



VOLUME I: MAIN REPORT

# COUNTRY EVALUATION: VIETNAM

ASSESSMENT OF DEVELOPMENT RESULTS





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# Foreword

The introduction of results-based management in UNDP has created a demand for independent validation of development achievements. At the same time, the development community has moved towards evaluating results at the country level, rather than at the project level, based on the perception that “the country is in most cases the most logical unit of aid management and account” (OECD/DAC). Country-level evaluations of development results will provide a substantive basis for fulfilling the UNDP Administrator’s accountability requirements. They will also serve as tools for providing quality assurance with regard to UNDP interventions, generating lessons learned within UNDP practice areas, and supporting country-level programming.

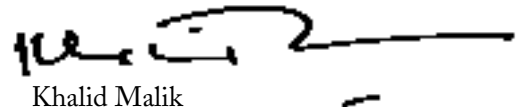
Preparation of the Viet Nam evaluation has presented the Evaluation Office (EO) with an opportunity to reexamine and refine its methodology for such assessments. The choice of Viet Nam was particularly relevant, as it is a country which has achieved impressive development results over the last decade. The country’s society and culture have been open to renovation and transformation, and the operations of a large and vibrant development community in Viet Nam have provided valuable insights into local development challenges. All representatives of the government and of development partners welcomed this evaluation with interest and openness. It is our belief that the evaluation will offer a useful focus for discussion in this dynamic environment.

The analysis of development results in Viet Nam greatly benefited from the intellectual guidance of Mr. Sartaj Aziz, the Team Leader, who was able to draw on his vast experience within the UN system and in key ministerial posts in Pakistan. Ms. Siv Tokle, the EO Task Manager, skillfully managed the evaluation exercise, provided overall methodological supervision, and ensured the substantive coherence of the report. The report also drew on the expertise of Mr. Turhan Saleh from the UNDP Bureau of Resources and Strategic Partnerships. Other members of the team included Paul Lundberg, an expert on governance and participation, and Mr. Bach Tan Sinh, a national consultant and environmental expert. The analysis was based on a detailed desk review by Fa-tai Shieh, a research analyst, and on local studies of environmental issues and decentralized governance conducted by Globconsult and the National Center for Social Sciences and Humanities. Due to the richness of the analysis of the development experience in Viet Nam, the evaluation report is presented in two parts: (a) the main report; and (b) a second volume for readers who are interested in more detail on specific development issues and UNDP contributions in Viet Nam.

The Evaluation Office is particularly appreciative of the active support of the UNDP country office in Hanoi, under the direction of Jordan Ryan, the UN Resident Coordinator and UNDP Resident Representative. We are indebted to

the entire UNDP team for their ability to share lessons and for their commitment to performance, as well as for their efficient logistical support. The Regional Bureau of Asia and the Pacific, under the leadership of its Director, Mr. Hafiz Pasha, played a key role in shaping the development thinking underpinning the evaluation. The Bureau has a particularly important role to play in the dissemination and application of lessons learned, across the region and beyond.

By providing deeper insights into the effectiveness and strategic direction of the UNDP programmes in Viet Nam, this evaluation is expected to contribute to improved development results. It is our hope that the Government of Viet Nam and UNDP will work together to develop strategies for enhancing development performance and for positioning UNDP support so that it furthers national development priorities as well as UNDP corporate policies. Furthermore, the Viet Nam evaluation contains many elements that could, in turn, inform corporate policy and be useful to other countries and development partners.



Khalid Malik  
Director  
UNDP Evaluation Office



# Executive Summary

## BACKGROUND

The purposes of this country evaluation are to provide: (a) an overall assessment of the key results achieved in Viet Nam since 1997 through UNDP support and partnerships with other key development actors; and (b) an analysis of how UNDP has positioned itself strategically in response to national needs, with specific reference to governance and environment. This country evaluation is based on the results-based management approach of UNDP. It draws on information gathered from an exploratory mission, field visits, interviews and desk research, and two local studies, to assess UNDP support in relation to the development results achieved in Viet Nam.

## THE NATIONAL CONTEXT

Over the last 10 years, Viet Nam has achieved remarkable progress in strengthening its national economy and improving the well-being of the vast majority of its people, primarily due to the government's commitment to renovation — *doi moi* — starting in 1986.

Facilitated by political stability and effective leadership, Viet Nam was able to undertake critical economic and political changes, including land reforms and agricultural liberalization in the late 1980's, and liberalization of markets and prices through an “open door” policy. An average GDP



growth of 7.6 percent per annum over the last decade doubled the size of Viet Nam's economy. Liberalization produced a sustained growth of 4.2 percent in agriculture, making Viet Nam the second largest exporter of rice and third largest exporter of coffee in the world. The reforms particularly targeted the agricultural areas, and contributed to a 50 percent reduction in the country's poverty rate (down to 35 percent of the population) by 2002. Over time, Viet Nam has accepted a broader concept of human development that goes beyond incomes, education and health to a more fundamental focus on enlarging choices and opportunities for the people. This approach is increasingly pushing the reform process into new areas, such as decentralized governance, and changing the roles of the state and representative bodies.

The government's development goals for the next ten years are ambitious: to eradicate hunger and hardcore poverty; to ensure universal secondary education for all; to increase life expectancy from 68 to 70-71 years; and to improve other indicators in the Human Development Index (HDI). However, the next reforms are likely to be more challenging than those initiated in the 1990s. New problems are emerging, such as increasing economic disparities, unsustainable use of natural resources, and stiffer competition from Viet Nam's trading partners. Viet Nam also faces the difficult task of adjusting its institutional arrangements to the demands of a socialist market economy, with much higher levels of efficiency, transparency and accountability. Key development challenges include:

- **The need to encourage the establishment of business enterprises within the private sector** in order to drive further growth. Development of a strong private sector requires structural changes to provide a strong banking system, a functioning stock market, an efficient legal system, an improved regulatory framework, and a restructuring of the public sector. For continued results in poverty reduction, private sector development is particularly needed in the provinces.

- **The changing role of the state.** Economic growth can lead to poverty reduction only if there is an efficient and decentralized system for delivering services to the public and for stimulating and managing local development. The Vietnamese vision of governance for the future includes a central policy role for the state and decentralized service delivery by public institutions that support the people and the private sector.
- **Growing inequality,** with the prospect of a widening gap between urban and rural incomes. The real challenge is to preserve the "quality" of growth to ensure that it reaches all segments of society, including minorities and remote communities. This challenge can only be met through a comprehensive development strategy which focuses on rural areas, where poor people primarily live, and which promotes gender equity.
- **Effective management and use of national and other resources.** Viet Nam needs to ensure growth while preserving the country's environmental security, which is under pressure from increasing industrialization. Farsightedness regarding the linkages between development and the environment can help sustain the future growth potential of Viet Nam. Effective and efficient management and use of resources also requires attention to the size and focus of public sector expenditures for poverty reduction.

## STRATEGIC POSITIONING OF UNDP

UNDP has performed a creditable job in tapping some of the most strategic opportunities for assistance to Viet Nam, a considerable accomplishment given the complex array of changes which had to be accommodated during the period under review. This is especially valid with respect to governance, where assistance has responded to issues at the heart of the unfolding reform process — a more open

economy, reform of the institutional framework for a socialist market economy, and capacity development for the executive and legislative branches of government. In particular, UNDP has managed to stay in step with the emergence of major development concerns in the country and, in a number of instances, has been a “first mover” in areas which have since gained increasing attention on the part of other development partners.

The outlook and approach of UNDP have been strongly influenced by its long presence in Viet Nam. This privileged position has enabled UNDP to establish a close relationship of trust with the government, to acquire deep knowledge of the country, and to make substantial contributions to key developments. Nevertheless, UNDP support would be more effective if there were a more compact programme portfolio focused on targeted areas where mutual trust, a close relationship with the government and a long country presence can make a critical difference. Also, maintaining a strategic position with increased leverage depends on preserving the web of partnerships woven around the role played by UNDP. Since there are now a number of entities offering development assistance in Viet Nam, their combined effect will be maximized if they use coordination mechanisms effectively to establish close substantive partnerships.

## **DEVELOPMENT RESULTS AND THE UNDP CONTRIBUTION**

### **Private sector development**

Perhaps the most critical policy shift made possible by the adoption of the *doi moi* principles in 1986 was a recognition of the crucial role of the non-state sector. Land reforms and the removal of quotas for private initiatives in the 1980s kicked off an impressive period of economic growth in Viet Nam. One of the most important improvements made to the regulatory framework was the adoption of the Enterprise Law in 1999, which catalyzed the rapid registration of around 60,000 domestic businesses. At that time, UNDP put its

comparative advantage to use by influencing the governmental framework and encouraging efforts to support the private sector. Future efforts to support private sector development in Viet Nam need to focus on ensuring that the gains of recent years can be sustained and that further privatization does not disadvantage the poorer segments of the society. Special attention should be paid to the creation of a local private sector.

### **Public administration reform**

Governance reform in Viet Nam has been broad, covering administrative, legal, judicial, and legislative changes. UNDP’s leading role in promoting the Public Administration Reform (PAR) has been significant. However, progress has not been constant over the years, and despite efforts to date, the public administration of Viet Nam still exhibits systemic weaknesses. The most crucial output from UNDP support has been the PAR Master Plan, which finally brought a coordinated framework to the multitude of reform components. Public expenditure management, as part of this reform, also changed government practices on expenditure planning. In addition, UNDP pilot initiatives also led early attempts at decentralized governance, which now need to be broadened in all provinces.

The past involvement of UNDP in public administration and public expenditure management should enable UNDP to promote linkages and coordination between the different components of the PAR Master Plan. Efforts should particularly focus on providing beneficial impacts on the poor, by supporting the principles of grassroots democracy and balanced development among different sectors and regions of the country, and assisting local governments to build their capacity.

### **Reform of governing institutions**

Over the past fifteen years since the advent of *doi moi*, the rule of law has been steadily replacing rule by administrative decree. Key achievements have included strengthening of the National Assembly, capacity building for

the courts and the prosecutor's office, and completion of the Legal Needs Assessment. Law-making capacity has improved in both the executive and legislative branches of government. During the past fifteen years, twice as many laws have been promulgated than during the preceding 40 years.

While numerous changes have taken place in the Vietnamese legal framework, it has yet to meet the requirements of an effective and independent judicial system for a market-oriented economy. The interrelationships among the legislature, judiciary, prosecutor's office, and other associated organizations, as well as the Ministry of Justice, require a holistic perspective. A key challenge is the effective sharing of information. The UNDP country office's plan to study people's perceptions concerning access to justice and the rule of law is an excellent stepping stone towards determining a clearer focus for judicial reform. Support in the judicial and parliamentary spheres should be consistent with initiatives on poverty, vulnerable groups and local economic development — in other words, taking capacity building and reform down to the local level of people's councils and courts.

### **Human development in national strategies**

The concepts of human development and poverty eradication are now firmly embedded in national policies, primarily in the 10-year Socio-Economic Development Strategy for 2001-2010, as well as in the Viet Nam Poverty Reduction Strategy Paper (PRSP). Formulation of the Viet Nam Development Goals (VDGs) represents an excellent example of a serious and successful effort to adapt, integrate and selectively expand the MDGs to address the specific developmental and institutional circumstances of a particular country. Improvements in the monitoring of poverty can also be observed in Viet Nam. UNDP has played a strategic and highly valued facilitating role, particularly with regard to the Development Strategy. The project-based investments made in this area generated high returns, and also illustrated the usefulness of advocacy, in this instance around the HDRs.

### **Rural development and local participation**

The challenge of promoting “the human face of development” is likely to become more difficult as the country moves towards industrialization and a modern economy. With growing gaps in inequality, some groups will continue to fall short of desired living standards. Although advances in poverty alleviation have positively affected vulnerable groups, improvements in the areas of gender equality, HIV/AIDS and ethnic minorities cannot be considered to be equally impressive.

Processes for active participation by the people themselves in setting development priorities would give poor people a voice in decision-making. While the process of administrative decentralization is moving relatively rapidly, it is not matched by effective mechanisms for citizen involvement and transparency at the local level. Many pilot initiatives on local planning and participation were led by UNDP and the United Nations Capital Development Fund (UNCDF), with particularly positive results in changing the mind set of local planners. The Grassroots Democracy Initiative of the government also represents a major step forward and should be supported.

### **Rational use of natural resources**

Viet Nam has primarily focused on economic growth and social development over the last decade. UNDP, through its emphasis on environmental concerns within the larger picture of sustainable development, has contributed to increased awareness of environmental protection issues by governmental agencies, businesses and local communities. Important policies and laws concerning the environment have been passed at the national level, and a new Ministry of Environment and Natural Resources was recently established. Though still small when compared with most of the provincial sector agencies, the environmental agencies have gone through a period of very rapid capacity growth. A national Disaster Management Unit (DMU) with monitoring systems is also now operational, in recognition of the need to integrate disaster mitigation into poverty reduction and sustainable development.

## KEY LESSONS LEARNED

- **Ideas and knowledge can be as important as money in promoting change.** Some successes in Viet Nam can be traced back to the fact that the government made the right decision at the right time, based on critical information that became available. The most effective capacity building strategies entailed opening doors and sharing knowledge or international experience not hitherto available to the Vietnamese, and thus building on the national ownership of the development process.
- **“Piloting” takes the edge off risky innovations.** Pilot initiatives can provide a judicious way of moving forward, especially for innovative or controversial practices. However, learning from successful pilot initiatives requires effective information-sharing strategies and communication systems.
- **Clear linkages between localized targeted programmes and poverty alleviation are difficult to demonstrate.** This requires realistic expectations on how local projects can shape national policy. Systems are needed to measure such linkages and to ensure learning, as well as a strategy to ensure policy dialogue from the outset.
- **Prioritization and sequencing improve the effectiveness of reforms.** With an immense and ambitious reform challenge, and limited time and resources, more attention to strategies and prioritization at an earlier stage would increase chances for success in implementation, especially for the sequencing of reforms. Also, with a number of development actors, it is key for all to find a niche within this fluid context.

## RECOMMENDATIONS

To assist UNDP in keeping up with emerging development issues, and sustaining and sharpening its strategic position, the following recommendations are presented.

### 1. Policy Advice and Coordination

UNDP should systematically but gradually enhance its capacity for policy advice and upstream engagement. The Viet Nam country office has demonstrated its advocacy abilities in several areas, especially regarding governance. UNDP needs to develop further capacity in areas such as legal and judicial reforms, decentralization and poverty reduction strategies, rural development, sustainable development and information technology. Advisors on specific areas of reform, acting under the leadership of the Resident Coordinator, can constitute an informal policy advisory think tank within the country office, a group which will have deep knowledge of the country and the reform process, and can effectively network with the UN country team and the development partners. Besides enhancing national advisory and analytical capacity, UNDP should apply a variety of strategies, including: brokerage, coordination and information sharing; improved linkages between programmes, projects and policy efforts; and targeted policy advisory services when needed. UNDP will be most effective in this area by supporting governance with a clear focus on pro-poor policies and decentralization, and by providing advice that is neutral, comprehensive, and forward-looking.

### 2. Governance for Poverty Reduction

UNDP should focus its work around the key organizing principle of “governance for poverty reduction”. UNDP should apply its comparative advantage in governance to promote pro-poor policies and capacity enhancement at decentralized levels of government. This would bring improved coherence to current strategies dealing with interconnected issues such as Public Administration Reform (PAR), People’s Councils and courts, local private sector development, targeted poverty programmes, and sustainable use of local natural resources.

#### a. The enabling framework for reform

UNDP’s strategic positioning could benefit from greater differentiation between (a) interaction at the national

level on policy coordination or national priorities, and (b) work at the local level involving policy advice, capacity building or pilot programmes, which requires different strategies. At the national level, UNDP can provide essential support for systems and mechanisms that will improve service delivery and implementation of policies and plans at the local and provincial level, including support for the PAR, legal system reform and the National Assembly.

**b. Decentralized governance**

The movement towards decentralization and local decision-making has given the provinces more responsibility for their own development planning and use of natural resources. The challenge is to bring together activities at the local level, close to the poorest layers of society, in a coherent and systematic manner, and to build capacities at this level. UNDP should provide support and advice to local governments and institutions on economic development, policy reform and public participation in order to help translate local priorities into specific policies, programmes and interventions.

Over the medium to long-term range, a healthier balance of functions, power and responsibilities between People's Councils and Committees would be desirable. UNDP support to the People's Councils and the PAR, when managed in an integrated manner, will be useful in this regard. Poverty reduction efforts can also be intensified and made more cost effective by coordinating the work of the People's Councils, Committees and specific poverty targeted programmes with greater support for rural development strategies.

**c. Rural private sector development**

Private sector development will be a key factor in the fight against poverty in Viet Nam, especially in the rural areas. UNDP should use its comparative advantage in Viet Nam to support governmental and institutional measures that encourage the

creation of private sector enterprises in rural areas and establish tighter linkages between local planning and sector development to promote better use of resources. Further analysis and additional strategies for rural industrialization are needed to meet Viet Nam's development goals for the future.

**d. Sustainable Development**

With increased industrialization in Viet Nam, the main challenge is the sustainable use of natural resources in a growing economy. UNDP should use its full range of expertise in different sectors (economics, governance, poverty, and environment) to highlight the essential linkages between environment, development and poverty, and to focus its advocacy on these issues. Activities should cover environmental issues that are particularly relevant to rural development, poverty alleviation and decentralization, such as community use of resources and sustainable forestry management.

**3. Information Technology, Communication and Knowledge Management**

Effective use of knowledge and of information technology is a growing challenge, particularly in an increasingly open and integrated world economy. Viet Nam has so far not taken full advantage of the opportunities for "e-governance." Promotion of advanced methods of communication, information sharing and learning should be part of all UNDP activities in the country, to help: (a) enhance access to information by the public and local bodies; (b) establish mechanisms to support horizontal learning and replication, in coordination with the government and other development agencies; and (c) move towards integrated information systems coupled with participatory mechanisms.

**4. UNDP portfolio management**

The factors described above point to a future in which the traditional delivery of services and projects may be expected to change. The

need for change is all the more pressing due to the increased ODA influx into Viet Nam and the more complex environment for development aid. The UNDP country office needs sufficient flexibility to meet the new demands and to succeed in its resource mobilization strategy, to be reinforced by:

- a. More selectivity in project planning, with attention to the replication of successful pilot projects, policy dialogue arising from strategic interventions, and more explicit targeting and learning strategies for locally-based projects;
- b. Strengthening the network of partnerships and moving proactively to engage partners in new and multiple ways;
- c. Establishing flexible funding mechanisms that can be used to respond rapidly to problems and needs identified by national authorities or local agencies and also facilitate participation by development

partners, including support facilities, as well as flexible disbursement mechanisms for UNDP's own funds;

- d. Ensuring the operational flexibility needed for client orientation, greater efficiency and enhanced accountability through innovation in programme portfolio management (in particular, monitoring and evaluation focused on results, and improved programme formulation and project management and execution).

As Viet Nam enters the new millennium, it confronts a very challenging situation in terms of the pace, scale and complexity of economic and social reforms the country is undertaking, and the difficult and competitive international environment that is emerging. Successful management of global and regional integration requires careful attention to policies that reduce adverse consequences, and complementary policies for the wider distribution of the benefits from economic growth.





# 1 Introduction

The purpose of this evaluation is to provide an overall assessment of the key development results achieved in Viet Nam since 1997 through UNDP support and partnerships with other key development actors. The evaluation includes an analysis of how UNDP has positioned itself strategically to respond to national needs in the areas of governance and environment, with an overall view of progress towards poverty alleviation. The Terms of Reference (TOR) and description of the methodology applied are included in Annexes A and B, respectively.

Given its impressive achievements in economic growth and poverty reduction, Viet Nam is perceived as a development success story. Its experience therefore presents an interesting case for learning about what has worked in this context. Does the fact that the country is doing well developmentally mean that its development assistance is effective? In selecting Viet Nam as one of the first countries for a full-fledged assessment of development results, the United Nations Development Programme wanted to explore further the patterns and paths to pro-poor growth and what role UNDP can best play in this setting.

The methodological approaches used in this country evaluation are derived from UNDP's results-based management approach. The evaluation looks at development results as 'outcomes', defined as changes in specific development conditions to which a number of development actors must contribute, and assesses UNDP's contribution to these outcomes. The



evaluative techniques applied include an exploratory mission, desk research, and two local studies, with the aim of establishing credible links between UNDP support and the development results achieved. The key persons consulted are listed in Annex C.

This chapter presents, in brief, an overview of UNDP support and the structure of the programme portfolio in Viet Nam.

