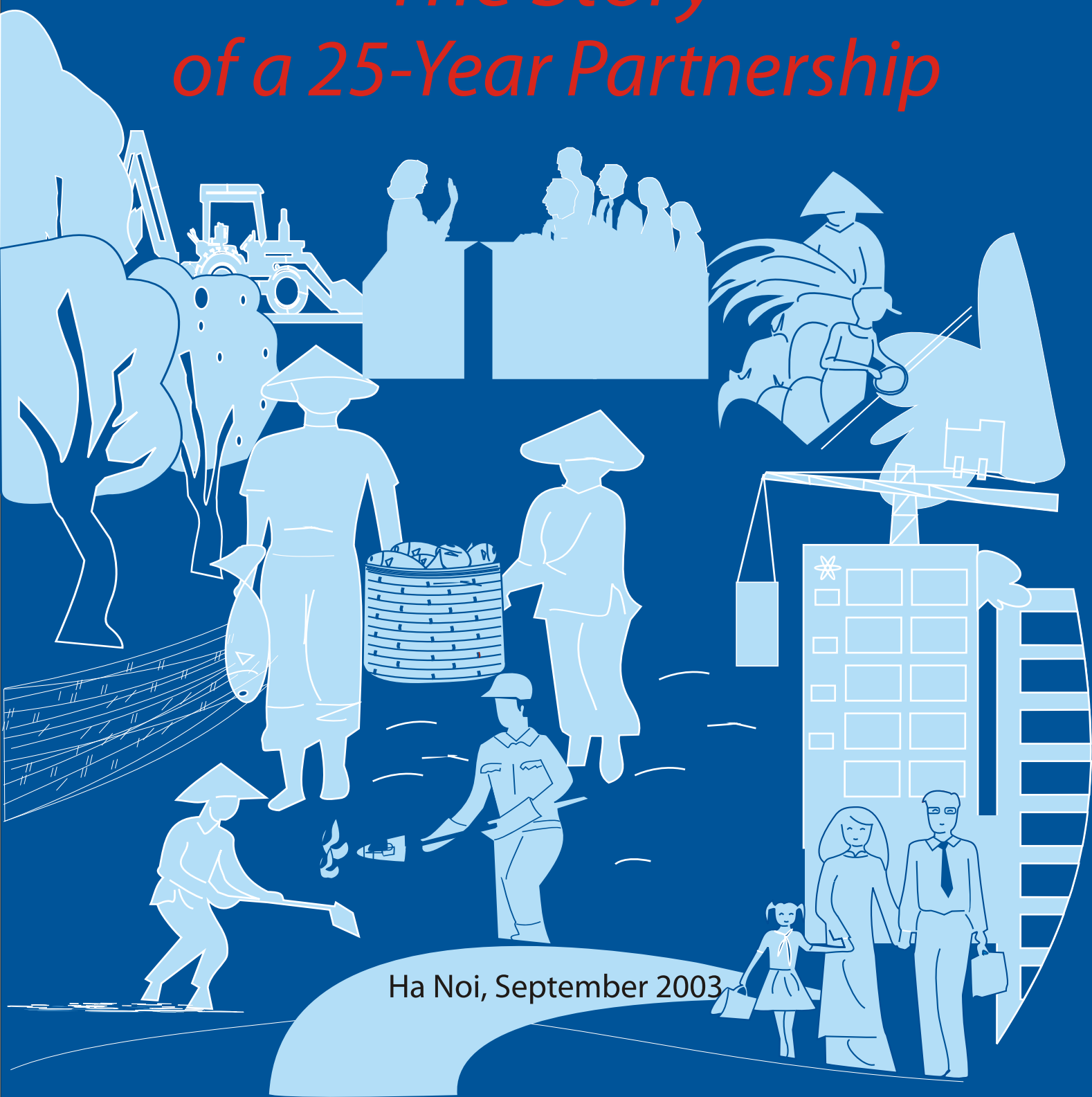




**United Nations
Development Programme**



UNDP - VIET NAM:



Ha Noi, September 2003

FOREWORD

The United Nations Development Programme (UNDP) commenced its development assistance relationship with the Socialist Republic of Viet Nam in 1977, the year in which the country joined the United Nations. The partnership, forged by Viet Nam and UNDP in those early, difficult days, was based on mutual respect and understanding. Today's Viet Nam has vastly changed as the nation has expanded its horizons and unleashed the productive capacity of its people while moving to ever deeper integration with the global economy. UNDP's assistance has adapted to these new evolving conditions. But the Viet Nam – UNDP partnership remains strong, as it is built on shared trust and on an abiding confidence that Viet Nam and UNDP will work together to overcome not just the challenges of today, but those of tomorrow.

This booklet highlights the main features of the Viet Nam – UNDP partnership and tracks the quarter century of collaboration. It also shares some first-hand stories of Vietnamese colleagues involved in UNDP initiatives throughout the period and catalogues both successes as well as major lessons learned.

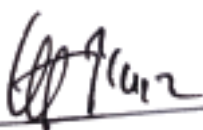
Twenty-five years ago, when Viet Nam was in great need of assistance, but isolated from much of the outside world, UNDP's highly valued neutrality as mandated by the UN Charter enabled it to begin helping a people emerging from a long and destructive war. UNDP assistance was in response to the request made by the Government of Viet Nam and Resolution 1944/LV III issued in May 1975 by the United Nations Economic and Social Council. As one of the few international donors present in Viet Nam, UNDP contributed to the immediate needs of post-war rehabilitation and reconstruction. But UNDP assistance also took on a longer term perspective and provided the Vietnamese people with access to the outside world and served as a channel for new technology, equipment and know-how essential to national development.

Once the immediate needs of post war rehabilitation and reconstruction were being met, UNDP assistance continued to evolve with and help meet Viet Nam's newly emerging challenges and needs. UNDP remained at the Government's side as the country launched its *Doi Moi* programme in 1986 which posed new opportunities and challenges. In offering timely help, UNDP - Viet Nam cooperation shifted its direction to focus on providing policy advice, expertise and resources to support *Doi Moi* and extend progress and deepen reforms throughout the country.

UNDP's neutrality combined with its worldwide policy network has helped Viet Nam gain access to state-of-the-art development thinking and tools; brought useful development lessons learned from countries around the world; and provided varied opportunities for national and international partnerships to further Viet Nam's progress. From its position as the coordinating agency of the United Nations system, backed by the essential support of donor countries around the world, UNDP offers a unique vision, unparalleled reach and useful lessons learned from other countries. Moving forward Viet Nam will draw on UNDP's impartial advice and expertise to address the nation's even deeper reform agenda needs.

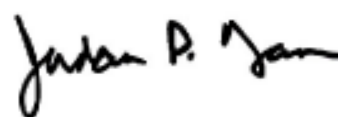
On this twenty-fifth anniversary of our cooperation, the Government and UNDP reaffirm their commitment to a collaborative partnership that helps Viet Nam achieve the Millennium Development Goals, as the nation continues on the path toward greater socio-economic progress, while building better lives for all its people.

VO HONG PHUC



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I. OVERVIEW OF UNDP'S MANDATE AND ROLE

The United Nations Development Programme (UNDP) is unique among development agencies of the United Nations system. As a global development network, UNDP assists developing countries in accessing rich sources of policy experience, the best and latest in development thinking and diversified sources of funding. With representative offices in more than 130 countries, UNDP provides development assistance in the form of pure grants to 166 countries and territories worldwide. In each, UNDP works with host governments to tackle global development challenges by identifying and implementing local solutions, putting in place the technology, know-how and institutions that enable individuals and communities to build better lives.

UNDP's activities are determined by its comparative advantages, starting with its global presence and its neutral status as a United Nations organization.

UNDP provides technical assistance for capacity building, institutional development, poverty eradication and sustainable development. In all those areas, UNDP promotes national ownership and local initiative in development activities. As a guiding principle, national counterpart agencies are entrusted with primary decision-making responsibility for UNDP-financed projects, as well as the accountability for using resources effectively and achieving project objectives. This modality of *national execution* makes all the difference between a project that simply runs its course and one that becomes and remains integral to the country's own vision of development.