## A LONG-TERM PARTNER

One cannot review the UNDP support to Viet Nam without going back in time. Following the end of the war in 1975, UNDP opened its Hanoi office in 1977. The great majority of development partners established their assistance from 1993 onwards, so for a long period UNDP was “one of the few windows to the outside world for Viet Nam in the country’s post-war isolation” (“Viet Nam: Past, Present, and Future”). In a country with a long memory and strong sense of history, this continuity and presence during difficult times has built up a stock of goodwill that still serves UNDP well today.

The UNDP country office has consistently supported *doi moi* — renovation — since its launch in 1986. Since Viet Nam lacked other external development partners, UNDP was the first to provide support in many areas, including market liberalization and the establishment of legal frameworks for investment, as well as the government’s “open door policy” and the creation of the Mekong River Commission. Many current achievements can be traced back to actions in these earlier years and attributed to UNDP support.

Of course, it is easy to be the first development partner providing support when there are few

*“For some government officials now in senior positions, a UNDP study tour was the first time they ever went abroad. That is remembered.”*

**A UNDP manager**

other development partners present. Although the situation has changed dramatically, with a large influx of ODA, the UNDP office has maintained its active support for emerging needs, particularly in sensitive areas (such as the judiciary and parliament) where UNDP’s perceived neutrality has been an added advantage and UNDP has helped to bring other partners to the table.

Over the years, UNDP country programmes have closely mirrored the government’s plans and priorities, and have been synchronized well with the government’s planning periods. Both the first Country Cooperation Framework (CCF-1) for 1997-2000 and the current CCF (CCF-2, 2001-2005) were based on the Government of Viet Nam’s 10-year development strategies, which had the primary objective of “putting people at the centre of development”. National priorities were also established by the Communist Party Congress at meetings held in 1996 and 2001. The two UNDP Country Cooperation Frameworks both embodied the principles of sustainable development, stressing a mix of economic development, social policies and environmental protection as a means to poverty alleviation. A number of projects in both programming cycles provided not only capacity development but also policy advice, and strategy and policy formulation. Specifically, both UNDP country programmes focused on:

- **Reform management**
- **Poverty elimination, social policies and sustainable livelihoods**
- **Environmental management**

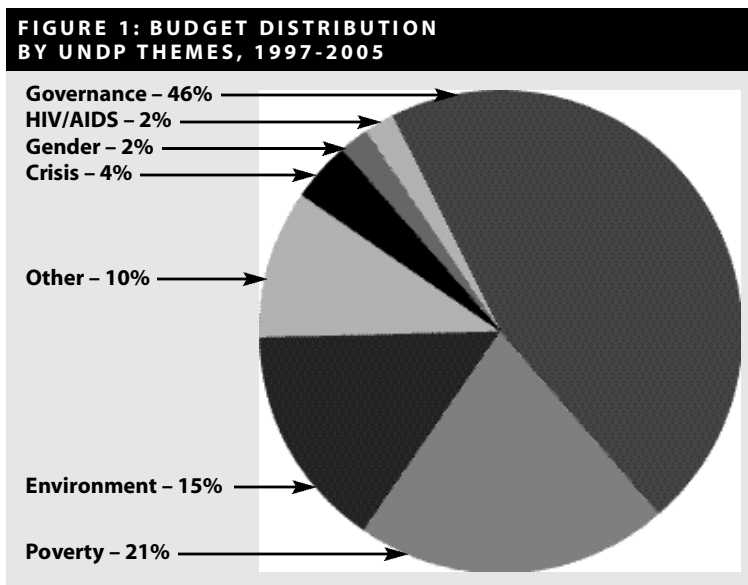
The approach of the UNDP country office, which involves providing continuing assistance in the same areas, is a sound one. The development challenge of Viet Nam can be seen as a continuous reform process where each success provides the base for future results. *Doi moi* is not a steady linear process, but one which may fluctuate in speed and intensity depending on circumstances. The current UNDP programme builds on that of the past period, either targeting new challenges within the

three focus areas listed above, or continuing ongoing efforts while aiming for increasing levels of outcomes. The programming framework is flexible enough, however, to address the changing national situation, and the actual UNDP project portfolio is not limited to just the three focus areas identified.

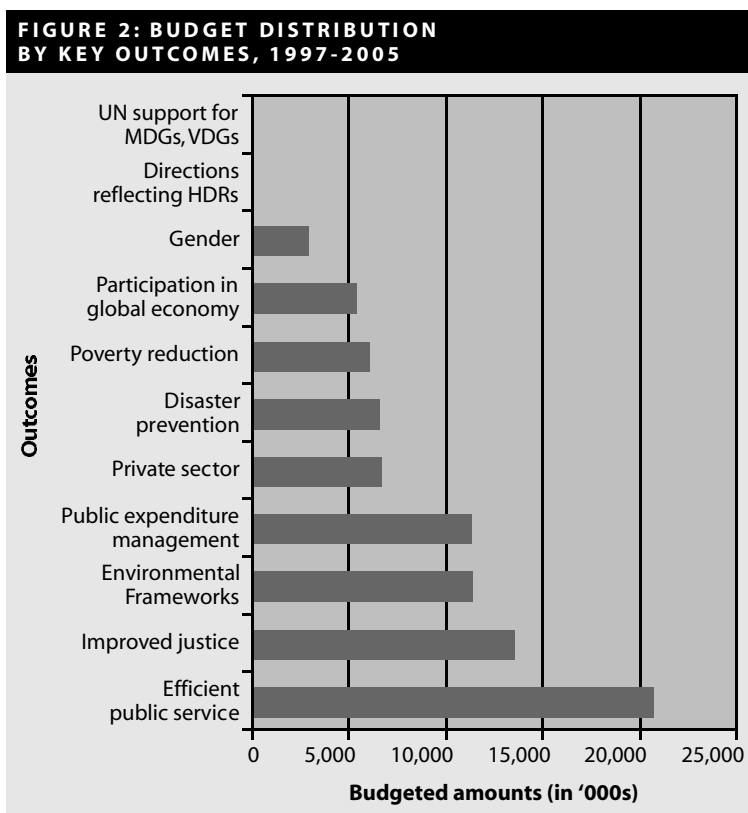
## THE UNDP PROGRAMME PORTFOLIO

**Thematic priorities.** The UNDP programme in Viet Nam has consistently focused on governance, including public administration reform, in line with the national priorities of *doi moi*. Overall through the period, around 46% of all programme financial resources have been applied in this area, as compared to 21% for poverty alleviation.<sup>1</sup> However, as will be discussed later, results are not entirely dependent on the amount of money spent; some of the accomplishments arising from UNDP support have been realized without much funding at all. One example is the preparation of the first national human development report (NHDR), which relied on human, not financial, contributions.

Figure 1 shows the budget distribution divided up according to UNDP themes, although in fact there are underlying linkages among the themes. For example, since gender mainstreaming is an overall strategy, the 2% for gender shows only projects with women in development (WID) goals. In addition, much of the governance work also contributed to the objective of reducing poverty. The difference between the two CCF programming periods is minimal. In the CCF-1 (1997-2000) governance was slightly more dominant (51% of total resources). Budgets for poverty alleviation increased from 13% in 1997-2000 to 24% in 2001-2005, out of total CCF resources of around 140 million for 1997-2005. The portfolio also shows a tightening within themes; the category of “other” (including programme support, aid



Source:SRF ROAR Gateway



Source:SRF Gateway, Programme Gateway, CO

coordination, and non-thematic projects) decreased from 17% for the CCF-1 to 8% in the current period.

**Resources and results.** With deeper analysis of the resources allocated for key results areas

1. In analyzing programme resources, the evaluation used data from the UNDP Programme Gateway and Financial Information Management (FIM), cross-checked with country office (CO) information. For past years, amounts correspond to expenditures; for future years (on-going projects) these are budgeted amounts. Also, the analysis took account of durations of projects, adjusting budgets for the period under review.

*This report attempts to ascertain whether the support, strategies and priorities of UNDP have represented a strategic response and positioning that have made a difference in the country.*

(as illustrated in the Viet Nam Strategic Results Framework), the picture becomes more nuanced.<sup>2</sup> See Figure 2. Within governance, the areas of public service reform and justice have commanded the largest allocations. Other results have been achieved without any programmatic resources or projects, but with staffing resources from the country office. Note that this chart does not include the totality of resources — only those for these particular key result areas. Questions arising from this include: to what extent has the allocation of resources determined key results, and what proportion of total resources was allocated to projects in other areas?

**Focus.** Development partners, as well as the government, have expressed concerns about the programmatic spread of UNDP projects and activities. In the period studied, 45% of the projects had a budget of less than 200,000 USD, while only 10% of project budgets were above 2 million USD. Omitting the smallest projects, many of which are financed by special funds, projects under 1 million USD represent almost 30% of the total. This contributes to the perception that the UNDP office is handling a quite broad portfolio.

## STRATEGIES AND POLICY ADVICE

UNDP has relied on selected crosscutting **strategies** for achieving results, including aid coordination, advocacy and resource mobilization. In addition, gender equality is expected to be addressed throughout all UNDP-supported interventions. The services or tools applied by UNDP have also evolved with the country's needs: the first CCF

stressed capacity development and the strengthening of the enabling environment, whereas the strategies in CCF-2 include partnering for development and moving to upstream policy support.

Of these, the most pivotal is the UNDP country office involvement in **policy advice**. The UNDP office in Viet Nam sought out and played this role even before policy dialogue officially became a corporate priority. Since then, awareness of the importance of good policy advice and upgraded resident capacity for this has been on the rise within the UNDP office. The government is also quite conscious of this function of UNDP, and welcomes it, while stressing that UNDP should also provide direct support when needed. The range of policy advice provided by UNDP has covered all sectors, as well as overarching development priorities. A number of tools have been used for policy advice, including: dialogues with UNDP management, thematic cluster leaders, project level Senior Technical Advisors and other staff; expert missions; workshops; studies; strategic publications; and events. UNDP has organized private and public policy sessions with the country's top leaders to support new thinking on policies. Such advocacy work is important in Viet Nam, where a significant amount of time is often required for launching a new idea, catalyzing policy debate, building consensus, and eventually achieving results.

Viet Nam is one of the few offices in the Asia and Pacific region that has a Chief Resident Economist on staff, who leads the Strategic Policy Group within the UNDP Office. This group has as its mandate an advisory and facilitating function. UNDP organizes a monthly donor group forum on substantive issues, bringing together about sixty development partners and government officials. The UNDP office also helps facilitate the annual Consultative Group meetings and reviews, and takes the lead in

2. Within the Country Cooperation Framework objectives, country offices manage and plan around 'outcomes' — intended changes in a development situation that a number of partners contribute to. UNDP and the government adopt strategies and determine what strategic outputs will be delivered, mainly through UNDP projects.

support for consultations on national policy documents. In recent years, UNDP has mobilized (using little money) a number of world class experts, including Nobel Laureates, to visit Viet Nam and provide alternative policy perspectives. The Strategic Policy Group has also helped develop a number of policy-based research publications, many of which have been thought-provoking and have catalyzed policy debate within the government and the international development community.

The **resource mobilization** resulting from partnering has averaged around 24% cost sharing of total resources over the period. These partnerships, mainly with bilateral development partners, have been principally in the areas of governance, gender and environment. Feedback has indicated that opportunities for such collaboration may have been even greater, based on development partner perceptions of UNDP capacity, collaborative spirit, comparative advantage and implementation ability. In any case, the capacity and willingness of UNDP Hanoi to provide assistance, as well as requests for UNDP support, have far exceeded the available financial resources. This remains a concern to the government, development partners and UNDP alike.

In Viet Nam, annual **ODA disbursements** rose from just above 200 million USD in 1993 to over 900 million USD in 1997. For 2001, disbursements were estimated at 1.75 billion USD, with commitments being even higher. For 2000, the UN system accounted for about 3.25% of total ODA, and about 6.5% of non-capital/infrastructure ODA. As the largest UN donor, UNDP represented only about 1% of ODA. Considering this, what can UNDP really achieve? As highlighted in the following sections, development results depend more on the power of ideas than the

power of money. If spent well, even small funds can make a difference.

## KEY ISSUES

The report *“UN in Viet Nam: Partnership: A review of 20 years of cooperation”* (1997) pointed to three major shifts in the policy and programme environment over the last 20 years: (a) a transition towards market-oriented reforms of economic management; (b) a change in the climate for external development assistance; and (c) policy and operational changes within the UN itself.

The Viet Nam UNDP office has actively attempted to address these shifts, and has generally succeeded. Nevertheless, there may be room for adaptation, especially in terms of the niche UNDP occupies within the larger ODA community, tightening of the programme portfolio, and expansion of the tools and approaches applied. This report attempts to ascertain whether the support, strategies and priorities of UNDP have represented a strategic response and positioning that have made a difference in the country.

The organization of the report reflects the scope of the evaluation. After this introduction, the report presents — in summarized terms — development performance and key issues in Viet Nam (Chapter 2). Chapter 3 analyses how UNDP has responded to these circumstances and positioned itself to contribute to national development results in the areas of governance, human development and environment. Finally, Chapter 4 outlines lessons learned, emerging issues and recommendations, as well as a vision for the future. In order to reflect the richness of the development experience in Viet Nam more fully, Part II of this report provides more details, background facts and analyzes of selected development subjects and UNDP support.





## Development performance and key issues in Viet Nam

Viet Nam saw the culmination of its 30 year struggle for independence in April 1975, but its political and economic isolation continued well into the 1980s. The turning point came in 1986, when the 6th Party Congress made its landmark commitment to economic renovation (*doi moi*). The *doi moi* reform process was aimed at transforming the national economy from a centrally planned system into a market oriented one and gradually integrating it into the world economy. It also provided the basis for rapid human development by opening up new economic and cultural opportunities for all the Vietnamese people.

The 7th Party Congress held in 1990 adopted a 10-year “Strategy for Socio-Economic Stabilization and Development” for the period 1991-2000. Circumstances in the country were very difficult at that time. The Soviet Union, Viet Nam’s main supporter in the 1980s was collapsing and the economic embargo by the USA and its allies was still in force (it was removed in late 1993). Affected by a series of natural calamities, Viet Nam was in the middle of an economic and social crisis, with 70 percent of its population trapped in absolute poverty, an inflation rate of 100-300% a

*By successfully implementing the 10-year strategy for the period 1991–2000, Viet Nam has achieved remarkable progress in strengthening the national economy and improving the well-being of the vast majority of its people.*

year, and a low rate of growth. The 10 year strategy for 1991–2000 took the *doi moi* reform process much further, covering all sectors of the economy and leading to significant changes in economic and social conditions.

## ACHIEVEMENTS

By successfully implementing the 10-year strategy for the period 1991–2000, Viet Nam achieved remarkable progress in strengthening the national economy and improving the well-being of the vast majority of its people. These achievements can be summarized as follows:

- Average **GDP growth** of 7.6% per annum, doubling the size of Viet Nam's economy.
- Reduction of the **rate of poverty** by half, from 70% of the population to 35%.
- Sustained growth of 4.2% in **agriculture**, making Viet Nam the second largest exporter of rice and third largest exporter of coffee in the world. Agricultural exports quadrupled between 1991 and 2000, to 4.3 billion USD, constituting 30% of the country's exports. The area covered by forests increased from 23% of a total to 28%.
- An **industrial growth** rate of 11.2 % per annum, raising the share of industry from 23 to 37% of GDP and bringing about a major change in the structure of the economy. Within the industrial sector, foreign-owned industries have expanded more than 20 % per annum.

- **Export** earnings that grew at a rate of 20% per annum, reaching 14.6 billion USD in 2000, an amount five times larger than in 1990. Manufacturing exports expanded at an even faster average rate of 28% during the decade.
- Considerable improvement in **macro-economic indicators**. The budget deficit as a percent of GDP is now only 2–2.5% and the rate of inflation is below 5%. The exchange rate is stable and the country's debt burden is low, with a debt service ratio of about 10%. National savings in 2000 was over 25% of GDP.
- The level of **literacy** increased from 80% to 90% and the system of health services expanded. Malnutrition among children has been reduced from 45 to 33%.
- The rate of **population growth** down from 2.3 to 1.4% and the average life expectancy improved from 65 to 68 during the decade.
- With the rapid pace of growth, an annual rate of new **job opportunities** that has gone up to almost 1 million, enough to absorb a substantial portion of new additions to the labor market.
- A major programme to improve **public administration** and to decentralize power from the center to the provinces, and from the provinces to districts and lower levels, is being undertaken to promote democratic governance and establish a participatory system of service delivery at the local level.

## DEVELOPMENT PERSPECTIVES IN VIET NAM

Three national strategy documents have set the framework for UNDP assistance to Viet Nam during the period under review, with considerable continuity of focus among them.

■ **The Socio-Economic Stabilization and Development Strategy (SESDS, 1990-2000):** Approved by the 7th National Congress of the Party in 1991, this Strategy provided the antecedents for many of the issues picked up later in the SEDS and CPRGS described below, while focusing on the challenges arising from the launch of *doi moi*.

■ **The Socio-Economic Development Strategy, (SEDS, 2001-2010):** Approved by the 9th National Congress of the Party in April 2001 and by the National Assembly in October of the same year, the SEDS was formulated in much better circumstances and economic conditions than the prior strategy, and is therefore more ambitious and far reaching. It was prepared by the Party based on two major findings: (i) that most of the main targets for the previous decade had been met; but (ii) that there were still major weaknesses with regard to economic efficiency, the development of a broad base of productive forces, the condition of the financial system, the quality of education and training and the difficulties being encountered by particular segments of the population, such as ethnic minorities. In light of this assessment, the goals of the SEDS (see Box 1) are ambitious and will require rapid growth and a further shift in the structure of the economy over the period 2001-2010:

- Achieving an economic growth rate of 7% per annum in order to double the GDP once again by 2010
- Raising the level of investment from 28 to 35% of GDP
- Maintaining a rate of export growth that is twice the rate of GDP growth, i.e. 14% per annum
- Increasing industrial production at the rate of 10 % per annum and further improving the structure of the economy by raising the share of industry from 35 to 40%, with a

#### BOX 1: GOALS OF THE 10-YEAR STRATEGY (SEDS)

- Eradicating hunger and hardcore poverty
- Universal secondary education for all
- Reducing the rate of malnutrition among children from 33 to 15-20%
- Increasing life expectancy from 68 to 70-71 years
- Improving other indicators included in the Human Development Index (HDI)
- Raising the forest cover from 28 to 43% in order to further improve the environment

corresponding decline in the share of agriculture from 25 to 16-17%

- Reducing the burden of population on the land, with the rural labor force declining from 66 to 50% of the total and the urban population increasing from 25 to 33%

■ **The Comprehensive Poverty Reduction and Growth Strategy (CPRGS):** Approved by the Prime Minister in May 2002, this is the PRSP document for the country which translates the objectives, institutional arrangements and policies of the 10-year strategy and the 5-year plan for 2001-2005 into detailed specific action plans. It incorporates the Viet Nam Development Goals (VDGs), an adapted and expanded version of the MDGs, which provide another set of benchmarks for economic and social progress in the years ahead.

These goals and targets are ambitious but necessary. Despite the impressive progress of 1990s, Viet Nam remains a low-income country with almost one third of its population, 30 million people, still living in absolute poverty.<sup>3</sup> The rate of unemployment remains fairly high, and each year in the coming decade one million young people will be joining the labor force.

#### CHANGE FACTORS

In assessing Viet Nam's significant achievements, it is important to identify the critical factors

3. This estimate of poverty is based on the internationally accepted definition of poverty. Viet Nam uses a lower definition of poverty according to which only 17% of the population is currently below the poverty line.



*The most important change factor in Viet Nam was undoubtedly the policy of land reform and agricultural liberalization in the late 1980s.*

that brought about such dramatic changes in policies and strategies. What catalyzes positive changes is difficult to predict. It can be the buildup of internal socio-economic pressures and concerns about maintaining stability. It can be the dissemination of new information that creates healthy debate and provokes a policy or institutional response. It can be emerging prospects that call for a change of course. New, powerful ideas can certainly promote change, provided they are timely and pursued with competence and credibility on a sustained basis. Of course, change often begets change, and some of the policy, legal and institutional reforms catalyzed by these factors have also led to further changes and adjustments.

The *most important* change factor in Viet Nam was undoubtedly the **policy of land reform and agricultural liberalization** in the late 1980s. Following chronic food shortages in the 1970s and farmers' agitation in some provinces, limited land reforms were introduced in 1978. The *doi moi* programme initiated in 1986 introduced more fundamental reforms and substantially (though not fully) liberalized the agriculture sector. Cooperatives were broken up and land was given to farmers on 30 year leases, with freedom to cultivate the crops of their choice and to set up non-farm enterprises. This reform led to a sustained increase in agricultural output, created demand for more rapid industrial growth and also reduced poverty at a very rapid pace.

The *second* important factor was the **liberalization of markets and prices** — the open door policy. This expanded opportunities for trade and small enterprises in the private sector. It has now been further liberalized through the "Enterprise Law" passed in 1999. The open door policy attracted a large number of foreign companies to Viet Nam. These new industries are able to meet

growing domestic demand and take advantage of low wages for export. Foreign investment has now stabilized at the level of about 2 billion USD a year, after reaching a peak of 3 billion USD a year in the period 1995-1998, before the Asian economic crisis. Total investment as a percentage of GDP increased from 21% to 28% over the decade and the output of foreign owned enterprises now constitutes 30% of the total industrial output, compared to 40% from the state-owned enterprises and 11% from the domestic private sector.

The *third* contributing factor was the **reform of public administration**, ranging from the restructuring of publicly-owned enterprises to the decentralization of authority in order to enhance the quality and efficiency of governance and simplify administrative procedures. The decentralization process has been underway for some time, but is now being extended on a more systematic basis.

The *fourth* important source of progress was the **acceptance of a broader concept of human development** that goes beyond incomes, education and health to enlarging choices and opportunities for the people. This broader concept flows directly from Viet Nam's socialist philosophy of "a rich people, a strong nation, and an equal and civilized nation" and lays the basis for institutional and governance structures that have broad popular support. Viet Nam is implementing many aspects of this vision in an effort to bring about lasting changes in the material and social life of the people.

*Finally*, the overriding factor which facilitated the reform process and its effective implementation, was **political stability**. The cautious approach adopted by Viet Nam towards the pace of reform was very likely influenced by witnessing the instability in many of the former Soviet Bloc countries that attempted speedy transitions without taking adequate time to develop the necessary supporting institutions. Another influence was the 1997-99 regional financial crisis that affected a number of neighboring countries previously

considered models for the developing world due to their close adherence to orthodox development policies. In Viet Nam, the collective leadership and party structure showed wisdom and foresight in adopting the renewal (*doi moi*) policy and gradually developing a process with considerable popular support. Despite its many limitations, the leadership has been able to admit weaknesses and inadequacies and take corrective steps to prepare the ground for the next phase of reform.

All of the national change factors described above have influenced the nature and success of UNDP support for development priorities in Viet Nam. In addition, **three aspects of a more external nature** have been particularly influential on UNDP assistance:

- a. **The reforms announced by the UN Secretary-General in July 1997** to foster closer collaboration among UN agencies, mainly through strategic planning instruments at the country level such as the Common Country Assessment (CCA) and United Nations Development Assistance Framework (UNDAF). Another phase of these reforms was launched by the Secretary-General in 2002 to reinforce harmonization and simplification of programming, administrative and financial procedures. The UN system in Viet Nam completed its first CCA in 1999, which was called “*Looking Ahead*”. The reforms were further developed in a poverty assessment supported by the government, donors and the UN (“*Attacking Poverty*”, 2000) and two UNDAFs, I (1998-2000) and II (2001-2005).
- b. **The UN Millennium Summit in September 2000, and the adoption of the Millennium Declaration** which contained a set of universal norms dealing with peace and security, democratic governance, human rights and development. With regard to development, the Millennium Declaration included a promise to achieve a specific set of development

targets — most notably, the halving of extreme poverty — by 2015. These targets, systematized subsequently as the MDGs, are now the centerpiece of global development efforts. UNDP and the UN Country Team have helped to launch two MDG reports in Viet Nam (in 2001 and 2002) and have begun work on a third report for 2003. Furthermore, they have participated in the “localization” process for the MDGs and in the CPRGS, and in the preparation of policy papers for most of the MDG areas.

- c. **Strategic shifts in the UNDP mission.** The period under review was one in which UNDP itself underwent important strategic shifts<sup>4</sup> requiring: consolidation of UNDP services around a set of six practice areas; a systematic approach to results-based management; a shift from micro interventions to policy pilots and knowledge-based advisory services; the initiation of partnerships as a central feature of UNDP’s work; and a major re-profiling of country offices to build substantive expertise.

## KEY DEVELOPMENT ISSUES

These change factors have to be carefully analyzed in light of the changing regional and global situation in order to identify the key development issues that must be addressed if the ambitious goals and targets of the 10-year development strategy are to be achieved. Viet Nam’s leaders and development partners agree that the country will not be able to achieve the economic and social transformation it desires without further policy changes and institutional reforms in all major sectors of the economy. The priority and sequencing of these changes and reforms requires consideration of many important issues.

The 10-year development strategy itself recognizes many weakness and inadequacies, such as lack of efficiency and competitiveness

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4. Mainly, the Multi-Year Funding Framework (MYFF, 1999-2003) and the Business Plans for 2000-03.

in the economy, low value of domestic savings, inappropriate production relations, negative effects of bureaucratic obstacles and inadequate banking and financial services on the business environment, and low quality of education and training.

A careful study of strategy documents prepared by the government and supporting documents prepared by development partners clearly highlights two important factors. First, the reforms and policies which led to the achievements of the 1990s cannot by themselves sustain the pace of progress or help to achieve the very ambitious targets for the next decade. These reforms and policies have to be deepened and refocused. Second, the next types of reforms will be more difficult than those initiated in the 1990s. New problems are emerging, such as increased disparities, unsustainable use of natural resources and stiffer competition from Viet Nam's trading partners. Viet Nam also faces the difficult task of adjusting its institutional arrangements to the demands of a socialist market economy, with much higher levels of efficiency, transparency and accountability.

The key development issues and policy choices that confront the government are outlined below and summarized in Box 2.

### **1. Economic growth and private sector development**

The *first* set of issues arises from the need to **expand the growth of business enterprises** in the private sector. Currently, state-owned enterprises (SOEs) in Viet Nam are large and powerful but not very efficient. Formal business enterprises in the private sector are more efficient but are relatively small, representing only 11% of industrial output, one fourth of the amount contributed by SOEs.

#### **BOX 2: KEY DEVELOPMENT CHALLENGES**

- 1. Economic growth and private sector development**
- 2. The changing role of the state and decentralization**
- 3. Growing inequality and poverty eradication**
- 4. Effective management and use of national and other resources**

Privatization of SOEs, as other socialist countries in transition have found, is not an easy option in the absence of a strong private sector with its own capital or borrowing capacity. Viet Nam has so far privatized only 875 out of 2800 enterprises that were selected for privatization from a total of 6000 public sector enterprises.

The other option, that of restructuring SOEs, could be a long and arduous process. A practical course would be to push vigorously for expanding the domestic private sector by providing a level playing field, protecting business rights and providing access to land and credit facilities. As the private sector expanded, the relative role of SOEs in the economy would automatically shrink. Meanwhile, the restructuring of SOEs would need to be continued at the maximum feasible pace.

A strong private sector requires a strong banking system, one which not only lends money but also improves the efficiency of investment by promoting good business practices, and follows strict commercial criteria in its lending operations. A strong banking system, however, cannot be developed without a strong and independent central bank. An independent central bank is needed to supervise the functioning of the banking system and ensure that foreign banks do not crowd out the growth of domestic private banks.

The private sector also requires a healthy and well-functioning stock market. The first stock market in Viet Nam was established only in July 2000 in Ho Chi Minh City. The second is about to be set up in Hanoi. There is an urgent need for comprehensive corporate laws, as well as an independent security and exchange commission to regulate the functioning of the capital markets and ensure that companies observe corporate laws. Proper auditing of companies will require a growing number of chartered or incorporated accountants. Moreover, Viet Nam may need to protect its stock markets from volatile foreign investment funds.

Another prerequisite for building a strong and competitive private sector is an efficient legal system that can provide a professional regulatory framework for the growth of business activities. Small entrepreneurs who earn their initial capital through trade should be able to borrow money from the banking system and set up medium or large scale enterprises without much difficulty, according to prescribed rules and criteria.

The rule of law has already become the main management instrument in Viet Nam. To carry the reform process further, the quality of laws and regulations has to be improved and made more transparent. It is equally important to improve the autonomy and status of the judiciary. The real test of the supremacy of the rule of law will be the assurance that the judiciary is stronger than the government regulatory agencies.

The government has already recognized the need for institutional reforms in the banking, corporate and legal sectors, but the pace of implementation has been relatively slow. Even after the government has made policy decisions, it will take considerable time to train a cadre of professional bankers, chartered accountants and corporate lawyers. It will also not be easy to develop a culture of efficient corporate management capable of functioning in an autonomous manner. The process of globalization is moving very fast and Viet Nam does not have much time to improve the competitive strength of its economy.

## 2. The changing role of the state

The *second* set of issues lies in the area of **public administration**. The Master Plan for Public Administrative Reform (PAR), approved in September 2001, is designed to decentralize authority, simplify the process of issuing legal documents and improve service delivery at the local level. An Enterprise Law was already adopted in 1999 to promote small and medium enterprises. A large number of pilot PAR projects have been undertaken to test practical solutions to administrative problems, but the pace at which successful pilot projects are being replicated in other provinces or districts

*The rule of law has already become the main management instrument in Viet Nam. To carry the reform process further, the quality of laws and regulations has to be improved and made more transparent.*

is extremely slow. Other issues needing urgent attention include the reform of public sector expenditures, the financial relationship between the central government and the provinces, the processes for the release of funds for approved projects, and the audit system for public expenditures and monitoring of construction works. Economic growth can lead to poverty reduction only if there is an efficient and decentralized system to promote small and medium-sized enterprises in the private sector and improve delivery of services to the public. The expansion of government websites that post all rules and regulations that affect the people will greatly improve transparency and promote a two way flow of information.

## 3. Growing inequality and poverty eradication

The *third* set of development issues arises from the prospect of a **widening gap** between urban and rural incomes. The first phase of reform in Viet Nam which brought about the dramatic results of the past decade concerned land reform and liberalization of the agriculture sector. The fruits of growth were widely shared between urban and rural areas, and there was a sharp reduction in the level of poverty. The emphasis of the second 10-year development strategy for 2001-2010 is on modernization and industrialization. This could lead to growing inequality between the urban and rural areas. As a result, the same pace of growth (7% per annum) will not reduce overall poverty in the next decade to the same extent as it did in the 1990s. The real challenge is to preserve the “quality” of growth to ensure that it reaches all segments of society, including minorities and remote communities. It is also important to maintain a gender focus in all poverty reduction efforts. These challenges can only be met through a

comprehensive strategy for rural development because 75% of the Vietnamese people live in rural areas.

The government has already identified five main components<sup>5</sup> of a rural development strategy, but these do not include adequate measures for improving land tenure and rural markets. Many farmers face serious obstacles in realizing the full potential of Viet Nam's rich natural resources. The average farm size is 0.8 hectares, but over half the farmers have less than one fourth of a hectare, often in scattered lots. Since farmers do not "own" the land but lease it from the government, they cannot borrow money using the land as security. Banks are in any case reluctant to treat land as collateral. These obstacles need to be removed to enable the farmers to increase yields through investment in technology, diversify into higher value crops, and organize themselves to gain better access to domestic and international markets.

There is an urgent need for an accelerated pace of rural industrialization in each province, according to its priorities and natural resources, to promote the growth of agro industries and agro services in rural areas. These businesses will not only meet the growing requirements of agricultural diversification but also provide employment in rural areas and lead to the growth of secondary centers of industrial activity around small towns, thus discouraging migration to the main cities. Such a programme of rural industrialization will, however, require considerable investment in rural infrastructure and farm-to-market roads. Provincial and district authorities would require substantial additional resources to build such infrastructure, attract rural industries and expand opportunities for agri-business.

#### **4. Effective management and use of natural and other resources**

The *fourth* set of issues concerns the need to ensure industrial growth while preserving the

country's resource base and **environmental security**. The area under forest cover is increasing, but the pressure of population on the land is enormous. Industrial pollution is spreading, and despite the potential for use of hydro power, the energy sector may emerge as a serious bottleneck. While environmental challenges may appear less pressing than the imperatives of growth, poverty eradication and reform, farsightedness concerning the linkages between development and the environment would help sustain the future growth potential of Viet Nam.

Effective and efficient **management and use of resources** also involves consideration of the size and focus of public sector expenditures for poverty reduction, along with the resources available through private investment and ODA. Overall economic growth, especially agricultural growth and employment-intensive industrial growth, is no doubt critical for poverty reduction, and in that context all public sector expenditures on transport, electricity, urban development, education and health have been categorized as poverty-related expenditures in the Comprehensive Poverty Reduction and Growth Strategy. But within such public expenditures some expenditures have a more direct impact on the poor. It is important to identify them and develop special mechanisms that will maximize their impact on the poor, particularly the very poor who are outside the mainstream economic sectors. Considerable restructuring is also needed in the composition and thrust of expenditures for the Hunger Elimination and Poverty Reduction Programme.

Viet Nam's capacity to formulate strategies, action plans and targets is currently far ahead of its capacity for implementation. There is an urgent need for delegation of responsibility for implementation, and transfer of financial resources, to provincial and district authorities. Simultaneously, the audit and supervisory system should be strengthened to ensure that the resources transferred are well used.

5. The five main components of the rural development strategy are: i) intensifying agricultural production, ii) diversifying agricultural production, iii) expanding off-farm employment in rural and urban areas, iv) ensuring that the benefits of rural growth are shared equitably and v) improving sustainable management of natural resources. (Rural Development Strategy 2001-2005)

The six pillars<sup>6</sup> of comprehensive development on which the 10-year strategy is based are important, but it may not be possible to undertake all the reforms at the same time and at the same pace. In view of the limited financial and human resources available, the tasks of assigning relative priorities and identifying reforms that can mutually reinforce each other are perhaps the most difficult challenges facing Viet Nam's decision makers and development partners.

*Finally*, the reform process must be managed in a manner that promotes positive change without disturbing **social and political stability**. The most critical actions in the pursuit of this vital objective involve expanding access to knowledge, drawing on international experience and undertaking objective analysis of policy options. As a de facto one-party Communist State, Viet Nam has moved in a very careful step-by-step manner towards a "socialist oriented market economy", with a gradually increasing role for non-state sectors. Given the country's history, its focus on stability

will continue to exert an important influence on the direction of future assistance.

All of the challenges above point to an increased focus on the challenges of development at the provincial and district level in Viet Nam. With regard to the role of the state, the balance is shifting between functions handled by central and decentralized institutions. The goal of poverty eradication requires support for private sector growth in the rural areas and this demand for regional development increases the need for effective and sustainable use of natural and financial resources locally.

As shown in the following chapter, UNDP has played a significant role in the implementation of reforms over the past 17 years. As UNDP prepares to expand this role in the coming years, in cooperation with other development partners, it should keep in view these emerging development issues and the importance of strategic interventions that can address these issues.

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6. The six pillars are: (i) creating a supportive climate for enterprise, (ii) transforming the rural economy, (iii) enhancing human capacity, (iv) providing efficient infrastructure services, (v) improving environmental quality, (vi) building modern governance.





## 3 Development results & UNDP contribution

This chapter analyzes national development results and UNDP's contribution to these results, including how well UNDP positioned itself and responded to the evolving development challenges in Viet Nam and the priorities of its government, building on the organization's comparative advantage and taking into consideration the support available from other development partners.

### **STRATEGIC POSITIONING OF UNDP**

UNDP programming has been undertaken in extremely dynamic, even turbulent, conditions. A viable, consistent and effective response has had to be mounted, taking into account not just evolving country conditions but also major organizational reforms. UNDP has performed a creditable job in responding to some of the most strategic opportunities for assistance to Viet Nam, a considerable accomplishment given the complex array of changes which had to be accommodated during the period. This is especially valid in the areas of governance and poverty reduction, where assistance has responded to issues at the heart of the unfolding reform process: a more open economy; reform of the institutional framework for a socialist market economy; capacity development of the executive and legislative branches of government; decentralization; poverty monitoring;



and development of targeted programmes, such as social safety nets.

In particular, UNDP has managed to stay in step with the emergence of major development concerns in the country. In a number of instances, UNDP has been a “first mover” in areas which have since gained increasing attention on the part of other development partners. This outcome may be indicative of the knowledge and insight conferred by a long and intensive engagement with the country. The most significant examples of this “first mover” phenomenon are:

- UNDP’s understanding of the importance attached by the government to the SEDS, which remains the bedrock strategy document for the country;
- sustained advocacy on the concept of human development, which has captured the thrust of, and also influenced, development thinking, establishing a more fertile ground for the CPRGS;
- early investments in the Viet Nam Living Standards Survey (along with the World Bank), which is now a key component of the country’s institutionalized survey programme;
- a concern with targeted programmes which other development partners have shied away from but which are now assuming increasing significance for reducing disparities, dealing with the effects of SOE reform and managing the transition to a more open economy;
- attention to public administration and legal reform, which have become central to development management in Viet Nam;
- advocacy for sustainable development concepts which, in turn, has led to the approval of the first national sustainable development strategy and the gradual integration of such issues into national development plans;
- support given to the National Assembly to improve its capacity for budget oversight, which anticipated the growing influence of the legislature in Viet Nam’s system of governance; and,
- most recently, the considerable advocacy carried out on HIV/AIDS, which is drawing attention to the dangers the pandemic poses to the country’s future development potential.

**Partnerships.** With its early presence in Viet Nam, UNDP’s role in aid mobilization and coordination can be traced back to its assistance to the government in preparing a country economy report in 1992, its co-chairmanship of the first International Donor Conference in November 1993, and the government’s formal request at that conference for UNDP to play the lead role in providing technical assistance for capacity building and aid coordination. Since April 1995, UNDP has organized and chaired the Monthly Donor Group Forum (MDGF) which brings together senior officials from the government and the international development community.

Based on experience in Viet Nam showing that development partnerships are most effective when they are nationally-led, UNDP has been able to establish a range of partnerships with the government, the National Assembly, and the Party, and has encouraged government leadership in many of the partnership groups in Viet Nam.

Within the larger development community in Viet Nam, a number of coordination mechanisms exist for different sectors and/or subjects. In connection with a report on the “Drive to Partnerships” for the 2002 Consultative Group meeting, UNDP served as the key donor contact for partnerships on poverty, gender, environment, civil society, HIV/AIDS, natural disasters and public administration reform. These subjects generally correspond to areas where UNDP is playing a leading role, often in cooperation with other development partners. Other partnership groups have been established to address issues related to the Viet Nam Business Forum, SOE reform, banking, trade, education, health, forestry, the poorest communes, water, transport, urban development, the legal sector and public finance management.

The relatively “bilateral” slant to the development environment in Viet Nam, where there are over 25 donors involved, underscores the need for partnering and coordination around key issues. There is limited evidence overall of proactive efforts

by UNDP, especially in the early part of the period under review, to forge partnerships with other development actors in areas where this would have substantially improved the relevance and effectiveness of assistance. The missed strategic opportunities for partnership among UN agencies, for instance, on decentralization and poverty monitoring, have been costly for UNDP in terms of its effectiveness as a coordinator and its potential for greater strategic relevance. While the situation has improved recently, the need for closer collaboration has become more urgent as a consequence of the UN system's global commitment to vigorous collective action in support of the MDGs. Closer substantive partnerships, demonstrated results, and improvements in implementation speed and delivery capacity are needed to enhance the perception of the UNDP country office by development partners and fulfill the potential for financial cooperation.

**Operational flexibility and portfolio management.** UNDP has demonstrated considerable initiative in offering different types of interventions to meet the particular needs of the country, and professional judgements as to the most appropriate means of tackling specific issues. Programme modalities in Viet Nam have been restructured in recent years to respond to valuable lessons learned from past assistance, generate new information and ideas, and support UNDP's global mission of being a policy-driven capacity building organization for poverty reduction. The improvements in portfolio management have been positive and should be continued.

A striking feature of the UNDP programme portfolio is its size in terms of number of projects. Over the 10-year period covered, the portfolio includes approximately 225 projects. This would require complex portfolio management under any circumstances. Given the range of sectors covered, it becomes apparent that UNDP has indeed responded well to varying national demands and priorities. However, this responsiveness may also be a disadvantage to the country office and the government — including the risk that the administrative workload associated with so

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many projects could detract from substantive focus and dialogue.

## EMERGING ISSUES

The outlook and approach of UNDP are strongly influenced by its long presence in Viet Nam, which predates by a decade or more the operations of all but a few bilateral development partners and UN agencies. This privileged position enabled UNDP to establish a close relationship of trust with the government, acquire deep knowledge of the country and make a substantial contribution to key developments. Yet satisfaction with these early achievements should not keep UNDP from adjusting adequately to changed circumstances in the country, which started in the late 1990s when more multilateral and bilateral development partners became involved in Viet Nam.