With a continuous presence in Viet Nam since 1977, UNDP's total assistance to the country has amounted to US\$ 420 million of the over US\$ 1.3 billion of mainly grant assistance provided by all UN Agencies during this period. Its 2001-2005 programme cycle is the sixth it has implemented.

The focus of UNDP assistance has evolved with time in order to meet Viet Nam's changing

development needs. Whereas in the early days UNDP was largely a provider of technical skills, related equipment and technology, today it is much more likely to offer policy guidance and expertise to support the formulation and implementation of the country's development strategies and related reforms. The neutrality and flexibility that UNDP brings to its work, and the trusted partnership it enjoys with the Government of Viet Nam, have enabled its programming to evolve along with the development objectives, priorities and policies that the Government sets out, always with the ultimate goal of ensuring and improving the livelihoods of the Vietnamese people in a sustainable manner.

At the Millennium Summit in September 2000, Member States of the United Nations, including Viet Nam, pledged to realize the Millennium Development Goals. UNDP has organized itself globally to assist States in reaching those goals by promoting cooperation in six major practice areas: democratic governance; poverty alleviation and rural development; disaster mitigation; energy and environment; information and communication technologies for development; and the combat against HIV/AIDS. UNDP conducts all its activities in these areas with particular attention to gender equality and the empowerment of women.



II. UNDP – VIET NAM COOPERATION OVER THE PAST 25 YEARS

Since 1977, UNDP has traveled a great distance with the Government and people of Viet Nam, from post-war reconstruction, economic reform, to confronting the challenges of globalization. The UNDP-Viet Nam partnership has kept up with the changing needs and opportunities of the march toward development.

1. 1977 to mid-1980's: Assistance to national post-war reconstruction and Technology Transfer

After thirty years of highly destructive war, the country faced immense challenges, both in reconstruction and economic development, when UNDP arrived in 1977. Those challenges were made more complex by vast regional differences.

In the North, economic infrastructure was heavily damaged and industrial production was limited. Crop failure and hunger occurred frequently. In the South, industrial production stagnated, costing the region 2 –3 million jobs. At the same time, rural infrastructure was heavily destroyed during the war, causing serious obstacles to agricultural production.

Viet Nam's most urgent task during the period was to bring about rapid economic rehabilitation and development in order to meet enormous basic needs for food, clothing and other essential consumer goods. Production facilities and economic institutions had to be revived, expanded and updated.



Box 1: Those Early Difficult Days – VIE/76/011 “Capacity Strengthening at Remote Sensing Center”

“Today the Government is making very big investments, much bigger than the UNDP project. However, we Vietnamese often say “a mouthful when one is hungry is worth a basketful when one is full,” said Prof. Academician Mr Nguyen Van Hieu, former President of the Viet Nam National Center of Sciences (VNCS), about one of the very first UNDP-funded projects in Viet Nam.

In 1977, the VNCS' Remote Sensing Center had ambitious goals – monitor the weather, prepare for natural disasters, improve agriculture and forestry — but little access to technology and equipment to meet them. UNDP's support for technical capacity and human resources made it possible for the center to acquire and use, for the first time, satellite imagery.

“The pieces of equipment that were provided and the remote sensing technology that was transferred to the VNCS were very new and modern for Viet Nam at that time. They were precious and of practical value”, Professor Hieu recalled, twenty-five years later. “The benefits of this project were very large and it would be difficult to quantify them.”

Those benefits included first-ever surveys, analyses and evaluations of land resources, water resources and land erosion; measurement of forests and crop monitoring. The information provided helped drive the zoning of farming and specialized farming areas, and allowed more timely and accurate assessment of natural disasters such as droughts and floods. The capacities developed at one small center proved a powerful seed for growth and change. Viet Nam's satellite imagery program has grown to include a dozen remote sensing units. With the results achieved through the project, the original Center has helped develop the human and technical capacities of these units. Now their Center functions as the remote sensing brain of Viet Nam while the other units play the role of its satellites.

Yet during this period, Viet Nam was isolated from much of the world, with the exception of its relations with the Soviet Union and the East Bloc, Sweden, Finland and a few UN agencies. This meant that the country had very limited access to up-to-date technology, technical know-how, knowledge and equipment, in particular for agricultural and industrial production. UNDP's early arrival and role within the United Nations System made it one of the most important windows for the country to obtain those resources.

At the Government's request, UNDP-funded projects focused primarily on rehabilitating and upgrading productive capacities, in particular accelerating the production of basic goods and services to meet the daily needs of people. Equipment, transfer of technology and technical know-how, and training of labour for the repair, maintenance and operation of industrial and agricultural production facilities constituted the main focuses of UNDP's three country programmes for the period 1977-1986. During this period, most of the projects involved a significant share of capital equipment, typically comprising 50-70% of total project budgets. UNDP projects supported the rehabilitation of the Thu Duc diesel power plant and pre-war diesel locomotives in the South, both with Sweden's cost-sharing contributions for the procurement of equipment/accessories; repair of sugar refineries and textile mills in Ho Chi Minh City; the gas turbine power plant in Hai Phong; and the improvement of ground service facilities at Noi Bai, Tan Son Nhat, Da Nang and Quy Nhon airports. These projects made important contributions to the rehabilitation of North-South railway transportation, the reduction of power black-outs and the stabilization of industrial and residential power supplies, the continued operation of main airports and the safety of major construction projects, resulting in practical contributions to national economic rehabilitation and development efforts. Many pieces of equipment and machinery provided during those distant days remain in active use today.

At the same time, UNDP Viet Nam began programmes that would lay the foundation for post-rehabilitation development. UNDP activities helped build and strengthen the

Box 2: From Small Scale to Commercial Production – VIE/86/034 “Capacity Strengthening at Center of Additives and Lubricants”

“Before the project, we knew little about lubricants”, recalled Prof Dinh, previous National Project Director of VIE/86/034 and currently Director of the Additives and Petro Products Development Company (APPDC).

The project far exceeded original expectations, with its initial objectives focused on developing the technical capacity of the Center of Additives and Lubricants (CAL) to analyze, test, formulate and introduce lubricating oils suitable to Vietnamese conditions, thus contributing to the development of a local lubricant industry and increasing the efficiency and life of machines requiring lubrication. During its three-year life, it helped save at least US\$ 10 million through the reduced importation of lubricants and reduced erosion of machinery and equipment through the application of suitable lubricants. It also provided training to over 1,000 technical staff.

During the project's life, CAL produced only ten motor lubricating products, with an annual output of 500 tons. Nowadays, CAL has grown into APPDC which is capable of developing four product groups (additives, lubricants, greases, and brake fluids) with about 80 products and an annual output of 10,000 tons. The company has recently exported greases and brake fluids to Taiwan and other countries. It has set up five production facilities in Ha Noi, Hai Phong and Quang Ninh and created productive employment for hundreds of people. Company technical staff are actively involved in providing training to several dozens of post-graduate students, research fellows and interns from the Ha Noi University of Technologies and College of Geology and Minerals in the field of chemical analysis and petro-chemicals. They have also written books and guidelines on lubricants and additives.

The terminal project report prepared by the Government, UNDP and UNIDO concluded that VIE/86/034 was “one of the most successful UNDP/UNIDO projects in Viet Nam and one of the best UNIDO projects in the world”.

Box 3: Technology for Food Security – VIE/87/005 “Developing Agriculture Genetic Resources in Viet Nam”

According to Prof. Dr. Tran Duy Quy, Director of the Agricultural Genetic Institute (AGI), in the early 1990's few Vietnamese knew of bio-engineering, and “nobody knew anything” about genetic technology and recombinant DNA technology. Therefore, VIE/87/005 which started implementation in 1990 focused on developing AGI's human resources in these fields. During its 3-year life, it provided fellowships to managers and 30 experts, 22 of whom were trained primarily in genetics and bio-engineering. It provided just \$500,000 worth of modern equipment, much of which remains in use.

“By the end of the project, AGI was strengthened considerably”, Prof Quy confirmed. Today, many of the personnel who received training through the project have become leading experts in genetic technology in Viet Nam. Several of them currently hold leading responsibilities in AGI and have made important contributions to its research.