Although UNDP has done reasonably well in its strategic positioning, overall the organization is still in an unfinished transition from its historic role to a more limited, but perhaps equally valued, mission better suited to the current, very different, operating environment. A number of factors are relevant to this transition:

- **First**, successful strategic positioning is shaped, to a significant extent, by the coherence of an organization's engagement with a country in terms of the scope and **variety of its portfolio**. In Viet Nam, UNDP is still trying to do too much, especially when the country has many more options for development assistance. There are currently 46 projects in the portfolio, in at least ten sectors or thematic areas, ranging in size from 17,000 USD to 8 million USD. This is not conducive to clarity and precision

about the role of UNDP in the country. Although the wide range of projects may be due to historical factors, these same historical factors can guide UNDP to a more limited but substantial role in areas where mutual trust, a close relationship with the government and a long country presence can make a critical difference.

- **Second**, there is a link between the public administration reform process in Viet Nam and the project execution modalities and monitoring approaches applied in connection with UNDP projects. The PAR is aimed at simplification, client orientation, greater efficiency and enhanced accountability for both finances and results — and ultimately a more business-like running of public service. Development projects that are part of the national framework should exhibit the same characteristics. A review of UNDP implementation approaches, monitoring, evaluation and execution for future needs may be useful for enhancing **operational flexibility**.
- **Third**, successful strategic positioning is a contingent and contestable achievement — contingent because it depends on **results accomplished** and contestable because other actors can claim the same strategic position. UNDP may have picked some of the most strategic issues to work on, but has it delivered in its areas of responsibility? In some key areas, progress has been slow and desired outcomes are still some distance in the future. The reasons for this are complex — including factors which are beyond the control of UNDP — but, as this report shows, there are also factors which relate to the

organization's skill and capacity to deliver. UNDP should continue to strengthen its internal capacities and results orientation to maintain its strategic position in key areas.

- **Fourth**, maintaining a strategic position depends on the web of **partnerships** woven around the role played by UNDP. As described earlier, the tendency in the past has been to take a relatively isolated approach. To be fair, this reflects the effects of an earlier organization which was inward-looking in its operations globally. One determining element for the future strategic position of UNDP in Viet Nam will be UNDP's ability to implement effective development partnerships.
- **Finally**, UNDP's future role in Viet Nam will also be influenced by the changing development conditions in the country, the convergence of several inter-connected development challenges, and the increasing complexity of development management.

The above parameters should be kept in mind when analyzing UNDP's contribution to results in meeting the four development challenges highlighted in Chapter 2 on the development situation, namely:

1. Economic growth and private sector development
2. The changing role of the state and decentralization
3. Growing inequality and poverty eradication
4. Effective use of resources

The sections below on development results and the UNDP contribution are substantiated in more detail in PART II: Background Report.

## 3.1 ECONOMIC GROWTH AND PRIVATE SECTOR DEVELOPMENT

### ACHIEVEMENTS

Perhaps the most critical policy shift made possible by the adoption of the *doi moi* principles in 1986 was a recognition of the crucial role of

the non-state sector. By 1992, the new Constitution fully recognized the freedom of businesses and the principle of equality before the law for all sectors of the economy. Land reforms and removal of agricultural quotas in

the 1980s kicked off a period of impressive economic growth in Viet Nam, and dramatically reduced poverty in rural areas.

Subsequently, a number of other regulations were passed to promote private initiatives. These included licensing reforms, streamlined business registration, amendment of the Foreign Investment Law, passage of the Law on Promoting Domestic Investment, and enhancement of the regulatory environment for business services. UNDP played a key role in this reform process.

One of the most significant achievements in national development was the explosive growth in private enterprises following adoption of the revised **Enterprise Law** and other key decisions liberalizing the regulatory framework for business. The changes arose more from reform of the public system than from strengthening of the private sector from within. Enactment of the Enterprise Law in 1999 (effective in 2000) catalyzed a rapid registration of around 60,000 domestic businesses with a total investment of 5.3 billion USD. Although still subject to a difficult business environment, the private sector has shown itself to be the most efficient creator of new and sustainable jobs. The Enterprise Law had a similar effect in unleashing the potential for development of small and medium-sized enterprises as the earlier land reforms had for agricultural development.

Export growth averaged over 20% per year throughout the 1990s. The share of private sector enterprises in non-oil exports increased from 3% in 1990 to 52% in 2000. The state now accounts for about 9% of total formal employment. The private sector employs more than 34 million people. With an increasingly favourable climate for investment, the number of foreign enterprises in Viet Nam rose from 108 in 1990 to 2,500 in 2002.

## THE UNDP ROLE

UNDP made an important contribution to the more favourable regulatory, legal and institutional framework for private initiative. UNDP was instrumental as a key driver in the

early push for rice price and land reform, and maintained its influential role through the enactment of the recent Enterprise Law. UNDP put its comparative advantage to use by encouraging the government to support the private sector, to a large degree through its project VIE/97/016 “Strengthening the regulatory environment for business”, co-funded by AusAid.

Although not large in financial terms, UNDP’s support for integration of Viet Nam into the world economy has been generally targeted and effective, particularly during its peak in the mid-1990s, when UNDP assistance supported Viet Nam’s entry into ASEAN (1994) and helped to establish the Mekong co-operation (project VIE/97/010). This support area is now being expanded. To a lesser degree, UNDP has also supported reshaping of the character of the state-owned enterprise sector.

## CHALLENGES: A LEVEL PLAYING FIELD AND INCREASED COMPETITION

In spite of achievements in promoting private enterprises, the state sector is still large compared to the private sector. A key focus of government policies in recent years has been to “level the playing field” in the market arena, between the state and private sectors, between large and small enterprises, and between domestic and foreign companies.

Two challenges are particularly noticeable:

- **Inadequate supporting systems.** Although some additions to the enabling framework are still needed, such as the Competition Law currently under preparation, the basic regulatory framework is in place. Now, more *structural* changes are needed, relating to banking sector reform, taxation and fiscal reform, development of local capital markets, support systems to promote SMEs, trade and export promotion, quality information on markets and rents, and technology and education policies.

*“Many administrative procedures are still cumbersome and excessively regulated, creating opportunity for abuse of power and corruption by State officials. Administrative procedures that cause obstacles for the people and business still prevail.”*

**Member of the Government Steering Committee  
for the PAR Master Programme**

- **Competition.** Thus far, the economic growth, and associated poverty reduction, in Viet Nam has been driven by internal reform of the domestic economy. With integration into the international economy, disparities will undoubtedly arise as gains from trade are concentrated in certain sectors and parts of the country, and these disparities will need to be mitigated.

**In conclusion,** the objectives in the CCF are still valid, in terms of “further defining

and facilitating the respective roles of the State and the non-state sectors in a market-oriented economy under state management.” The comparative advantage of UNDP lies in supporting the Viet Nam government’s private sector reform and globalization programmes, rather than in direct technical assistance to companies, or reform of state-owned enterprises.

The efforts of UNDP in supporting private sector development in Viet Nam should focus on ensuring that the gains of recent years can be sustained and that further privatization does not disadvantage the poorer segments of the society. This means that special attention must be given to local and rural businesses. In view of the looming deadlines for WTO accession, Viet Nam would also benefit from a clear strategy for economic integration that takes into account the linkages between trade, globalization and poverty.

## 3.2 GOVERNANCE REFORMS: THE CHANGING ROLE OF THE STATE

The continued patterns of equitable growth in Viet Nam can be credited, in part, to the changes in governance, philosophy and practice that have begun to transform the economy and society. The process of ‘renovation’ (*doi moi*) that began in 1986 was solidified with the promulgation of the 1992 Constitution.

There are two specific clusters within this reform process where UNDP has been active: (a) reorganizing the government, especially in terms of public administration reform and public expenditure management; and (b) changing the role, and building the capacity, of the governing institutions (the National Assembly, locally elected bodies and the judicial system).

### A. PUBLIC ADMINISTRATION REFORM

With the start of *doi moi* in 1986, the concept of modern public administration progressively

took shape, becoming clarified in a systematic manner in the PAR Master Programme (PAR MP) in 2001. From that point onwards, the management of the reform process has taken on an increasingly organized and professional outlook. The progress over the years has been uneven; parts of the state apparatus have benefited from more support than others, partly due to a lack of clear vision regarding this aspect of the reform process.

One of the long-term, and most complex, reform processes in Viet Nam is the ongoing transition of the state apparatus into a dynamic, efficient, client-oriented system within a market-oriented socialist economy. While specific, large achievements are difficult to point to, the changing role of the state can in itself be considered a strategic part — if not the main part — of *doi moi*.

After lengthy efforts to bring all components of government reform under one umbrella

structure, the approval by the Prime Minister of the PAR Master Programme (PAR MP) for 2001–2010 in September 2001 was a major turning point. The MP vision is not one of merely making the state apparatus more efficient — but one of making sure that governmental institutions help create an enabling environment for a market economy. The reforms are linked to principles of: (a) simplification of administrative procedures; (b) decentralization of functions to local authorities; and (c) human resource development to build a capable cadre of civil servants.

A number of measures have been taken:

1. **Streamlining Government.** The Constitution and the Law on Organization of the Government were amended to improve the structure of the government. The government reduced the number of its ministries and issued a decree in 2002 to refine the functions, authority and structures of ministries. Rightsizing of the entire bureaucracy has begun, although at a slower pace than anticipated. The goal of a 25% reduction turned out to be impossible to reach.
2. **Moving towards decentralization with oversight.** Provinces have been granted authority to make decisions on organizational structures at the district level, and People’s Councils were granted more power to supervise the budget allocation process. Meanwhile, the amendment of the Law on People’s Councils and People’s Committees, expected to be completed by the end of 2003, will be an important step towards more effective oversight by elected bodies.
3. **Public finance reforms.** The State Budget Law was amended in 1996 and 2003 to empower the provinces to apportion their budgets according to local needs and to allocate budgets to the district and commune level. ‘Block grants’ allow for greater flexibility in shifting resources among budget lines locally, and pilot

*“UNDP projects created a turning point in public administration reform in Viet Nam.”*

**A specialist from MPI**

‘socialization’ of public services promotes private initiatives. The State Budget Law also established more autonomous financial mechanisms for revenue-generating public service agencies. Fiscal decentralization is impressively high; more than 43% of the national budget is spent through local administrations.

**The UNDP role:  
Coordination and learning**

The UNDP country office has made a particularly strong contribution to the overall public administration reform effort in Viet Nam. The critical contribution of UNDP in this area involved its role in the coordination of the multi-donor and government partnership that reviewed the PAR experience in 2000 and drafted the Public Administration Reform Master Programme in 2001.

UNDP clearly played a leading donor role for Public Administration Reform (PAR). Given that progress has not been constant over the years, the most crucial output from UNDP support is the PAR Master Plan, which finally brought a coordinated framework to the multitude of reform components. Public Expenditure Management, as part of this reform, also changed practices on expenditure planning. UNDP pilot initiatives have represented the first formal attempts at decentralized governance, which remain to be broadened in all provinces. Yet, the future will show whether this strategic area can produce the intended results that are essential to continued reform in Viet Nam.

Support provided by UNDP and the World Bank on Public Expenditure Management enabled the government to complete work on critical revisions to the State Budget Law, introduce pilot efforts in block grant allocations and introduce user fees to ‘socialize’ public

### BOX 3: DECENTRALIZED GOVERNANCE IN VIET NAM

Of all the transformations taking place in Vietnamese society today, aside from the seemingly inexorable advance towards a market economy, decentralization represents the most radical shift away from past practice, and in fact, reinforces the market reforms. However, the first thing one realizes when confronted with decentralization in Viet Nam is that the structure does not conform to traditionally-used definitions. It is not useful to try to decide whether the local governing arrangements in Viet Nam are devolved, de-concentrated, delegated, or divested from the center. They are a combination of all four.

There are a total of 61 provinces, 598 districts and 10,500 communes in the three-tiered structure of Viet Nam's local governance system. The structure of local governing bodies at the provincial, city, district and commune levels in Viet Nam consist of: (a) an elected People's Council that has, in theory, overall supervisory power, but typically meets only twice a year; (b) an executive body, the People's Committee, consisting of Council members selected to undertake fulltime roles; and (c) a team of civil service officials. The relationship between the province (or city) and the center remains somewhat ambiguous, despite recent clarifications on personnel and financial management arrangements.

While political devolution is not a part of the agenda, strengthening political accountability of government to the people clearly is. Since 1998, with the advent of the Grassroots Democracy Initiative, the government has increasingly clarified its stance that 'downward' accountability is at least as important as reporting of achievement upwards to the state.

The process of decentralization is not being carried out evenly in different provinces and cities. So far, only Hanoi and Ho Chi Minh City have legal documents relating to decentralization. There is a perception within the international community, and by many inside the government, that there is a growing gap between the intent of central policies on decentralization and actual implementation capacities at the local level. Thus, the entire process of working out how to align policy-making at the national and sectoral level with semi-autonomous decision-making practices at the provincial and city level will be an increasingly complex puzzle for the government and its development partners to address.

The key to an increasingly rapid process of decentralizing knowledge production will depend upon the ability of the center to synthesize the lessons learned at the periphery and translate these into policy and legal instruments. At the same time, local leaders require a mechanism to assist them in improving their ability to learn from their peers. Inadequately organized information management is a critical factor impinging on the potential of the Viet Nam development process. This is particularly strongly felt in emerging areas, such as public administration, decentralization, and grassroots democracy, where exchange of experiences can "make or break" the processes.

service delivery. The Ministry of Finance acknowledges that the financial aspects of the PAR MP were completed in a timely and organized manner because of the practical and relevant support provided by UNDP.

UNDP has also supported **decentralization** as a cross-cutting strategy in its activities in governance and other development areas. UNDP has supported decentralization efforts through its many projects on PAR and legal reforms. Many of the legal documents, which have implications for decentralization, were developed with technical support and policy advice from UNDP. The linkage of projects at the national level with pilots in provinces has

created a favourable condition for capacity building for decentralization. In this area, the key contribution of the UNDP assistance over the years was that it worked to build the ability of a national cadre able to understand new concepts and techniques in the light of international experience, and put these to use in the context of Viet Nam's current realities, rather than attempting to shoehorn Viet Nam into a pre-determined policy framework. See Box 3.

Furthermore, the first NHDR revealed new data and information on wide human development disparities across the country. This created debate within both the government and the international donor community, and created pressures for a further shift of resources to the most needy areas of the country. Today, virtually all 61 provinces and major urban areas are in the process of collecting data on human development as part of the ten-year strategy implementation and monitoring process.

### Challenges: A future system of fiscal decentralization and accountability

Governance reform in Viet Nam has been broad-based in its administrative, legal, judicial, legislative and empowerment aspects. However, despite efforts to date, the public administration system of Viet Nam remains beset by systemic weaknesses. In preparing the PAR Master Plan, the government clearly identified the current shortcomings in its structure and operations. The key issues that remain to be addressed include ambiguous relations among sectors, overlapping procedures, cumbersome organizational structures, unprepared civil servants and a reactive administrative machinery that is unresponsive to people's concerns.

The major challenges for the future can be summarized as follows:

- **Generating and maintaining momentum at all levels of government** to ensure a strong sense of urgency. This includes

systems for monitoring and oversight, and for feedback to the National Assembly.

- **Systematic learning from experience and replicating success.** The combination of national laws and local innovations has generated a lot of experimentation in the PAR process. Replication of successes, as well as support to those provinces that cannot keep up with the acceptable pace of reform, will be important to build momentum during the long process ahead.
- **Information and communication.** Open and dynamic communication is important at many levels: (a) within the government itself; (b) with donors and projects; and (c) with the general public. A broad-based communications mechanism would enhance awareness of what is being attempted and encourage public involvement in assessing whether there is any discernible progress being made by the agencies concerned with their area.
- **Effective and efficient management of resources.** Decentralization and reform pose increasing challenges for effective management of resources at all levels, so that public expenditure management is fully synchronized with the implementation of other aspects of PAR such as institutional reform, organizational structure reform, and capacity building for civil servants.

**In conclusion,** the past involvement of UNDP in public administration and public expenditure management should enable UNDP to support constructive linkages and bridges within the PAR Master Plan at the national level. UNDP should particularly focus on whether the reforms have a beneficial impact on the poor by supporting principles of balanced development among sectors and among regions of the country, as well as grassroots democracy.

Perhaps the most valuable role for UNDP to play in support of the PAR Master Plan implementation would be to assist local

governments in building their capacity and establishing benchmarks that can be used to compare the progress of similar entities. Such support would be fully in line with decentralized strategies for poverty reduction and rural development.

## **B. REFORM OF GOVERNING INSTITUTIONS**

While numerous changes have taken place in the Vietnamese legal framework, nonetheless, it has yet to meet the requirements of an effective and independent judicial system. One difficulty is the close relationship between the judiciary and the other divisions of government. The Government of Viet Nam distinguishes between an independent judiciary and independence of judicial judgments. Judgments are not subject to legislative review, but judges do not interpret the law, they only apply it. Only the National Assembly Standing Committee has the power to assess the validity of a law. The role of the Party is limited to ensuring that a judgment is in line with the law, not determining the outcome of the trial. The uniqueness of the system makes internalizing lessons learned from other legislative models and applying them to the Vietnamese context even more important. Two areas are of particular interest are: (a) judicial reform, and (b) legislative capacity building and oversight.

### **Judicial reform**

In contrast to many market economies, the judiciary in Viet Nam is accountable to the legislature. The Chief Justice of the Supreme People's Court is accountable to the Standing Committee of the National Assembly and, likewise, the Chief Justices of the local courts are accountable to their respective People's Councils. Recently, responsibility for the administrative management of the local courts was shifted from the Ministry of Justice to the Supreme People's Court. Nevertheless, the distinctions remain somewhat blurred, with, for example, the Chief Justice of the Supreme People's Court serving simultaneously



*The introduction of open debate in the National Assembly was in large part due to the contribution of the UNDP project. UNDP was not the only source of influence, but it was the main source that allowed people in my office to learn experience from other countries and apply it in Viet Nam.*

**Interviewee from Office  
of the National Assembly**

as a deputy of the National Assembly and a member of the Communist Party Politburo.

The rule of law has been steadily replacing the rule of administrative decree over the past fifteen years since the advent of *doi moi*, in line with the 1992 Constitution. Increased resources have been made available for research and training opportunities to upgrade the capacity of judges, lawyers and court staff. The role of the courts has been greatly expanded to include economic cases, and in 2002 the Politburo of the Communist Party passed a decree specifying that judges must comply with democratic principles for a fair trial.

UNDP provided the first international assistance to the **Supreme People's Court** focused on judicial training and exchanges, linked with support to the National Assembly and Procuracy (prosecutor). Through the combination of four projects on legal capacity in Viet Nam, plus projects on 'Strengthening the Judicial Capacity' and 'Strengthening the Supreme People's Procuracy', UNDP provided early and substantial support for legal system reform during the period of the first CCF. Although there is still a long way to go towards finalizing reforms and building capacity in these areas, good ground-work has been established in terms of improved capacity for law-making. The capacity created through UNDP support can be linked to the effective framing of the Legal Needs Assessment (LNA), developed with assistance from UNDP and other development partners.

During the period 2001-2002, an inter-agency group carried out an important review of the legal system that produced a report referred to as the **Legal Needs Assessment**. The report identified 250 priority issues. The key principle for improvement of the legal system introduced by this document was that "citizens can do anything that is not explicitly prohibited, while state institutions and officials can do only what is specifically permitted by the law".

### **Legislative capacity building and oversight**

A key achievement in this area has been the strengthening of the **National Assembly**. In 2002, National Assembly membership was increased from 450 to 498 deputies. The number of permanent full-time deputies was also increased from 100 to 125. This move was undertaken to enable the National Assembly to prepare and promulgate laws and other legal documents at a faster pace than in the past. During the past 15 years, twice as many laws have been promulgated than during the preceding 40 years.

The National Assembly is taking on an increasingly active role in oversight. However, the executive branch still remains the strongest of the three branches, so it is often difficult in practice for the National Assembly to fully exercise its oversight function or to overrule decisions made at the ministerial level. The effectiveness of this legislative oversight function at the provincial, district and commune level is even less certain.

Elements of the new Constitution, and roles of the People's Councils, can be traced back partly to UNDP assistance. UNDP has promoted more openness and participation in parliamentary deliberations and governmental planning.

**In conclusion**, perhaps the most important lesson learned through the implementation of the UNDP assistance to legal and judicial reform processes is that no organization can be assisted alone. The inter-relatedness of the legislature, judiciary and prosecutor, as well as

the Ministry of Justice, requires a holistic perspective. A key challenge is the effective sharing of information, especially concerning the high number of laws and regulations that are being amended.

Given the increased support from development partners in this area, the initial approach of UNDP is worth revisiting. The UNDP office's planned initiative to study people's perceptions concerning access to justice and the rule of law is an excellent stepping stone

for determining a clearer focus of judicial reform. As a comparative advantage, UNDP has demonstrated its willingness to pioneer complex development issues. This suggests that the future challenge lies less in continuing to reform the regulatory framework in general. UNDP support in the judicial and parliamentary sphere should be consistent with a focus on poverty, vulnerable groups and local economic development; in other words, it should take capacity building and reform down to the local level of councils and courts.

### **3.3 GROWING INEQUALITY AND POVERTY ERADICATION**

One of the main thrusts of the government's reform strategy, and UNDP support, has been to promote poverty alleviation through governance reforms to change the constricting legal framework and expand private initiatives. This approach has been effective so far in achieving poverty reduction in Viet Nam. However, the resulting economic growth has benefited relatively rich provinces and groups more than the poor (NHDR 2001) and contributed to growing economic disparities. The government has recognized the need for additional efforts targeted towards the poorest groups. The most important vehicles for these efforts have been the government's Programme 133 on Hunger Eradication and Poverty Reduction and Programme 135 relating to development in the poorest communes.

UNDP, particularly in the last programming cycle, supported these initiatives with relatively large area development programmes, as well as a number of individual projects or project components for employment support. These projects on capacity development for poverty elimination generally had positive local effects. (They are discussed further in the next section on use of local resources.)

This section reviews some key results and challenges on the national level with regard to human development, inequalities and vulnerability.

#### **A. THE CONCEPT OF HUMAN DEVELOPMENT IN NATIONAL STRATEGIES**

The first national strategy or policy document in which the concept of human development was explicitly recognized and endorsed, by both the Party and the government, was the Socio-Economic Development Strategy (SEDS) for 2001-2010. The SEDS is the bedrock strategy document for the country. The breakthrough reference to human development was made in the context of the strategic goals of the SEDS (Part II.1): "To raise substantially our country's Human Development Index (HDI)". Furthermore, the specific issues emphasized in the SEDS include balancing growth with equity, reforming governance, and paying greater attention to environmental impacts.

The facilitating role of UNDP was substantial, strategic and highly valued. The project-based investment made in this area has probably generated the highest returns of any intervention in the UNDP portfolio during the period under review, together with the project contributing to the Enterprise Law. Moreover, this experience illustrates another significant achievement: patient and sustained advocacy, in this instance around the global Human Development Reports, which created a more conducive environment for a conceptual shift in the country.

*The formulation of the Viet Nam Development Goals stands as one of the best examples of its kind to date in terms of a serious and successful effort to adapt the MDGs to the specific developmental and institutional circumstances of a country.*

The report from the UNDP-led second High Level Round Table Consultation on the Ten-Year Socio-economic Development Strategy 2001–2010 was given serious consideration by the Party Central Committee and Politburo prior to the important Party Congress in April 2001. The report contributed to greater openness and flexibility by the government regarding the importance of promoting development of a job-creating non-state business sector, and influenced a subsequent Party Resolution to that effect. The first ground-breaking NHDR, which concluded that the *doi moi* reform process has in fact been highly successful in expanding choices and capabilities, contributed to the political acceptance of the human development concept in Viet Nam, its endorsement by the Prime Minister, and the inclusion of human development in the ten-year strategy.

The main challenges in the future will be to build on the progress made with the SEDS, especially in terms of the continuing provision of strategic and high quality advisory and knowledge-based services to the government, and to ensure implementation of the human development policies.

## **B. LOCALIZATION OF THE MDGs**

Local adaptation of the Millennium Development Goals was led by the Poverty Task Force (PTF), a government-donor-NGO group established in 1999. Four features of the localization process were particularly noteworthy: (a) the process was deliberately designed to provide a major input into the full PRSP for Viet Nam (the

CPRGS); (b) there was a shared view among all stakeholders that it would not be sensible to adopt either the International Development Targets or later the MDGs exactly as they had been enunciated globally, primarily because this would ignore very relevant local realities; (c) the work of the PTF took place in the context of an impressive track record of collaboration established within a short space of time; and (d) the government helped determine the substantive focus of the process by identifying eight themes for analytical work.<sup>7</sup>

The formulation of the Viet Nam Development Goals stands as one of the best examples of its kind to date in terms of a serious and successful effort to adapt the MDGs to the specific developmental and institutional circumstances of a country. There are a number of reasons for this, beyond the fact that localization processes are still rare events: (a) the explicit objective of integrating the MDGs with goals and targets already articulated by the country; (b) a similarly explicit link established with the CPRGS, providing the policy space needed to give priority to the VDGs; (c) the sensible decision taken to adapt the MDGs to local realities, including synchronizing them with the national planning cycle, which was grounded on solid argument and will contribute to fostering national ownership; (d) the involvement of key stakeholders; and (e) the substantive approach taken to the analysis, which not only offered a set of modified goals and targets but also considered their policy implications, often raising important questions and setting down useful benchmarks for future policy and programmatic developments.

The formulation of the CPRGS — the PRSP of Viet Nam — can also be viewed as an achievement. The process began in the second half of 2001 and was completed in May 2002. It is worth stressing four of the strongest points of the CPRGS: (i) the strategy has helped to place poverty reduction more centrally in development thinking and action

7. This section draws upon the summary report on the localization process, "Achieving the Viet Nam Development Goals: an Overview of Progress and Challenges", published by the PTF in June 2002.

in Viet Nam; (ii) the CPRGS was consciously designed to provide a platform on which to integrate the MDGs-VDGs into the country's development goals and targets, and decisions about resource allocation; (iii) an attempt was made to provide estimated costs and possible financing options which could form the basis for medium-term expenditure planning; and (iv) the participatory approach which was followed lent further momentum to the opening up of the policy process which had been underway in Viet Nam at least since the formulation of the SEDS in 2000-01.

The UNDP involvement in the localization process was not an isolated event but based on a track record of broader engagement on poverty and MDG issues evidenced by support for monitoring and assessment, participation in the PER and Medium-Term Expenditure Framework (MTEF) exercises and the preparation of Viet Nam's first MDG Report (MDGR). UNDP, through its Policy Unit, also contributed to the innovative 2002 MDG report "*Bringing MDGs Closer to the People*", prepared by the UN Country Team, which included a range of innovative MDG indices ranking Viet Nam's 61 provinces and major urban areas. Nevertheless, within the development community, UNDP was a participant rather than a pivotal player in the localization process. The main avenue of influence appears to have been through UNDP's coordination of comments from the UN Country Team on two drafts of the CPRGS. A detailed and substantive set of comments, including suggested text, was provided by UNDP for the first draft and a less detailed but specific set of comments on the penultimate draft. Also, UNDP through its project with the National Committee for the Advancement of Women, played a part in making the PRSP more gender-sensitive.

### **Monitoring poverty**

There is an abundance of documents, data and reports on poverty in Viet Nam. The National **Statistical System** is relatively well-functioning, partly due to long-term development assistance. Two major survey instruments on poverty and social development were prepared during the period under review.

The more commonly referred to source was the Viet Nam Living Standards Survey (VLSS), with a relatively small sample, then a much larger Multi-Purpose Household Survey (MPHS). Two rounds of the VLSS were carried out in 1992-93 and 1997-98, while the MPHS was conducted regularly between 1994-97 and again in 1999. UNDP was an early entrant in the area, funding the VLSS in 1992-93 and 1997-98, with additional funding provided by SIDA, and technical assistance from the World Bank.

**Two Millennium Development Goals Reports** have been published in Viet Nam to date: "*IDT/MDG Progress – Viet Nam*" (2001) and "*Millennium Development Goals: Bringing the MDGs Closer to the People*," (2002). Both were prepared by the UN Country Team using official statistics. The second report departed from the standard model in its treatment of each of the goals, by introducing the relevant VDG targets and explaining their origins, as well as focusing consistently on disparities by gender, region and ethnicity, buttressed in each case with a locally-derived index for that goal, disaggregated by province. A composite MDG Index was also constructed, based on the normalized weighted average of the provincial rankings on 17 variables, covering different aspects of the MDGs.

The Viet Nam MDGRs are among the best globally for a number of reasons: (a) they place Viet Nam among a handful of countries that have managed to produce annual reports (the 2003 report which is already in the planning stages is expected to focus on local governance and financing issues); (b) these reports are being adapted progressively to local conditions and innovations are being made, most notably the introduction of MDG and goal-specific indices; and (c) their content has been well-written in comparison with most other MDGRs.

UNDP has played a central role in the preparation of the MDGRs and has a considerable claim to both the achievements and the pitfalls associated with them. This pivotal

*For UNDP, the mix of locally targeted support projects, awareness-raising through data collection and information, and advocacy for mainstreaming in planning instruments would be more effective with improved and more selective targeting of assistance to the poorest of the poor, where UNDP could make the most difference.*

position was primarily due to proactive intellectual leadership.

### **C. VULNERABLE GROUPS AND INEQUALITIES**

All statistics point to concentrations of poverty in mountainous and isolated areas inhabited by ethnic minority groups, and among small-scale farmers, the majority of whom are women. Viet Nam's advances in poverty alleviation have positively affected vulnerable groups, including women and ethnic minorities. However, impacts in the areas of gender equality, HIV/AIDS and ethnic minorities over the last years cannot be considered as impressive as those relating to poverty, growth and governance. In part, this can be explained by relatively high "baseline" conditions in Viet Nam, so that these development challenges can be easily perceived as "less pressing". In a society that values equity, equality and stability, the gaps are less noticeable than in many other countries in the region. For example, women's representation in the National Assembly is now at 27.3% — only 14 countries in the world have a higher representation — up from 26.8% in the 1976-1981 period. The representation of ethnic minority groups in parliament (17%) exceeds their percentage of the total national population (approximately 13%). The incidence of HIV/AIDS (0.29% of the adult population) has so far been considerably lower in Viet Nam than in most neighboring countries, which is an achievement in itself.

Yet daunting challenges remain. These groups share a continued need for awareness-raising and advocacy, mainstreaming of their concerns into development goals and programmes, and cultural changes in attitudes and behaviors. UNDP has played a coordinating role in these three areas — gender, ethnic minorities and, as of late, HIV/AIDS. The support was most effective in awareness-raising and in mainstreaming these issues in national planning instruments. For example, the National AIDS Standing Bureau acknowledges that UNDP has not been the largest financial donor, but that it has been strong in "spiritual support, political dialogue and professional assistance", with the personal and active involvement of the current UNDP Resident Representative. UNDP was also instrumental in building institutional capacity on gender equality and support for ethnic minorities.

**In conclusion**, the challenge of promoting "the human face of development" is likely to become more difficult as the country moves towards industrialization and a modern economy. With growing gaps in economic inequality, some groups will continue to fall short of desired living standards. It is important to continue to monitor poverty and the country's progress towards achieving the MDGs, with an emphasis on analysis, and action on information and data. Much has been discussed about the need for safety nets in Viet Nam to reduce vulnerability, yet comprehensive strategies and targeted policies remain elusive.

As for UNDP, the mix of locally targeted support projects, awareness-raising through data collection and information, and advocacy for mainstreaming in planning instruments would be more effective with improved and more selective targeting of assistance to the poorest of the poor, where UNDP could make the most difference. One possibility would be to support the government in coordinating the numerous plans and policies for poverty alleviation (SEDS, CPRGS, rural development strategy, HERP, Poorest Commune, etc.) into a coherent system of safety nets.

## 3.4 EFFECTIVE AND SUSTAINABLE USE OF RESOURCES

One premise of sustainable development is that through increased community participation and awareness of local environmental resources, citizens will be mobilized to undertake the protection and rational use of natural resources.

### A. RURAL DEVELOPMENT AND LOCAL PARTICIPATION

In Viet Nam today, the transition from domination by the state and its associated organizations to an multi-faceted civil society is not well-advanced. Civil society is characterized by a system of mass organizations and unions, including the Fatherland Front, Youth Union, Trade Union, Women's Union, Veteran's Association, and Peasants' Association.

The government's **Grassroots Democracy Initiative** represents a major step forward in acknowledging the role that ordinary people can and should play in directing and monitoring the actions of government agencies. Although the institutional space for independent non-government organizations (NGOs) is still constrained, out of the 39 such organizations listed in the 2002 Directory of Vietnamese NGOs the oldest was founded in 1991. One-third of them came into existence only after 2000. Clearly, this is a process that is still unfolding.

**Rural development projects and local planning.** Processes for active participation of local people in setting development priorities are currently evolving in Viet Nam. While administrative decentralization is moving relatively rapidly, particularly fiscal decentralization, this has not yet been matched by effective local mechanisms for citizen involvement and transparency, although local planning and participation has been attempted. Many such pilot initiatives were led by UNDP and UNCDF in the poverty eradication area, with particularly positive results in changing the mind sets of local planners towards dynamic and open management for development.

As can be expected, the degree of success of UNDP-supported projects in poverty eradication

and participation varies from district to district and from commune to commune. UNDP has experienced more success in the plains areas than in mountainous areas. Local accomplishments in participatory planning, such as the Water Boards in Quang Nam province through which communities manage their water resources themselves, have received national notice. A systematic analysis of the factors that determine success in different locations would greatly improve implementation and targeting of future poverty programmes, such as the CPRGS.

The SEDS contains a vision of provincial development priorities and comparative advantages for rural development and industrialization. The challenge is to ensure that there is enough scope and momentum for the regions, provinces and districts to manage their local development, with public participation, in a manner that benefits the poor and sustains local resources.

### B. RATIONAL USE OF NATURAL RESOURCES

When discussing sustainable development, which includes financial sustainability and social sustainability, the area of environmental sustainability is often neglected or presented as an afterthought. The Hanoi UNDP country office has, however, consistently focused on the environment and attempted to fit environmental concerns into the larger picture of sustainable development. Over the last five years or more, national achievements can be grouped into four categories, all of which involved UNDP support.

- a. **Increased awareness** of environmental and sustainable development issues within governmental agencies, research institutions, businesses and local communities. The environment has finally begun to be considered as critical to people's lives. This is partly due to focused awareness campaigns initiated by government, NGOs, and development partners. Important policies

and laws concerning the environment have been passed at the national level, including the Environmental Protection Law, and the National Plan for Environment and Sustainable Development (NPESD), and a new Ministry of Environment and Natural Resources (MENR) was recently established.

**b. Strengthened institutional capacity building.**

Though still small when compared with most of the provincial sector agencies, the environment agencies have gone through a period of very rapid growth. Besides the new Ministry of Environment and Natural Resources, there are Environment Units in many other ministries, in addition to the National Environmental Agency and the Department of Science, Technology and Environment (DOSTE).

**c. Improved development of governmental capacity in implementation and enforcement**

at the central and local level. The systems, tools and mechanisms for monitoring and taking corrective action have become stronger over the past years, as shown by the Ho Chi Minh City efforts to relocate and renovate polluting industries, the preparation of environmental impact assessments, and publishing of monitoring reports.

**d. Capacity for disaster prevention and mitigation.**

A national Disaster Management Unit, with monitoring systems, has become operational, and a number of strategies have been developed (a Strategy for Disaster Mitigation in the Mekong River Delta, a 10-year Strategy and Action Plan for Mitigating Water Disasters in Viet Nam, and a National Disaster Management Partnership) to support its implementation. Perhaps the most valuable strategic contribution of this effort has been the clear recognition for the need to integrate disaster mitigation into poverty reduction and sustainable development. This has already had positive effects in terms of reduced numbers of victims and property loss from disasters over the last three years.

The increased awareness on environment and sustainable development in Viet Nam today could not have been achieved if there had been no support from **UNDP**. UNDP assistance in the area of incorporating environmental concerns into decision-making and national planning capacity has contributed to significant increases in awareness among the economic and environment planners at the Ministry of Planning and Investment and also in three provincial governmental agencies.

Although UNDP was the main organization to introduce the concept of sustainable development in Viet Nam, integration of UNDP support within the existing government development and environmental agenda has not been evenly effective, and there are still a number of challenges to be met for the country to achieve sustainable development goals.

## **CHALLENGE: TRANSFORMING AWARENESS INTO ACTION**

Changing awareness is a long process and requires strong long-term commitment and consistent support from various agencies and institutions. On the environmental side, continued awareness-raising may still be required. To ensure that such awareness is translated into decisions, actions and implementation, it is crucial to understand the linkages between the environment, natural resources, development, poverty and growth.

The same can be said for participation of the citizens, especially the poor, in national and regional planning processes and implementation of the growth agenda. For a national vision to be effective, it must be collective and responsive to the needs and priorities of the people.

**In conclusion**, the challenge regarding sustainable use of resources is directly linked to ongoing efforts in private sector development and rural industrialization, public administration reform and decentralization, and human development. With its good background in environmental work and overall development expertise, UNDP can play a role in bringing these efforts together into a coherent whole.



# 4 Lessons, emerging issues & recommendations

Drawing on the analysis in the previous chapters and the local studies, this chapter synthesizes the main conclusions of the evaluation.

## LESSONS LEARNED

This first section outlines some of the lessons learned in Viet Nam with regard to UNDP support to development results, and some good practices identified by national and international development partners. As a brief inventory of lessons cannot fully do justice to the richness of development experience in Viet Nam, the report attempts to focus on those aspects that could be useful for the future progress of the country, or replicable beyond Viet Nam. In other words, although these lessons learned arise from the analysis of UNDP support, they also have a bearing on other programmes of the development community and the government in Viet Nam.

- **Ideas and knowledge can be as important as money in promoting change.** UNDP's influence in Viet Nam far exceeds its monetary contribution, which is around 1% of ODA. UNDP has been most effective when it has promoted ideas that (a) resonate with its audience



*Although these lessons learned arise from the analysis of UNDP support, they also have a bearing on other programmes of the development community and the government in Viet Nam.*

or target group; (b) are clear and powerful, like the message from the CIEM-UNDP project that more than 400 steps were needed to get a business license, which shocked everybody and made the Prime Minister call for action; and (c) are timely, like the first National Human Development Report, which was published right before a decisive Consultative Group meeting.

For example, the UNDP's publication of *"Catching Up (Tien Kip)"*, launched in early 1997, caught the attention of the Party's Secretary General and much of the local media, and catalyzed debate on several policy issues analyzed in the report. Most notably, the report contributed to adjustments in the rice trading and pricing system in 1997, to the benefit of poor farmers, and an eventual overhaul of the rice trading and pricing system in 2002.

- **Stability is needed for growth, but instability can be a trigger for change.** The importance that the Government of Viet Nam attaches to internal stability has largely determined its pace and strategy for growth, change and poverty alleviation. The achievement of going through a vast array of changes while conveying stability and constancy to foreign investors and its own people has been impressive. Yet, the most significant leaps ahead have often been occasioned by signs of disorder, such as hunger threats and rampant inflation in the early 1980s, the Asian economic crisis, and the farmers' strike in the Northern provinces that prompted greater local government accountability. As a development agent, UNDP has recognized such events as turning points, and responded to them in a timely fashion.
- **National ownership is a key success factor.** As clearly demonstrated by the *doi moi*

process, especially during the 1986-1993 period, the most important policy and institutional reforms in Viet Nam were initiated, led and implemented by the government of Viet Nam, with only modest outside assistance. This fact shows the critical importance of national leadership and ownership of the development process.

- **"Piloting" takes the edge off risky innovations.** A noticeable element in the careful but rapid process of change with stability has been the use of "pilots" in Viet Nam. The proliferation of piloting, which may seem excessive at first glance, is indeed a judicious way of moving forward within the national context. This is especially the case for innovative and/or somewhat controversial practices. Over time, some apparently risky innovations introduced through pilots have yielded excellent results.
- **Learning from successful pilot initiatives requires a two-way communication system.** The main objective of initiating pilot projects is to explore the possibility of replicating successful experiences. Much remains to be done to improve the coordination and communication needed for greater replication. Lack of formalized networking has been a factor in the following: (a) successful pilots ending without being replicated; (b) similar pilots being conducted without awareness of each other; (c) pilots being repeated in the same way in other parts of the country; (d) piloting of the same initiatives under different circumstances being done sequentially and not simultaneously for coordinated learning. Besides slowing down progress unnecessarily, this leads to waste of resources that Viet Nam and development partners can ill afford. All consulted in Viet Nam expressed a need for better learning and replication.

There are many good lessons and experiences collected by projects carried out at the local level that could contribute effec-

tively to the policy, strategy and legal advice provided by UNDP at the national level. Exchange visits, lessons learned studies and experience sharing workshops have been organized for a number of UNDP projects to learn from each other, in particular regarding poverty reduction and PAR. In some cases, however, the dissemination of these valuable experiences has been slow. For example, the project VIE/97/007 produced a large number of outputs, including 12 handbooks, 17 technical reports and 8 training modules. These outputs provided a good basis for reforming parts of the planning system at both the national and provincial level of operation. They could have been widely and effectively distributed to key target agencies, including Ministry of Science, Technology and Environment (MOSTE), Ministry of Construction (MOC), Ministry of Agriculture and Rural Development (MARD) and Ministry of Industry (MOI), as well as planners in all sectors and levels of government. A strategy to distribute and disseminate such outputs would increase the impacts of the project significantly.