By the end of 2002, AGI had developed 14 national plant strains, including 12 rice strains, 1 maize strain and 1 soy bean strain; 24 regional plant species; 6 technological processes in strain development; and 7 biological products for plant protection. In particular, rice strain DT10 - a direct output from the project — had been added to the wealth of international genetic resources and become an international rice strain. AGI had contributed to increased rice production in many countries in the world and its efforts recognized by the Food and Agriculture Organisation. AGI's experts had also conducted successful research on two genes, namely TGMS 4 and TGMS 6, which involved the application of two-line hybrid rice breeding technology. Currently there were 6 TGMS genes in the whole world, two of which came from Viet Nam,” Prof Quy recalled with pride.

Eight years after the successful completion of the project, AGI's improved capacities have won it many prestigious national and international prizes. Of special notice were the 1995 international prize for “outstanding contributions to rice development in Asia and the Pacific” which was accorded by the Asian Agricultural Development Organization and four national prizes conferred by the Viet Nam Fund for Technological Inventions for excellent research projects on genetics and bio-engineering.

capacities of a range of agricultural research and planning institutes (e.g. Institute of Agricultural Science, Institute of Fertilizers and Soils, Institute of Forest Research, Institute of Forest Inventory and Planning, Institute of Forestry Engineering, Veterinary Institute, Institute of Plant Protection, Viet Nam National Center of Sciences); improve the quality of a wide range of plant and animal species (e.g. from rice, maize to industrial crops; from fish, poultry to cattle); and improve the quality of industrial products from textiles, to rubber and plastic products to basic chemicals and lubricants. The provision of international expertise, equipment procurement, technology transfer and conduct of overseas as well as in-country training were the main components of these projects. A number of pilot production facilities were also set up in order to test and scale up research and experimental results.

During a period when the country was struggling with an embargo, these projects provided Vietnamese managers and experts with valuable opportunities to access state-of-the-art technology, technical know-how, equipment, knowledge and information which in turn helped build up and enhance their individual and institutional capacities. UNDP assistance was thus important to Viet Nam from the economic, technical as well as political perspectives.



2. Mid-1980's to mid-1990's: Supporting *Doi Moi* and re-opening to the world

In 1986 the Sixth National Congress of the Viet Nam Communist Party adopted the *Doi Moi* policy, shifting the national economy from centralized planning to a state-managed, socialist market-based system. During the early days of the *Doi Moi* process, Viet Nam focused its efforts on stabilizing the macroeconomic situation, introducing market reforms, gradually integrating with the world economy. Following the initial success, stronger macroeconomic reforms were introduced, including: price liberalization of most goods and commodities; abolition of direct subsidies for State-owned enterprises (SOE's); reduction in the number of SOE's through merging and divestiture; introduction of a two-tier banking system; adopting a positive interest rate policy; and opening Viet Nam's doors to the outside world. The results brought Viet Nam out of the socio-economic crisis of the 1980's, its national economy started to record growth, inflation declined to one digit from the previous three digits, and the macroeconomic situation gradually stabilized.

This progress, as well as changes in the international environment, brought new challenges to the UNDP-Viet Nam partnership. As market reforms got underway, few people in Viet Nam understood what a market economy

was and how it operated. At the same time, most Western countries and the international financial institutions had not yet rebuilt relations with Viet Nam. The collapse of the Soviet Union and the East Bloc, meant the abrupt loss of their aid.

It was thanks to UNDP's strong ties of cooperation in Viet Nam built on the basis of its effective post-war assistance that the Government turned to UNDP for crucial assistance during the *Doi Moi* period. UNDP assisted Viet Nam in developing macroeconomic policies and institutions to support economic reforms as well as supporting human resource development.

While UNDP continued to finance projects that helped transfer technology and know-how to a range of agricultural and industrial research institutes, it also began in the late 1980's to provide assistance in conducting reviews and formulating development plans for a number of regions and sectors. These included sector reviews for agriculture, forestry, fisheries, education, trade, posts and telecommunications, transportation, and irrigation, and master plans for the Red River Delta, the Mekong River Delta, tourism, and civil aviation. UNDP also took the initiative in assisting the Government in preparing a seminal country economy report analyzing the economic situation in Viet Nam as a basic reference document for the organization of the first donor conference for Viet Nam when political conditions allowed.

In the early 1990's, UNDP began to shift its focus towards providing technical assistance to support reforms in economic policies and institutions, State-owned enterprises, public administration, the legal system, public investment planning, finance and banking development. In implementing such projects, UNDP's role was one of supporting and facilitating reforms which the Government felt were needed.

One cross-sectoral project that was seen as particularly successful during this period provided training in market economic management for Vietnamese officials at various levels. The post-project evaluation revealed that much of the knowledge that was transferred and many of the recommendations that were



formulated by the project were subsequently implemented during the reform process and contributed to rapid improvements in the economic situation.

It did not take the Government much time to realize that its administrative system required change and strengthening in order to effectively

respond to the tasks of the renovation process. After the revised 1992 Constitution was adopted, UNDP was requested by the Government to cooperate in undertaking a Public Administration Reform Project at the Government Committee for Organization and Personnel, now the Ministry of Home Affairs. Although the impact of public administration

Box 4: Introducing Market Principles and Knowledge to Viet Nam – VIE/88/534 “Strengthening Economic Management”

In order to respond to the new tasks of the Doi Moi period, one of the first priorities of Viet Nam was the training and re-training of economic managers, in particular the core group of officials, in economic policy planning and management from the central to local levels. This was precisely the objective of VIE/88/534 supported by UNDP and implemented by the Office of the Government.

The project helped organize 7 overseas study tours for 97 senior Vietnamese officials and another 4 study tours for 35 managers from central as well as local agencies. These programmes brought very useful benefits on international experiences in economic policy planning and management. The participants offered recommendations which were well received by relevant Government agencies and of which many were selected and put into operation, contributing to changes in economic policies that were introduced by the Government.

It also helped organize 2 senior policy seminars and 2 technical workshops which were attended by 260 senior policy makers. In particular, the seminar in 1992 attracted the participation of two Deputy Prime Ministers, 20 Ministers and Vice-Ministers and leading international economic advisors, in order to draw experiences from the early stage of the renovation process in Viet Nam. Many of the recommendations that came out of such seminars were implemented and remain relevant today.

The project also organized 20 in-country training workshops on macroeconomic management and business administration for 1,575 director-level officials from central to local levels of government and major enterprises. “This was seen as a very important step in introducing market economic principles and knowledge into Viet Nam,” remarked Mr Vu Tat Boi who was Director of the International Cooperation

Department of the Office of the Government and National Project Director of VIE/88/534.

The project also provided 39 fellowships for young and talented Vietnamese officials and university lecturers to study post-graduate courses in the United Kingdom and United States. Today these fellows are making active contributions to promoting and sustaining reform efforts in Viet Nam. It also supported the training of economic lecturers from major universities. These lecturers in turn applied what they had learned to prepare training materials, curricula and courses for their students.

Another significant output was that the project helped organize 5 training courses for 85 senior (English) simultaneous economic interpreters as well as develop national capacities in training high quality interpreters. These people have played an active “bridge- building” role in disseminating international economic knowledge and experience as well as directly supported in-country training of English simultaneous economic interpreters.

Finally, the project contributed directly to the dissemination of market economic knowledge in Viet Nam by helping prepare and publish 12 sets of training materials on economic topics, ranging from market economics, macroeconomics, and trade liberalization, to hunger eradication and poverty alleviation.

All these results were significant in themselves, and showed up in Viet Nam’s successful transition and subsequent high rates of growth. The Project Terminal Report itself concluded: “Without any doubt, the project has made major contributions to the ongoing reform process in Viet Nam. There is abundant evidence to show that the project activities have led to fundamental changes in national economic policies”.



Box 5: Sowing the Seeds for Public Administration Reform – VIE/92/002 “Capacity Building at Government Committee for Organization and Personnel”

Five years after the launch of its *Doi Moi* policy, Viet Nam became aware that economic achievements would be held back and become unsustainable without being followed up with public administration reforms (PAR). The Government therefore asked UNDP to support capacity building for PAR management and coordination through VIE/92/002 at the Government Committee for Organization and Personnel (GCOP), which is now the Ministry of Home Affairs (MOHA). UNDP was the first international donor that supported Viet Nam in this very difficult and complex reform area.