- **Clear linkages between localized targeted programmes and poverty alleviation are difficult to demonstrate.** On micro-macro linkages, most people consulted in Viet Nam felt that there had been some learning from local projects for national macro policy on issues such as decentralization, local planning and budgeting, as well as in connection with the PAR, PER, and CPRGS. They were not able, however, to point to what was changed in those policies, and how the changes came about. From this one can draw the lessons that: (a) the influence of local projects on national policy was overestimated; (b) not enough was done to ensure measurement or tracking of such influences; (c) methods and systems to ensure learning were weak; and (d) there was, from the start, weak planning in the design and targeting of national policies. In Viet Nam, the evaluation found a combination of the above points, particularly with regard to large nation-wide initiatives, such as

the HERP and the area development programmes, and the various PAR pilots.

This may point to general difficulties in drawing conclusions about lessons learned from projects. Local projects are very dependent on their settings, and care must be taken to isolate the local factors and identify the common ones. For example, an evaluation of the UNDP Viet Nam ethnic minority project identified the danger of treating the ethnic minorities in Northern and Central Uplands as an homogenous group when in fact they require different support and even speak different languages.

- **Prioritization and sequencing improves the effectiveness of reforms.** Both within the development community and the government, the evaluation found an impressive and comprehensive awareness of the wide range of development issues needing attention. The CPRGS, for example, appeared to contain a “shopping list for development” due to its length and detail. The LNA, with 240 strategic initiatives, fell in the same category. Even more striking, however, was the unanimous agreement that all initiatives are important, and all must be taken up. With such an immense and ambitious reform challenge, and limited time and resources, more attention to strategies and prioritization at an earlier stage would increase the chances for success in implementation. There would be benefits in (a) prioritization of tasks, including more strategic selection of projects; (b) a clear strategy on how to get the most accomplished with existing resources; and especially, (c) sequencing of tasks and reforms, as was done by the government in targeting land reform and then adopting the Enterprise Law, an approach that had a domino effect.
- **Knowledge acquisition promotes capacity building.** Finally, a key lesson learned from Viet Nam was the importance of sharing knowledge in order to build capacity. Rather than focusing on developing technical capacity, the country’s development strategy

has been based on opening doors to knowledge or international experience not previously available to the Vietnamese. This has proved to be effective even in some areas very new to Viet Nam (such as parliamentary reform, private sector development, foreign debt management, and establishment of judicial systems). While some of the more important and fundamental reforms during the 1986–1993 period were undertaken due to 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.

The above lessons learned form the basis for the findings and recommendations presented in the report, and point to possible ways forward in the future.

## EMERGING ISSUES AND RECOMMENDATIONS

### Emerging Issues

Any recommendations regarding the role of UNDP in Viet Nam must take into account the current development situation and the key policy and reform issues that must be addressed if the outstanding progress achieved since 1990 is to be sustained.

The *most important* development challenge in Viet Nam in the coming years will be to develop a strong and healthy private sector that can generate incomes and jobs and also compete with the rest of the world in international markets. That, in turn, requires an independent legal and judicial system, together with good governance at all levels, particularly at the provincial and local level.

The *second* important challenge arises from the growing income inequality in the country, and significant concentrations of poverty within specific geographic regions and communities. Accelerating the pace of growth may further widen these inequalities unless

special measures are taken on an adequate scale to promote rural development in less developed areas, including decentralization of political and economic decision-making, substantial financial delegation and a “bottom up” approach to rural development.

The *third* challenge will be to achieve sustainable development, ensuring the judicious use and conservation of the country’s natural resources and avoiding congestion, pollution and environmental degradation related to economic growth.

These issues, together with those arising from growing competition and globalization make the task of managing reform and policy changes extremely complex for the coming years. A key task for the government and people of Viet Nam, and its development partners, will be to manage these interrelated challenges coherently and competently, while maintaining the rapid pace of reform. To assist UNDP in keeping up with emerging development issues, and sustaining and sharpening its strategic position, the following recommendations are presented.

### Recommendations

UNDP has been a trusted partner of the government and has made a significant contribution to the reform process which has played such a critical role in the development results achieved in the past 15 years. Based on its long-term standing in the country, special expertise in different sectors, and knowledge of best international practices, UNDP has made a series of strategic interventions in critical sectors by testing innovative ideas, assisting in the preparation of strategy documents, drafting legislation and building capacity at national, provincial and local levels.

This section presents several specific recommendations to assist UNDP in keeping up with emerging development issues, and not only sustaining but sharpening its *strategic position* in this complex development situation. These recommendations are based on the key premise that UNDP should continue its upstream assistance in the form of policy dialogue,

advice, coordination, advocacy and brokerage; that this support is provided at both the national and local level; and that the inter-linkages between areas of support are strengthened. The focus on pro-poor policies and their implementation at the local level should guide all UNDP support, whether this support is in the form of policy advice, programmes or knowledge.

### **1. Policy Advice and Coordination**

UNDP should systematically enhance its in-house capacity for policy advice and upstream engagement. In order to provide well-considered policy advice on the reform process, policy changes, and legislative and administrative follow up and monitoring of the results of reforms, UNDP should put together a team of competent senior advisors who are specialists in relevant fields. Eventually, four or five advisors, under the leadership of the Resident Coordinator, could constitute an informal policy advisory think tank within the country office. This group would have deep knowledge of the country and the reform process, and could effectively network with the UN country team and the development partners. Such a team would also harmonize advice on cross cutting and interconnected themes, policies and interventions.

In particular, UNDP needs to develop increased advisory capacity in areas relating to legal and judicial reforms, decentralization (with special focus on the requirements of poverty reduction strategies and a “bottom up” approach to rural development), environment and sustainable development, and information technology. In doing so, UNDP should support governance, with a clear focus on pro-poor policies and local capacity enhancement, and should maintain and sharpen its role of providing advice that is neutral, comprehensive, and forward-looking. As existing projects and programmes phase out, UNDP can concentrate its activities in these strategic areas. Rationalization of the UNDP project portfolio and efficient portfolio management would free up time and resources now spent on project administration. In addition, the establishment

*UNDP should support governance that emphasizes poverty reduction and local level capacity development.*

of a number of financial support facilities to respond to emerging requirements in different sub-sectors would reduce the need for undertaking a large number of small projects in response to government requests.

In addition to offering targeted policy advice, the team could employ a variety of strategies, such as: partnering with governmental or non-governmental entities to enhance national capacity; providing brokerage, coordination and information sharing services; working to ensure a clear link between programming and policy efforts; and facilitating international exchanges of experiences. The establishment of a UNDP advisory team would have to take place in a phased and gradual manner. The senior advisors would not replace portfolio managers but would exercise broad supervision of UNDP projects in different sectors, provide guidance on overall strategies, and also strengthen micro-macro linkages to convey lessons of successful pilot projects. In the interim period, the country office should continue to draw on the senior technical advisors assigned to projects.

### **2. Governance for Poverty Reduction**

UNDP should focus its work around the key organizing principle of “governance for poverty reduction”. Using its comparative advantages in policy advisory services, advocacy and brokerage, UNDP should support governance that emphasizes poverty reduction and local level capacity development. This would require some changes in priorities and portfolio management, but would provide a coherent strategy for dealing with interconnected issues related to the Public Administration Reform (PAR), People’s Councils and courts, local private sector development, targeted poverty programmes, and sustainable use of natural resources.

UNDP should continue to support the government (a) by developing national policy

*Use of information technology for development and knowledge management is a growing challenge, particularly in an increasingly open and integrated world economy.*

advisory and analytical capacities, and (b) by providing direct policy advice and support where required.

***a. The enabling framework for reform***

One of the main comparative advantages of UNDP Viet Nam has been its ability to engage in policy dialogue with the government and thereby influence the reform process. This has been particularly successful because UNDP has focused on building the capacity of the Vietnamese to acquire new knowledge on their own and adopt sustainable innovations suitable to their current capabilities and frame of reference — rather than trying to tell them what they ought to do. In the past, UNDP has provided important support to a number of key national policy frameworks and strategies, including those relating to the SEDS, the private sector regulatory framework, the legal sector, and the PAR. While selected support in such areas may still be required at the national level, to add value it should be provided with a perspective of ensuring poverty eradication and effective management of local development.

Furthermore, UNDP's strategic positioning could benefit from greater differentiation between (a) interaction at the national level on policy coordination or national priorities and (b) work at the local level involving policy advice, capacity building or pilot programmes, which requires different strategies.

In order to establish an efficient socialist-oriented market economy, Viet Nam will require (a) a supportive policy and regulatory framework, i.e. strategic state management, and (b) systems and mechanisms for ensuring quality service delivery and implementation of policies and plans. It is particularly in the latter area where UNDP can best provide essential support in the future *at the national*

*level*, through the PAR, legal system reform and improved capacity within the National Assembly. Also, pilot work at the local level has created as yet unfulfilled possibilities for learning and capacity building at the national level.

UNDP support in the area of legal and judicial reforms is reaching a critical threshold. This process can be sustained if the interrelationship of legislative, judicial, and legal reforms is fully recognized and a holistic approach is adopted in assisting the Ministry of Justice and its associated organizations. UNDP can also play a useful coordinating role by providing opportunities for other development partners to support these efforts through the Legal System Development Facility (LSDF). Very useful projects are currently under implementation to support the Secretariat of the National Assembly and to improve the capacity of its Standing Committee to deal with legislative proposals and the national budget process. In Public Sector Administration, UNDP may be best used for coordination support at the national level, as well as supporting the reform process at the local level.

***b. Decentralized governance***

The movement towards decentralization and local decision-making has given the provinces more responsibility for their own development planning and use of natural resources. The challenge is to bring together activities at the local level, close to the poorest layers of society, in a coherent and systematic manner.

Local and provincial government bodies need to develop the capacity to make decisions that promote local growth and development. Consultative organizations and grassroots community members also need capacity building to enable them to fully participate in this process and take on increased responsibilities.

UNDP should provide support and advice to local governments and institutions on economic development, policy reforms and public participation mechanisms to help them translate local priorities into specific policies, programmes and interventions. This would provide a useful

transition from national level PAR activities to good governance at the local level and greater support for rural development strategies. Replication or scaling up of many pilot projects undertaken under the PAR will greatly improve service delivery at the local level. Poverty reduction efforts can also be intensified and made more cost effective by coordinating the work of the People's Councils and Committees with specific poverty targeted programmes.

Over the medium to long-term range, a better balance of functions, power and responsibilities between People's Councils and Committees would be desirable. Substantive support is needed for the preparation of the amendments to the law on the role and functions of the People's Councils and to the local election law. UNDP's support may be inadequate, however, even with the expansion of UNDP projects from three to ten provinces, given the substantial need for assistance in all 61 provinces. A facility operation similar to the one being initiated under the PAR Master Programme would aid in spreading innovations among provinces.

#### ***c. Rural private sector development***

Private sector development will be a key factor in the fight against poverty in Viet Nam, especially in the rural areas. The strategies applied for rural development in Viet Nam so far have been relatively traditional, focusing on crop diversification, increased productivity, infrastructure, and off-farm employment. While these strategies have been effective in rural growth, further analysis and additional strategies for rural industrialization are needed to meet development goals for the future.

A number of development partners are involved in addressing the structural limitations that curb private sector expansion through reforms regarding the banking system, stock market, taxation, and state-owned enterprises. There is still a need for continued refinements in the legal framework, but such reforms are unlikely to be as dramatic in effect as the Enterprise Law.

UNDP should support governmental and institutional measures that promote private sector enterprises in rural areas and create tighter linkages with local planning and sector development to promote better use of resources. The business networking currently supported by UNDP should be encouraged to provide useful insights into local private development.

#### ***d. Sustainable development***

With growing industrialization in Viet Nam, the main challenge is to move towards sustainable development while managing the "conservation vs. construction" dynamics of a growing economy. Recognition of the importance of the environment and natural resources has been growing, and the government has recently expressed interest in sustainable development planning, though there has been limited progress in the implementation of environmental plans.

UNDP should use its full range of expertise in different sectors (economics, governance, poverty and the environment) to highlight the essential linkages between the environment, human development, poverty reduction and economic growth, and to focus its advocacy on these issues. UNDP's current spread of activities should be focused to cover environmental issues that are particularly relevant to rural development and decentralization, such as community use of resources and sustainable forestry management, both locally and centrally.

### **4. Communication, Knowledge**

#### **Management and Information Technology**

Promotion of advanced methods of communication, information sharing and learning should be part of all UNDP activities in the country. A gradual approach would be appropriate, moving from more effective information-sharing towards a society that makes full use of information technology and "e-governance" and can compete in an increasingly open and integrated world economy.

***a. Enhance access to information.*** Compared to other countries, Viet Nam so far has not

taken full advantage of the opportunities in the area of ICT for “e-governance” for providing access to information. Use of computers and information technology could allow the public, the legal community and governmental agencies to access the full portfolio of laws, decrees and regulation, and would reduce the likelihood of duplicate or contradictory laws and directives. Focusing on improving the flow and use of information would be particularly useful. *First*, it would help interested local bodies improve their ability to manage multi-sectoral interventions and identify disparities within their own territories. *Second*, upward and downward information sharing could promote recognition and adoption of local variations on national policies. Support for use of the Internet and website development should be a standard part of external assistance.

***b. Establish mechanisms to support horizontal learning and replication.*** Reviews of project documents and interviews with relevant stakeholders have indicated that UNDP’s projects provided valuable knowledge and experiences. However, there has been insufficient attention given to communication and policy advocacy strategies to inform governmental agencies involved in policy making, and to facilitate the dialogue linking pilot demonstrations in provinces with policy discourse at the national level.

Together with the government and the other development agencies, UNDP needs to focus attention on creating mechanisms that effectively support horizontal peer-peer learning and an improved feedback process that can help both the local units and the center know whether pro-poor outcomes are being achieved. The PAR Programme Support Facility is an example of a collaborative modality that can be put to good use in support of horizontal learning. Annual stocktaking and learning workshops and/or reports and brochures would also be useful tools.

***c. Move towards integrated information systems.*** In the future, it would be useful to help local governing units institute modern information

systems and build on the information sharing systems put in place. Coupled with participatory mechanisms that broaden and deepen the level of dialogue among individuals and between government and its citizens, such systems could be used to enhance people’s involvement in decision-making, as well as the collection and analysis of data. When used in an open manner, localized and integrated information systems can go a long way towards transparency in government operations and support for the private sector.

#### **4. UNDP portfolio management**

The factors outlined in this section point to a future in which UNDP’s traditional delivery of services and projects may be expected to change. Current programme portfolio management can seem unduly constrained by policies, management practices and traditional systems. The UNDP country office needs sufficient flexibility to meet the demands of the future and to support national development priorities in a dynamic manner. Currently, reviews of approaches, and of the portfolio, are under way. The following measures would reinforce these efforts:

- ***More selectivity in project planning***, with attention to the replication of successful pilot projects, building on an advocacy, information and policy dialogue strategy. Also, potential strategic interventions should be reviewed to sharpen their possible effects. With regard to local projects, more explicit targeting and measurement of effects, combined with learning strategies, would enhance their impact. The overall portfolio could also benefit from a more programmatic approach, which at the same time would reduce the administrative workload associated with a large portfolio.
- ***Partnerships***. As mentioned in the analysis of strategic positioning, a network of partnerships is crucial for achieving development results. UNDP should pursue proactive efforts to engage partners in new and multiple ways. There are excellent

opportunities for partnership activities related to the support facilities, the interest in more systematic learning across development initiatives, and closer UN collaboration on the MDGs, among other things. Furthermore, it is important that such partnering take place at different levels within the development agencies, including programme managers and technical advisors. While partnership strategies should be made explicit for each programme or project, it is of equal — or higher — value that there should be a coherent focus on key development results among the government and development partners.

- There is a need for *flexible funding mechanisms* that can be used to respond rapidly to problems and needs identified by national authorities or local agencies and also facilitate participation by development partners. The Legal System Development Facility (LSDF) is a good model that could be replicated in other sub-sectors, and could enable UNDP and other development partners who wish to co-finance activities in a particular area to respond promptly to requests for expertise and equipment. Flexible disbursement mechanisms for UNDP's own funds, to reduce the need for a multitude of projects, are also important.
- UNDP Hanoi has already been relatively innovative in terms of programming and policy dialogue. The actual programme portfolio management could also benefit from innovation and renewal in line with the thrust of reform in Viet Nam. In particular, it would be useful to enhance monitoring and evaluation to focus on results, not just the direct effect of projects but also their overall contribution to development goals. In addition, programme formulation, and project management and execution, require similar attention in order to ensure that they have the *operational flexibility* needed for client orientation, greater efficiency and enhanced accountability for both finances and results.

*Since job creation is taking place almost entirely in the non-state sector, there is an urgent need for rapid expansion of the domestic private sector, especially small and medium-sized enterprises.*

- Finally, this evaluation and its recommendations provide an excellent opportunity for the government, UNDP and the development partners to take stock of and **review the CCF** at its mid-point, in 2003, to sharpen priorities and strategies for achieving the development results set out in plans and programmes.

## **FUTURE DEVELOPMENT CHALLENGES: A VISION**

As Viet Nam enters the new millennium, with its new socio-economic development strategy for 2001-2010, it confronts a very challenging situation in terms of the pace, scale and complexity of the economic and social reforms the country is undertaking, and the difficult and competitive international environment that is emerging.

### **Domestic challenges**

Two major developments are discernible during the period under review: (a) the brake on the country's response to *doi moi* caused by the Asian financial crisis; and (b) the consolidation and renewal of reform which has characterized the past two years. From the standpoint of evaluating the mission, mandate and competencies of UNDP, three factors emerge from the analysis presented in this report:

- **A convergence of inter-connected development challenges.** First, it is clear that the policy reforms of the past decade will not deliver the same reduction in poverty over the next decade. Furthermore, new challenges are emerging in the form of growing income inequality and significant concentrations of poverty within specific geographic regions and social groups. To complicate matters further, the dramatic gains of the last decade are fragile, with a



*The greatest challenge to Viet Nam's future comes from globalization and the competition which Viet Nam will face from its trading partners in the region and the rest of the world.*

large proportion of the population just above the poverty line. Second, since job creation is taking place almost entirely in the non-state sector, there is an urgent need for rapid expansion of the domestic private sector, especially small and medium-sized enterprises. Third, Viet Nam is confronted with tackling poverty and nurturing a robust domestic private sector while managing the transition to a much more open economy.

- **The increasing complexity of development management.** Viet Nam faces a wide-ranging and substantial reform agenda over the next five years and beyond, the successful pursuit of which is likely to have as profound an effect on the country's goal of becoming a modern industrialized nation by 2020 as the launch of *doi moi* itself in 1986. The quality of public expenditure management will need to improve markedly in order to benefit the poor more decisively. The reform of state-owned enterprises will have to gather speed, and increasing the efficiency and effectiveness of targeted programmes to deal with both structural and transitional poverty will become a pressing issue. The fundamental challenge in this period will, therefore, be one of governance. There will be great pressure on structures, systems and people to deliver a well prioritized and sequenced, effectively implemented and critically assessed reform programme. Administrative and legal reform, as well as capacity development, will be even more pivotal factors in determining Viet Nam's future development performance than in the past.
- **The growing importance of dialogue between government and the people.** As Viet Nam navigates through a

complex and demanding agenda of reform, fostering an informed dialogue between the government and the people will become increasingly significant as a means to developing better policies and programmes and maintaining social stability. The government has already acknowledged this issue through the promulgation of the "Grassroots Democracy Decree" and through the consultative processes followed for the preparation of the SEDS 2001-2010 and CPRGS. It is also intensifying dialogue with the business community. Looking to the future, three considerations seem particularly important in this regard: first, a deepening of decentralization, to foster popular participation, feedback and oversight; second, expanded institutional space for the emergence of civil society and community organizations; and, third, improved information flows throughout Vietnamese society based on greater availability, accessibility and improved transparency of information on policies, programmes, services, budgets and development performance.

The evaluation has offered some suggestions in this report for dealing with these challenges and, more specifically, for strengthening UNDP's capacity for assisting the government and local authorities in meeting these challenges. There are, however, certain questions that will require further debate at the policy level in Viet Nam and among its development partners. These questions are listed below to stimulate further discussion:

- The Grassroots Democracy Decree is an important step in the process of political reform, but at what stage will the process of democratization move to a higher level, and in what time frame?
- The Private Enterprise Law has led to the registration of thousands of new small-scale enterprises, but the prospects for these small enterprises growing into medium-sized or large enterprises in

the foreseeable future do not look very promising. Can a serious attempt be made to identify the obstacles that stand in the way?

- The flow of official development assistance is increasing rapidly in Viet Nam and is now reaching the level of 2 billion USD a year. Is Viet Nam assuming an unsustainable debt burden in accepting these loans, which are often accompanied by difficult conditionalities? What are the comparative advantages and disadvantages of loans versus direct foreign investment?
- The gaps in inequality are growing, between the rich and the poor, the urban and rural areas, and between women and men. What degree of inequality can the Vietnamese society tolerate? What interventions would improve conditions for those who remain in poverty in the country?