In the field of human resources management, the project supported a training needs assessment for civil servants and the preparation of a civil service development strategy until the year 2000. At the same time, it assisted in the drafting of the 1998 Civil Service Ordinance. “This was a contribution of special importance by the project,” observed Mr To Tu Ha, then Vice-Chairman of GCOP and National Project Director of VIE/92/002.

In the field of public finance management, the project contributed to improving the process for the formulation of central and local budgets, the drafting of the Law on the State Budget, the development of the public accounting and State auditing systems, and the management of State-owned enterprises.

At the same time, the project helped undertake 10 PAR feasibility studies with the Ministry of Agriculture and Rural Development (MARD) and Ministry of Industry, Ho Chi Minh and Hai Phong Cities and other six provinces. It also enabled the development of an initial framework for the mobilization and coordination of external assistance for PAR. Currently most of the above ministries, cities and provinces have implemented PAR projects, with UNDP financing projects at MARD, Quang Binh province, Ho Chi Minh City and Hai Phong City.

“Viet Nam has gained a much clearer understanding of the basic PAR contents through the implementation of the UNDP project and this is its most important output,” said Mr Ha. As a result, GCOP officials were able to effectively support the drafting of Resolution No. 8, Legislature VII, of the Central Party Committee focusing on PAR. In this breakthrough resolution, PAR was for the first time discussed comprehensively in all three of its aspects; namely institutions, organizational structures and human resources. According to Mr Ha, “this was the most concrete and remarkable output of the project”, because “it was thanks to this Resolution that PAR was accelerated in Viet Nam thereafter”.

“The project has sown a good seed and the seed has borne a tree. The next thing for us to do is to make sure that tree keeps growing and is healthy,” concluded Mr Ha.

reforms could not be seen overnight, national officials and experts agreed that this project would have a lasting impact on development.

By 1993, international political conditions had shifted to allow new sources of official development assistance (ODA) to flow to Viet Nam. Work that UNDP had been supporting for some time, including the country economy report, sector review reports and master plans became essential documents. The Government, World Bank and UNDP prepared together for the first International Donor Conference for Viet Nam which took place in November 1993. The conference was extremely successful, laying a solid foundation for further successful annual Consultative Group (CG) Meetings which would be organized by the Government and World Bank in close consultation with UNDP. Thanks to its previous contributions and the increasing importance of aid coordination, at this Conference the Government formally requested UNDP to play the lead role in providing technical assistance for capacity building and in-country aid coordination. From this point onwards, UNDP has assisted the Government in managing aid flows, developing strategic frameworks for effective coordination and utilization of domestic and ODA resources, and promoting the sharing of information, knowledge and research results in ODA management and implementation.

Viet Nam's policy of opening up to the outside world also extended to economic and regional integration, and here again UNDP played an important advisory role. UNDP worked with the United Nations Economic and Social Commission

for Asia and the Pacific (UNESCAP) to advise the Government in drafting its first Law on Foreign Direct Investment. UNDP together with the United Nations Industrial Development Organization (UNIDO) assisted the Committee on Cooperation and Investment, which is now a component of the Ministry of Planning and Investment, in building its capacity to formulate and appraise foreign investment projects as well as in organizing a large and successful first Investors' Forum for Viet Nam.

On the regional front, UNDP also facilitated the negotiations between Viet Nam and other Mekong riparian countries which led to the signing of the Agreement on the Cooperation for Sustainable Development of the Mekong River Basin and the establishment of the Mekong River Commission in 1995. The Agreement was a reflection of the profound political, economic and social changes that had taken place in the sub-region and a big step towards consolidating friendly relations and building an era of new development opportunities. As an inter-governmental organization, the Mekong River Commission was mandated with the task of implementing cooperation in all aspects of sustainable development as well as in the utilization, management and conservation of water and related resources of the Mekong basin. UNDP was also actively involved in assisting Viet Nam in making necessary preparations in terms of human resources, institutional arrangements and policies for its entry into the Association of South-East Asian Nations in 1995. By the end of this period, Viet Nam was experiencing enviable rates of economic growth, and commendable progress in fighting poverty.

3. From mid-1990's to the present: Promoting reforms, poverty alleviation and sustainable development

Several years after the *Doi Moi* process was launched, economic policy reforms started to bear substantial fruit. Productive forces were increasingly unleashed, foreign trade expanded, foreign direct investment increased, leading to positive changes in the national economy. Goods and services became increasingly available, and living standards improved. Notably, by the mid-1990's, Viet Nam was transformed from a food





poor country in the mid-1980's to one of the world's largest exporters of rice, coffee and other cash crops. In the process, poverty was substantially reduced and the country's human development index continued to improve. As increasing numbers of Vietnamese people responded to the wider economic choices offered by *Doi Moi*, considerable momentum was created for further reform, economic progress and poverty reduction. The impressive progress attracted increasing attention from the international donor community, which began to arrive in growing numbers.

The Government also became increasingly aware that the reform process would need to be expanded beyond pure economic policies and institutions to better ensure rapid and sustainable economic growth and poverty alleviation. Therefore, it began to put increased emphasis on broader legal and public administration reforms and other issues critical to the quality of development. UNDP responded with greater assistance in these areas as well as support to help meet other emerging challenges, including poverty reduction in the more isolated provinces, environmental sustainability and HIV/AIDS prevention.

Also noteworthy in the mid-1990's, UNDP assistance in Viet Nam began to expand beyond its traditional project modality to also include the direct provision of advisory services. UNDP began issuing a series of research publications analyzing policy issues of great importance to Viet Nam, such as rice pricing, the distribution of ODA, the need for a healthy job-creating domestic private sector, the importance of raising domestic savings to avoid aid dependency, minimizing foreign debt, averting financial crisis and instability, narrowing income and social disparities, and needed reforms for further human development. These publications also offered wider policy perspectives and choices in areas where traditional economic advice had proven inadequate or where international experience called for alternative policy prescriptions.

In response to the request that the Government made at the 1993 Donor Conference, UNDP has since April 1995 organized and chaired a Monthly Donor Group Forum (MDGF), bringing together senior officials from the international development community and the Government. The Forum has helped develop mutual trust and common understanding on pressing national development priorities and issues, including

poverty reduction, public finance reform, ODA effectiveness, legal reform, public administration reform, trade reform, grassroots democracy, pressing environmental challenges and other human development issues. It has also strengthened the foundation for more effective cooperation in the future.

UNDP has also been an active participant in thematic Partnership Groups that have emerged in more recent years and that have involved government and donor representatives, as well as a significant contributor to the annual CG Meetings. UNDP's policy-based research reports

and annual analyses of ODA effectiveness have contributed significantly to the quality of this annual government-donor dialogue. Notably, at the 1997 CG Meeting, UNDP officially tabled a proposal to create a Private Sector Business Forum with the aim of facilitating the dialogue between the Government, the then fledgling domestic business private sector and the foreign investment community. This, at the time, highly innovative idea was strongly supported by the Government and a significant number of donors, especially the International Finance Corporation which moved the proposal to successful implementation. Today, the renamed Business

Box 6: Small Money but Big Idea – VIE/97/016 “Improving the Regulatory Environment for Business Development”

By far the most valuable output of this project was the now renowned Enterprise Law, which was drafted with the project's assistance during 1997-1999, adopted by the National Assembly in June 1999 and came into force on 1 January 2000. The Enterprise Law has been seen by the Government and international community as a breakthrough in renovating economic thinking and reforming public administration procedures in business activity. It has also been widely supported by public opinion throughout the country.

The implementation of the law has helped significantly reduce the overhead costs and administrative burdens involved in the establishment of new businesses by simplifying and abolishing over a hundred licenses and associated fees. Therefore, a new business environment has emerged. According to the report issued in May 2003 by the Task Force for the Implementation of the Enterprise Law, after three years of implementation of the Law, 55,793 new businesses had been licensed (compared to the 45,000 businesses set up during the entire 9-year period 1991-1999), a total US\$ 6.7 billion of new capital registered (larger than the FDI amount registered during the same period) and nearly 1.5 million new jobs created.

In order to effectively operationalize this important law, the project helped draft a series of other important pieces of legislation providing guidelines for its implementation. At the same time, it assisted the Task Force in monitoring progress and organizing

awareness-raising workshops for nearly 5,000 people throughout the country, primarily managers at the department- and director-level of businesses. It also helped in setting up the Business Information Center at the Ministry of Planning and Investment in order to update and introduce to the general public legal documents on business activity.

The project also supported the preparation of the draft amendments to the Law on the Promotion of Domestic Investment which was approved by the National Assembly in May 1998 and came into effect on 1 January 1999 and the draft of Government Decree No. 51/1999/ND-CP providing guidelines for the implementation of the amended law. In the field of foreign direct investment, it supported the preparation of draft amendments for improving the Law on Direct Foreign Investment in 2000 and a number of draft regulatory documents providing guidelines for the implementation of the amended Law.

According to Prof. Dr. Le Dang Doanh, who was President of the Central Institute of Economic Management (CIEM) and National Project Director, “the Enterprise Law has been and will continue facilitating the development of the non-State sector and promoting market economic reforms.”

Currently, CIEM is implementing a new UNDP project, coded VIE/01/025, which is aimed at further supporting the implementation of the Enterprise Law and strengthening the partnership between government and businesses.

Forum serves as one of the most valuable forums for practical policy dialogue between the Government, foreign investors and domestic private enterprises, contributing to a range of positive policy changes that have helped attract quality foreign investment and improve the capacity of Viet Nam's private business sector. Similarly, UNDP's proposal for a mid-term CG review to take stock of progress at mid-year and offer solutions for the best way ahead was also successfully implemented beginning in 1997 and continues today.



Box 7: Developing a Shared Vision and Partnership for the Future – VIE/99/002 “Technical Assistance to the Preparation of the 10-Year Development Strategy”

Early in 1999, the Government of Viet Nam requested UNDP to work with MPI's Development Strategy Institute and the Government's Strategy Preparatory Group to undertake background research and assist in drafting the country's new Ten Year Socio-economic Development Strategy 2001-2010. Subsequently, UNDP mobilized additional assistance from AusAID, SIDA and UNIDO for this important exercise. Policy research was carried out in four broad areas critical to Viet Nam's future development, namely: (a) The role of the State in a market economy; (b) Globalization and international economic integration; (c) Rural development and job creation; and (d) Science and technology for industrialization, modernization and knowledge-based development.

Following the research activities, a series of technical workshops and three high-level Roundtable Consultations were organized. The first Roundtable was to seek inputs for the research reports, the second to give comments on the first draft of the Strategy and the third in June 2001 to discuss the implementation of the approved Strategy. The Roundtables involved the active participation of senior representatives of the Party, Government and development community, including First Deputy Prime Minister Nguyen Tan Dung; former Deputy Prime Minister and Head of the Political Report Preparatory Committee, Mr Nguyen Khanh; and Minister of Planning and Investment Prof. Tran Xuan Gia. They also attracted high-quality contributions from the most senior experts of Viet Nam's leading research institutions, including the Prime Minister's Research Group, the National Center for Social Sciences and Humanities, and the Central Institute of Economic Management.

The Roundtables were very open and extremely rich in content and helped to further develop a more common understanding of some of the key challenges facing Viet Nam in the coming years and how the development community can best assist the country. Many delegates, national and international, unanimously agreed that such open consultations on a country's development strategy were “remarkable and unique not just for Viet Nam, but for any country.”

Prof Tran Xuan Gia noted: “These consultations have been a great success. This is not just because of the contributions that have been made to the preparation of the Strategy and the suggestions offered for the implementation of the resolutions of the Party Congress. It has been a big success also because we have become closer, understood each other better, and because it suggested a way of working that would not stop here but would extend long into the future.”

On his part, Deputy Prime Minister Nguyen Tan Dung emphasized that the crucial next step would be to ensure the Strategy's successful implementation. “We believe that, at this moment, nothing is more important than bringing the decisions in the Strategy to life, to enable Viet Nam to continue to make further rapid and sustainable steps on the path of industrialization and modernization, to further refine institutions of the socialist-oriented market economy and to integrate into the international economy with a view to realizing the goal of a prosperous people, strong country, and an equitable, democratic and civilized society.”

UNDP advisory support was particularly successful in assisting the Government in drafting the Enterprise Law and putting it into effective operation. This Enterprise Law is widely seen as one of the most significant policy reforms that have been introduced in Viet Nam since 1994. It has resulted in a new business confidence in the country and created an important regulatory framework for a stronger development of the non-State sector, contributing to higher economic growth and employment generation.

UNDP also assisted the Government in the formulation of its Ten-Year Socio-Economic Development Strategy 2001-2010, which continues to guide the country's development process. Apart from the critical inputs provided to the Strategy itself, the open exchange of ideas and knowledge throughout the two-year process has fed into the ongoing policy debate with positive implications for the country's future development.

As Viet Nam began to undertake reforms in governance and work to build the rule of law, it again called on UNDP for assistance. Through its technical assistance projects with Vietnamese counterpart agencies, UNDP supported the preparation of a legal framework for economic development by conducting in-depth research, providing international law advisors and organizing seminars. These activities provided meaningful content for national agencies as they draft, revise and promulgate a system of more consistent, comprehensive, transparent and feasible economic laws. These included: Law on the State Budget, Commerce Law, Petroleum Law, Minerals Law, Foreign Investment Law and

other pieces of legislation on taxation, companies, enterprises and bankruptcy. UNDP also assisted the Ministry of Justice in issuing a report with recommendations on a legal framework for economic development in Viet Nam. Many of the substantive issues in this report have been recorded in official documents of Viet Nam and set directions for law drafting activities while others are under review for the drafting, issuance and revision of specific laws. These activities have helped Viet Nam in improving the environment for domestic as well as foreign investments, which have in turn promoted income generation, employment creation and poverty alleviation.

As part of governance reforms, UNDP also offered technical assistance for capacity building for legal and public administration reforms through its projects at ministries, cities and provinces, including: The Office of the National Assembly, Ministry of Justice, Supreme People's Court, Supreme People's Procuracy, Government Committee on Organization and Personnel (now the Ministry of Home Affairs), Ministry of Finance, Ministry of Agriculture and Rural Development, Ho Chi Minh City, Quang Binh province, and Hai Phong City. With the assistance of UNDP and several other donors, such as DANIDA, SIDA and SDC, the most noticeable result has been a Master Programme for Public Administration Reforms for 2001 - 2010 that was formulated and has been approved by the Government and a Strategy for Legal Reforms in the coming ten years that has been drafted and is awaiting Government approval, laying the foundation for stronger and more profound public administration and legal reforms.

Thanks largely to *Doi Moi*, the incidence of poverty in Viet Nam was dramatically reduced from well over 70% in the mid-1980s to 29% in recent years, and its human development index has continued to steadily climb. Nevertheless, despite such substantial progress, the incidence of poverty and near-poverty remains high in Viet Nam. In addition, as many new donors have arrived in Viet Nam since 1994, UNDP has put increased emphasis on its role in providing advice and support for the development of strategies, policies and institutions for sustainable poverty reduction and comprehensive human development. Poverty



alleviation projects were carried out in some of the poorest and most isolated provinces throughout Viet Nam. The most meaningful contribution of these projects is that they have successfully tested and shared lessons learned, in particular those in promoting participatory

planning approaches and decentralization. These lessons have been institutionalized by some provinces in formal decisions that guide local poverty alleviation efforts as well as fed into the national targeted programme for poverty alleviation and job creation. UNDP also played a

Box 8: Building a New Countryside on Grassroots Democracy Principles – VIE/97/041 & VIE/95/C01 “Rural Infrastructure Funds”

Project “Rural Infrastructure Development Fund” (RIDEF for short) was implemented in 122 of the poorest communes in Quang Nam province and one rural district of Da Nang City. RIDEF was provided with soft loans by the United Nations Capital Development Fund (UNCDF) for small rural infrastructure development (VIE/95/C01) and grant aid by UNDP for the strengthening of project management capacities and recruitment of consultants (VIE/97/041). Its duration was six years since 1997, with a total budget of 12.6 million USD, of which the donors contributed 75% and the Vietnamese side the remaining 25%.

The central approach of RIDEF is a local investment planning and project management process which allowed local residents themselves to identify investment needs which they believed were the most pressing in their communes. Thereafter, commune officials and people’s representatives discussed and agreed to select viable sub-projects for investment.