### **The challenge of globalization**

The greatest challenge to Viet Nam's future comes from globalization and the competition which Viet Nam will face from its trading partners in the region and the rest of the world.

Emerging from decades of economic isolation, accompanied by sanctions and embargoes, Viet Nam has moved aggressively to integrate with the world economy. It has already signed 45 Investment Promotion and Protection Agreements; local authorities have been given greater autonomy to attract foreign direct investment; and laws and rules are being framed to provide a level playing field for foreign investors. The number of foreign enterprises has increased from 108 in 1990 to an impressive 2500 in 2002. Total investment in 2002 was 2.2 billion USD, and the target for 2003 is 2.3 billion USD. The foreign investment sector now contributes 30 percent of industrial output and a similar share of total exports.

Another indicator of Viet Nam's integration with the global economy is the growing volume of its foreign trade. Viet Nam's exports have grown at 20% per annum from 2 billion USD

in 1990 to 14.4 billion USD in 2000, and now constitute 16% of the GDP (compared to only 4% in 1991). Similarly, Viet Nam's imports have increased from 2.3 billion USD to 14.2 billion USD over the same period. Total trade is now about one third of GDP, making Viet Nam a fairly open economy.

Viet Nam became a member of ASEAN in 1995 and of APEC in 1998. Negotiations are currently under way for Viet Nam's entry into the WTO, and prospects are good that Viet Nam will join the WTO by 2005. That will expose Viet Nam to even greater competition in the future.

As Viet Nam intensifies its movement towards regional and global integration, the world economy is becoming more uncertain and less hospitable. Many large and important economies have been witnessing a recessionary phase which began even before the tragic events of September 11, 2001. These trends may be further accentuated by war and conflict in the Middle East. Widespread recession will naturally reduce the demand for exports from developing countries, including Viet Nam. Growing uncertainty in the world capital markets can also affect the flow of foreign investment to Viet Nam, as was dramatically illustrated by the Asian economic crisis of 1997-1998, when the average flow of foreign investment to Viet Nam declined from over 3 billion USD a year to less than 2 billion USD during the period 1999-2001.

To safeguard its future, Viet Nam has to formulate a coherent strategy for regional and international integration that minimizes the impacts of these global risks and enhances the competitiveness of Viet Nam's economy. Such a strategy should be based on three main pillars: (i) a careful analysis of the competitiveness of the Viet Nam's economy, (ii) a simplified and dynamic policy of trade liberalization, (iii) an improved and coherent policy for foreign investment.

The ongoing process of regional and global integration cannot be successfully managed,

in the context of the Asian Free Trade Area (AFTA) and the WTO, without a thorough assessment of Viet Nam's competitive position in the medium and long term. This will provide the basis for reforming the trade regime and the policy framework for foreign investment.

An important objective of the trade reform would be to meet Viet Nam's commitments to AFTA by 2006. Viet Nam's trade regime still relies heavily on various tariff and non-tariff measures to control trade flows and protect certain public sector industries, directing imports into less efficient sectors. Its exports are concentrated in a limited number of primary products, such as oil, rice and coffee, which are vulnerable to fluctuations in the global markets. An objective assessment of the competitiveness of the economy can provide the basis for a dynamic trade policy that shifts the emphasis from traditional sectors to new value-added sectors, supported by improved industrial and information technologies, a modern banking system and an "e-commerce" network. If Viet Nam is able to meet its commitments under AFTA, it will be well on its way to meeting the requirements of the WTO for global integration.

The proposed policy framework for foreign investment should be based on Viet Nam's comparative advantage and potential competitive strength. Currently, FDI is concentrated in a few sectors — oil and gas, transport and hotels — rather than value-added manufacturing industries targeted to specific export markets. An improved policy for foreign investment will thus complement a more dynamic trade policy by directing foreign investment, through various incentives and reforms, into priority sectors, based on Viet Nam's comparative advantage.

The success of the proposed strategy for regional and international integration will depend, in part, on the mechanisms that are developed to enable Viet Nam to study

emerging international events and trends and take timely action to meet the consequences of any adverse trends. Viet Nam should also cooperate actively with ASEAN and other developing countries in their efforts to develop an open and fair global trading system that provides a level playing field, as contemplated by the WTO ministerial meeting held in Doha in November 2001.

As already emphasized in this report, trade liberalization, which is vital for economic growth and more efficient use of natural resources, can also widen economic disparities and inequalities. Successful management of global and regional integration requires careful attention to policies that reduce these adverse consequences and promote wider distribution of benefits from economic growth.

## **Conclusion**

There is a strong basis for the optimistic forecast that Viet Nam will be able to meet the domestic and global challenges facing the country and achieve the major objectives of its 10 year socio-economic strategy for 2001-2010. This strategy has been developed through a consultative process and therefore commands a broad national consensus. It is based on a judicious blend of economic growth, stabilization and poverty reduction policies. It recognizes the need for reforms to facilitate a gradual but significant transformation in the structure of the economy. Viet Nam's development partners have already demonstrated their willingness to support Viet Nam's development efforts in accordance with national priorities.

In the light of these positive factors and Viet Nam's success in managing the transition over the past 15 years, there are reasonably good prospects that Viet Nam will be able realize its vision of becoming a strong and unified nation and of becoming a modern, industrialized country by 2020.



# Annexes

## ANNEX A: TERMS OF REFERENCE

The Evaluation Office (EO) of the United Nations Development Programme (UNDP) launched a series of country evaluations, called Assessments of Development Results (ADRs), in order to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level. Undertaken in selected countries, the ADRs focus on outcomes and critically examine achievements and constraints in the UNDP thematic areas of focus, drawing lessons learned and providing recommendations for the future. The ADRs will also recommend a strategy for enhancing performance and strategically positioning UNDP support within national development priorities and UNDP corporate policy directions.

The Assessment of Development Results for Viet Nam will cover the years of 1997 to 2005, i.e. the 1997-2000 Country Cooperation Framework (CCF) and the current CCF (2001-2005). The assessment will, however, attempt to point out where support prior to this period may have served as a foundation for current achievements. The **purpose** of the evaluation is to review the experience of UNDP in Viet Nam, draw lessons learned and recommend improvements. The Assessment of Development Results in Viet Nam will:

- Provide an overall assessment of the results achieved through UNDP support, and in partnership with other key development actors, during the period 1997-2005 with particular in-depth assessment regarding

governance and environment, with an overall view of poverty alleviation. The assessment will address the effectiveness and sustainability of the UNDP programme by highlighting its main achievements (outcomes) at the national level, UNDP's contribution to these in terms of key outputs, and main factors influencing results. See Attachments 1 and 2.

- Provide an analysis of how UNDP has positioned itself strategically to add value in response to national needs and changes in the national development context, with particular attention to: (a) entry points and strategy selected by UNDP in support of *doi moi*; (b) key strategies used; and (c) cooperation with different groups of

development partners. The analysis will review relevance to national needs and Millennium Development Goals (MDGs), responsiveness to significant changes in the development context, and synergies and alignment of UNDP support with other initiatives and partners.

The EO will manage the evaluation and ensure coordination and liaison with concerned units at the Headquarters level. The Evaluation Team will include the Task Manager from the EO; two international consultants, one of which will be the Team Leader; a UNDP staff member from another office; and a national consultant. The team will be supported by local studies and desk research.

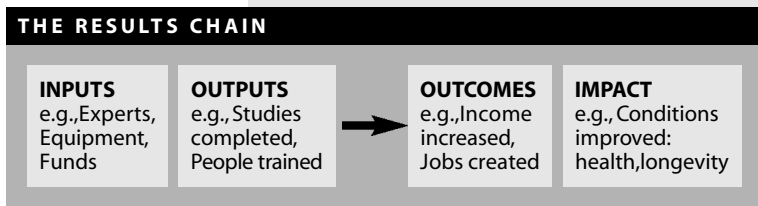
**NOTE: WORKING DEFINITIONS OF "RESULTS"**

In line with results-based management, UNDP operates with three levels of 'development results', namely "outputs", "outcomes" and "impact", that refer to the effects of programmes, projects and/or activities. Outcomes

are developmental changes between the completion of outputs and the achievement of impact, and are achieved in partnership with others. Impact is seen as the longer-term effect of these changes.

This evaluation will focus on outcomes, i.e. changes in specific development conditions, and UNDP's contribution to these. The emphasis is on improving understanding of the outcome itself, its status and the factors that influence

or contribute to its change. This level of results reveals more about how effective UNDP's actions are in reaping real development changes in peoples' lives. The shorter timeframe of achieving outcomes (typically 3-5 years) allows for more credible linkages between the results and UNDP efforts.



## **ATTACHMENT 1: VIET NAM STRATEGIC RESULTS FRAMEWORK – LIST OF OUTCOMES**

### **Goal: G1 – Governance**

#### **Subgoal:G1-SGN1 – Dialogue that widens development choices**

##### ***SAS: G1-SGN1-SASN1 – Globalisation***

Outcome 1: Increased participation of Viet Nam in the regional and global economy to promote sustainable development.

##### ***SAS:G1-SGN1-SASN2 - Policy Dialogue***

Outcome 2: Government's strategic development directions increasingly reflect successful international development experience and human development considerations.

##### ***SAS:G1-SGN1-SASN3 – Private sector development***

Outcome 3: Dynamic, strong and competitive private sector as a critical contribution to growth and poverty alleviation.

#### **Subgoal:G1-SGN2 – Key governance institutions**

##### ***SAS:G1-SGN2-SASN3 –Justice***

Outcome 4: Improved access to justice for all

#### **Subgoal:G1-SGN4 - Public Sector**

##### ***SAS: G1-SGN4-SASN1 – Civil Service Accountability***

Outcome 5: Efficient, cost-effective public services for all groups in society

Outcome 6: Public Expenditure Management (PEM) to ensure equitable, effective, transparent and sustainable allocation and use of public resources

### **Goal:G2 – Poverty**

#### **Subgoal:G2-SGN1 – National poverty frameworks**

##### ***SAS:G2-SGN1-SASN1 – Poverty reduction strategies***

Outcome 7: The policy and planning framework of the country incorporates a comprehensive approach to and specific targets for reduction of human and income poverty.

### **Goal:G3 – Environment**

#### **Subgoal:G3-SGN1 – Environment and energy for livelihoods**

##### ***SAS:G3-SGN1-SASN1 – Policy framework***

Outcome 8: Comprehensive policy frameworks and measures to promote environmentally sustainable development and address global environmental issues integrated into national development process and linked to poverty reduction, based on participatory approach.

### **Goal: G4 - Gender**

#### **Subgoal:G4-SGN1 – Gender equality**

##### ***SAS: G4-SGN1-SASN1 – Policy dialogue***

Outcome 9: National Strategy and Plan of Action for the advancement of women and gender equality to be formulated and implemented.

### **Goal:G5 – Special Development Situations**

#### **Subgoal:G5-SGN1 – Disaster reduction**

##### ***SAS:G5-SGN1-SASN1 – Risk reduction***

Outcome 10: Developed national capacity for comprehensive disaster prevention, preparedness and mitigation.

### **Goal:G6 - UN Support**

#### **Subgoal:G6-SGN1 – Global conference goals**

##### ***SAS:G6-SGN1-SASN1 – Strategic leadership***

Outcome 11: Collaborative UN system support for monitoring and supporting progress towards achieving Millennium Development Goals (MDGs) and Viet Nam Development Targets (VDGs).

## ATTACHMENT 2

INTENDED RESULTS FOR UNDP VIET NAM				
UNDP THEMES	CCF 1997-2000 OBJECTIVES	CCF 2001-2005 OBJECTIVES	UNDAF: FOCUS AREAS	VIET NAM SRF OUTCOMES
<b>Governance</b>	<b>Reform and Development Management</b> <ul style="list-style-type: none"> <li>■ Sound macro-economic management</li> <li>■ Comprehensive legal framework</li> <li>■ Strong public legislative, executive and judiciary institutions</li> </ul>	<b>Reform Management</b> <ul style="list-style-type: none"> <li>■ Regional and global integration process, particularly to more vulnerable groups</li> <li>■ Framework to finance sustainable development</li> <li>■ Roles of the State and non-state sectors in a market-oriented economy</li> <li>■ Mechanisms to comply with the rule of law</li> <li>■ Efficient, cost-effective and equal access to public services</li> </ul>	<b>Governance</b> <ul style="list-style-type: none"> <li>■ Sound socio-economic management.(UNDAF-1)</li> <li>■ Comprehensive legal framework, rule of law</li> <li>■ Strong legislative, executive and judiciary institutions</li> <li>■ Participation (UNDAF-2)</li> <li>■ Rights to development (UNDAF-2)</li> <li>■ Reform management for good governance (UNDAF-2)</li> </ul>	<b>Dialogue that Widens Development Choices</b> <ul style="list-style-type: none"> <li>■ Participation in the regional and global economy</li> <li>■ Consideration of Government's development directions that reflect international experiences</li> <li>■ Dynamic, strong and competitive private sector</li> </ul> <b>Key Governance Institutions</b> <ul style="list-style-type: none"> <li>■ Access to justice for all</li> </ul> <b>Public Sector</b> <ul style="list-style-type: none"> <li>■ Efficient public services for society</li> <li>■ Public Expenditure Management (PEM) to ensure proper use of public resources</li> </ul>
<b>Poverty Reduction</b>	<b>Poverty Elimination and Social Policies</b> <ul style="list-style-type: none"> <li>■ Micro-finance services and food security</li> <li>■ Sound public investments to provide social services</li> <li>■ Policies through data collection analysis and HIV management</li> <li>■ Support the national committee for the Advancement of Women</li> </ul>	<b>Sustainable Livelihoods</b> <ul style="list-style-type: none"> <li>■ Sound macro-economic and sectoral policies</li> <li>■ Development and implementation of national target programs</li> <li>■ Sound disaster-management systems at local and national levels</li> </ul>	<b>Basic Human Needs</b> <ul style="list-style-type: none"> <li>■ Health services, education, nutrition, water and sanitation, and reproductive health</li> </ul> <b>Rural Development</b> <ul style="list-style-type: none"> <li>■ Area development, food security, people's participation (UNDAF-1)</li> <li>■ Natural disaster, drugs, livelihoods (UNDAF-2)</li> </ul> <b>Social protection/safety nets (UNDAF-2)</b> <ul style="list-style-type: none"> <li>■ Disaster vulnerability, HIV/AIDS</li> </ul>	<b>National Poverty Frameworks</b> <ul style="list-style-type: none"> <li>■ Incorporated comprehensive approach to policy and planning that involves specific targets to reduce human and income poverty</li> </ul>
<b>Environment</b>	<b>Environment and Natural Resource Management</b> <ul style="list-style-type: none"> <li>■ Sound environmental decisions, urban pollution management, and natural disaster preparedness</li> </ul>	<b>Environment Management</b> <ul style="list-style-type: none"> <li>■ Environmental management</li> <li>■ National Strategy for Environmental Protection (2001-2010) and the National Action Plan (2001-2005)</li> <li>■ Other activities</li> </ul>	<b>Environment</b> <ul style="list-style-type: none"> <li>■ Reforestation, bio-diversity management, promotion of non-forest products (UNDAF-1)</li> <li>■ Natural resource management, sector capacity and planning, pollution management (UNDAF-2)</li> </ul>	<b>Environment and Energy for Livelihoods</b> <ul style="list-style-type: none"> <li>■ Comprehensive policy frameworks to promote sustainable development</li> </ul> <b>Disaster Reduction</b> <ul style="list-style-type: none"> <li>■ Disaster prevention, preparedness and mitigation</li> </ul>
<b>Gender</b>	<i>See last bullet in poverty.</i>	<i>Gender equity is a crosscutting issue.</i>		<b>Gender Equality</b> <ul style="list-style-type: none"> <li>■ A National Strategy and Plan of Action</li> </ul>
<b>Support for the UN</b>				<b>Global Conference Goals</b> <ul style="list-style-type: none"> <li>■ Collaborative UN system support for MDGs and VDGs</li> </ul>

## ANNEX B: METHODOLOGY

The evaluation looks at the results achieved for the period of 1997 to 2002, covering the Country Cooperation Framework (CCF-1) of 1997-2001. In some cases, links are drawn from current achievements to early UNDP interventions before 1997. It will also take account of intended results as expressed in the current CCF (2002-2005) and its corresponding Strategic Results Framework (SRF). For ease of analysis, the matrix of intended results in the TOR has guided the evaluation.

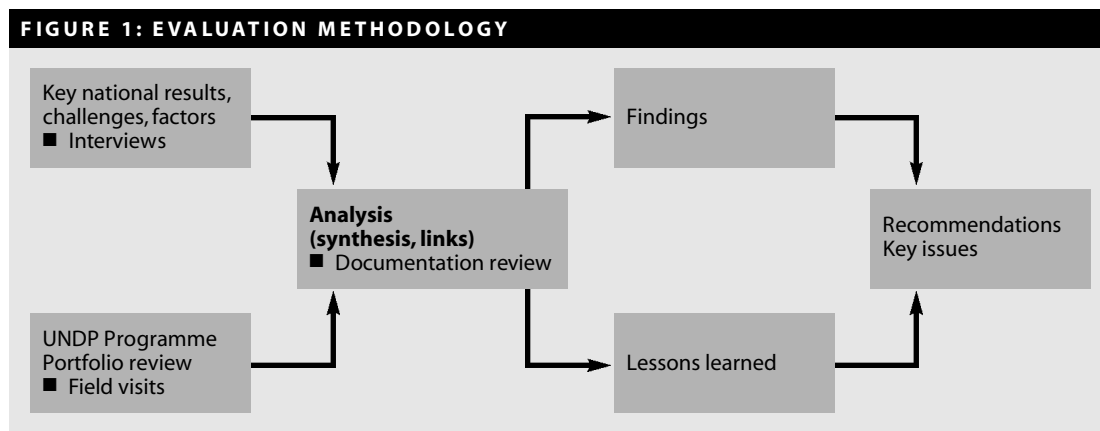
The evaluation took place as the current CCF was entering its second year. This allowed the evaluation to draw lessons from the recently completed country programme and to provide insights that UNDP and the Government of Viet Nam can use to sharpen, refine and add to the current process and strategies in pursuing results. The UNDP country office welcomed this opportunity for “introspective analysis” and learning and took an active part in dialogue and discussions during the evaluation.

The methodological approaches of this country evaluation derive from the results-based management of UNDP, and specifically the principle of evaluating outcomes, i.e. changes in specific development conditions to which a number of development actors must contribute. In analyzing the UNDP contribution

to such “higher-level” results, the emphasis is on improving understanding of the outcome itself, its status and the factors that influence or contribute to change. The point of departure for the evaluation has therefore been identification of the overall achievements in a given area — whether at the outcome or longer-term impact level — and then attempting to explain in what manner UNDP was involved. There should be a credible link between overall results and the UNDP contribution.<sup>8</sup>

Nevertheless, the opposite also holds true; where considerable efforts are expended, results should be expected to emerge. Thus, the ADR methodology also includes “bottom-up” analysis from the point of sample groups of programmes or projects and non-project activities. In summary, the methodology process is illustrated in Figure 1 below.

To back up this analysis, the UNDP evaluation office conducted extensive desk research and documentation reviews. The Evaluation Team was greatly impressed with both the quantity and quality of studies and reports by the Government of Viet Nam and the development partner community. The same can be said for statistical data, for which the evaluation uses sources from the government statistical office and independent studies. The challenge in the



8. An explanation of the UNDP results chain used (input-output-outcome-impact) is given in the TOR.



case of Viet Nam lies not in lack of data, but more in terms of distilling a comprehensive and unified vision of key development issues from the plethora of documents and views.

An early **exploratory mission** by the Evaluation Office Task Manager to Viet Nam allowed for direct consultations with the UNDP country office and stakeholders on the focus of the evaluation as a basis for the Terms of Reference. The empirical evidence was gathered through three major sources of information: perception, validation and documentation according to the concept of ‘triangulation’, i.e. balancing perceptions with other methods of corroboration.

During the exploratory mission, the local studies and the main evaluation mission, a very large number of **stakeholders** were consulted. All in all, the Evaluation met with around 150 representatives of government, institutions and organizations, development partners, UN Agencies, Bretton Woods institutions, and beneficiaries.

To observe and validate results more precisely, a number of **field visits** across the country were undertaken by the evaluation, including to the four largest cities in Viet Nam: Hanoi, Ho-Chi-Minh City (HCMC), Hai Phong and Da Nang. Several projects, districts and communes were visited in the North-East regions (Ha Giang and Tuyen Quang provinces); the Central Coast (Quang Tri province in the North, and Quang Nam in the South); Dong Nai in the South-East, as well as Long An in the Mekong River Delta. These visits were particularly useful for sample project analysis and for feedback on local needs and perceptions.