Although the sub-projects within RIDEF were of small scale, the implementation of the majority of them were contracted out through open and competitive bidding. It was thanks to this bidding process and close supervision that the quality of construction work was ensured while investment costs for most of the sub-projects were considerably lower than original budget estimates.

During the construction process, the Commune Development Board (CDB) as the line agency selected consultants for the technical supervision of project activities. In addition, community supervisors, appointed by CDB, were also present at the construction sites. As Mr Nguyen Dinh Dung, Chairman of the People’s Committee of Tam Dan Commune where a new spacious market was recently constructed, said: “It was the people who supervised. Nobody else did a better supervisory job than the people themselves.”

According to Mr Tran Kim Hung, Director of Quang Nam’s Department of Planning and Investment and National Project Director, “the project approach was in line with the Government Decree on Grassroots

Democracy”. He further noted that the budget from RIDEF normally constituted about 75% of the total sub-project costs, with the balance being contributed in kind, in cash and in workdays by the people. “This approach by itself helped increase the sense of ownership and accountability of people during project implementation as well as during the utilization and maintenance process thereafter.”

Going beyond its local scope, RIDEF has made a positive impact on the socialization of rural infrastructure development across Quang Nam province. According to Mr Hung, his province is now capable of concretizing over 1,000 km long of rural road, with an estimated 250 billion VND per year worth of contributions from the people. In 2001 alone, 1,300 km long of rural road was concretized. He estimated that by the end of 2003 his province would have been able to fundamentally accomplish its plan of concretizing rural road in the low-land and mid-land regions and some areas of the populated mountainous region.

Through training workshops and the “learning-by-doing” approach, the project assisted in considerably upgrading the managerial capacity of local officials. This was probably the biggest and lasting achievement of the project. Standing in the market opened nearly a year ago, Mr Nguyen Dinh Dung confidently said: “If we are provided with another project of this size or a bit larger, we will certainly be capable of implementing it in line with what we learned through the RIDEF project.”

The impact of RIDEF on institutional development and policy making has been much larger. Based on its successful experiences, the People’s Committee of Quang Nam issued Decision No. 20/2002/QD-UB governing people’s supervision over capital construction projects, Decision No. 39/2000/QD-UB on the selection/designation of contractors, and Decision No. 4413/QD-UB on the establishment of monitoring teams for investment projects in the province. At the national level, the lessons learned from RIDEF in project planning, implementation and management have been applied in National Programme 135 to support the 1,715 poorest communes in the country.

meaningful advisory role in the formulation of national poverty alleviation programmes and the more recently formulated Comprehensive Poverty Reduction and Growth Strategy for Viet Nam, which are aimed at reducing poverty by another 40% by 2010 and achieving the Millennium Development Goals (MDGs) by 2015. At the same time, UNDP has worked together with SIDA and the World Bank in assisting the General Statistical Office in improving capacities for collecting and analyzing poverty-related survey data and disseminating analytical results. This support has focused on the institutionalization of periodical household living standards surveys in the coming years. The availability and reliability of such survey data and analytical results will in turn help improve the quality of strategic policy formulation for more effective and sustainable poverty reduction efforts in the future.

In the field of social development, UNDP has provided assistance to the Government in evaluating policies to support the most vulnerable groups and communities, such as ethnic minorities, rural immigrants and HIV/AIDS-affected people. UNDP has advocated a comprehensive and cross-sectoral approach to reduce and eventually prevent the spread of HIV/AIDS in Viet Nam. UNDP has supported the strengthening of national management and coordination capacities, the raising of public awareness of HIV/AIDS and the conduct of a comprehensive evaluation of the national programme to fight this epidemic. UNDP's efforts in all these activities have been much facilitated with the strong support and assistance received from AusAID, Care International, Ford Foundation and many other international NGOs.

Box 9: Striving for Gender Equality – VIE/96/011 “Capacity Building for the Advancement of Women”

Because discrimination against women is a major cause of poverty, promoting gender equality and the advancement of women has become an important cooperation area between UNDP and Viet Nam. UNDP partnered with the National Committee for the Advancement of Women (NCAFW) to develop skills and awareness that would move women's issues into the mainstream of government policy-making.

The terminal report of VIE/96/011 provided the Government with analytical results and advisory inputs to support the formulation of the Action Plan for the advancement of women to 2005 and National Strategy for the advancement of women to 2010. According to Mme Ha Thi Khiet, Chairwoman of NCAFW, these were the most significant outputs of the project.

In order to raise gender awareness, the project helped organize many training workshops and seminars on issues of gender for leaders of ministries, branches and agencies at the central and local levels. According to Mme Khiet, the interventions delivered and lessons learned by participants at such events showed marked improvements in awareness of these issues. “Such improvements have led to their behavioural change and action in support of gender equality”, she said. These have also led a gradual consolidation of the NCAFW apparatus. Committees for the advancement of women have been set up at all ministries, branches and agencies at both the central and local levels.

Mme Khiet also noted that the number of women deputies to the National Assembly (Legislature 11) and People's Councils at various levels has grown, and an

increased degree of attention has been given to the participation of women in leadership and management positions. These are concrete examples of the increased attention paid by various levels of State and Party leadership to the role of women in society, including political life.

During the course of 2002, committees for the advancement of women at ministries, branches and agencies at both the central and local levels formulated and defended before NCAFW their action plans until 2005. In some of the places, such action plans have already been put into implementation. According to Mme Khiet, the People's Committee of Ho Chi Minh City has discussed with the Women's Union and the City's Committee for the Advancement of Women and agreed to set up a prize for talented women in the city. The People's Committee has decided to allocate one billion Vietnamese Dong (65,000 USD) to establish a fund in support of the prize.

These achievements can be attributed, both directly and indirectly, to the contributions of the UNDP project. It is for this reason that Mme Khiet “feels much happier” than when she started to assume her role as Chairperson of NCAFW in 1998. She will be all the happier because UNDP and other donors are assisting NCAFW in implementing a follow-up project VIE/01/015 with the primary objective of further strengthening the capacity of NCAFW to raise public awareness of gender issues and bring those issues to the mainstream of national development strategies and plans.

In recent years, UNDP has also worked closely with the Government of the Netherlands in assisting the National Committee for the Advancement of Women (NCAFW) and the Viet Nam Women's Union (VWU) to strengthen the role of women in decision-making, enhance public awareness of gender equality, promoting the advancement and empowerment of women. UNDP has supported the NCAFW and VWU in formulating and implementing the 1996-2000 National Action Plan for the advancement of women, the 2001-2010 National Strategy for the advancement of women and the corresponding 2001-2005 National Action Plan. At the same time, as gender is a cross-cutting issue of great importance, strong efforts have been made to mainstream it in all other aspects of UNDP's programme in Viet Nam.

Environment and natural resources management has become one of the highest priorities in UNDP's country programmes in Viet Nam since the 1990's. UNDP-funded projects in this field have focused on raising public awareness of environmental issues, developing strategies and policies, strengthening capacities for environment and natural resources management as well as biodiversity conservation. UNDP has continued to play an important role in mobilizing and coordinating emergency relief for victims of natural disasters and, at the same time, in helping the Government build up and strengthen capacities for disaster management and mitigation from the central to local levels. These projects have contributed to the preparation and implementation of the National Strategy for Environmental Protection 1991-2000, the Law on Environmental Protection; the preparation of the National Strategy for Environmental Protection 2001-2010 and the National Action Plan on Environment 2001-2005; the preparation of the Environmental Management Strategy for Ho Chi Minh City; the establishment and putting into operation of a web-based network linking the 61 provinces/cities of the country to provide updated information on floods and typhoons.

During the Asian financial crisis during 1997-1999, UNDP provided timely advice to the Government through the publication of a policy-based report analyzing in-depth the causes of the crisis and its lessons for Viet Nam. This report was discussed thoroughly at a high-level international



symposium on this topic in August 1998 that attracted the participation of leading policy researchers and advisors from other countries in and outside the region. Thanks to the application of cautious and prudent policies, Viet Nam managed to minimize the adverse impact of the crisis on the national economy and recorded a 4-6 % growth rate, while many other countries in the region experienced negative rates.

As the regional crisis revealed a number of failures of the then prevailing economic orthodoxy, UNDP also began mobilizing for Viet Nam a number of world class policy advisors such as Prof. Joseph Stiglitz, the 2001 Nobel Laureate in economics, and Prof. Janos Kornai, a world renowned expert in transitional economics, to offer a wide range of policy perspectives and choices to Viet Nam.

Viet Nam's efforts to integrate into the world economy reached a new stage with its negotiations to accede to the World Trade Organization (WTO), and UNDP remained key to the process. UNDP assistance focused on the preparation of human resources, institutional frameworks and policies for the accession process. Through high quality consultancy and in-depth research, Vietnamese counterpart agencies and personnel were given opportunities to access current information on globalization and the WTO, lessons and pitfalls from other countries' experience, and impartial advice for the country's own process. A road-map for Viet Nam's entry into WTO was gradually developed in the process.

III. MAJOR LESSONS LEARNED FROM PAST COOPERATION

UNDP assistance has played a valuable role in supporting Viet Nam's development efforts. The benefits that such assistance brought to the country ranged from the transfer of badly needed equipment, technology, technical know-how and managerial skills during the post-war rehabilitation and reconstruction period to the sharing of the latest development knowledge, best practices and valuable lessons to promote institutional reform, poverty alleviation and sustainable development during the *Doi Moi* period. "Despite its modest financial value, the cooperation programme between UNDP and Viet Nam over the past 25 years has been truly effective and beneficial to the country, judging from all perspectives," assessed Deputy Prime Minister Vu Khoan during his interview with the authors of this booklet.

The past twenty-five years of Viet Nam – UNDP partnership have also produced some valuable lessons about how development cooperation can best be made to work on the ground. These lessons inform the UNDP-Viet Nam partnership today and provide important guide posts for programmes and projects in other developing countries.

- As clearly demonstrated by the *Doi Moi* process, especially during 1986-1993 period, the most important policy and institutional reforms in Viet Nam were initiated, led and implemented by the Vietnamese people with only modest outside assistance, thereby highlighting the critical importance of national leadership and ownership of the development process.
- As also clearly demonstrated by the *Doi Moi* process and the performance of ODA, macro policy and institutional reform at the upstream level can substantially improve human well-being, and contribute importantly to the effectiveness and sustainability of poverty reduction measures at the downstream level. Conversely, the rate of return on downstream ODA investments tends to be limited and unsustainable in the absence of an enabling macro policy and institutional environment.
- Capacity building requires much more than human resource development which is a necessary but not sufficient condition for successful development. In this regard, the significant investments in human resource development prior to 1986 laid the foundation for *Doi Moi*'s subsequent outstanding success. However, as also clearly evidenced in the pre-*Doi Moi* period, the value of much increased literacy and training of human resources will be limited, unless the overall policy and institutional environment within which such human resources live and work enable them to easily use their new knowledge and skills.
- Technical assistance for capacity building requires a broader and more integrated process of strengthening the ability of individuals, organizations, institutions and policies to enable and support sustainable improvements in human well-being.
- The transfer of new ideas, knowledge, international experiences and lessons learned elsewhere is a critical ingredient to the capacity building process, as clearly demonstrated by some of the fundamental reforms implemented in the early years of *Doi Moi*. Land reform, price liberalization, and an expansion of choices in the non-State farm sector helped transform Viet Nam from a food poor country to a major exporter of rice and other cash crops and constituted the major reason for the subsequent substantial decline in poverty in Viet Nam.
- In ODA utilization, useful ideas and policy advisory support have proven at least as important as large amounts of money. Even modest amounts of technical



- assistance, if well timed and effectively utilized, can generate substantial returns in human development. UNDP assistance to the formulation and implementation of the Enterprise Law over the six-year period since 1997 cost well under one per cent of Viet Nam's total annual ODA disbursements, but has generated by far one of the highest rates of return for country's economic development and the well-being of its people.
- The generation of new information and data, and the sharing of research and analysis results can make an extremely valuable contribution to the development policy debate, and help catalyze positive policy and institutional changes. While some of the more important and fundamental reforms during the 1986-1993 period were inspired out of necessity and internal pressures, a number of important reforms in recent years have been inspired by the availability of new information, data surveys, audits, analysis and valuable lessons learned elsewhere. This is particularly so in the areas of private sector development, export development, foreign debt management, banking sector reform and to a lesser degree, State-owned enterprise reform.
 - The importance of a partnership built on mutual trust and respect, between the foreign partner and host country, should always be stressed. This requires that the host government demonstrates political commitment and that counterpart agencies have strong ownership over, and provide effective support to, UNDP-assisted programmes/projects. It also requires that they are well-aware of UNDP's mandate, comparative advantages, financial capacity, priorities and management practices. To this end, UNDP's interventions should support and encourage national initiative-taking, accountability and responsibility at every stage, from design through implementation, as well as uphold its mandated neutrality. All such essential elements for a successful partnership have been seen in Viet Nam over the years, and are critical for continued success.
 - The selection of interventions must be demand-driven, i.e. such interventions should be in those areas where the host country perceives a priority need and a role for the international partner in meeting the national need. UNDP Viet Nam has based its programmes/projects on the objectives that Viet Nam has set



out in its own national strategies and sectoral plans for socio-economic development. However, given the risk of “scatterization”, it is important to fully recognize that UNDP’s modest resources are best used when concentrated on select areas of high priority in the reform agenda that correspond with UNDP’s comparative advantages and enable the pooling of national and other international resources as well.

- The selection of counterpart agencies and the national teams for any given project must focus efforts where sufficient capacity exists, or where capacity can be developed and sustained, and where smooth implementation can be ensured. Delays in formulation or start-up, as can happen without these basic ingredients, must be avoided.
- In general, counterpart agencies in Viet Nam have been the lead managers of UNDP projects, under the National Execution modality. This strategy has

worked well in building new national capacities, and ensuring project sustainability after international support ends. But where the central purpose of a project is to introduce new knowledge or good practices not yet available locally, National Execution may be best augmented by the presence of a UN specialized agency or another international organization. Flexibility in such choice is critical in ensuring that project quality stays high, and the greatest amount of knowledge is transferred.

- Downstream pilot projects are most valuable when conducted in an upstream policy and institutional environment prepared to receive new knowledge and good lessons and replicate successful downstream experiences nationally. Grassroots-level capacity-building projects should, where possible, be tied together with investment and infrastructure development; again, follow-up support and funding for sharing

of valuable lessons are crucial to see that positive results are broadly disseminated and sustained.

- The principles of results-based management have proven critical in identifying and solving problems which arise during project implementation, and in making sure that project results are identified and evaluated to provide follow-on lessons. The deepening of management, monitoring and evaluation systems to focus on results is a positive trend for the future of development cooperation.
- Finally, sound analysis, information-sharing and regular dialogue with key stakeholders have been critical to every phase of programme and policy support: from strategic planning and policy-making at the national level, to grassroots participation and capacity-building, to aid coordination. The work of UNDP Viet Nam has been built on a foundation of analytical work, regular and open dialogue, and a flow of information, experience and lessons from other countries – a flow to which Viet Nam's successes now contribute.



IV. LOOKING TO THE FUTURE

In order to support the reforms being introduced and the implementation of national strategies adopted by the Government, UNDP assistance for the remaining years of the current programme period 2001-2005 focuses on three major directions aimed at helping Viet Nam achieve the country's social – economic development targets and the Millennium Development Goals by 2015, namely: (a) poverty reduction and social development; (b) governance and institutional reform; and (c) environmental management and disaster mitigation.

(a) In the area of poverty alleviation and social development, UNDP's focus is in:

- Providing support to the analysis, formulation, implementation and monitoring of economic policies in line with the poverty reduction goals set out in the Comprehensive Poverty Reduction and Growth Strategy.
- Supporting the further development and implementation of national poverty reduction strategies and programmes.
- Providing support to the implementation of the national HIV/AIDS strategy and active advocacy for an inclusive and multi-sectoral approach to averting the epidemic.
- Strengthening gender mainstreaming approaches and efforts in development practice and policy.

(b) In the area of governance and institutional reform, UNDP's focus is in:

- Providing continued assistance to capacity strengthening of elected bodies in the implementation of their legislative, representational and oversight functions.
- Promoting the process of regional and global integration so as to maximize its benefits and minimize its risks, with



particular attention being paid to public expenditure and the impact on vulnerable groups.