To provide a substantive background for the analysis, two **local studies** were carried out by Vietnamese entities. A Viet Nam-based Joint-Stock Company — Globconsult — specializing in consulting services and trading in environmentally technological facilities and civil engineering equipment, conducted a study on achievements, UNDP efforts and

strategies for environmentally sustainable development — in the green (protection of natural resources), grey (environmental policy) and brown (pollution, industry) sectors, as well as the impact of natural disasters. Also, the National Center for Social Sciences and Humanities (NCSSH) prepared a paper on decentralized governance, which is also referred to as local governance, local participation or grassroots democracy. These subjects were selected as much for their future importance and challenges in the development in Viet Nam, as for past accomplishments.

Keeping in view the importance of development results as its main focus, the evaluation tried to identify the strategic interventions of UNDP that may have influenced overall policies in a given area, leading to new legislation, new policy guidelines or significant contributions to the reform progress. It also tried to separate those pilot projects which, after being successfully completed, are also replicable in other areas or in the country as a whole, from those that are useful but have a more limited and localized impact. For the purpose of analysis, this process resulted in the categorization of the project portfolio according to the following three broad categories:

- **Strategic projects**, based on strategic positioning in an important policy area or sector, which played a catalytic role in influencing the reform process and/or led to changes in policies or new legislation.
- **Replicable projects** which were successful pilot projects that provided the basis for the preparation or implementation of similar projects for other areas or for the country as a whole, or other development partners. Where the lessons learned from a pilot project led to policy changes or significant contributions to the reform process, the project would qualify as a “strategic intervention”.
- **Local projects** which supported development initiatives in a given area or for a specific target group or met a specific but limited need for expertise or information.

The different categories require quite different approaches to be successful in contributing to results. Any given portfolio would contain a mixture of approaches, making clear-cut categorization difficult. Where there are a number of projects with expected local effects, care must be taken to ensure that the cost-benefit to the groups targeted is demonstrated and defensible. A high ratio of replicable projects — that are actually replicated — and strategic projects, will enhance the value and importance of the portfolio, in terms of value for money. This type of analysis and project planning is particularly relevant to the circumstances of Viet Nam, which has a large number of development partner initiatives and a dynamic reform process. In the UNDP portfolio, all types of projects are present.

**Strategic positioning** is a measure of how well UNDP responded to (or even anticipated) the evolving development challenges in Viet Nam and the priorities of its government, building on the organization's comparative advantage and taking into consideration the support available from other development partners. This analysis of strategic positioning applies to the period from 1997 onwards. The key parameters for assessing strategic positioning are:

- *relevance*, to gauge whether the most strategic opportunities for assistance were tapped effectively;
- *responsiveness*, to review retrospectively the timing of UNDP engagement in what turned out to be major development priorities in the country;

- *operational flexibility*, to consider how the mix of programme, non-programme and operational approaches were tailored to the particular conditions of the country;
- *portfolio management*, to assess the difficulty or ease with which it was possible to adjust the portfolio of programmes and projects — and, most importantly, resource allocations — to deal with changing needs and priorities; and finally
- *partnerships*, to determine the extent to which UNDP was able to forge productive relationships with other development partners within the wider framework of development cooperation in the country. There are at least four dimensions to the assessment of partnerships: (a) the philosophical approach to partnerships; (b) the groups with whom there has been collaboration; (c) the nature of the collaboration; and (d) the outcomes of collaborative efforts.

Another parameter is crucial for determining strategic positioning — namely performance in reaching development results. It is possible to imagine a situation in which UNDP is able to focus on the most strategic issues and with well-designed interventions supported by partnerships, and yet fails to establish a strategic position because key results have not been forthcoming in a manner and at a pace expected by stakeholders. This may call into question the approach adopted by UNDP and its continued leadership role in support of the government. Results were, therefore, factored into an assessment of strategic positioning.

## ANNEX C: LIST OF KEY PEOPLE MET

### GOVERNMENT OF VIET NAM

#### Ministry of Agriculture and Rural Development

Dr. Le Van Minh, Director, International Cooperation Department  
Mr. Dang Quang Tinh, National Project Director, VIE/97/002  
Mr. Dao Trong Tu, Deputy Director, International Cooperation Department  
Mr. Le Xuan Truong, Deputy Director, Disaster Management Center  
Mr. Nguyen Ngoc Dong, National Project Coordinator, Disaster Management Unit  
Mr. Nguyen Van Cuong, Deputy Director of Forest Protection Department  
Mr. Nguyen Viet Kien, Project Manager

#### Ministry of Finance

Mrs. Le Thi Bang Tam, Vice Minister  
Mr. Nguyen Ba Toan, Deputy Director, International Relations Department  
Ms. Nguyen Thuy Vinh, Deputy Chief, Project Management Division, International Relations Department

#### Ministry of Foreign Affairs

Mr. Le Hoai Trung, Deputy Director, Department of International Organisations

#### Ministry of Home Affairs

Mr. Nguyen Trong Dieu, Vice Minister  
Mr. Pham Van Diem, Director, International Cooperation Department

#### Ministry of Justice

Dr. Uong Chu Luu, Minister  
Mr. Ha Hung Cuong, Vice Minister  
Dr. Dinh Trung Tung, Director, Department of Civil Law  
Mr. Nguyen Huy Ngat, Director, Department of International Cooperation  
Mr. Nguyen Van Binh, Deputy Director

#### Ministry of Labour, Invalids and Social Affairs

Ms. Nguyen Thi Hang, Minister  
Mr. Nguyen Manh Cuong, Deputy Director, International Cooperation Department

#### Ministry of Natural Resources and Environment

Mr. Tran Duc Hai, Director, International Cooperation Department  
Mr. Tran Hong Ha, Deputy Director, National Environment Agency

#### Ministry of Planning and Investment

Mr. Vo Hong Phuc, Minister  
Dr. Nguyen The Phuong, Deputy Director, Foreign Economics Relations Department  
Dr. Phan Thu Huong, Director, Department of Science, Education and Environment

#### Ministry of Trade

Mr. Luong Van Tu, Vice Minister

#### Office of National Assembly

Mr. Nguyen Duc Thuan, Project Management Division  
Mr. Nguyen Sy Dung, Director of Information  
Mr. Phan Trung Ly, NPD VIE/98/H01  
Mr. Phung Van Hung, DNPDI VIE/98/H01  
Mr. Lenni Montiel, Sr. Technical Advisor VIE/98/H01

#### Supreme People's Court

Mr. Nguyen Van Hien, Chief Judge

#### Prime Minister's Research Commission

Mr. Tran Ngoc Anh, Policy Analyst

#### Central Institute of Economic Management, MPI

Dr. Dinh Van An, Director  
Dr. Le Dang Doanh, Former Director, Advisor to the Minister of MPI  
Dr. Nguyen Dinh Tai, Director, Center for Applied Management  
Mr. Nicolas Audier, STA, VIE/01/025

#### Development Strategy Institute

Dr. Luu Bich Ho, former President DSI, Office of the Government  
Mr. Ngo Doan Vinh, President

## **UNDP**

Mr. Jordan Ryan, Resident Representative  
Ms. Kanni Wignaraja, Deputy Resident Representative (Programme)  
Mr. Neil Reece-Evans, Deputy Resident Representative (Operations)  
Mr. Robert Glofcheski, Senior Economist  
Ms. Rini Reza, Sr. Assistant Resident Representative, Head of Governance Unit  
Ms. Enkhtor Dulamdary, Assistant Resident Representative  
Mr. Nguyen Tien Phong, Assistant Resident Representative, Head of Poverty Unit  
Mr. Phan Duc Thang, Assistant Resident Representative, Head of Programme Performance and Knowledge Management Unit  
Ms. Nguyen Ngoc Ly, Senior Sustainable Development Advisor, Head of Environmental Unit  
Mr. Bach Quoc Minh, Translation Manager  
Mr. Lars Bestle, Programme Officer  
Mr. Jerome Bouyjou, Programme Officer  
Ms. Lisa Ng Bow, Programme Officer, Special Assistant to the Resident Coordinator  
Mr. Luu Tien Dung, Programme Officer, Governance Unit  
Mr. Nguyen Tien Dung, Programme Officer  
Mr. Nguyen Van Duyen, Programme Officer  
Mr. Juan Luis Gomez, Economist  
Ms. Nguyen Lan Anh, Programme Officer  
Ms. Katrine Pedersen, Programme Officer  
Ms. Le Le Lan, Programme Assistant  
Mr. Shane Sheils, Programme Officer  
Mr. Manu Tonnar, Programme Officer  
Mr. Vu Quoc Huy, National Economist  
Mr. Vern Weitzel, Web Manager

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**Note:** In addition, a number of other  
resource persons informed the evaluation,  
both at UNDP Headquarters and during  
the local studies.

### VIET NAM DEVELOPMENT GOALS DIRECTLY BASED ON THE MDGS

#### Goal 1: Reduce the Percentage of Poor and Hungry Households

Target 1: Reduce by 40% the proportion of people living below the international poverty line between 2001 and 2010

Target 2: Reduce by 75% the number of people living under the international poverty line by 2010

#### Goal 2: Universalize Education and Improve Education Quality

Target 1: Increase net enrollment in primary school to 97% by 2005 and to 99% by 2010

Target 2: Increase net enrollment in junior secondary school to 80% by 2005 and 90% by 2010

Target 3: Eliminate the gender gap in primary and secondary education by 2005, and the gap with ethnic minorities by 2010

Target 4: Increase literacy rates in women under 40 to 95% by 2005 and 100% by 2010

Target 5: By 2010, have improved the quality of education and increase full-day schooling at primary level (exact target depends on funding)

#### Goal 3: Ensure Gender Equality and Women Empowerment

Target 1: Increase the number of women in elective bodies at all levels

Target 2: Increase the participation of women in agencies and sectors (including ministries, central agencies and enterprises) at all levels by 3-5% in the next 10 years

Target 3: Ensure the names of both husband and wife appear on the land-use right certificates by 2005

Target 4: Reduce the vulnerability of women to domestic violence

#### Goal 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 (see below)

Target 2: Reduce the under-five mortality rate to 36 per 1000 live births by 2005 and 32 by 2010

Target 3: Reduce under-five malnutrition to 25% by 2005 and 20% by 2010

#### Goal 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

#### Goal 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

#### Goal 7: Ensure Environmental Stability

Target 1: Extend forest cover to 43% by 2010 (from 33% in 1999)

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.

Target 3: Ensure there are no slums and temporary houses in all towns and cities by 2010

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.

Target 6: Air and water pollution must attain national standards by 2005

### VIET NAM DEVELOPMENT GOALS AND TARGETS NOT DIRECTLY BASED ON MDGS

#### Goal 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

Target 2: Reduce by half the rate of poor people falling back into poverty due to natural disasters and other risks by 2010.

### **Goal 9: Improving Governance for Poverty Reduction**

Target 1: Effectively implement grass-roots democracy

Target 2: Ensure budget transparency

Target 3: Implement legal reform agenda

### **Goal 10: Reducing ethnic inequality**

Target 1: Preserve and develop the reading and writing ability of ethnic languages

Target 2: Ensure entitlement of individual and collective land-use rights in ethnic minority and mountainous areas

Target 3: Increase the proportion of ethnic minority people in authority bodies at various levels

### **Goal 11: Ensuring pro-poor infrastructure development**

Target 1: Provide basic infrastructure to 80% of poor communes by 2005 and 100% by 2010

Target 2: Expand the national transmission grid to 900 poor commune centres by 2005

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

**Source:** Govt of Viet Nam (2002). *Comprehensive Poverty Reduction & Growth Strategy*

## ANNEX E: ACRONYMS

<b>ADB</b>	Asian Development Bank	<b>DRR</b>	Deputy Resident Representative
<b>ADR</b>	Assessment of Development Results	<b>DSI</b>	Development Strategy Institute (of Ministry of Planning and Investment)
<b>AFTA</b>	ASEAN Free Trade Agreement	<b>DTF</b>	Danish Trust Fund
<b>AIDS</b>	Acquired immune deficiency syndrome	<b>EA</b>	Environmental Assessment
<b>APEC</b>	Asia-Pacific Economic Corporation	<b>EB</b>	Executive Board
<b>APR</b>	Annual programme/project report	<b>EIA</b>	Environment Impact Assessment
<b>ASEAN</b>	Association of South-East Asian Nations	<b>EL</b>	Enterprise Law
<b>BDP</b>	Bureau for Development Policy, UNDP	<b>EO</b>	Evaluation Office
<b>BOM</b>	Bureau of Management, UNDP	<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>CAS</b>	Country Assistance Strategy	<b>FDI</b>	Foreign Direct Investment
<b>CBO</b>	Community Based Organization	<b>GAP</b>	Gender Advantage Gap
<b>CCA</b>	Common country assessment	<b>GCOP</b>	Government Committee on Organization and Personnel
<b>CCF</b>	Country cooperation framework	<b>GDP</b>	Gross Domestic Product
<b>CDF</b>	Comprehensive Development Framework	<b>GEF</b>	Global Environment Facility
<b>CEBA</b>	Committee on Economic and Budgetary Affairs	<b>GIS</b>	Geographical Information Systems
<b>CEMMA</b>	Committee for Ethnic Minorities and Mountainous Areas	<b>GOV</b>	Government of Viet Nam
<b>CG</b>	Consultative Group	<b>GSO</b>	General Statistical Office
<b>CIDA</b>	Canadian International Development Agency	<b>HCMC</b>	Ho Chi Minh City
<b>CIEM</b>	Central Institute for Economic Management	<b>HDI</b>	Human Development Index
<b>CLIA</b>	Country Level Impact Assessment	<b>HDR</b>	Human Development Report
<b>CO</b>	Country office	<b>HEPR</b>	National Programme for Hunger Eradication and Poverty Reduction
<b>CPEA</b>	Coordinated Programme of External Assistance	<b>HH</b>	Household
<b>CPRGS</b>	Comprehensive Poverty Reduction and Growth Strategy	<b>HIPC</b>	Heavily Indebted Poor Countries
<b>CPV</b>	Communist Party of Viet Nam	<b>HIV</b>	Human immunodeficiency virus
<b>DAC</b>	Development Assistance Committee	<b>HPI</b>	Human poverty index
<b>DANIDA</b>	Danish International Development Assistance	<b>HQ</b>	Headquarters UNDP
<b>DFID</b>	Department for International Development (United Kingdom)	<b>IADB</b>	Inter-American Development Bank
<b>DGD</b>	Decree on Grass roots Democracy	<b>ICPD</b>	International Conference on Population and Development
<b>DHS</b>	Demographic and Health Survey	<b>ICT</b>	Information and communication technology
<b>DMU</b>	Disaster Management Unit	<b>IDG</b>	International Development Goals
<b>DNPD</b>	Deputy National Project Disaster	<b>IDT</b>	International Development Targets
<b>DOLISA</b>	Department of Labor, Invalids and Social Affairs	<b>IFAD</b>	International Fund for Agricultural Development
		<b>IFC</b>	International Finance Corporation
		<b>ILO</b>	International Labour Organization
		<b>IMF</b>	International Monetary Fund



<b>IPF</b>	Indicative Planning Figures	<b>NASB</b>	National AIDS Standing Bureau
<b>I-PRSP</b>	Interim Poverty Reduction Strategy Paper	<b>NCAFW</b>	National Committee for the Advancement of Women
<b>ISO</b>	International Standard Organization	<b>NCSSH</b>	National Center for Social Sciences and Humanities
<b>IT</b>	Information Technology	<b>NEA</b>	National Environment Agency
<b>IZ</b>	Industrial Zone	<b>NEX</b>	National execution
<b>JICA</b>	Japan International Cooperation Agency	<b>NGO</b>	Non-governmental organization
<b>LAN</b>	Local Area Network	<b>NHDR</b>	National human development report
<b>LNA</b>	Legal Needs Assessment	<b>NIPA</b>	National Institute for Public Administration
<b>LSDF</b>	Legal System Development Facility	<b>NPD</b>	National Project Director
<b>LSDS</b>	Legal System Development Strategy		
<b>LUC</b>	Land-use Certificate	<b>ODA</b>	Official Development Assistance
		<b>OECD</b>	Organization for Economic Cooperation and Development
<b>M&amp;E</b>	Monitoring and evaluation	<b>ONA</b>	Office of National Assembly
<b>MARD</b>	Ministry of Agriculture and Rural Development	<b>OPS</b>	Office for Project Services
<b>MDG</b>	Millennium Development Goals		
<b>MDGR</b>	Millennium Development Goals Report	<b>PAR</b>	Public Administration Reform
<b>MENR</b>	Ministry of Environment and Natural Resources	<b>PC</b>	People's Committee
<b>MICS</b>	Multiple Indicator Cluster Survey	<b>PER</b>	Public Expenditure Review
<b>MOC</b>	Ministry of Construction	<b>PIP</b>	Public Investment Programme
<b>MOET</b>	Ministry of Education and Training	<b>PRA</b>	Participatory Rural Assessment
<b>MOF</b>	Ministry of Finance	<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>MOFI</b>	Ministry of Fisheries		
<b>MOH</b>	Ministry of Health	<b>RBM</b>	Results-based management
<b>MOHA</b>	Ministry of Home Affairs	<b>RBMS</b>	Results-based monitoring system
<b>MOi</b>	Ministry of Industry	<b>RBx</b>	Regional Bureaux
<b>MOJ</b>	Ministry of Justice	<b>RC</b>	Resident Coordinator
<b>MOLISA</b>	Ministry of Labour, Invalids and Social Affairs	<b>ROAR</b>	Results-oriented annual report
		<b>RR</b>	Resident Representative
<b>MOSTE</b>	Ministry of Science, Technology and Environment	<b>SAS</b>	Strategic area of support
<b>MOT</b>	Ministry of Trade	<b>SBV</b>	State Bank of Viet Nam
<b>MOT</b>	Ministry of Transport	<b>SDS</b>	Special development situation
<b>MPDF</b>	Mekong Project Development Facility	<b>SHD</b>	Sustainable human development
<b>MPHS</b>	Multi-Purpose Household Survey	<b>SIDA</b>	Swedish International Development Cooperation Agency
<b>MPI</b>	Ministry of Planning and Investment	<b>SMEs</b>	Small- and Medium-sized Enterprises
<b>MP</b>	Master Plan	<b>SOE</b>	State-owned Enterprise
<b>MTEF</b>	Medium Term Expenditure Framework	<b>SOER</b>	State of the Environment Report
<b>MYFF</b>	Multiyear Funding Framework (of UNDP)	<b>SRF</b>	Strategic results framework
		<b>SRV</b>	Socialist Republic of Viet Nam
<b>NA</b>	National Assembly	<b>STA</b>	Senior Technical Advisor
<b>NAC</b>	National AIDS Committee	<b>STD</b>	Sexually Transmitted Diseases
		<b>SURF</b>	Sub-regional resource facility
		<b>TA</b>	Technical Assistance

<b>TCDC</b>	Technical Cooperation among Developing Countries	<b>UNOPS</b>	United Nations Office for Project Services
<b>TCPR</b>	Triennial Comprehensive Policy Review (of ECOSOC)	<b>USAID</b>	United States Aid Agency
<b>TOR</b>	Terms of reference	<b>USBTA</b>	United States Bilateral Trade Agreement
<b>TRAC</b>	Target for resource assignment from the core	<b>USD</b>	United States dollars
<b>TTF</b>	Thematic Trust Fund	<b>VDIC</b>	Viet Nam Development Information Centre
<b>UN</b>	United Nations	<b>VEPA</b>	Viet Nam Environmental Protection Agency
<b>UNAIDS</b>	Joint United Nations Programme on HIV/AIDS	<b>VHLSS</b>	Viet Nam Household Living Standards Survey VLSS Viet Nam Household Living Standards Survey
<b>UNCDF</b>	United Nations Capital Development Fund	<b>VNBCSD</b>	Viet Nam Business Council for Sustainable Development
<b>UNCT</b>	United Nations Country Team	<b>VND</b>	Viet Nam Dong
<b>UNDAF</b>	United Nations Development Assistance Framework	<b>VWU</b>	Viet Nam Women's Union
<b>UNDCP</b>	United Nations Drug Control Programme	<b>VYU</b>	Viet Nam Youth Union
<b>UNDMT</b>	United Nations Disaster Management Team	<b>WB</b>	World Bank
<b>UNDP</b>	United Nations Development Programme	<b>WFP</b>	World Food Programme
<b>UNFPA</b>	United Nations Population Fund	<b>WHO</b>	World Health Organization
<b>UNICEF</b>	United Nations Children's Fund	<b>WTO</b>	World Trade Organization
<b>UNIDO</b>	United Nations Industrial Development Organization		



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