- Improving the oversight framework for sustainable development financing.
- Promoting the capacities and role of the private sector for equitable growth and development.
- Strengthening the rule of law, access to justice and enforcement mechanisms in line with international standards.
- Ensuring the implementation of the PAR Master Programme and more effective citizen access to public service delivery.

(c) In the area of environmental management and disaster mitigation, UNDP's focus is in:

- Deepening national capacities to direct and monitor effective environmental management.
- Assisting the formulation and implementation of the National Environmental Management Strategy 2001-2010 and the National Action Plan

for Environmental Protection 2001-2005, which includes National Agenda 21.

- Supporting Viet Nam in implementing its international obligations as a party to global environment conventions.
- Providing policy analysis and options on the use of sustainable energy for the rural poor.
- Developing disaster management strategies, coping mechanisms and information systems from the central to local levels, with particular attention to the impact on the poor.

In conclusion, in all of these focus areas, UNDP's primary role is providing policy analysis and advice to support national policy-making and planning, and building national capacities for programme/project implementation. To this role UNDP brings to bear its technical and financial resources, its global network of development expertise and experience, its neutrality and its

close partnership with the Government of Viet Nam and other development actors.

Looking beyond the current programme cycle, during the 2006 – 2010 period UNDP will further assist Viet Nam to carry on and deepen its *Doi Moi* reforms, accomplish its target of at least doubling the 2000 GDP level by the year 2010 and other major targets of the 10-Year Development Strategy and continue moving towards the achievement of the MDGs. The country would be confronted with a number of key development challenges that would be emerging in the coming years and that would need to be addressed.

The most important challenge would be to develop a strong and healthy non-State sector that could generate incomes and jobs as well as could compete with the rest of the world in international markets, if the country is to become an industrialized country by the year 2020.

The second challenge would arise from the growing income inequality and significant concentration of poverty within specific geographical regions and communities.

The third challenge would be that of sustainable development to ensure the judicious use and conservation of the country's natural resources as well as to meet the threat of environmental degradation, pollution and congestion that the process of growth inevitably entails.

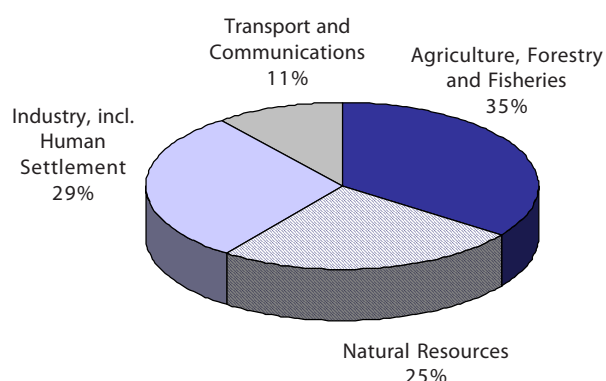
The above issues together with those arising from the growing competition in the wake of globalization would make the task of managing reform and policy changes extremely complex. A key task for the Government of Viet Nam and its development partners would be to manage these inter-related challenges coherently and competently, by resolving their inherent conflicts and yet maintaining the rapid pace of reforms that are underway.

As a trusted and long-standing partner of Viet Nam, UNDP is keen to make the best use of the successful lessons of its development cooperation over the past quarter of century to help Viet Nam meet these challenges of the future.

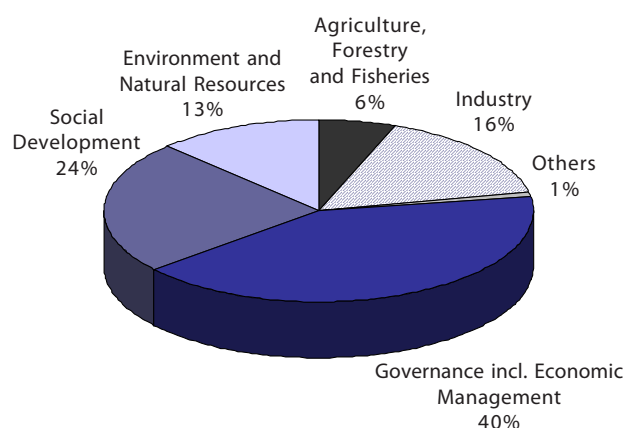


V. UNDP RESOURCES THROUGH SIX PROGRAMME CYCLES

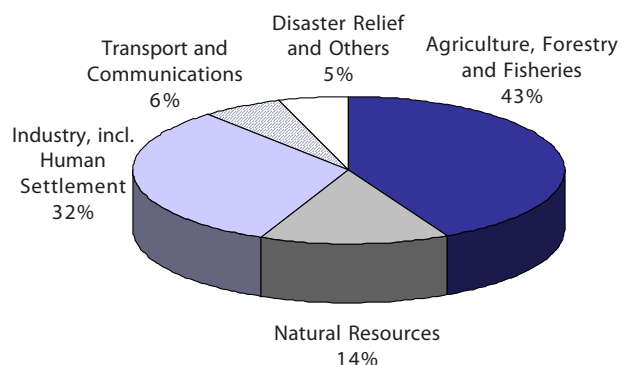
Expenditures by sector, 1977-1981
Total: US\$33.72 million



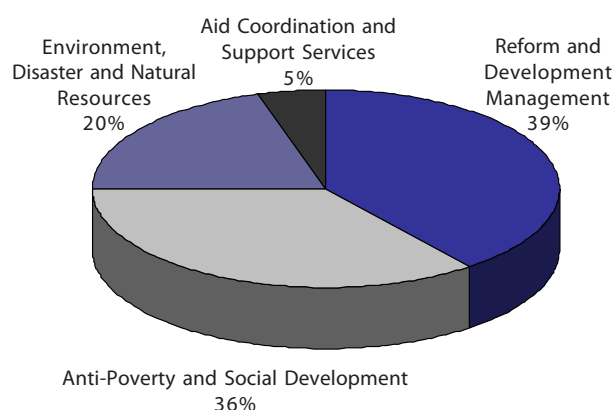
Expenditures by sector, 1992-1996
Total: US\$83.98 million



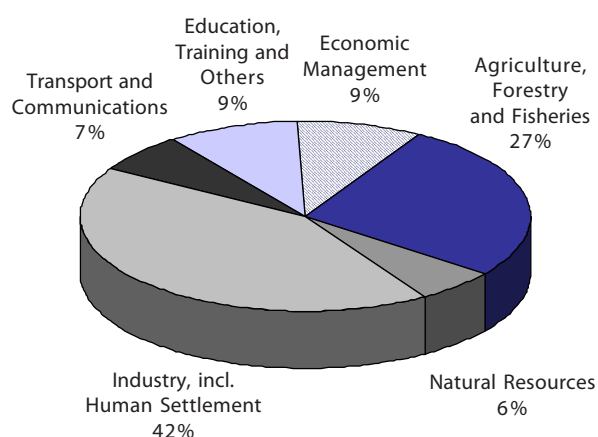
Expenditures by sector, 1982-1986
Total: US\$55.84 million



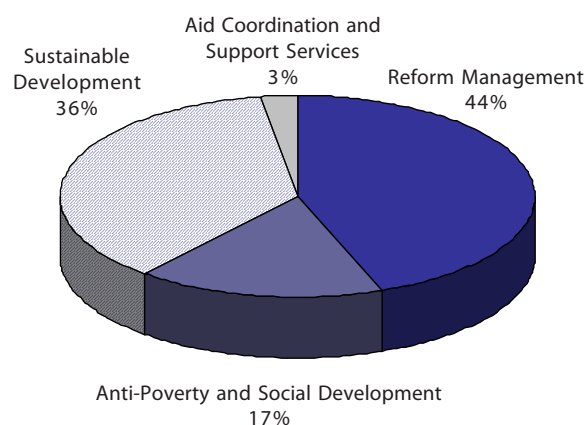
Expenditures by sector incl. cost-sharing, 1997-2000
Total: US\$77.34 million



Expenditures by sector, 1987-1991
Total: US\$125.08 million



Expenditures by sector incl. cost-sharing, 2001-2005
Currently estimated at US\$41.30 million



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